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## Minimal FASB Changes to Defined Benefit Plan Disclosure Requirements

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On August 28, the Financial Accounting Standards Board (FASB) issued changes in the disclosure requirements for employers who sponsor defined benefit pension or other postretirement plans.

The changes are aimed to improve the effectiveness of financial statement disclosures by eliminating the requirement for certain disclosures that FASB no longer considers cost beneficial, and requiring new disclosures for ones that FASB considers relevant. FASB does not anticipate significant cost increases because of the changes since the information shown in the newly required disclosure should be readily available.

The changes to Accounting Standards Codification (ASC) 715-20 are as follows:

The following disclosure requirements are removed:

- The amounts in accumulated other comprehensive income expected to be recognized into net periodic cost for the following fiscal year.
- The amounts and timing, if any, of assets expected to be returned to the employer.
- Material related to the June 2001 amendments to the Japanese Welfare Pension Insurance Law.
- Material about the future annual benefits covered by insurance or annuity contracts and significant transactions between the employer or related parties and the plan.
- For non-public entities, the reconciliation of the Level 3 plan asset hierarchy. There is still a requirement for separate disclosures for non-public entities related to purchases of or amounts transferred into or out of Level 3 assets.

- For public entities, the disclosure of a one-percentage-point increase/decrease in the assumed healthcare trend rates on the (a) aggregate of the service and interest costs components of the net periodic benefits costs, and (b) benefit obligation for postretirement healthcare benefits.

The following disclosure requirements are added:

- For cash balance and other plans with a promised interest crediting rate, the weighted average of the interest crediting rates.
- Explanation of the reasons for significant gains and losses concerning the benefit obligation.

Clarification of disclosure items for entities that have multiple plans, and present aggregate disclosures:

- The Accumulated Benefit Obligation (ABO) and fair value of assets shall be disclosed for pension plans with assets less than the ABO.
- The Projected Benefit Obligation (PBO) and fair value of assets shall be disclosed for pension plans with assets less than the PBO.
- The Accumulated Postretirement Benefit Obligation (APBO) and fair value of assets shall be disclosed for postretirement plans with assets less than the APBO.

These changes are effective for public entities for fiscal years ending after December 15, 2020; December 15, 2021 for all other entities. Early adoption is permitted.

To learn more about next steps for your plan, contact David Davala, 216.875.1923 or [David.Davala@findley.com](mailto:David.Davala@findley.com) or the Findley consultant you normally work with.