

FASB Puts Breaks On Liability

AGC Of America Credits Member Involvement Through Comments, Letters For Lobbying Success

The Financial Accounting Standards Board (FASB) on July 27 announced its approval of a new financial disclosure standard for employers with multi-employer pension plans.

The AGC of America is very proud of the successful, painstaking efforts by its Tax and Fiscal Affairs Committee and Construction Industry FASB Coalition in getting the most dangerous provisions of the originally proposed standard removed, including disclosures about withdrawal liability and retiree health and welfare benefits (though the latter might be addressed in a future initiative).

The original proposal by FASB would have forced contractors nationwide to list withdrawal liability from Union pension plans on their balance sheets, whether or not that company ever planned to stop employing the union. Passage would have increased exponentially the difficulty of receiving project funding for contractors, in particular since a number of pension plans from coast-to-coast are dangerously underfunded.

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 "zone status" under 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



A crowded room greeted pension expert Rocky Miller at February's Plugging Pension Holes event, where the Financial Accounting Standards Board's proposal for the construction industry was one of many topics.

and 80 percent funded, or 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.

FASB expects that the revisions will be finalized in September. For public entities, the enhanced disclosures will be required after December 15, 2011, while nonpublic businesses can wait until after December 15, 2012.

The AGC thanked members who had contributed comments or letters as they spent the better part of the last two years fighting the recommendations as written.

Another legislative victory where AGC members played a role took place in August, as the Environmental Protection

Agency (EPA) backed off of requirements for measuring and cleaning stormwater runoff from jobsites that may have cost the industry billions each year collectively.

For more, visit the Legislative Action Center at www.agc.org. For more on how the Builders Association's Government Relations activities, view the report contained in this publication.

