

National Labor Alliance



October 25, 2010

VIA EMAIL: director@fasb.org

Technical Director, FASB
File Reference No. 1860-100
FASB
401 Meritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed Disclosure –Retirement Benefits—Multiemployer Plans (Subtopic 715-80)

Dear Director:

We are a national coalition of twenty-two (22) labor multiemployer and public health plan coalitions representing over ten million members. Our member plans typically have defined benefit pension plans as well. In most cases those two plans (health and pension), and usually others such as supplemental annuity, apprentice training, etc., have shared administration to reduce costs. Typically, these administrative functions are performed out of one centralized Fund Office, but some plans also utilize a third-party administrator (TPA). Our Board of Directors is composed of coalition executives who have all spent their lives in labor and/or multiemployer benefit fund administration.

So we are writing to express our concern and the concern of all of our member coalitions, their funds' trustees and administrators that the proposed Multiemployer Plans Exposure Draft would dramatically increase the required information that employers participating in our plans must disclose in their financial statements (proposed paragraphs 715-80-50-1 through 715-80-50-3, along with examples). Further, we do not believe most of the proposed additional information will provide meaningful, accurate and usable information for analysts and investors, as a central focus of the Exposure Draft, i.e. a contributing employer's potential withdrawal liability to a multiemployer pension plan, fluctuates based on a vast number of factors (e.g. level of employer's participation, plan's benefit levels, actuarial assumptions, and rates of return of stocks, bonds and other investments in which such plan invests). As the majority of our member coalitions funds are in the building and construction industry (which has its own specialized withdrawal liability rules under ERISA S4203(b)(1) and (2)), we are disappointed that the Exposure Draft is considering mandating exposure "... even when withdrawal is *not at least reasonably possible* ..." (emphasis added). Exposure Draft, p.3, Question 2. But because our member coalitions and funds are health plans, we will focus our comments on the expected administrative effects of implementing the proposed changes on Fund Office operation.

In this regard, we believe Question 3 of the Exposure Draft (on page 3) is too limited. That question asks "What implementation costs, if any, will an employer face in applying the proposed disclosures?" We think the question should more appropriately read: "What implementation costs, if any, will an employer and all multiemployer plans in which the employer participates, face in applying the proposed disclosure?"

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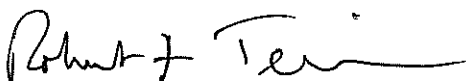
Annual calculations of potential withdrawal liability for employers – whether or not they are reasonably likely to withdraw—in most cases will need to be performed by multiemployer plan’s Fund Office staff or their consultants. The time and costs of performing these calculations will be an enormous drain on the resources of the Fund Office and will directly compete with their ability to provide benefits and services to members. Other respondents, no doubt, will describe in more detail why these calculations will be misleading and of dubious value. Our concern is that those calculations are “employer specific” and much if not all of the information needed to perform the calculations can only come from Fund Office staff. Especially in the current economy, with work hours and employer contributions (fund revenues) down, placing such enormous new reporting requirements on the funds – even indirectly—is a burden that will harm the funds’ ability to meet their primary mission.

The membership in our union funds is very stable over the long-term, but the industries they work in are not; rather the work is project to project with employees working for many, many different employers over their careers. Because of that, we believe that additional information required by the Exposure Draft (paragraph 715-80-50-1B, i), specifically the percentages of active and retired participants of the plan employed by each company, will produce constantly changing results of no real value. It would seem to be just another required set of reports to be produced by Fund Office staff that doesn’t produce any meaningful result or data.

In sum, we agree that the overall goal of the Exposure Draft, greater transparency in financial reporting about an employer’s participation in a multiemployer plan, is laudable. However, the information provided by the employer should be relevant, meaningful, *and not impose significant burdens on the multiemployer plans* in which the employer participates. While the Exposure Draft considers implementation costs of employers, it does not even consider the costs which will be incurred by the multiemployer plans, whether by a Fund Office or TPA. We strongly encourage you to do so as you move forward.

Sincerely,

THE NATIONAL LABOR ALLIANCE OF HEALTH CARE COALITIONS

By: 
Robert F. Tessier, President