



## CLIENT BULLETIN

### ***FASB “Officially” Adopts Limited Disclosure Standard for Employers Participating in Multiemployer DB Plans***

The Financial Accounting Standards Board (FASB) has officially issued Accounting Standards Update No. 2011-09, *Compensation Retirement Benefits—Multiemployer Plans (Subtopic 715-80): Disclosures about an Employer’s Participation in a Multiemployer Plan*. The *Update* provides new requirements for the disclosures an employer should provide relative to its participation in multiemployer pension plans.

A copy of the FASB *Update* may be obtained by “[clicking here](#)” or online at: <http://www.fasb.org/cs/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&blobwhere=1175822963911&blobheader=application%2Fpdf>. For more information on the background to this proposal, see [Client Bulletin 2011-48](#). As reported previously, the Updated Standard does not include any additional requirements to disclose possible withdrawal liability.

#### **Application Dates**

For public entities, the enhanced disclosures will be required for annual periods for fiscal years ending after December 15, 2011. For nonpublic entities (which includes most multiemployer plans), the enhanced disclosures will be required for annual periods for fiscal years ending after December 15, 2012.

#### **Overview**

The September 21, 2011 *FASB in Focus* newsletter was helpful in summarizing major aspects of the new disclosure and is available by “[clicking here](#)” or online at: <http://www.fasb.org/cs/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&blobwhere=1175822963181&blobheader=application%2Fpdf>.

Previously, the required accounting disclosures about an employer’s participation in a multiemployer pension plan were limited primarily to the historical contributions made to the plans. In developing the new guidance, the FASB’s intended goal was to help users of financial statements assess the potential future cash flow implications relating to an employer’s participation in multiemployer pension plans. According to FASB, the disclosures also will indicate the financial health of all of the

significant plans in which the employer participates and assist a financial statement user to access additional information that is available outside of the financial statements.

### **Essential Elements of the Disclosures**

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According to *FASB in Focus*, the following were the essential disclosure elements. The [full list](#) is found at Standard 715-80-50-5 (page 7 of the *Update*)

- (a) For individually significant multiemployer plans that provide pension benefits:
- Plan legal name, plan Employer Identification Number, and, if available, the plan number
  - Most recent certified funded status, expressed as a "zone status," as required by the Pension Protection Act of 2006. If zone status is not available, an employer should disclose whether the plan was:
    - Less than 65 percent funded
    - Between 65 percent and 80 percent funded
    - At least 80 percent funded
  - Expiration date(s) of collective bargaining agreement(s) and any minimum funding arrangements
  - Indication of whether the employer's contributions represent more than 5 percent of total contributions to the plan
  - Indication of what plans, if any, are subject to a funding improvement plan
- (b) Contributions made to each individually significant multiemployer plan that provides pension benefits and the total contributions made to all other plans in the aggregate.
- (c) A description of the nature and effect of any changes affecting comparability from period to period for each period in which a statement of income is presented.

The *Update* also has an example disclosure and summary disclosure chart at Standard 715-80-50-6 & 7 (pages 10-13 of *Update*).

***Note: Employers must contact each pension plan that they contribute to in order to obtain the necessary information to complete this disclosure.***

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