



NEWS RELEASE 07/27/11

FASB Improves Employer Disclosures for Multiemployer Pension Plans

Norwalk, CT, July 27, 2011—The Financial Accounting Standards Board (FASB) today approved a revised accounting standard intended to provide more information about an employer's financial obligations to multiemployer pension plans.

Multiemployer pension plans commonly are used by an employer to provide benefits to union employees who may work for many employers during their working life, thereby enabling them to accrue benefits in a single pension plan for their retirement.

"Historically, very limited information about these plans has been disclosed, even though they may represent significant potential obligations for many large, unionized industries such as trucking, supermarket chains, and construction firms," said FASB Chairman Leslie F. Seidman.

"The enhanced disclosures will ensure that shareholders in companies that participate in these plans, workers who depend on them for their retirement benefits, as well as lenders and others, will have more information regarding the employers' pension commitments and the financial health of the plans."

Prior to today's action by the FASB, employers were required to disclose only their total contributions to all multiemployer plans in which they participate.

Today's decisions conclude comprehensive deliberations about the disclosures an employer should provide. The FASB issued initial proposals for revising disclosures for public comment in September 2010.

As part of its redeliberations, the FASB decided to delete a proposal to require employers to disclose their withdrawal liability to all plans in which they participate, or provide a "point-in-time" estimate of its obligations with respect to the underfunded status of individual plans.

Many of those who commented on the FASB's proposal on multiemployer plans told the Board that the withdrawal liability would not be an appropriate proxy for an employer's proportional share of the underfunded status of the plan. They suggested that the employer's share of the underfunded status of the plan can only be determined through the collective bargaining process and they urged the FASB not to require a "point-in-time" estimate of an employer's obligations with respect to underfunding.

Pursuant to the FASB's decisions, the new disclosures will include:

The amount of employer contributions made to each significant plan and to all plans in the aggregate.

An indication of whether the employer's contributions represent more than five percent of total contributions to the plan.

An indication of which plans, if any, are subject to a funding improvement plan.

The expiration date(s) of collective bargaining agreement(s) and any minimum funding arrangements.

The most recent certified funded status of the plan, as determined by the plan's so-called "zone status," which is required by the Pension Protection Act of 2006. If the "zone status" is not available, an employer will be required to disclose whether the plan is:

Less than 65 percent funded

Between 65 percent and 80 percent funded

Greater than 80 percent funded.

A description of the nature and effect of any changes affecting comparability for each period in which a statement of income is presented.

The FASB expects that the revisions approved today will be finalized in September 2011. For public entities, the enhanced disclosures will be required in fiscal years ending after December 15, 2011. For nonpublic entities, the enhanced disclosures will be required in fiscal years ending after December 15, 2012.

About the Financial Accounting Standards Board

Since 1973, the Financial Accounting Standards Board has been the designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors, and others rely on credible, transparent, and comparable financial information. For more information about the FASB, visit our website at www.fasb.org.