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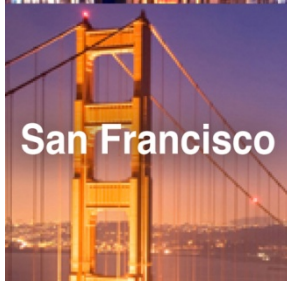
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It Wasn't as Bad as You Thought *Disclosures About an Employer's Participation in a Multiemployer Plan*

by Ann I. Shortes, CPA, Senior Manager, with contributions by
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On September 21, 2011, the Financial Accounting Standards Board (FASB) finalized Accounting Standards Update (ASU) No. 2011-09 *Compensation-Retirement Benefits-Multiemployer Plans (Subtopic 715-80): Disclosures About an Employer's Participation in a Multiemployer Plan*, to increase awareness of the commitments and risks associated with employer participation in multiemployer pension plans. Previously, disclosures by employers were limited to historical contributions made to the plans. Under this update, employers will have to disclose information about the plans in which they participate, their level of participation and the financial health of significant plans.

The Good News

FASB **significantly** scaled back the disclosure requirements from its draft version issued one year ago.

Reason for the Enhanced Disclosures

FASB's goal was to help financial statement users assess the potential cash flow implications related to an employer's participation in multiemployer pension plans. Multiemployer plans are unique in that assets contributed by one employer may be used to provide benefits to employees of other participating employers. If a participating employer fails to make its required contributions, the unfunded obligations of the plan may rest with the remaining participating employers.

Who Does the Update Affect?

The amendments in this update apply to nongovernmental entities that participate in multiemployer plans. While the majority of the amendments in this update apply only to multiemployer pension plans, there also are amendments that require changes in disclosures for multiemployer plans that

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provide postretirement benefits other than pensions. (More on this in a future release.)

Main Provisions

The amendment requires employers to provide additional quantitative and qualitative disclosures for multiemployer pension plans, including:

1. The significant multiemployer plans in which an employer participates, including the plan names and identifying numbers.
2. The level of an employer's participation in the significant multiemployer plans, including the employer's contributions made to the plans and an indication of whether the employer's contributions represent more than 5 percent of the total contributions made to the plan by all contributing employers.
3. The financial health of the significant multiemployer plans, including an indication of the funded status, whether funding improvement plans are pending or implemented, and whether the plan has imposed surcharges on the contributions to the plan.
4. The nature of the employer commitments to the plan, including when the collective-bargaining agreements that require contributions to the significant plans are set to expire and whether those agreements require minimum contributions to be made to the plans.

If users of the financial statements are not able to obtain additional information, including the funded status of the plan(s) from publicly available information outside of the financial statements, such as the plan's annual report (Form 5500), the update requires the employer to make additional disclosures about the plan.

The amendment does not change current recognition and measurement guidance for an employer's participation in a multiemployer plan nor does it change recognition, measurement and disclosure provisions for an obligation due to withdrawal from a multiemployer plan.

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Effective Dates

The amendments are effective for fiscal years ending after December 15, 2011, for public entities and fiscal years ending after December 15, 2012, for nonpublic entities. Early adoption is permitted.

Preliminary Alert

This is a preliminary alert. We will issue a more detailed release in the coming weeks.

Save the date: October 18, 2011, for a Lindquist LLP seminar on this update in the San Francisco Bay Area (San Ramon), with additional West Coast seminars to follow. Please contact Stephanie Kretschmer at skretschmer@lindquistcpa.com or 925-277-9100 if your employer association or industry group is interested.

Ann I. Shortes, CPA, is the most recent addition to the Lindquist LLP team. A senior manager with more than 12 years of public accounting experience, Ann is based in Lindquist LLP's San Ramon, California, office. Her diverse experience includes audits of employee benefit plans, not-for-profit entities, financial institutions, trusts and local governments. Contact Ann at (925) 277-9100 or ashortes@lindquistcpa.com.

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