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## News and Publications

# FASB nixes unfunded liability reporting requirement

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Good news for employers in union defined benefit plans! The Financial Accounting Standards Board (FASB) had proposed a rule that would require companies to report to disclose potential withdrawal liability for multiemployer defined benefit pension in which they participated which would have put the pension fund's unfunded liability on the employers' books. However, on July 27, FASB notified Congress that it has withdrawn this proposal.

Instead, FASB has now approved a revised accounting standard with disclosures intended to provide more information about an employer's financial obligations to multiemployer pension plans, including:

- The amount of employer contributions made to each significant plan and to all plans in the aggregate.
- Whether the employer's contributions represent more than five% of total contributions to the plan.
- Which plans the employer is in that are subject to a funding improvement plan.

- The expiration dates of collective bargaining agreements and any minimum funding arrangements.
- The most recent certified funded status of the plan ( the “zone status”) to which the employer makes contributions. If the zone status is not available, an employer will be required to disclose whether the plan is: (a) Less than 65% funded, (b) between 65% and 80% funded or (c) greater than 80% funded.
- A description of the nature and effect of any changes affecting comparability for each period in which a statement of income is presented.

For public entities, the effective date of the new requirements will be for fiscal years ending after December 15, 2011, while for non-public entities, the disclosures will be required in fiscal years ending after December 15, 2012.

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