



Financial Accounting Standards Board

International Monetary Fund Seminar on Aging, Pension Risk Management, and Financial Security

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FASB

“As an Independent Standard Setter”

OUR MISSION:

- Establish and improve standards of financial accounting and reporting

OUR ACTIONS:

- Improve the usefulness of financial reporting
- Keep standards current
- Consider promptly any significant areas of deficiency
- Promote international convergence
- Improve understanding of information in financial reports



FASB's Constituents

- Investors, creditors, and other users of general purpose financial statements
- Preparers of financial statements
- Auditors
- SEC, PCAOB, Bank regulators, etc.
- Educators



Past Projects on Pension Accounting

- Statement No. 87, *Employers' Accounting for Pensions*
- Statement No. 132(R), *Employers' Disclosures about Pensions and Other Postretirement Benefits*



Current Project on Pension Accounting

“Postretirement Benefit Obligations, including Pensions”

- **Objective:** Comprehensively reconsider existing guidance to improve reporting by making information more complete and useful
- Overall goals
 - Over/underfunded status of plans on balance sheet
 - P/L amounts appropriately measured and recognized
- Phased project spanning numerous years
- Phase 1 final standard issued September 2006



Statement No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans*

- Over/underfunded status of plans on balance sheet
- Unrecognized actuarial gains/losses and prior service costs to equity in OCI, net of income taxes
- Measurement date should be date of fiscal year end
- Aggregation of plan assets or liabilities
- Revised disclosure requirements
- Prospective transition
- Multiple effective dates
 - Balance sheet recognition
 - December 15, 2006 for public companies
 - June 15, 2007 for nonpublic companies
 - Year-end measurement date change = December 15, 2008



Next Steps for Pension Accounting

- Scope of Phase 2 to be determined in 1Q 2007
- Potential Phase 2 Issues
 - Expense and gain recognition and display
 - Measurement of obligation
 - Consolidation of fund assets
 - Multiemployer plans