

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JAMES P. HOFFA
General President

25 Louisiana Avenue, NW
Washington, DC 20001



C. THOMAS KEEGEL
General Secretary-Treasurer

202.624.6800
www.teamster.org

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SUBMITTED VIA ELECTRONIC FILING

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06586-5116

File Ref: 1860-100

Re: FASB Exposure Draft on Compensation – Retirement Benefits – Multiemployer Plans

Dear Sir or Madam:

On behalf of the International Brotherhood of Teamsters ("IBT"), we respectfully submit these comments on the Multiemployer Plans Exposure Draft, issued on September 1, 2010. These comments will focus on our concerns about the impact that the proposed new reporting requirements will have on multiemployer funds and the employers that participate in these funds.

The IBT represents more than 1.4 million workers throughout the United States and Canada. The Union has more than twenty industry divisions ranging from freight, to warehouse, to parcel delivery, to industries trades, to construction, to food processing, and public services. Teamster members participate in more than 150 multiemployer funds. The largest of our affiliated funds receives contributions from more than 2,000 employers.

Increased Administrative Burden

The proposed reporting requirements will impose a significant and unnecessary administrative burden on our affiliated pension funds. It is inconceivable that funds will be able to perform complicated withdrawal liability calculations for each and every employer – for some funds this means thousands of employers – on an annual basis. There are more than 1,500 multiemployer plans in the U.S.

Under current law, each employer is entitled to receive an estimate of its withdrawal liability each year. But, in practice, only a small percentage of employers actually request a calculation in any given year. If employers are all now required to request annual estimates of their current withdrawal liabilities, it is unlikely that the plans will be able to comply without increasing their administrative staff and incurring significantly greater administrative costs to meet the demand. In an environment where pension plans are struggling to recover from the recent financial market collapse, forcing multiemployer plans to increase administrative costs will lead to substantial and unnecessary burdens for plans.

Withdrawal Liability Disclosure will provide an Inaccurate Measure of the Employers' Financial Condition

We have serious concerns about requiring disclosure of the contingent withdrawal liability of employers that contribute to these funds regardless of whether a withdrawal by the particular employer is probable or imminent. Currently, employers are required to disclose potential withdrawal liability obligations only when there is a "reasonable probability" that withdrawal will occur and the liability will be triggered. The Exposure Draft broadens the scope of that requirement by stating that disclosure must occur when information about the contingent liability is "obtainable." We believe there needs to be much greater focus and clarity on this standard.

The addition of contingent multiemployer pension withdrawal liability to a company's financial statements would seriously misrepresent the company's actual contingent financial liability. For example, although pension funds calculate withdrawal liability as a single sum payment, the law permits a withdrawing company to pay off the obligation over a long period of time, usually 20 years. Caps on the amount of annual payments that can be assessed may result in a company never actually being required to pay off its full withdrawal liability assessment. As a result, the trustees of multiemployer funds often negotiate a significantly lower single-sum payment amount with withdrawing companies. More importantly, current and potential investors could be discouraged from providing credit and capital to a company.

The timing of the proposed disclosure rule is also problematic. Multiemployer pension funds undertake a valuation of their assets and liabilities on an annual basis. These valuations are complicated and time consuming; the results are typically not available until six to nine months after the measurement date. The most current available information on contingent withdrawal liability is likely to be over a year out-of-date. Given the volatility of the financial markets, withdrawal liability information that is a year old is very likely to be a poor representation of a company's current contingent exposure.

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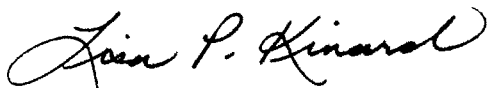
For these reasons, we believe FASB should limit the disclosure requirement to instances when a withdrawal is under way or when there exists a reasonable probability that withdrawal by a company is probable and imminent.

Conclusion

Finally, we believe that the FASB can require disclosure that meets the goal of increased transparency in reporting through what is already required under the Pension Protection Act of 2006. The law requires disclosure of a plan's funded status; adopted funding and improvement and rehabilitation plans; known contribution increases under an already executed collective bargaining agreement; and withdrawal liability calculations only when a company has taken actions pursuant to the law to withdraw from a fund or where withdrawal is reasonably probable and imminent.

Thank you for the opportunity to provide comments on this important issue. We are pleased to provide any additional information on this submission.

Sincerely,



Lisa P. Kinard
Director, Department of Federal Legislation and Regulation