

## *Multiemployer Postretirement Plan Financial Statement Disclosure*

By: Bryce Yamamoto, CPA

On September 1, 2010, the Financial Accounting Standards Board (FASB) issued an Exposure Draft (Accounting Standards Update No. 1860-100) describing the proposed financial statement disclosures regarding an employer's participation in a multiemployer postretirement plan (pension, retiree healthcare, etc.).

### *Who does this Update pertain to?*

The proposed Update would apply to all nongovernmental entities that participate in any multiemployer plan.

### *Why is there a need for the Update?*

The FASB has received feedback on the perceived lack of transparency about an employer's participation in multiemployer plans. With the Update, the FASB is attempting to create greater transparency in financial reporting regarding an employer's risks and commitments arising from its participation in a multiemployer plan.

### *What are the requirements of the proposed Update?*

This Update will not change the current financial statement accounting for participation in a multiemployer plan, but will require additional quantitative and qualitative financial statement disclosures about an employer's participation in a multiemployer plan. The additional disclosures include, but are not limited to:

- The multiemployer plan(s) with which the employer is involved
- The employer's participation in the multiemployer plan(s)
- Any effects on the employer's cash flows from its participation in the multiemployer plan(s)
- The employer's exposure to significant risks and uncertainties arising for its participation in the plan(s)
- The consequences the employer may face if it ceases contributing to the plan(s)
- Total assets and the accumulated benefit obligation of the plan(s)
- Employer's contributions as a percentage of total contribution to the plan(s)
- The percentage of the employer's employees covered by such plan(s)
- Amount of contributions for the current accounting period
- Expected contributions for the subsequent reporting period

*"Investors and other financial statement users have expressed concern that current financial statements do not provide enough information about the commitments and potential risk related to multiemployer pension arrangements."*

*Leslie Seidman, FASB member*

If information is not obtainable, an employer shall provide an explanation of why it is not obtainable.



***When will this Update take effect?***

The proposed Update is scheduled to be effective for fiscal years ending after December 15, 2010. The Board intends to defer the implementation date for nonpublic entities for one year.

The FASB would like to hear your opinion. Comments must be received by the Board by November 1, 2010, and can be sent to [director@fasb.org](mailto:director@fasb.org), File Reference No. 1860-100, or by mail to:

Technical Director  
File Reference No. 1860-100, FASB, 401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116.

If you have any questions contact Angelique Whitlow, Partner, TKW Construction Practice

*Bryce Yamamoto, CPA is a manager with Talbot, Korvola & Warwick, LLP. His email address is [byamamoto@tkw.com](mailto:byamamoto@tkw.com).*

