GASB Exposure Draft

May 28, 2014

Comments Due: August 29, 2014

Proposed Statement

of the Governmental Accounting Standards Board

Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68

This Exposure Draft of a proposed Statement of Governmental Accounting Standards is issued by the Board for public comment. Written comments should be addressed to:

Director of Research and Technical Activities
Project No. 34-1NTP

Governmental Accounting Standards Board

ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS AND FINANCIAL REPORTING FOR PENSION PLANS THAT ARE NOT ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA, AND AMENDMENTS TO CERTAIN PROVISIONS OF GASB STATEMENTS 67 AND 68

Notice of Public Hearings and Request for Written Comments

PUBLIC HEARINGS

Public hearings are scheduled as follows:

- September 10, 2014, at Courtyard by Marriott LaGuardia Airport Hotel, 90-10 Grand Central Parkway, Queens, NY
- September 11, 2014, at Sheraton Chicago O'Hare Airport Hotel, 6501 North Mannheim Road, Rosemont, IL
- September 12, 2014, at DoubleTree by Hilton San Francisco Airport North, 5000 Sierra Point Parkway, Brisbane, CA

The public hearings are scheduled to begin at 8:30 a.m. local time. Interested individuals or organizations may participate in a public hearing in person or by telephone. Details regarding their participation will be provided after the GASB receives a notice of intent to participate.

Deadline for written notice of intent to participate in public hearings: August 29, 2014

Basis for public hearings. The GASB has scheduled the public hearings to obtain information from interested individuals and organizations about the issues discussed in this Exposure Draft. The hearings will be conducted by one or more members of the Board and its staff. Interested parties are encouraged to participate at the hearings and through written response.

Public hearing oral presentation requirements. Individuals or organizations that want to make an oral presentation in person or by telephone at a public hearing are required to provide, **by the deadline for notice of intent to participate (August 29, 2014),** a written notification of that intent and a copy of written comments addressing the issues discussed in this Exposure Draft. The notification and written submission should be addressed to the Director of Research and Technical Activities, Project No. 34-1NTP, and emailed to director@gasb.org or mailed to the address below. The notification should indicate a preference for participating in person or via telephone. A public hearing may be canceled if sufficient interest is not expressed by the deadline.

The Board intends to schedule all respondents who want to make oral presentations and will notify each individual or organization of the expected time of the presentation. The time allotted each individual or organization will be limited to about 30 minutes—10 minutes to summarize or elaborate on the written submissions, or to comment on the written submissions or presentations of others, and 20 minutes to respond to questions from those conducting the hearing.

Observers. Observers are welcome at the public hearings and are urged to submit written comments.

WRITTEN COMMENTS

Deadline for submitting written comments: August 29, 2014

Requirements for written comments. Any individual or organization that wants to provide written comments but does not intend to participate in a public hearing should provide those comments by **August 29, 2014.** Comments should be addressed to the Director of Research and Technical Activities, Project No. 34-1NTP, and emailed to director@gasb.org or mailed to the address below.

OTHER INFORMATION

Public files. Written comments and transcripts of the public hearings will become part of the Board's public file. Written comments also are posted on the GASB's website. Copies of the transcripts may be obtained for a specified charge.

Orders. This Exposure Draft may be downloaded from the GASB's website at www.gasb.org. For information on prices for printed copies, please contact the Order Department at the following address:

Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

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GASB publications also may be ordered at www.gasb.org.

Notice to Recipients of This Exposure Draft

The Governmental Accounting Standards Board (GASB) is responsible for developing standards of state and local governmental accounting and financial reporting and other accounting and financial reporting communications that will (1) result in useful information for users of financial reports and (2) guide and educate the public, including issuers, auditors, and users of those financial reports.

The due process procedures that we follow before issuing our standards and other communications are designed to encourage broad public participation in the standards-setting process. As part of that due process, we are issuing this Exposure Draft setting forth a proposed Statement that would supersede remaining requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as amended, and No. 50, *Pension Disclosures,* for defined benefit and defined contribution pensions and pension plans. This proposed Statement also would amend the requirements of Statements No. 67, *Financial Reporting for Pension Plans,* and No. 68, *Accounting and Financial Reporting for Pensions.*

This Exposure Draft is being issued together with two other Exposure Drafts, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* and *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* which propose new standards for accounting and financial reporting by employers and certain nonemployer contributing entities for postemployment benefits other than pensions and for the postemployment benefit plans through which those benefits are provided, respectively.

We invite your comments on all matters in this proposed Statement. Because this proposed Statement may be modified before it is issued as a final Statement, it is important that you comment on any aspects with which you agree as well as any with which you disagree. To facilitate our analysis of comment letters, it would be helpful if you explain the reasons for your views, including alternatives that you believe we should consider.

All responses are distributed to the Board and to staff members assigned to this project, and all comments are considered during the Board's deliberations leading to a final Statement. When the Board is satisfied that all alternatives have adequately been considered, and modifications have been made as appropriate, a vote is taken on the Statement. A majority vote is required for adoption.

Summary

The objective of this proposed Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments and pension plans for making decisions and assessing accountability. This proposed Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This proposed Statement would establish requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions,* and for the pension plans that are used to provide those pensions. In addition, it would establish requirements for defined contribution pensions that are not within the scope of Statement 68. It also would amend certain provisions of Statement No. 67, *Financial Reporting for Pension Plans,* and Statement 68 for pension plans and employers that are within their respective scopes.

The requirements in this proposed Statement apply the approach to accounting and financial reporting established in Statements 67 and 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are *not* administered through trusts that meet the criteria specified in Statement 67 should *not* be accounted for as pension plan assets. It also proposes that information similar to that required by Statement 67 or Statement 68, as applicable, be included in notes to financial statements and required supplementary information by all similarly situated employers, nonemployer contributing entities, and pension plans.

This proposed Statement also would clarify the application of certain provisions of Statements 67 and 68 with regard to the following issues:

1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
3. Timing of employer recognition of revenue for the support of nonemployer contributing entities *not* in a special funding situation.

Effective Date and Transition

The requirements of this proposed Statement that address accounting and financial reporting by pension plans, employers, and governmental nonemployer contributing entities that are not within the scope of Statement 67 or Statement 68 would be effective for financial statements for fiscal years beginning after June 15, 2016. The requirements of this proposed Statement for pension plans, employers, and governmental nonemployer contributing entities that are within the scope of Statement 67 or Statement 68 would be effective for fiscal years beginning after June 15, 2015. Earlier application would be encouraged.

How the Changes in This Proposed Statement Would Improve Financial Reporting

The requirements of this proposed Statement would improve financial reporting by establishing a single framework for the presentation of information about defined benefit and defined contribution pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities and pension plans.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraphs 6–8 discuss the applicability of this Statement.

Proposed Statement of the Governmental Accounting Standards Board

Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68

May 28, 2014

CONTENTS

Paragraph
Numbers

Paragraph
Numbers

Paragraph
Numbers

Proposed Statement of the Governmental Accounting Standards Board

Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68

May 28, 2014

INTRODUCTION

1. The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both **active employees**[1] and **inactive employees**—are provided with **pensions** that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations.

2. An additional objective of this Statement is to improve the information provided in government financial reports about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities and that are not within the scope of Statement 68.

3. Other objectives of this Statement are to improve the usefulness of information associated with state and local governmental **defined benefit pension plans** that are not within the scope of Statement No. 67, *Financial Reporting for Pension Plans,* and to clarify the application of certain provisions of Statements 67 and 68.

STANDARDS OF GOVERNMENTAL ACCOUNTING AND FINANCIAL REPORTING

Scope and Applicability of This Statement

4. This Statement establishes standards of accounting and financial reporting for **defined benefit pensions** and **defined contribution pensions** provided to the employees of state and local governmental employers through **pension plans** that are *not*

[1]Terms defined in the Glossary are shown in **boldface type** the first time they appear in this Statement.

administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which the following criteria are met:

a. **Contributions** from employers[2] and **nonemployer contributing entities** to the pension plan and earnings on those contributions are irrevocable.[3]
b. Pension plan assets are dedicated to providing pensions to **plan members** in accordance with the benefit terms.[4]
c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the above criteria and for state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans, the requirements of Statement 68, as amended, remain applicable. If pensions are provided through a pension plan in which assets are accumulated in a trust that meets the above criteria and pensions provided through the same pension plan are paid with assets other than those from that trust, the pensions should be accounted for and reported in accordance with the requirements of Statement 68, and the pension plan through which the pensions are provided should be reported in accordance with the requirements of Statement 67.

5. This Statement also establishes requirements for defined benefit pension plans that are *not* administered through trusts that meet the criteria in paragraph 4 and amends certain provisions for pension plans that are within the scope of Statement 67 and for employers and governmental nonemployer contributing entities that are within the scope of Statement 68.

6. The requirements of paragraphs 10–91 of this Statement apply to the financial statements of state and local governmental employers whose employees are provided with pensions through pension plans that are *not* administered through trusts that meet the criteria in paragraph 4 and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to pay pensions as the benefits come due, whether directly to the employee or through the use of nonemployer contributing entity assets held by others for purposes of providing pensions through a pension plan that is not administered through a trust that meets the criteria in paragraph 4. References in this Statement to employees include volunteers that provide services to state

[2]In some circumstances, contributions are made by the employer to satisfy employee contribution requirements. If the contribution amounts are recognized by the employer as salary expense, those contributions should be classified as employee contributions for purposes of this Statement. Otherwise, those contributions should be classified as employer contributions.

[3]For purposes of this Statement, refunds to an employer or nonemployer contributing entity of the nonvested portion of its contributions that are forfeited by employees in a defined contribution pension plan are consistent with this criterion.

[4]For purposes of this Statement, the use of pension plan assets to pay pension plan administrative costs or to refund employee contributions in accordance with benefit terms is consistent with this criterion.

and local governments. The requirements of this Statement apply whether the employer's financial statements are presented in a stand-alone financial report or are included in the financial report of another government.

7. The requirements of paragraphs 92 and 93 apply to defined benefit pension plans that are *not* administered through trusts that meet the criteria in paragraph 4. The requirements of paragraph 93 of this Statement for multiple-employer defined benefit pension plans apply whether the pension plan's financial statements are (a) presented in a stand-alone financial report or (b) included in the financial report of another entity. All other accounting and financial reporting requirements applicable to transactions and other events reported in the basic financial statements of multiple-employer defined benefit pension plans, including notes to those statements and required supplementary information, also should be applied.

8. The requirements of paragraphs 94–96 apply to defined benefit pension plans that are within the scope of Statement 67. The requirements of paragraphs 94–99 apply to state and local governmental employers and nonemployer contributing entities that report defined benefit pensions that are within the scope of Statement 68.

9. This Statement supersedes Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, paragraphs 2–7 and 12–40 and footnotes 4–29; all remaining requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers;* Statement No. 50, *Pension Disclosures*, paragraphs 4 and 6–10 and footnotes 1–7; Statement 67, footnote 12; and Statement 68, footnotes 13 and 15. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, paragraph 2; Statement No. 14, *The Financial Reporting Entity*, paragraphs 63 and 81; Statement No. 16, *Accounting for Compensated Absences,* footnote 7; Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, paragraphs 3 and 8; Statement 25, paragraphs 8–10; Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, paragraph 5; Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, paragraphs 70, 107, 129, and 140, and footnotes 43, 47, 63, and 64; Statement No. 38, *Certain Financial Statement Note Disclosures*, paragraph 13; Statement No. 44, *Economic Condition Reporting: The Statistical Section*, paragraphs 10 and 39; Statement No. 47, *Accounting for Termination Benefits,* paragraphs 4, 17, and 19; Statement 50, paragraph 3; Statement 67, paragraphs 32 and 34; Statement 68, paragraphs 6, 34, 46–48, 57, 58, 81, 82, 90, 94, 95, 114, and 115 and footnotes 22 and 23; Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers,* paragraphs 1–7, 10, and 11; Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits,* paragraphs 1–3; and NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles,* paragraph 157.

Types of Pensions

10. As used in this Statement, the term *pensions* includes the following:

a. Retirement income
b. **Postemployment** benefits other than retirement income (such as death benefits, life insurance, and disability benefits) that are provided through a pension plan.

Pensions do not include **postemployment healthcare benefits** or **termination benefits.** However, the effects of a termination benefit on liabilities for defined benefit pensions that are within the scope of this Statement should be accounted for and reported in conformity with this Statement.[5] Postemployment benefits other than retirement income that are provided separately from a pension plan and postemployment healthcare benefits should be accounted for and reported as **other postemployment benefits (OPEB),** and the plans through which those benefits are provided should be accounted for and reported as OPEB plans.[6]

11. The requirements of paragraphs 19–78 of this Statement address accounting and financial reporting for defined benefit pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4. Defined benefit pensions are pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or an amount that is calculated based on one or more factors such as age, years of service, and compensation. Pension plans through which defined benefit pensions are provided are classified as defined benefit pension plans.

12. Accounting and financial reporting requirements for defined contribution pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4 are set forth in paragraphs 79–91. Defined contribution pensions are pensions having terms that:

a. Provide an individual account for each employee
b. Define the contributions that an employer or nonemployer contributing entity is required to make (or credits that it is required to provide) to an active employee's account for periods in which that employee renders service
c. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

If the pensions to be provided have all of the terms identified in (a)–(c) above, and are not administered through trusts that meet the criteria in paragraph 4, the requirements of this

[5]Termination benefits primarily are addressed in Statement 47, as amended. Statement 47 includes disclosure requirements applicable to all termination benefits, regardless of the manner in which they are provided.

[6]Employer accounting and financial reporting for OPEB primarily is addressed in the related Statement, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Financial reporting for OPEB plans primarily is addressed in the related Statement, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

Statement for defined contribution pensions apply. If the pensions to be provided do not have all of the above terms—for example, if the pensions are a function of factors other than those identified in (c) above—and are not administered through trusts that meet the criteria in paragraph 4, the requirements of this Statement for defined benefit pensions apply.

Types of Defined Benefit Pension Plans and Employers

13. **Insured plans** are defined benefit pension plans in which pensions are financed through an arrangement whereby premiums are paid to an insurance company while employees are in active service, in return for which the insurance company unconditionally undertakes an obligation to pay the pensions as defined in the pension plan terms. The pensions provided through insured plans are classified as **insured benefits.** An employer that provides insured benefits should apply the requirements of paragraphs 76–78 of this Statement.

14. For purposes of this Statement, defined benefit pension plans other than insured plans are classified according to the number of employers whose employees are provided with pensions through the pension plan. For purposes of this classification, a primary government and its component units are considered to be one employer. If a defined benefit pension plan other than an insured plan is used to provide pensions to the employees of only one employer, the pension plan should be classified for financial reporting purposes as a **single-employer defined benefit pension plan (single-employer pension plan).** If a single-employer pension plan is not administered through a trust that meets the criteria in paragraph 4, any assets accumulated for pension purposes should be reported in conformity with the requirements of paragraph 92 of this Statement.

15. If a defined benefit pension plan other than an insured plan is used to provide pensions to the employees of more than one employer, the pension plan is classified for financial reporting purposes as a **multiple-employer defined benefit pension plan.** If a multiple-employer defined benefit pension plan is *not* administered through a trust that meets the criteria in paragraph 4, assets accumulated for pension purposes and held in a custodial capacity should be reported in conformity with the requirements of paragraph 93 of this Statement.

16. An employer that provides pensions other than insured benefits through a defined benefit pension plan that is not administered through a trust that meets the criteria in paragraph 4 should apply the requirements of paragraphs 19–54 or paragraph 74 of this Statement, as applicable. For employers that provide benefits through multiple-employer defined benefit pension plans, the provisions of this Statement apply to the pensions provided to the employer's own employees.

Special Funding Situations

17. For purposes of this Statement, **special funding situations** are circumstances in which a nonemployer entity is legally responsible for making benefit payments to the employees of another entity as the pensions come due, whether directly or through the use

of nonemployer contributing entity assets held by others for the purpose of providing pensions through a pension plan that is not administered through a trust that meets the criteria in paragraph 4, *and* either of the following conditions exists:

a. The amount of benefit payments for which the nonemployer entity legally is responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions. Examples of situations in which the amount of benefit payments *is* dependent upon an event or circumstance that is unrelated to pensions include (1) a circumstance in which the amount of benefit payments required to be made by the nonemployer entity as the pensions come due is limited by a given revenue source and (2) a circumstance in which the amount of benefit payments required to be made by the nonemployer entity as the pensions come due is limited by the amount by which the nonemployer entity's ending fund balance exceeds a defined threshold amount.
b. The nonemployer entity is the only entity with a legal obligation to make benefit payments as the pensions come due.

Special funding situations do not include circumstances in which resources are provided *to the employer*, regardless of the purpose for which those resources are provided.

18. Requirements for accounting and financial reporting by employers and by governmental nonemployer contributing entities for defined benefit pensions with special funding situations in circumstances in which the pensions are provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4 are presented in paragraphs 45–73 of this Statement. Requirements for accounting and financial reporting by employers and by governmental nonemployer contributing entities for defined contribution pensions with special funding situations in circumstances in which the pensions are provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4 are presented in paragraphs 83–89. Requirements for governmental nonemployer entities that have a legal requirement to make benefit payments to the employees of another entity as the pensions come due in circumstances in which the pensions are provided through pension plans that are not administered through a trust that meets the criteria in paragraph 4 but that do not meet the criterion in either paragraph 17a or paragraph 17b, and for the employers to which they provide support, are presented in paragraphs 74, 75, 90, and 91.

Defined Benefit Pensions Other Than Insured Benefits

19. The requirements of paragraphs 21–75, as applicable, should be applied separately to the pensions provided through separate defined benefit pension plans other than insured plans. The measurement requirements of this Statement may be applied individually for differently defined benefit payments, for example, for benefit payments to different classes or groups that are provided with pensions through the same pension plan. However, in this circumstance, the separate measures should be recognized and reported in the aggregate.

20. For purposes of applying paragraphs 21–75 of this Statement, benefit payments are amounts paid for pensions as the benefits come due, whether directly or by an employer or nonemployer contributing entity or through the use of assets held by others for the purpose of providing pensions through a pension plan that is not administered through a trust that meets the criteria in paragraph 4.

Employers

21. If a primary government and its component units provide pensions through the same pension plan, in the reporting entity's financial report, the requirements of paragraphs 35–43 of this Statement for note disclosures and required supplementary information should be applied. In that circumstance, in stand-alone financial statements, each government should apply the requirements of paragraph 44 of this Statement to account for and report its participation in the pension plan.

Recognition and Measurement in Financial Statements Prepared Using the Economic Resources Measurement Focus and Accrual Basis of Accounting by Employers That Do Not Have a Special Funding Situation

Total pension liability[7]

22. An employer that does not have a special funding situation should recognize a liability for the **total pension liability.** The total pension liability should be measured as the portion of the **actuarial present value of projected benefit payments** that is attributed to past periods of employee service in conformity with the requirements of paragraphs 24–29. The total pension liability should be measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

23. Liabilities to employees for defined benefit pensions provided through different pension plans may be displayed in the aggregate in the financial statements.

Timing and frequency of actuarial valuations

24. The total pension liability should be determined by (a) an **actuarial valuation** as of the measurement date or (b) the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. If update procedures are used and significant changes occur between the **actuarial valuation date** and the measurement date, professional judgment should be used to determine the extent of procedures needed to roll forward the measurement from the actuarial valuation to the measurement date, and consideration should be given to whether a new actuarial valuation is needed. For purposes of this determination, the effects of changes in the discount rate (see paragraph 28), should be among the factors evaluated. For accounting and financial

[7]For purposes of applying paragraphs 22–29 in conformity with paragraph 44, paragraph 45, or paragraph 55, the term *total pension liability* applies to the **collective total pension liability**.

reporting purposes, an actuarial valuation of the total pension liability should be performed at least biennially. More frequent actuarial valuations are encouraged.

Selection of assumptions

25. Unless otherwise specified by this Statement, the selection of all assumptions used in determining the total pension liability and related measures should be made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The employer, and, if any, governmental nonemployer contributing entities that make payments for pensions as benefits come due should use the same assumptions when measuring similar or related pension information.

Projection of benefit payments

26. **Projected benefit payments** should include all benefits to be provided to current active and inactive employees through the pension plan in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Projected benefit payments should include the effects of **automatic postemployment benefit changes,** including **automatic cost-of-living adjustments (automatic COLAs).** In addition, projected benefit payments should include the effects of (a) projected **ad hoc postemployment benefit changes,** including **ad hoc cost-of-living adjustments (ad hoc COLAs),** to the extent that they are considered to be substantively automatic;[8] (b) projected salary changes (in circumstances in which the pension formula incorporates future compensation levels); and (c) projected service credits (both in determining an employee's probable eligibility for benefits and in the projection of benefit payments in circumstances in which the pension formula incorporates years of service).

27. Benefit payments to be provided by means of an **allocated insurance contract** should be excluded from projected benefit payments if (a) the contract irrevocably transfers to the insurer the responsibility for providing the benefits, (b) all required payments to acquire the contract have been made, and (c) the likelihood is remote that the employer, nonemployer contributing entities, if any, or the entity administering the pension plan will be required to make additional payments to satisfy the benefit payments covered by the contract. Insured benefits also should be excluded from projected benefit payments.

Discount rate

28. The **discount rate** should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

[8]Considerations that might be relevant to determining whether such changes are substantively automatic include the historical pattern of granting the changes, the consistency in the amounts of the changes or in the amounts of the changes relative to a defined cost-of-living or inflation index, and whether there is evidence to conclude that changes might not continue to be granted in the future despite what might otherwise be a pattern that would indicate such changes are substantively automatic.

Attribution of the actuarial present value of projected benefit payments to periods

29. The **entry age actuarial cost method** should be used to attribute the actuarial present value of projected benefit payments of each employee to periods in conformity with the following:

a. Attribution should be made on an individual employee-by-employee basis.
b. Each employee's **service costs** should be level as a percentage of that employee's projected pay. For purposes of this calculation, if an employee does not have projected pay, the projected inflation rate should be used in place of the projected rate of change in salary.
c. The beginning of the attribution period should be the first period in which the employee's service accrues pensions under the benefit terms, notwithstanding vesting or other similar terms.
d. The service costs of all pensions should be attributed through all assumed exit ages, through retirement. In pension plans in which the benefit terms include a **deferred retirement option program (DROP),** for purposes of this Statement, the date of entry into the DROP should be considered to be the employee's retirement date.
e. Each employee's service costs should be determined based on the same benefit terms reflected in that employee's actuarial present value of projected benefit payments.

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions, and support of nonemployer contributing entities

30. Changes in the total pension liability[9] should be recognized in pension expense in the current reporting period except as indicated below:[10]

a. Each of the following should be recognized in pension expense, beginning in the current reporting period, using a systematic and rational method over a **closed period** equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the **measurement period:**
   (1) Differences between expected and actual experience with regard to economic or demographic factors (differences between expected and actual experience) in the measurement of the total pension liability
   (2) Changes of assumptions about future economic or demographic factors or of other inputs (changes of assumptions or other inputs).

   The portion of (1) and (2) not recognized in pension expense should be reported as deferred outflows of resources or deferred inflows of resources related to pensions.

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[9]For purposes of applying paragraph 30 in conformity with paragraph 44, paragraph 47, paragraph 60, or paragraph 63, the term *total pension liability* applies to the collective total pension liability, the term *pension expense* applies to **collective pension expense,** and the term *deferred outflows of resources and deferred inflows of resources related to pensions* applies to **collective deferred outflows of resources and deferred inflows of resources related to pensions.**

[10]The period for determining changes in the total pension liability is the measurement period applied to the total pension liability that is recognized in the current reporting period.

b. Amounts paid by the employer for pensions as the benefits come due should not be recognized in pension expense.[11]

c. Amounts paid by nonemployer contributing entities that are not in a special funding situation for pensions as the benefits come due should be recognized as revenue.

31. Pension expense also should be recognized in the current reporting period for costs incurred by the employer related to the administration of pensions. The measurement period for these costs should be the same as the measurement period applied to changes in the total pension liability[12] for purposes of paragraph 30.

32. Deferred outflows of resources related to pensions should be reported for (a) amounts paid by the employer for pensions as the benefits come due subsequent to the measurement date of the total pension liability and before the end of the reporting period (excluding amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) and (b) amounts paid by (or due and payable from) the employer for pension administrative expenses that were incurred subsequent to the measurement date of the total pension liability and before the end of the reporting period.

Recognition and Measurement in Financial Statements Prepared Using the Economic Resources Measurement Focus and Accrual Basis of Accounting by Employers That Have a Special Funding Situation

33. An employer that has a special funding situation should apply the requirements of paragraphs 45–53.

Recognition in Financial Statements Prepared Using the Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

34. In financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting, a total pension liability (or, if an employer has a special funding situation, a proportionate share of the collective total pension liability) should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Pension expenditures should be recognized equal to the total of (a) amounts paid by the employer for pensions as the benefits come due and (b) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. A total pension liability (or, if an employer has a special funding situation, a proportionate share of the collective total pension liability) is normally expected to be liquidated with expendable available financial resources to the extent that benefit payments have matured—that is, benefit payments are due and payable.

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[11]For purposes of applying paragraph 30b in conformity with paragraph 44, paragraph 47, or paragraph 60, changes in the collective total pension liability arising from amounts paid by nonemployer contributing entities that are in a special funding situation also should not be included in collective pension expense.

[12]For purposes applying paragraph 31 in conformity with paragraph 50, the term *total pension liability* applies to the collective total pension liability.

Notes to Financial Statements

35. The total (aggregate for all pensions, regardless of the type of pension plans through which the pensions are provided and whether the pension plans are administered through trusts that meet the criteria in paragraph 4 of this Statement) of the employer's pension liabilities, net pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense/expenditures for the period associated with defined benefit pension liabilities to employees, as applicable, should be disclosed if the total amounts are not otherwise identifiable from information presented in the financial statements.

36. The information identified in paragraphs 37–41 should be disclosed for benefits provided through each pension plan in which the employer participates. Disclosures related to more than one pension plan should be combined in a manner that avoids unnecessary duplication.

37. In circumstances in which the employees of a primary government and its component units are provided with pensions through the same pension plan, the note disclosures in the reporting entity's financial statements should separately identify amounts associated with the primary government (including its blended component units) and those associated with its discretely presented component units.

Pension plan description

38. The following information should be disclosed about the pension plan through which benefits are provided:

a. The name of the pension plan, identification of the **public employee retirement system** or other entity that administers the pension plan, and identification of the pension plan as a single-employer or multiple-employer defined benefit pension plan.
b. A brief description of the benefit terms, including (1) the classes of employees covered; (2) the types of benefits; (3) the key elements of the pension formulas; (4) the terms or policies, if any, with respect to automatic postemployment benefit changes, including automatic COLAs, and ad hoc postemployment benefit changes, including ad hoc COLAs; and (5) the authority under which benefit terms are established or may be amended. If the pension plan is closed to new entrants, that fact should be disclosed.
c. The number of employees covered by the benefit terms, separately identifying numbers of the following:
   (1) Inactive employees currently receiving benefit payments
   (2) Inactive employees entitled to but not yet receiving benefit payments
   (3) Active employees.
d. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4. If pensions are provided through a pension plan that is administered through a trust and that trust does not meet the criteria in paragraph 4, each criterion in paragraph 4 that the trust does not meet should be disclosed.

e. Identification of the authority under which requirements for the employer and nonemployer contributing entities, if any, to pay pensions as the benefits come due are established or may be amended. Also, the amount paid by the employer for pensions as the benefits came due during the reporting period, if not otherwise disclosed.

Other information

39. Significant assumptions and other inputs used to measure the total pension liability,[13] including assumptions about inflation, salary changes, and ad hoc postemployment benefit changes (including ad hoc COLAs) should be disclosed. With regard to mortality assumptions, the source of the assumptions (for example, the published tables on which the assumptions are based or that the assumptions are based on a study of the experience of the covered group) should be disclosed. The dates of experience studies on which significant assumptions are based also should be disclosed. For all significant assumptions, if different rates are assumed for different periods, information should be disclosed about what rates are applied to the different periods of the measurement. With regard to the discount rate, the rate applied in the measurement and the source of that rate should be disclosed. Measures of the total pension liability (or, if an employer has a special funding situation, the employer's proportionate share of the total pension liability) calculated using (a) a discount rate that is 1-percentage-point higher than that required by paragraph 28 and (b) a discount rate that is 1-percentage-point lower than that required by paragraph 28 also should be disclosed.

40. For the current reporting period, a schedule of changes in the total pension liability should be presented. The schedule should separately include the information indicated in subparagraphs (a)–(d) below.

a. The beginning balance of the total pension liability
b. The effects during the period of the following items, if applicable, on the total pension liability:
    (1) Service cost
    (2) Interest on the total pension liability
    (3) Changes of benefit terms
    (4) Differences between expected and actual experience in the measurement of the total pension liability
    (5) Changes of assumptions or other inputs
    (6) Benefit payments
    (7) Other changes, separately identified if individually significant
c. The ending balance of the total pension liability
d. If the employer has a special funding situation:
    (1) The nonemployer contributing entities' total proportionate share of the total pension liability

[13]For purposes of applying paragraphs 39–43 in conformity with paragraph 54, unless otherwise indicated, the term *total pension liability* applies to the collective total pension liability for pensions provided through a pension plan in which there is a special funding situation. (See paragraph 45.)

(2) The employer’s proportionate share of the total pension liability.

41. In addition to the information required by paragraph 40, the following information should be disclosed, if applicable:

a. The measurement date of the total pension liability, the date of the actuarial valuation on which the total pension liability is based, and, if applicable, the fact that update procedures were used to roll forward the total pension liability to the measurement date
b. If the employer has a special funding situation, the employer’s proportion (percentage) of the total pension liability, the basis on which its proportion was determined, and the change in its proportion since the prior measurement date
c. A brief description of changes of assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date
d. A brief description of changes of benefit terms that affected measurement of the total pension liability since the prior measurement date
e. The amount of benefit payments in the measurement period attributable to the purchase of allocated insurance contracts, a brief description of the benefits for which allocated insurance contracts were purchased in the measurement period, and the fact that the obligation for the payment of benefits covered by allocated insurance contracts has been transferred from the employer to one or more insurance companies
f. A brief description of the nature of changes between the measurement date of the total pension liability and the employer’s reporting date that are expected to have a significant effect on the total pension liability (or, if the employer has a special funding situation on the employer’s proportionate share of the total pension liability), and the amount of the expected resultant change in the total pension liability (or, if the employer has a special funding situation, on the employer’s proportionate share of the total pension liability), if known
g. The amount of pension expense recognized by the employer in the reporting period
h. The employer’s balances of deferred outflows of resources and deferred inflows of resources related to pensions, classified as follows, if applicable:
   (1) Differences between expected and actual experience in the measurement of the total pension liability
   (2) Changes of assumptions or other inputs
   (3) If the employer has a special funding situation, changes in the employer’s proportion (paragraph 48) and differences between (a) the amounts paid by the employer for pensions as the benefits came due and (b) the employer’s proportionate share of the total of certain amounts paid by the employer and nonemployer contributing entities for pensions as the benefits came due (paragraph 49)
   (4) Amounts associated with transactions subsequent to the measurement date of the total pension liability
i. A schedule presenting the following:
   (1) For each of the subsequent five years, and in the aggregate thereafter, the net amount of the employer’s balances of deferred outflows of resources and

deferred inflows of resources in subparagraph (h) that will be recognized in the employer's pension expense

(2) If the employer does not have a special funding situation, the amount of the employer's balance of deferred outflows of resources in subparagraph (h) that will be recognized as a reduction of the total pension liability

(3) If the employer has a special funding situation, the amount of the employer's balance of deferred outflows of resources in subparagraph (h) that will be included as a reduction of the total pension liability

j. The amount of revenue recognized for the support provided by nonemployer contributing entities (see paragraph 30c or paragraphs 52 and 53), if any.

Required Supplementary Information

42. The required supplementary information identified below in subparagraphs (a)–(c), as applicable, should be presented separately for each pension plan through which pensions are provided. The information indicated in subparagraphs (a) and (b) should be determined as of the measurement date of the total pension liability and may be presented in a single schedule. The information in subparagraph (c) should be determined as of the employer's most recent fiscal year-end. If a primary government and one or more of its component units provide pensions through the same pension plan, required supplementary information in the reporting entity's financial statements should present information for all benefits provided by the reporting entity through the pension plan.

a. A 10-year schedule of changes in the total pension liability that separately presents the information required by paragraph 40 for each year.

b. A 10-year schedule presenting the following for each year:
   (1) If the employer does not have a special funding situation:
      (a) The total pension liability
      (b) The **covered-employee payroll**
      (c) The total pension liability as a percentage of covered-employee payroll
   (2) If the employer has a special funding situation:
      (a) The total pension liability
      (b) The nonemployer contributing entities' total proportionate share (amount) of the total pension liability
      (c) The employer's proportionate share (amount) of the total pension liability
      (d) The covered-employee payroll
      (e) The employer's proportionate share (amount) of the total pension liability as a percentage of covered-employee payroll.

c. If an **actuarially determined contribution** is calculated, a 10-year schedule presenting the following for each year:
   (1) The actuarially determined contribution of the employer
   (2) The covered-employee payroll
   (3) The actuarially determined contribution of the employer as a percentage of covered-employee payroll
   (4) The amounts paid by the employer for pensions as the benefits came due during the fiscal year.

Notes to required schedules

43. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4 to pay related benefits should be presented as a note to the schedule required by paragraph 42b. Significant methods and assumptions used in calculating the actuarially determined contributions, if any, should be presented as notes to the schedule required by paragraph 42c. In addition, for each of the schedules required by paragraph 42, information should be presented about factors that significantly affect trends in the amounts reported (for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions). (The amounts presented for prior years should not be restated for the effects of changes—for example, changes of benefit terms or changes of assumptions—that occurred subsequent to the measurement date of that information.)

Accounting and Financial Reporting for Pensions in Stand-Alone Financial Statements of Primary Governments and Component Units That Provide Pensions through the Same Defined Benefit Pension Plan

44. If a primary government and its component units provide pensions through the same pension plan, each government in its stand-alone financial statements, if prepared, should apply the requirements of paragraphs 55–65 and 67–69, with the modifications noted in subparagraphs (a)–(c) below. For purposes of applying paragraphs 55–65 and 67–69 in conformity with this paragraph, the requirements of those paragraphs for governmental nonemployer contributing entities apply to the recognition, measurement, and disclosure of information about pension liabilities by primary governments and component units as if each government is a governmental nonemployer contributing entity unless otherwise indicated by this Statement. For primary governments and component units that have special funding situations, the requirements of paragraphs 46–54 should *not* be applied.

a. Recognition in financial statements prepared using the economic resources measurement focus and accrual basis of accounting:
   (1) With regard to benefit payments made as pensions come due by nonemployer contributing entities that are not in a special funding situation, revenue should be recognized by each government in an amount equal to the government's proportionate share of the change in the collective total pension liability arising from those payments during the measurement period.
   (2) If the government has a special funding situation, revenue and pension expense should be recognized by the government for the following:
      (a) The portion of the nonemployer contributing entities' total proportionate share of collective pension expense (measured in conformity with paragraph 60) that is associated with the government
      (b) The portion of the total of nonemployer contributing entities' expenses measured in conformity with paragraph 63 that is associated with the government.
b. Notes to financial statements:
   (1) The total (aggregate for all pensions, regardless of the type of pension plans through which the pensions are provided and whether the pension plans are

administered through trusts that meet the criteria in paragraph 4 of this Statement) of the government's pension liabilities, net pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense/expenditures for the period associated with defined benefit pension liabilities to employees, as applicable, should be disclosed if the total amounts are not otherwise identifiable from information presented in the financial statements.

(2) The information in paragraphs 67–69, with the modifications in subparagraphs b(3)–b(7) below, should be disclosed for benefits provided through each pension plan in which the government participates. Disclosures related to more than one pension plan should be combined in a manner that avoids unnecessary duplication.

(3) In place of the information required by paragraph 69a, the government should disclose the following:

  (a) The government's proportionate share (amount) of the collective total pension liability, and, if the government has a special funding situation, (i) the portion of the nonemployer contributing entities' total proportionate share (amount) of the collective total pension liability that is associated with the government and (ii) the total of the government's proportionate share (amount) of the collective total pension liability and the portion of the nonemployer contributing entities' total proportionate share of the collective total pension liability that is associated with the government

  (b) The government's proportion (percentage) of the collective total pension liability, the basis on which its proportion was determined, and the change, if any, in its proportion since the prior measurement date.

(4) In place of information required by paragraph 69f, the amount of pension expense recognized by the government in the reporting period should be disclosed.

(5) In place of information required by paragraph 69g, the government's balances of deferred outflows of resources and deferred inflows of resources, classified as follows, if applicable, should be disclosed:

  (a) Differences between expected and actual experience in the measurement of the collective total pension liability

  (b) Changes of assumptions or other inputs

  (c) Changes in the government's proportion (paragraph 61) and differences between (i) the amounts paid by the government for pensions as the benefits came due and (ii) the government's proportionate share of the total of certain payments by all employers and nonemployer contributing entities (paragraph 62)

  (d) Amounts associated with transactions subsequent to the measurement date of the collective total pension liability.

(6) In place of information required by paragraph 69h, a schedule presenting the following should be disclosed:

  (a) For each of the subsequent five years and in the aggregate thereafter, the net amount of the government's balances of deferred outflows of resources and deferred inflows of resources in paragraph 44b(5) that will be recognized in the government's expense

(b) The amount of the government's balance of deferred outflows of resources in paragraph 44b(5) that will be included as a reduction of the collective total pension liability.

(7) The amount of revenue recognized for the support provided by nonemployer contributing entities (see subparagraphs (a)(1) and (a)(2), above), if any, should be disclosed.

c. Required supplementary information:

(1) For each pension plan in which the government does not have a special funding situation, the following information, determined as of the measurement date, should be presented in a 10-year schedule in required supplementary information:

(a) The government's proportion (percentage) of the collective total pension liability

(b) The government's proportionate share (amount) of the collective total pension liability

(c) The government's covered-employee payroll

(d) The government's proportionate share (amount) of the collective total pension liability as a percentage of the government's covered-employee payroll.

(2) For each pension plan in which the government has a special funding situation, the following information, determined as of the measurement date, should be presented in a 10-year schedule in required supplementary information:

(a) The government's proportion (percentage) of the collective total pension liability

(b) The government's proportionate share (amount) of the collective total pension liability

(c) The portion of the nonemployer contributing entities' total proportionate share (amount) of the collective total pension liability that is associated with the government

(d) The total of (b) and (c)

(e) The government's covered-employee payroll

(f) The government's proportionate share (amount) of the collective total pension liability as a percentage of the government's covered-employee payroll.

(3) The following information should be presented as a note to the schedule required by subparagraph (c)(1) or subparagraph (c)(2), above:

(a) The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4 to pay related benefits

(b) Information about factors that significantly affect trends in the amounts reported in the schedule (for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions). (The amounts presented for prior years should not be restated for the effects of changes—for example, changes of benefit terms or changes of assumptions—that occurred subsequent to the measurement date of that information.)

Special Funding Situations

Employers

Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting

Proportionate share of the collective total pension liability

45. An employer that has a special funding situation should recognize a liability for the employer's proportionate share of the collective total pension liability. The employer's proportionate share of the collective total pension liability should be measured as the collective total pension liability (determined in conformity with paragraphs 22–29), net of the nonemployer contributing entities' total proportionate share of the collective total pension liability (determined in conformity with paragraphs 55–57).[14]

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

46. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions should be recognized for the items in paragraphs 47–50, as applicable. The effects of items in paragraphs 48 and 49 may be recognized on a net basis.

Proportionate Share

47. Pension expense should be recognized in an amount equal to collective pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions should be recognized for the employer's proportionate shares of collective deferred outflows of resources and deferred inflows of resources related to pensions. Collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions should be determined in conformity with paragraph 30, excluding subparagraph 30c. The employer's proportionate shares should be determined using the employer's proportion of the collective total pension liability—the ratio of (a) the employer's proportionate share of the collective total pension liability (paragraph 45) to (b) the collective total pension liability (paragraphs 22–29).

Change in Proportion

48. If there is a change in the employer's proportion of the collective total pension liability since the prior measurement date, the net effect of that change on the employer's

[14]The requirements of paragraphs 55–57 address measurement by *governmental* nonemployer contributing entities. For purposes of paragraph 45, the requirements of those paragraphs also apply to the determination of the proportionate share of the collective total pension liability attributed to a *nongovernmental* nonemployer contributing entity in a special funding situation.

proportionate shares of the collective total pension liability and collective deferred outflows of resources and deferred inflows of resources related to pensions, determined as of the beginning of the measurement period, should be recognized in the employer's pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The amount not recognized in the employer's pension expense should be reported as a deferred outflow of resources or deferred inflow of resources related to pensions.

Amounts for Pensions during the Measurement Period

49. For amounts that are paid for pensions as the benefits come due, the difference during the measurement period between (a) the total amount of such payments from the employer (and amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) and (b) the amount of the employer's proportionate share of the total of such payments from the employer and all nonemployer contributing entities should be recognized in the employer's pension expense beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The amount not recognized in the employer's pension expense should be reported as a deferred outflow of resources or deferred inflow of resources related to pensions.

50. Pension expense also should be recognized in the current reporting period for costs related to the administration of pensions, including costs incurred by the employer (determined in conformity with paragraph 31), and costs, if any, incurred by nonemployer contributing entities (determined in conformity with paragraph 63).[15]

Amounts for Pensions Subsequent to the Measurement Date

51. Deferred outflows of resources related to pensions should be reported for (a) amounts paid by the employer for pensions as the benefits come due subsequent to the measurement date of the collective total pension liability and before the end of the employer's reporting period (excluding amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) and (b) amounts paid by (or due and payable from) the employer for pension administrative expenses that were incurred subsequent to the measurement date of the collective total pension liability and before the end of the employer's reporting period.

[15]The requirements of paragraph 63 address measurement by *governmental* nonemployer contributing entities. For purposes of paragraph 50, the requirements of paragraph 63 also apply to the determination of expense attributed to a *nongovernmental* nonemployer contributing entity in a special funding situation.

Support of nonemployer contributing entities in a special funding situation

52. Revenue should be recognized by the employer in an amount equal to the total of (a) the nonemployer contributing entities' total proportionate share of collective pension expense measured in conformity with paragraph 60 and (b) the total of nonemployer contributing entities' expense measured in conformity with paragraph 63.[16]

Support of nonemployer contributing entities not in a special funding situation

53. If an employer that has a special funding situation also receives support from nonemployer contributing entities that are not in a special funding situation, revenue should be recognized by the employer in an amount equal to the amount of benefit payments made during the measurement period by nonemployer contributing entities not in a special funding situation.

Additional requirements

54. The requirements in paragraphs 34–43 for recognition in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting, notes to financial statements, and required supplementary information should be applied.

Governmental Nonemployer Contributing Entities

Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting

Proportionate share of the collective total pension liability

55. A liability should be recognized for the governmental nonemployer contributing entity's proportionate share of the collective total pension liability, measured as of a date (measurement date) no earlier than the end of the governmental nonemployer contributing entity's prior fiscal year, consistently applied from period to period. The governmental nonemployer contributing entity's proportionate share of the collective total pension liability should be measured by:

a. Determining the governmental nonemployer contributing entity's proportion—a measure of the proportionate relationship of (1) the governmental nonemployer contributing entity[17] to (2) the employer and all nonemployer contributing entities. The basis for the governmental nonemployer contributing entity's proportion should

[16]The requirements of paragraphs 60 and 63 address measurement by *governmental* nonemployer contributing entities. For purposes of paragraph 52, the requirements of paragraphs 60 and 63 also apply to the determination of expense attributed to a *nongovernmental* nonemployer contributing entity in a special funding situation.

[17]For purposes of applying the requirements of paragraph 55 in conformity with paragraph 44, the primary government or a component unit includes, to the extent associated with the primary government or component unit, nonemployer contributing entities, if any, that provide support for the primary government or component unit but that are not in a special funding situation.

be consistent with the manner in which the amounts that are paid as benefits come due are determined. The use of the governmental nonemployer contributing entity's projected long-term payments as benefits come due as compared to the total projected long-term payments of the employer and all nonemployer contributing entities as benefits come due to determine the governmental nonemployer contributing entity's proportion is encouraged.

b. Multiplying the portion of the collective total pension liability (determined in conformity with paragraphs 22–29) by the governmental nonemployer contributing entity's proportion calculated in (a).

56. To the extent that the employer and the governmental nonemployer contributing entity have different financing responsibilities for differently defined benefit payments (for example, payments to different classes or groups of employees), the determination of the governmental nonemployer contributing entity's proportionate share of the collective total pension liability should be made in a manner that reflects those separate relationships.

57. The governmental nonemployer contributing entity's proportion should be established as of the measurement date, unless its proportion is actuarially determined, in which case a proportion established at the date of the actuarial valuation used to determine the collective total pension liability may be used.

58. Liabilities for defined benefit pensions provided through different pension plans may be displayed in the aggregate in the financial statements.

Expense and deferred outflows of resources and deferred inflows of resources

59. Expense and deferred outflows of resources and deferred inflows of resources[18] should be recognized for the items in paragraphs 60–64, as applicable. The effects of items in paragraphs 61 and 62 may be recognized on a net basis. A governmental nonemployer contributing entity should classify its expense as a result of a special funding situation in the same manner as it classifies similar grants to other entities.

Proportionate Share

60. Expense, as well as deferred outflows of resources and deferred inflows of resources, should be recognized for the governmental nonemployer contributing entity's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. Collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions should be determined in conformity with paragraph 30, excluding subparagraph 30c. The governmental nonemployer contributing entity's proportionate

[18]For purposes of applying the requirements of paragraph 59 in conformity with paragraph 44, the expense recognized by a primary government or a component unit is pension expense, and the deferred outflows of resources and deferred inflows of resources recognized by a primary government or a component unit are deferred outflows of resources and deferred inflows of resources related to pensions.

shares should be determined using the governmental nonemployer contributing entity's proportion of the collective total pension liability.

Change in Proportion

61. If there is a change in the governmental nonemployer contributing entity's proportion of the collective total pension liability since the prior measurement date, the net effect of that change on the governmental nonemployer contributing entity's proportionate shares of the collective total pension liability and collective deferred outflows of resources and deferred inflows of resources related to pensions, determined as of the beginning of the measurement period, should be recognized in the governmental nonemployer contributing entity's expense, beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The amount not recognized in the governmental nonemployer contributing entity's expense should be reported as a deferred outflow of resources or deferred inflow of resources.

Amounts for Pensions during the Measurement Period

62. For amounts that are paid for pensions as the benefits come due, the difference during the measurement period between (a) the total amount of such payments from the governmental nonemployer contributing entity[19] and (b) the amount of the entity's proportionate share of the total of such payments from the employer and all nonemployer contributing entities should be recognized in the governmental nonemployer contributing entity's expense, beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The amount not recognized in the governmental nonemployer contributing entity's expense should be reported as a deferred outflow of resources or deferred inflow of resources.

63. Expense also should be recognized in the current reporting period for costs incurred by the governmental nonemployer contributing entity related to the administration of pensions. The measurement period for these costs should be the same as the measurement period applied to changes in the collective total pension liability for purposes of determining collective pension expense in conformity with paragraph 60.

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[19]For purposes of applying the requirements of paragraph 62 in conformity with paragraph 44, the primary government or a component unit includes, to the extent associated with the primary government or component unit, nonemployer contributing entities, if any, that provide support for the primary government or component unit but that are not in a special funding situation.

Amounts for Pensions Subsequent to the Measurement Date

64. Deferred outflows of resources should be reported for (a) amounts paid by the governmental nonemployer contributing entity for pensions as the benefits come due subsequent to the measurement date of the collective total pension liability and before the end of the governmental nonemployer contributing entity's reporting period[20] and (b) amounts paid by (or due and payable from) the governmental nonemployer contributing entity for pension administrative expenses that were incurred subsequent to the measurement date of the collective total pension liability and before the end of the governmental nonemployer contributing entity's reporting period.

Recognition in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting

65. In financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting, a governmental nonemployer contributing entity's proportionate share of the collective total pension liability should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Expenditures should be recognized equal to the total of (a) amounts paid by the governmental nonemployer contributing entity for pensions as the benefits come due and (b) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. A total pension liability is normally expected to be liquidated with expendable available financial resources to the extent that benefit payments have matured—that is, benefit payments are due and payable. Except when applying this paragraph in conformity with paragraph 44, expenditures should be classified in the same manner as the governmental nonemployer contributing entity classifies similar grants to other entities.

Notes to financial statements and required supplementary information

Governmental nonemployer contributing entities that recognize a substantial proportion of the collective total pension liability

66. The information identified in paragraphs 67–69 should be disclosed, and information required in paragraphs 70 and 71 should be presented as required supplementary information, for benefits provided through each defined benefit pension plan for which the governmental nonemployer contributing entity recognizes a substantial proportion of the collective total pension liability. Disclosures related to more than one pension plan should be combined in a manner that avoids unnecessary duplication.

[20]For purposes of applying the requirements of paragraph 64 in conformity with paragraph 44, the amounts exclude amounts associated with the primary government or component unit from nonemployer contributing entities that are not in a special funding situation.

Notes to Financial Statements

Pension Plan Description

67. The following information should be disclosed about the pension plan through which benefits are provided:

a. The name of the pension plan, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a single-employer or multiple-employer defined benefit pension plan.
b. A brief description of the benefit terms, including (1) the classes of employees covered; (2) the types of benefits; (3) the key elements of the pension formulas; (4) the terms or policies, if any, with respect to automatic postemployment benefit changes, including automatic COLAs, and ad hoc postemployment benefit changes, including ad hoc COLAs; and (5) the authority under which benefit terms are established or may be amended. If the pension plan is closed to new entrants, that fact should be disclosed.
c. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4. If pensions are provided through a pension plan that is administered through a trust and that trust does not meet the criteria in paragraph 4, each criterion in paragraph 4 that the trust does not meet should be disclosed.
d. Identification of the authority under which requirements for the employer and nonemployer contributing entities to pay pensions as the benefits come due are established or may be amended. Also, the amount paid by the governmental nonemployer contributing entity for pensions as the benefits came due during the reporting period, if not otherwise disclosed.

Other Information

68. Significant assumptions and other inputs used to measure the total collective pension liability, including assumptions about inflation, salary changes, and ad hoc postemployment benefit changes (including ad hoc COLAs) should be disclosed. With regard to mortality assumptions, the source of the assumptions (for example, the published tables on which the assumption is based or that the assumptions are based on a study of the experience of the covered group) should be disclosed. The dates of experience studies on which significant assumptions are based also should be disclosed. For all significant assumptions, if different rates are assumed for different periods, information should be disclosed about what rates are applied to the different periods of the measurement. With regard to the discount rate, the rate applied in the measurement and the source of that rate should be disclosed. Measures of the governmental nonemployer contributing entity's proportionate share of the collective total pension liability calculated using (a) a discount rate that is 1-percentage-point higher than that required by paragraph 28 and (b) a discount rate that is 1-percentage-point lower than that required by paragraph 28 also should be disclosed.

69. The following additional information should be disclosed, if applicable:

a. The governmental nonemployer contributing entity's proportionate share (amount) of the collective total pension liability, its proportion (percentage) of the collective total pension liability, the basis on which its proportion was determined, and the change in its proportion since the prior measurement date
b. The measurement date of the collective total pension liability, the date of the actuarial valuation on which the collective total pension liability is based, and, if applicable, the fact that update procedures were used to roll forward the collective total pension liability to the measurement date
c. A brief description of changes of assumptions or other inputs that affected measurement of the collective total pension liability since the prior measurement date
d. A brief description of changes of benefit terms that affected measurement of the collective total pension liability since the prior measurement date
e. A brief description of the nature of changes between the measurement date of the collective total pension liability and the governmental nonemployer contributing entity's reporting date that are expected to have a significant effect on the governmental nonemployer contributing entity's proportionate share of the collective total pension liability, and the amount of the expected resultant change in the governmental nonemployer contributing entity's proportionate share of the collective total pension liability, if known
f. The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of the special funding situation
g. The governmental nonemployer contributing entity's balances of deferred outflows of resources and deferred inflows of resources as a result of the special funding situation, classified as follows, if applicable:
   (1) Differences between expected and actual experience in the measurement of the collective total pension liability
   (2) Changes of assumptions or other inputs
   (3) Changes in the governmental nonemployer contributing entity's proportion (paragraph 61) and differences between (a) the amounts paid by the governmental nonemployer contributing entity for pensions as the benefits came due and (b) the governmental nonemployer contributing entity's proportionate share of the total of certain payments by all employers and nonemployer contributing entities (paragraph 62)
   (4) Amounts associated with transactions subsequent to the measurement date of the collective total pension liability
h. A schedule presenting the following:
   (1) For each of the subsequent five years and in the aggregate thereafter, the net amount of the governmental nonemployer contributing entity's balances of deferred outflows of resources and deferred inflows of resources in subparagraph (g) that will be recognized in the governmental nonemployer contributing entity's expense
   (2) The amount of the governmental nonemployer contributing entity's balance of deferred outflows of resources in subparagraph (g) that will be included as a reduction of the collective total pension liability.

Required Supplementary Information

70. A 10-year schedule presenting the information identified in subparagraphs (a) and (b) should be presented in required supplementary information. Information should be presented separately for each defined benefit pension plan for which the governmental nonemployer contributing entity recognizes a substantial proportion of the collective total pension liability. The information should be determined as of the measurement date of the collective total pension liability.

a. The governmental nonemployer contributing entity's proportion (percentage) of the collective total pension liability
b. The governmental nonemployer contributing entity's proportionate share (amount) of the collective total pension liability.

Notes to the Required Schedule

71. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4 to pay related benefits should be presented as a note to the schedule required by paragraph 70. Information about factors that significantly affect trends in the amounts reported in the schedule required by paragraph 70 (for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions) should be presented as notes to the schedule. (The amounts presented for prior years should not be restated for the effects of changes—for example, changes of benefit terms or changes of assumptions—that occurred subsequent to the measurement date of that information.)

Governmental nonemployer contributing entities that recognize a less-than-substantial proportion of the collective total pension liability

Notes to Financial Statements

72. The information identified in this paragraph should be disclosed for benefits provided through each defined benefit pension plan for which the governmental nonemployer contributing entity recognizes a less-than-substantial proportion of the collective total pension liability. If the governmental nonemployer contributing entity recognizes more than one such liability, information may be presented in the aggregate for all such liabilities.

a. The name of the pension plan through which benefits are provided, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a single-employer or multiple-employer pension plan.
b. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4. If pensions are provided through a pension plan that is administered through a trust and that trust does not meet the criteria in paragraph 4, each criterion in paragraph 4 that the trust does not meet should be disclosed.
c. Identification of the authority under which requirements for the governmental nonemployer contributing entity to pay pensions as the benefits come due are

established or may be amended. Also, the amount paid by the governmental nonemployer contributing entity for pensions as the benefits came due during the reporting period, if not otherwise disclosed.

d. The governmental nonemployer contributing entity's proportionate share (amount) of the collective total pension liability, its proportion (percentage) of the collective total pension liability, the basis on which its proportion was determined, and the change, if any, in its proportion since the prior measurement date.

e. The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of the special funding situation, and its balances of deferred outflows of resources and deferred inflows of resources as a result of the special funding situation.

Required Supplementary Information

73. For benefits provided through each defined benefit pension plan for which the governmental nonemployer contributing entity recognizes a less-than-substantial proportion of the collective total pension liability, the required supplementary information indicated in subparagraphs (a) and (b) should be presented in a 10-year schedule. If a governmental nonemployer contributing entity recognizes more than one such liability, the information for each year may be presented in the aggregate for all such liabilities.

a. The governmental nonemployer contributing entity's proportionate share (amount) of the collective total pension liability

b. The amount paid by the governmental nonemployer contributing entity as the benefits came due during the governmental nonemployer contributing entity's fiscal year.

Circumstances in Which a Nonemployer Entity's Legal Obligation for Defined Benefit Payments Does Not Meet the Definition of a Special Funding Situation

Employers

74. In circumstances in which a nonemployer entity has a legal obligation to pay pensions as the benefits come due but that entity's involvement does not meet the criterion in either paragraph 17a or paragraph 17b, the employer should apply the requirements of paragraphs 19–44, as applicable, for employers that do not have a special funding situation.

Governmental nonemployer contributing entities

75. Expense/expenditures for payments of pensions as the benefits come due should be classified in the same manner as the entity classifies similar grants to other entities.

Insured Benefits

76. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, an employer that provides pensions through an insured plan should recognize (a) pension expense equal to the contributions or premiums

required in accordance with the agreement with the insurance company for such pensions and (b) a change in the pension liability equal to the difference between amounts recognized as pension expense and amounts paid by the employer to the insurer.

77. In financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting, pension expenditures related to insured benefits should be recognized equal to the total of (a) the amount of contributions or premiums paid by the employer to the insurer and (b) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. Liabilities for insured benefits are normally expected to be liquidated with expendable available financial resources to the extent that payments are due and payable pursuant to legal requirements, including contractual arrangements.

Notes to Financial Statements

78. An employer that provides pensions through an insured plan should disclose the following information in notes to the financial statements:

a. A brief description of the insured benefits, including the benefit provisions and the authority under which the benefit provisions are established or may be amended
b. The fact that the obligation for the payment of benefits has been effectively transferred from the employer to one or more insurance companies
c. Whether the employer retains an obligation for benefits in the event of the insurance company's insolvency
d. The current-year pension expense/expenditure for the insured benefits.

Defined Contribution Pensions

Employers That Do Not Have a Special Funding Situation

79. Except as provided in paragraph 90, in financial statements prepared using the economic resources measurement focus and accrual basis of accounting, the following should be recognized by employers that do not have a special funding situation for defined contribution pensions:

a. Pension expense equal to the amount of credits to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. Amounts that are reallocated to the accounts of other employees should not be considered forfeited amounts for this purpose.
b. A change in the pension liability equal to the difference between amounts recognized as pension expense and amounts paid by the employer as the benefits come due during the fiscal year.

80. In financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting, pension expenditures should be recognized equal to the total of (a) amounts paid by the employer for pensions as the

benefits come due and (b) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. A liability for defined contribution pensions should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Liabilities for defined contribution pensions are normally expected to be liquidated with expendable available financial resources to the extent that benefit payments have matured—that is, benefit payments are due and payable pursuant to legal requirements, including contractual arrangements.

81. Liabilities for defined contribution pensions provided through different pension plans may be displayed in the aggregate.

Notes to Financial Statements

82. The following information should be disclosed in notes to financial statements about each defined contribution pension plan to which an employer is required to contribute:

a. The name of the pension plan, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a defined contribution pension plan.
b. A brief description of the benefit terms (including terms, if any, related to vesting and forfeitures and the policy related to the use of forfeited amounts) and the authority under which benefit terms are established or may be amended.
c. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4. If pensions are provided through a pension plan that is administered through a trust and that trust does not meet the criteria in paragraph 4, each criterion in paragraph 4 that the trust does not meet should be disclosed.
d. Identification of the authority under which requirements for the employer and nonemployer contributing entities, if any, to pay pensions as the benefits come due are established or may be amended. Also, the amount paid by the employer for pensions as the benefits came due during the reporting period, if not otherwise disclosed.
e. The amount of pension expense recognized by the employer in the reporting period.
f. The amount of forfeitures reflected in pension expense recognized by the employer in the reporting period.
g. The amount of the employer’s liability outstanding at the end of the period, if any.

Special Funding Situations

Employers

83. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, the following should be recognized by employers for defined contribution pensions that have a special funding situation:

a. Pension expense equal to the employer’s share of the amount of credits to employees’ accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. Amounts that are reallocated to the accounts of other employees should not be considered forfeited amounts for this purpose.

b. A change in the pension liability equal to the difference between amounts recognized as pension expense and amounts paid by the employer for pensions as benefits come due during the fiscal year.

c. Additional pension expense for the amount of expense recognized by nonemployer contributing entities for pensions provided through the pension plan, determined in conformity with paragraph 85.[21]

d. Revenue equal to the amount of expense recognized by nonemployer contributing entities for pensions provided through the pension plan, determined in conformity with paragraph 85.

84. The requirements in paragraphs 80–82 for financial statement display, recognition in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting, and notes to financial statements should be applied. In addition, the employer should disclose (a) the proportion of the total pension expense for pensions provided through the pension plan that is represented by the employer's expense and (b) the amount of revenue recognized as a result of the support provided by nonemployer contributing entities.

Governmental Nonemployer Contributing Entities

85. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, the following should be recognized:

a. Expense equal to the governmental nonemployer contributing entity's share of the amount of credits to employees' accounts that are defined by the benefit terms as attributed to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. Amounts that are reallocated to the accounts of other employees should not be considered forfeited amounts for this purpose. Expense should be classified in the same manner as the governmental nonemployer contributing entity classifies similar grants to other entities.

b. A change in the liability resulting from the special funding situation equal to the difference between amounts recognized as expense and amounts paid by the governmental nonemployer contributing entity as the benefits come due during the governmental nonemployer contributing entity's fiscal year.

86. In financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting, expenditures should be recognized equal to the total of (a) amounts paid by the governmental nonemployer contributing entity for pensions as the benefits come due and (b) the change between the beginning and ending

[21]The requirements of paragraph 85 address *governmental* nonemployer contributing entities. For purposes of paragraph 83, the requirements of that paragraph also apply to the determination of the expense attributed to a *nongovernmental* nonemployer contributing entity in a special funding situation.

balances of amounts normally expected to be liquidated with expendable available financial resources. A liability resulting from a special funding situation for defined contribution pensions should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Liabilities for defined contribution pensions are normally expected to be liquidated with expendable available financial resources to the extent that contributions are due and payable pursuant to legal requirements, including contractual arrangements. Expenditures should be classified in the same manner as the governmental nonemployer contributing entity classifies similar grants to other entities.

87. Liabilities resulting from special funding situations for defined contribution pensions provided through different pension plans may be displayed in the aggregate.

Notes to financial statements

88. The following information should be disclosed in notes to financial statements about each defined contribution pension plan to which a governmental nonemployer contributing entity is required to contribute a *substantial* proportion of the total contributions from the employer and nonemployer contributing entities:

a. The name of the pension plan, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a defined contribution pension plan.
b. A brief description of the benefit terms (including terms, if any, related to vesting and forfeitures and the policy related to the use of forfeited amounts) and the authority under which benefit terms are established or may be amended.
c. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4. If pensions are provided through a pension plan that is administered through a trust and that trust does not meet the criteria in paragraph 4, each criterion in paragraph 4 that the trust does not meet should be disclosed.
d. Identification of the authority under which requirements for the employer and nonemployer contributing entities to pay pensions as the benefits come due are established or may be amended. Also, the amount paid by the governmental nonemployer contributing entity for pensions as the benefits came due during the reporting period, if not otherwise disclosed.
e. The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of the special funding situation, the amount of forfeitures reflected in expense recognized by the governmental nonemployer contributing entity, and the proportion of the total pension expense for pensions provided through the pension plan that is represented by the governmental nonemployer contributing entity's expense.
f. The amount of the governmental nonemployer contributing entity's liability resulting from the special funding situation outstanding at the end of the period, if any.

89. The following information should be disclosed in notes to financial statements about each defined contribution pension plan to which the governmental nonemployer

contributing entity is required to contribute a *less-than-substantial* proportion of the total contributions from the employer and nonemployer contributing entities:

a. The name of the pension plan, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a defined contribution pension plan.
b. The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4. If pensions are provided through a pension plan that is administered through a trust and that trust does not meet the criteria in paragraph 4, each criterion in paragraph 4 that the trust does not meet should be disclosed.
c. Identification of the authority under which requirements for the governmental nonemployer contributing entities to pay pensions as the benefits come due are established or may be amended. Also, the amount paid by the governmental nonemployer contributing entity for pensions as the benefits came due during the reporting period, if not otherwise disclosed.
d. The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of the special funding situation and the proportion of the total pension expense for pensions provided through the pension plan that is represented by the governmental nonemployer contributing entity's expense.
e. The amount of the governmental nonemployer contributing entity's liability outstanding at the end of the period, if any.

Circumstances in Which a Nonemployer Entity's Legal Obligation for Benefit Payments through a Defined Contribution Pension Plan Does Not Meet the Definition of a Special Funding Situation

Employers

90. In circumstances in which a nonemployer entity has a legal obligation to make benefit payments through a defined contribution pension plan but that entity's involvement does not meet the criterion in either paragraph 17a or paragraph 17b, the requirements of paragraphs 83 and 84 should be applied.

Governmental Nonemployer Contributing Entities

91. The requirements for recognition and measurement of liabilities and expense/expenditures in paragraphs 85–87 should be applied by governmental nonemployer contributing entities. In addition, the following information should be disclosed in notes to financial statements about each defined contribution pension plan to which it is required to contribute:

a. The name of the pension plan, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a defined contribution pension plan
b. The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of its legal requirement to make benefit

payments through the defined contribution pension plan and the amount, if any, of the governmental nonemployer contributing entity's liability outstanding at the end of the period.

Defined Benefit Pension Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4

92. If a single-employer pension plan is not administered through a trust that meets the criteria in paragraph 4, any assets accumulated for pension purposes should continue to be reported as assets of the employer or nonemployer contributing entity.

93. If a multiple-employer pension plan is not administered through a trust that meets the criteria in paragraph 4, a government that holds assets accumulated for pension purposes in a custodial capacity should:

a. Report the assets in an agency fund. The amount of assets accumulated in excess of liabilities for benefits due to plan members and accrued investment and administrative expenses should be reported as liabilities to participating employers and nonemployer contributing entities. If the agency fund is included in the financial report of an employer whose employees are provided with benefits through the pension plan or a nonemployer contributing entity that pays benefits as the pensions come due, balances reported in the agency fund should exclude amounts that pertain to the employer or nonemployer contributing entity that reports the agency fund. Instead, those amounts should continue to be reported as balances of the employer or nonemployer contributing entity.
b. Disclose the following information:
    (1) The number of participating employers and the number of nonemployer contributing entities, if any.
    (2) A brief description of how the fair value of investments is determined, including the methods and significant assumptions used to estimate the fair value of investments if that fair value is based on other than quoted market prices.
    (3) The fact that there are no assets accumulated in a trust that meets the criteria in paragraph 4. If the pension plan is administered through a trust and that trust does not meet the criteria in paragraph 4, each criterion in paragraph 4 that the trust does not meet should be disclosed.
    (4) That each employer that provides benefits through the pension plan and, if applicable, each nonemployer contributing entity in a special funding situation is required to disclose additional information, including the total pension liability for benefits provided through the pension plan.

Amendments to Statements 67 and 68

Notes to Schedules of Required Supplementary Information

94. For purposes of applying paragraph 34 of Statement 67 and paragraphs 47, 82, and 115 of Statement 68, information about investment-related factors that significantly

affect trends in the amounts reported should be limited to those factors over which the pension plan or participating governments have influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) should not be presented.

Payables to Defined Benefit Pension Plans

95. For purposes of applying Statements 67 and 68, a separately financed specific liability is a specific contractual liability to a defined benefit pension plan for a one-time assessment to an individual employer or nonemployer contributing entity of an amount resulting from an increase in the total pension liability due to an individual employer joining a pension plan or a change of benefit terms specific to an individual employer. The term *separately financed* is intended to differentiate these payables to the pension plan from payables to the pension plan that originate from the portion(s) of the total pension liability that is pooled by two or more employers (or by a single, agent, or cost-sharing employer and a nonemployer contributing entity in a special funding situation) for financing purposes. Payables to the pension plan for unpaid (legal, contractual, or statutory) financing obligations associated with the pooled portion of the total pension liability are not considered to be separately financed specific liabilities, even if separate payment terms have been established for those payables. In the reporting period in which any payable to the pension plan arises, the full amount of the payable should be recognized as a contribution to the pension plan.

96. For purposes of applying the requirements in paragraphs 32c(1) and 32c(2) of Statement 67 and paragraphs 46c(1), 46d(1), 81b(1), and 114b(1) of Statement 68 for information to be presented in contribution-related schedules of required supplementary information, actuarially determined contributions, contractually required contributions, and statutorily required contributions should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with separately financed specific liabilities of the individual employer or nonemployer contributing entity, as applicable, to the pension plan.

97. A single employer that has a special funding situation should recognize additional revenue for the portion of expense recognized by the governmental nonemployer contributing entity in conformity with paragraph 105 of Statement 68. A cost-sharing employer that has a special funding situation should recognize additional revenue and pension expense for the portion of expense recognized by the governmental nonemployer contributing entity in conformity with paragraph 105 of Statement 68 for the change in the total pension liability associated with a separately financed specific liability of the individual governmental nonemployer contributing entity that is associated with the employer.

98. Contributions made by others to a pension plan during the measurement period to separately finance specific liabilities to the pension plan should be recognized as follows:

a. For a cost-sharing employer, the amount of the employer's proportionate share of the total of such contributions (excluding amounts associated with the employer from nonemployer contributing entities not in a special funding situation) determined using the employer's proportion of the collective net pension liability should be recognized as a reduction of the employer's pension expense.

b. For a governmental nonemployer contributing entity in a special funding situation, the amount of the governmental nonemployer contributing entity's proportionate share of the total of such contributions determined using the governmental nonemployer contributing entity's proportion of the collective pension liability should be recognized as a reduction of the governmental nonemployer contributing entity's expense.

c. For an employer in a special funding situation, the amounts required to be recognized in conformity with paragraph 90 or paragraphs 94 and 95 of Statement 68, as applicable, should be reduced by the employer's proportionate share of the total of the amounts recognized by nonemployer contributing entities in conformity with paragraph 98b of this Statement that are associated with the employer.

Revenue Recognition for Support of Nonemployer Contributing Entities Not in a Special Funding Situation

99. Employers should recognize revenue for the support of a nonemployer contributing entity that is not in a special funding situation in the reporting period in which the contribution of the nonemployer contributing entity is reported as a change in the net pension liability or collective net pension liability, as applicable.

EFFECTIVE DATE AND TRANSITION

100. The requirements of this Statement for pensions that are not provided through pension plans that are administered through trusts that meet the criteria in paragraph 4 are effective for financial statements for fiscal years beginning after June 15, 2016. The requirements of paragraphs 92–97 of this Statement are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged.

101. To the extent practical, in the first period that this Statement is applied, changes made to comply with this Statement should be reported as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. At the beginning of the period in which the provisions of this Statement are adopted, there may be circumstances in which it is not practical for a government to determine the amounts of *all* applicable deferred outflows of resources and deferred inflows of resources related to pensions. In such circumstances, the government should recognize a beginning deferred outflow of resources only for amounts paid for pensions as the benefits come due, if any, made subsequent to the measurement date of the beginning total pension liability but before the start of the government's fiscal year. Additionally, in those circumstances, no other beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions should be recognized. If restatement of all prior periods presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. In

the period this Statement is first applied, the financial statements should disclose the nature of any restatement and its effect, including whether the restatement of beginning balances included deferred inflows of resources or deferred outflows of resources, as applicable. Also, the reason for not restating prior periods presented should be explained.

102. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

The provisions of this Statement need not be applied to immaterial items.

GLOSSARY

103. This paragraph contains definitions of certain terms *as they are used in this Statement;* the terms may have different meanings in other contexts.

Active employees
Individuals employed at the end of the reporting or measurement period, as applicable.

Actuarially determined contribution
A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial present value of projected benefit payments
Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

Actuarial valuation
The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

Actuarial valuation date
The date as of which an actuarial valuation is performed.

Ad hoc cost-of-living adjustments (ad hoc COLAs)
Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.

Ad hoc postemployment benefit changes
Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.

Allocated insurance contract
A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.

Automatic cost-of-living adjustments (automatic COLAs)
Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Automatic postemployment benefit changes

Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Closed period

A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.

Collective deferred outflows of resources and deferred inflows of resources related to pensions

Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective total pension liability.

Collective pension expense

Pension expense arising from certain changes in the collective total pension liability.

Collective total pension liability

The total pension liability for benefits provided through (a) a pension plan that is used to provide pensions to the employees of a primary government and its component units or (b) a pension plan in circumstances in which there is a special funding situation.

Contributions

Additions to a pension plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

Cost-of-living adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Covered-employee payroll

The payroll of employees that are provided with pensions through the pension plan.

Deferred retirement option program (DROP)

A program that permits an employee to elect a calculation of benefit payments based on the service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.

Defined benefit pension plans

Pension plans that are used to provide defined benefit pensions.

Defined benefit pensions

Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not have all of the terms of a defined contribution pension is classified as a defined benefit pension for purposes of this Statement.)

Defined contribution pensions

Pensions having terms that (a) provide an individual account for each employee; (b) define the contributions that an employer or nonemployer contributing entity is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (c) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Discount rate

A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Entry age actuarial cost method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost.*[22] The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *Actuarial accrued liability*.[23] [This definition is from "Definitions from ASOPs [Actuarial Standards of Practice] and ACGs [Actuarial Compliance Guidelines] of the ASB [Actuarial Standards Board] (including those from current exposure drafts) January 2014." Actuarial Standards Board, http://www.actuarialstandardsboard.org/pdf/definitions.pdf. Accessed on May 28, 2014. Footnotes not part of original definition.]

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[22]For purposes of application to the requirements of this Statement, the term *normal cost* is the equivalent of *service cost*.

[23]For purposes of application to the requirements of this Statement, the term *actuarial accrued liability* is the equivalent of *total pension liability*.

Inactive employees

Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

Insured benefits

Defined benefit pensions provided through an insured plan.

Insured plans

Defined benefit pension plans in which benefits are financed through an arrangement whereby premiums are paid to an insurance company while employees are in active service, in return for which the insurance company unconditionally undertakes an obligation to pay the pensions of those employees as defined in the pension plan terms.

Measurement period

The period between the prior and the current measurement dates.

Multiple-employer defined benefit pension plan

A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

Nonemployer contributing entities

For arrangements in which pensions are provided through a pension plan that is administered through a trust that meets the criteria in paragraph 4 of this Statement, entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For arrangements in which pensions are provided through a pension plan that is not administered through a trust that meets the criteria in paragraph 4 of this Statement, entities that make benefit payments as pensions come due for employees of other entities, whether directly or through the use of the entity's assets held by others for the purpose of providing pensions. For purposes of this Statement, employees are not considered nonemployer contributing entities.

Other postemployment benefits (OPEB)

Benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as postemployment healthcare benefits paid in the period after employment (if any), regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits or termination payments for sick leave.

Pension plans

Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

Pensions

Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

Plan members

Individuals that are covered under the terms of a pension plan. Plan members generally include (a) employees in active service (active plan members) and (b) employees no longer in active service (or their beneficiaries) who have accumulated benefits under the terms of a pension plan (inactive plan members).

Postemployment

The period after employment.

Postemployment benefit changes

Adjustments to the pension of an inactive employee.

Postemployment healthcare benefits

Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

Projected benefit payments

All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

Public employee retirement system

A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.

Service costs

The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

Single-employer defined benefit pension plan (single-employer pension plan)

A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Special funding situations

Circumstances in which a nonemployer entity is legally responsible for making benefit payments to the employees of another entity or entities as the pensions come due, whether directly or through the use of nonemployer contributing entity assets held by others for purposes of providing pensions through a pension plan that is not administered through a trust that meets the criteria in paragraph 4 and either of the following conditions exists:

a. The amount of benefit payments for which the nonemployer entity legally is responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
b. The nonemployer entity is the only entity with a legal obligation to make benefit payments as the pensions come due.

Termination benefits

Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

Total pension liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of this Statement. The total pension liability is the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan that is not administered through a trust that meets the criteria in paragraph 4 of this Statement.

Appendix A

BACKGROUND

A1. The requirements in this Statement for accounting and financial reporting for pensions that are provided through pension plans not administered through trusts that meet the criteria in paragraph 4 of this Statement were preceded by the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. Statement 27 was issued in November 1994 and was effective for periods beginning after June 15, 1997. Statement 27 established requirements for employers that provide pensions regardless of whether pensions are provided through a pension plan that is administered through a trust. In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which applies the approach used in Statement 27 to accounting and financial reporting by employers for postemployment benefits other than pensions (OPEB), with changes only as necessary to accommodate differences between OPEB and pensions. The use of this approach allowed for the adoption of a common overall accounting and financial reporting model applicable to all postemployment benefits.

A2. The requirements in this Statement for pension plans that are not administered through trusts that meet the criteria in paragraph 4 of this Statement was preceded by Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. Statement 25 was issued in November 1994 and was effective for periods beginning after June 15, 1996. Statement 25 established requirements for pension plans regardless of whether they are administered through a trust. Similar to the approach taken relative to guidance for employers, the Board issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in April 2004 to establish financial reporting requirements for OPEB plans based on the model used for pension plans in Statement 25. However, Statement 43 established separate financial reporting requirements for OPEB plans administered through trusts that meet criteria specified in that Statement and multiple-employer OPEB plans that do not meet those criteria.

A3. Since the issuance of Statements 25 and 27 and the related requirements for OPEB in Statements 43 and 45, significant work was completed on the GASB's conceptual framework. Concepts Statement No. 3, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements*, issued in April 2005, and Concepts Statement No. 4, *Elements of Financial Statements*, issued in June 2007, are of particular significance for considering pension accounting and financial reporting issues. Concepts Statement 3 established criteria for selecting the appropriate method of communication for items of reportable financial information—recognition in basic financial statements, disclosure in notes to basic financial statements, or presentation as required supplementary information or supplementary information. Concepts Statement 4 established definitions and characteristics of elements of financial statements, such as assets and liabilities.

A4. Consistent with the GASB's commitment to periodically reexamine its standards, in January 2006, the Board approved a research project to gather information regarding how effective Statements 25 and 27 had been in meeting financial reporting objectives and to determine whether improvements were needed. As a result of issues identified in the research project and changes in the GASB's conceptual framework, the Board added a project on postemployment benefit accounting and financial reporting to the GASB's current technical agenda in April 2008. The first phase of that project focused on issues related to pensions, with the intent that any changes to the pension accounting and financial reporting approach subsequently would be considered in relation to OPEB.

A5. In June 2012, the GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions*, which amended the accounting and financial reporting requirements for pensions. It also approved a companion Statement, Statement No. 67, *Financial Reporting for Pension Plans,* which amended pension plan financial reporting. Statements 67 and 68 were the result of a comprehensive review of Statements 25 and 27; however, the scopes of Statements 67 and 68 were limited to circumstances in which pensions are provided through plans that are administered through trusts that meet the same criteria presented in paragraph 4 of this Statement. As a result, Statements 25 and 27 continued to be effective for the pension plans that are not administered through trusts that meet the criteria in paragraph 4 and pensions that are provided through those plans, respectively.

A6. In April 2011, the second phase of the postemployment benefit accounting and financial reporting project was added to the GASB's current technical agenda to consider issues related to accounting and financial reporting for pensions and pension plans that are not included in the scope of Statement 67 or Statement 68 and accounting and financial reporting for OPEB and OPEB plans. The Board assembled a task force for this project comprising persons broadly representative of the GASB's stakeholders. The task force members were provided with papers prepared for the Board's deliberations and drafts of the Exposure Draft for review and comment. In addition, further input also was sought from the members of the Governmental Accounting Standards Advisory Council at its meetings.

A7. In addition to this Statement, two Statements—*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*—which address financial reporting for OPEB and OPEB plans, respectively, were issued as part of the second phase of the project.

Appendix B

BASIS FOR CONCLUSIONS

B1. This appendix discusses factors considered significant by Board members in reaching the conclusions in this Statement. It includes discussion of the alternatives considered and the Board's reasons for accepting some and rejecting others. Individual Board members may have given greater weight to some factors than to others.

Overview

B2. The requirements of this Statement reflect a decision of the Board, informed by an expanded conceptual framework, to adopt an approach to accounting and financial reporting for pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4 of this Statement that is broader than the funding-based model of Statement 27. The approach is based on the accounting and financial reporting requirements in Statement 68 for pensions that are provided through pension plans that are administered through trusts that meet the criteria in paragraph 4, with modifications for the absence of pension plan fiduciary net position held in such a trust. In Statement 68, the requirements were developed to reflect the underlying notion that pensions are a form of compensation provided to employees in exchange for the services they provide to a government. In the Board's view, the nature of this employment relationship is long term—spanning the employee's career. The requirements of this Statement, therefore, incorporate provisions intended to reflect the effects of transactions and events related to pensions in the measurement of employers' liabilities for pensions and recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions in a manner consistent with this long-term view of the relationship of the employer and the employee. The provisions also reflect the Board's view of the involvement of entities other than the employer or employees on the accounting and financial reporting for obligations of employers for the pensions that are provided to their employees.

Scope and Applicability

B3. This Statement addresses issues related to accounting and financial reporting for pensions that are provided through defined benefit pension plans or defined contribution pension plans that are not administered through trusts that meet the criteria in paragraph 4. As discussed in Appendix A, Statements 67 and 68 specifically excluded financial reporting guidance for circumstances in which pensions are provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4. Accordingly, except for the amendments to Statements 67 and 68 discussed in paragraphs B20–B23, the focus of this Statement is on issues related to pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4.

B4. This Statement also addresses issues related to financial reporting for pension plans that are not administered through trusts that meet the criteria in paragraph 4. This guidance is based on the financial reporting requirements for multiple-employer OPEB plans that are not administered through trusts that meet similar criteria identified in Statement 43. (The Board's consideration of these issues is discussed more fully in paragraphs B18 and B19.)

B5. This Statement also includes requirements that update requirements in Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, related to accounting for certain forms of pension-related financial assistance provided to employers by nonemployer contributing entities. The approach taken by the Board in this project generally was to consider whether and, if so, how to clarify the requirements of Statement 24 related to on-behalf payments to accommodate the changes in the pension accounting model as a result of this Statement. (The Board's consideration of these issues is discussed more fully in paragraphs B16 and B17. The provisions of this Statement that clarify certain provisions of Statement 24 relative to the requirements of Statement 68 are discussed in paragraph B23.)

Employers That Provide Defined Benefit Pensions through Pension Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4

Financial Reporting Focus

B6. In Statement 68, the Board affirmed a conclusion previously expressed in Statement 27 about the origin and substance of pensions. That is, pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employees' services. Pensions are provided to employees—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee service each financial reporting period. Even though the employer and employees have agreed that a portion of the total compensation for those services, in the form of pensions, will be paid later (in retirement), the employer receives full value from the employment exchange each period in the form of employee service. Therefore, the Board concluded that as a result of the employment exchange each year, an employer incurs an obligation to its employees for pensions, as defined in paragraph 18 of Concepts Statement 4—"a social, legal, or moral requirement, such as a duty, contract, or promise that compels one to follow or avoid a particular course of action" (footnote reference omitted). To the extent that this obligation has not been satisfied through the payment of benefits or the accumulation in a trust of assets restricted to the payment of the obligation, this obligation is a *present* obligation. That is, the event that gives rise to the obligation (in this case, the provision of service by the employees) has occurred.

B7. Concepts Statement 4, paragraph 17, defines the financial statement element *liabilities* as "present obligations to sacrifice resources that the government has little or no discretion to avoid." In Statement 68, the Board considered whether the present obligation for pensions created by the employment exchange met the definition of a liability when an employer had the ability to modify the benefits either for (a) current benefits when the benefits are not based on a legal or contractual agreement or (b) future benefits when the employer has the ability to modify those benefits. In both instances, the Board concluded that an employer has a constructive obligation for pensions due to the long-term nature of a career-long employment exchange. The Board also noted that the phrase "little or no discretion to avoid" in Concepts Statement 4 was not intended to imply that the obligation does not meet the definition of a liability if there is some possibility of changing the amount of resources needed to satisfy an obligation. Rather, reductions of benefits received in exchange transactions should be viewed as transactions of future periods to be accounted for in those future periods should they materialize.

B8. To qualify for recognition in basic financial statements, Concepts Statement 3 states that an item of information that is an element of basic financial statements should be measurable with sufficient reliability for that purpose. The Board notes that in the discussion of reliability in Concepts Statement No. 1, *Objectives of Financial Reporting,* reliability does not indicate certainty or precision of an estimate. Rather, the characteristic of reliability indicates that information is free from bias, is a faithful representation of what it purports to represent, is comprehensive, and is not misleading. Therefore, provided that the estimates and assumptions used in measuring an employer's liability for pensions are not selected with a desired outcome in mind (that is, they are free from bias), there is no reason to conclude that the measurement is not reliable, simply because the actual result may be different from the estimate.

B9. In considering the conclusions reached in Statement 68 related to an employer's liability for pensions, the Board believes the only significant difference between the transaction in which pensions are provided by employers through pension plans that are not administered through trusts that meet the criteria in paragraph 4 and the transaction in which pensions are provided by employers through pension plans that are administered through trusts that meet the criteria in paragraph 4 is the permitted use of assets accumulated, and the degree to which the assets are restricted, to make future payments toward the pension obligation. Accordingly, for pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4, the Board concluded that the present obligation of the employer resulting from the employment exchange exists until the payment of the benefits has occurred. Therefore, instead of requiring recognition of a liability for the net pension liability, which considers the fiduciary net position of the pension plan, the Board concluded that the liability that should be recognized by an employer that provides pensions through a pension plan that is not administered through a trust that meets the criteria in paragraph 4 is the employer's total pension liability.

Measurement of the Total Pension Liability

B10. Based on its conclusion that the only significant difference between pensions provided through pension plans that are administered through a trust that meets the criteria in paragraph 4 and those that are not is the accumulation of assets restricted to pay pension benefits, the Board concluded that the total pension liability should be measured in the same manner, including the same application of the frequency and the timing of measurements, regardless of the structure through which the pension plan is administered. Therefore, this Statement establishes the same requirements for the measurement of the total pension liability as were set forth in Statement 68 for accounting and financial reporting by employers that provide pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4. Those requirements include the following:

- Timing and frequency of measurements of the total pension liability
- Selection of assumptions in accordance with the Actuarial Standards of Practice issued by the Actuarial Standards Board to be used in the projection of the benefit payments in accordance with the benefit terms
- Application of a discount rate reflective of the rate of return of the assets expected to be used to finance the payment of benefits
- Use of the entry age actuarial cost method and related requirements to attribute the actuarial present value of the projected benefits payments.

B11. As stated previously, the Board concluded that the rate used to discount the projected benefit payments should be based on the requirements in Statement 68. In Statement 68, the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits is to be used to determine the single rate to the extent that (a) the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (b) pension plan assets are expected to be invested using a strategy to achieve that return. When the conditions to use the long-term expected rate of return are not met, the discount rate should be based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As discussed previously, the Board believes that for pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4, there are no assets restricted to the degree necessary to decrease the measurement of an employer's liability for pensions. Therefore, the Board concluded that the discount rate to be applied in measuring pensions that are provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4 should be based solely on the municipal bond rate.

Recognition of Changes in the Total Pension Liability

B12. The Board believes the transactions and events that affect the measurement of the components of the total pension liability are the same for pensions that are provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4 as for pensions that are provided through pensions plans that are administered through trusts that meet the specified criteria. Therefore, the Board proposes the same requirements related to recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions in this Statement as are required in Statement 68.

Employers in Multiple-Employer Plans

B13. This Statement requires an employer that provides pensions through a multiple-employer defined benefit pension plan that is not administered through a trust that meets the criteria in paragraph 4 to individually measure and recognize the total pension liability associated with the employer's employees (active and inactive). The Board concluded that with regard to assets collected and used to pay benefits, if the pension plan is not administered through a trust that meets the criteria in paragraph 4, the role of a government that holds assets accumulated for pensions is similar to an agent for the participating employers. The Board believes that employers that provide pensions through such pension plans should not report as if assets or obligations are shared among participating employers because the structure of the plan does not support the accumulation of plan net position for financial reporting purposes. Consequently, the Statement requires that an employer recognize its share of any assets accumulated for purposes of providing pensions through such a multiple-employer pension plan as an employer asset, separate from the total pension liability.

Notes to Financial Statements and Required Supplementary Information of Employers

B14. The Board evaluated potential note disclosure requirements and presentation of required supplementary information of employers in the context of the guidance in Concepts Statement 3 and the requirements for that information in Statement 68 for employers that provide pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4. As previously discussed, the Board believes the only significant difference between pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4 and pensions provided through pension plans that are administered through trusts that meet the specified criteria is the lack of restricted assets accumulated to make future payments toward the pension obligation. Therefore, this Statement establishes essentially the same requirements for note disclosures and the presentation of required supplementary information by employers that are required by Statement 68 with the exception of information related to the fiduciary net position of the pension plan, including the long-term expected rate of return and its impact on the determination of the discount rate. In addition, requirements for a 10-year schedule of required supplementary information that presents information about contributions in relation to actuarially determined contributions have been modified from those in Statement 68 in order to continue to provide historical context about actuarially determined contributions, if calculated, in circumstances in which contributions are not recognized.

Employers That Provide Defined Contribution Pensions through Pension Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4

B15. This Statement requires employers that provide defined contribution pensions through pension plans that are not administered through trusts that meet the criteria in paragraph 4 to recognize and measure pension expense using the approach in Statement 68 for employers that provide defined contribution pensions through pension plans that are administered through trusts that meet the specified criteria. That is, pension expense should equal the amount of contributions or credits to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts. For defined contribution pension liabilities within the scope of this

Statement, the Board concluded that contributions only occur when benefits are being paid. Therefore, this Statement requires defined contribution pension liabilities recognized by an employer to change equal to the difference between amounts recognized as pension expense and amounts paid by the employer as the benefit came due during the fiscal year.

Special Funding Situations

B16. Similar to Statement 68, this Statement includes provisions for recognition of financial support provided by nonemployer contributing entities for pensions. As previously discussed, the Board believes that the liability for pensions originates with employers as a result of employment exchanges that promise pensions for employee service. Therefore, employer accounting in this Statement is based on recognition of the employer's liability to employees for pensions to the extent of the expected future sacrifice of resources relative to those benefits. In some cases, however, there are entities other than the employers that are expected to sacrifice resources to satisfy the liability to employees for pensions because of legal requirements to make benefit payments to the employees of another entity (directly or through the use of nonemployer contributing entity assets held by others for the purpose of providing pensions)—certain of these circumstances are referred to as special funding situations.

B17. Similar to its conclusions with regard to special funding situations in relation to pensions provided by employers through pension plans that are administered through trusts that meet the criteria in Statement 68, the Board concluded that if (a) an entity is legally required to make benefit payments (directly or through the use of nonemployer contributing entity assets held by others for the purpose of providing pensions) in the future to satisfy the accrued pension obligation and (b) that requirement is not dependent on the occurrence of an event unrelated to the pensions, that entity has a present obligation to sacrifice resources (that is, a liability) for those benefits. Therefore, in such circumstances, the Board concluded that a nonemployer contributing entity's legal requirement to make benefit payments should be viewed for accounting and financial reporting purposes as an assumption by the nonemployer contributing entity of a portion of the pension liability of the employer on whose behalf the benefit payments are made. The Board also concluded that in all circumstances in which a nonemployer contributing entity is the only entity with a legal obligation to make benefit payments, the nonemployer entity's involvement should be viewed as an assumption of the employer's entire pension obligation.

Financial Reporting by Defined Benefit Pension Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4

B18. This Statement establishes financial reporting requirements for single-employer pension plans that are not administered through trusts that meet the criteria in paragraph 4. The Board concluded that when an employer includes a pension plan that is not administered through a trust that meets the criteria in paragraph 4 in its financial statements based on its fiduciary relationship with the pension plan, it would be inappropriate to report the assets in a fiduciary fund. The Board believes that pension plans should be reported in pension (or other employee benefit) trust funds only when the criteria set forth in paragraph 4 of this Statement are met. The only other fiduciary fund type that could be used for this purpose is an agency fund. However, current financial reporting guidance in paragraph 111 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* requires that agency funds not report balances that pertain to other funds of the government. Rather, those balances should be reported as assets in the appropriate funds. Therefore, the Board concluded that if a single-employer pension plan is not administered through a trust that meets the criteria in paragraph 4, any assets accumulated for pensions should continue to be reported as assets of the employer.

B19. For multiple-employer pension plans that are not administered through trusts that meet the criteria in paragraph 4, this Statement requires the government that holds the assets in a custodial capacity to report the assets in an agency fund. This requirement is based on a similar requirement in Statement 43 relating to financial reporting for multiple-employer OPEB plans that are not administered as trusts that meet the criteria identified in that Statement. As in that Statement, the Board concluded that for purposes of accounting and financial reporting for pensions in these circumstances, the structure of the pension plan does not support the accumulation of plan net position and creates a situation in which participating employers cannot effectively share assets or obligations to finance pensions of their respective employees. Instead, the entity that holds assets accumulated for pensions acts as an agent for the participating employers by collecting amounts from the participating employers and making benefit payments when the benefits come due. Consequently, the entity that holds the assets should report the assets in an agency fund, and any assets accumulated in excess of liabilities for benefits that are due to plan members and accrued investment and administrative expenses should be reported as liabilities to the participating employers or nonemployer contributing entities. No amount of fiduciary net position should be reported.

Amendments to Statements 67 and 68

Notes to Schedules of Required Supplementary Information

B20. Paragraph 34 of Statement 67 and paragraphs 47, 82, and 115 of Statement 68 require that information about factors that significantly affect trends in the amounts presented in schedules of required supplementary information be included as notes to the required schedules. However, it was not intended that pension plans and employers be required to present explanations of basic economic factors, which are among those most likely to contribute to trends in net investment income and the annual money-weighted rates of return on pension plan investments. Therefore, this Statement amends the requirements of paragraph 34 of Statement 67 and paragraphs 47, 82, and 115 of Statement 68 to clarify that information about investment-related factors that significantly affect trends in the amounts reported should be limited to those factors over which the participating governments or the pension plan has influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) is not required to be disclosed.

Payables to the Pension Plan

B21. Long-term payables of employers to defined benefit pension plans for contractually deferred contributions with separate payment schedules were identified in Statements 67 and 68 as separately financed specific liabilities of individual employer and nonemployer contributing entities to a pension plan. Not all such payables, however, represent a separate portion of the pension liability to employees for which an employer or nonemployer contributing entity is separately responsible and should not be accounted for as a separately financed liability, as that term was intended to apply in Statements 67 and 68. This Statement, therefore, amends Statements 67 and 68 to clarify that amounts associated with such payables should be excluded from measures of actuarially determined contributions, contractually required contributions, and statutorily required contributions that are required to be presented in schedules of required supplementary information in defined circumstances and to clarify the definition of a separately financed specific liability to the pension plan.

B22. This Statement also amends Statement 68 to further clarify the accounting requirements for circumstances in which there is a separately financed specific liability to the pension plan. Statement 68 did not include specific guidance regarding the recognition of expense (or adjustments to expense) in circumstances in which another employer or nonemployer contributing entity makes contributions associated with a separately financed specific liability to the pension plan. The requirements of this Statement provide guidance to address that circumstance, as well as to address the recognition of revenue in such circumstances that include special funding situations.

Revenue Recognition for Support of Nonemployer Contributing Entities That Are Not in a Special Funding Situation

B23. Statement 24 requires recognition of revenue by an employer for the support of a nonemployer contributing entity that is not in a special funding situation in the reporting period in which the contribution is made. In contrast, the requirements of Statement 68 require an employer to recognize revenue for changes in the net pension liability that arise from contributions made by nonemployer contributing entities that are not in special funding situations in the reporting period in which the net pension liability reflects the change. That period might be different from the financial reporting period in which the nonemployer contributing entity made the contribution because Statement 68 permits employers to recognize a net pension liability measured as of a date that is different from the employer’s fiscal year-end. It was intended that the requirements in Statement 24 for the timing of the recognition of revenue for the financial support of nonemployer contributing entities that are not in a special funding situation be amended by Statement 68. However, the Codification Instructions of Statement 68 did not reflect these changes. This Statement clarifies that the requirements of Statement 68 apply in this circumstance.

Effective Date and Transition

B24. Because of the importance that users of financial statements place on information about public pensions, the Board believes that the requirements of this Statement should be implemented as soon as practicable. Information from an actuarial valuation is needed in order to comply with all of the reporting requirements for employers; therefore, the Board believes that adequate time should be provided for the employer to receive an actuarial valuation within the timing parameters of this Statement. The Board believes that the transition period (one year or more) that is provided by this Statement provides the time that is necessary to obtain that information.

B25. In addition, because of the potential cost associated with determining the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, the Board concluded that it is appropriate to require retroactive application of the provisions of this Statement only to the extent that it is practicable, with the exception of recognition of deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement period of the beginning total pension liability. Likewise, during transition, the Board did not require presentation of information about all years in the 10-year required supplementary information schedules that contain information about the employer's pension liability because of concerns about potential cost and the availability of information for past years.

B26. Because the requirements of this Statement that amend Statement 67 or Statement 68 will not require new actuarial measurements, the Board believes that those changes should be implemented sooner than the other provisions of this Statement. Therefore, this Statement requires that amendments to Statements 67 and 68 be applied in the first fiscal year that begins following issuance of this Statement.

Considerations Related to Benefits and Costs

B27. The overall objective of financial reporting by state and local governments is to provide information to assist users (the citizenry, legislative and oversight bodies, and investors and creditors) in assessing the accountability of governments and in making economic, social, and political decisions. One of the principles guiding the Board's setting of standards for accounting and financial reporting is the assessment of expected benefits and the perceived costs. The Board strives to determine that its standards (including disclosure requirements) address a significant user need and that the costs incurred through the application of its standards, compared with possible alternatives, are justified when compared to the expected overall public benefit.

B28. Present and potential users are the primary beneficiaries of improvements in financial reporting. Persons within governments who are responsible for keeping accounting records and preparing financial statements, as well as managers of public services, also benefit from the information that is collected and reported in conformity with GASB standards. The costs to implement the standards are borne primarily by governments and, by extension, their citizens and taxpayers. Users also incur costs associated with the time and effort required to obtain and analyze information to meaningfully inform their assessments and decisions.

B29. The Board's assessment of the expected benefits and perceived costs of issuing new standards is unavoidably more qualitative than quantitative because no reliable and objective method has been identified for quantifying the value of improved information in financial statements. Furthermore, it is difficult to accurately measure the costs of implementing new standards until implementation has actually taken place. Nonetheless, the Board undertakes this assessment based on the available evidence regarding expected benefits and perceived costs with the objective of achieving an appropriate balance between increasing benefits and minimizing costs.

B30. The Board assessed the expected benefits and perceived costs of its proposed requirements at two levels—for individual decisions and for the entirety of the Statement. Throughout its deliberations, the Board specifically considered the relative expected benefits and perceived costs of individual decisions and also considered information gathered related to pensions from the research performed and respondent comments received on the due process documents that led to Statements 67 and 68. For example, similar to the requirements for the measurement of an employer's net pension liability, this Statement requires measurement of the total pension liability as of a measurement date no earlier than the employer's prior fiscal year-end, determined by an actuarial valuation as of that date or through the use of procedures to update to the measurement date the results of an actuarial valuation as of a date no more than 30 months and 1 day prior to the employer's fiscal year-end. The Board believes allowing a measurement date to be within 1 year and 1 day of the employer's fiscal year-end rather than as of the employer's fiscal year-end will significantly reduce costs.

B31. The Board also considered the aggregate expected benefits and perceived costs associated with the entirety of the requirements in this Statement. The Board is cognizant that the costs of implementing the changes required by this Statement may be significant, though principally in terms of the initial implementation effort rather than ongoing compliance in subsequent years. However, the Board believes that the expected benefits—improved decision-usefulness and enhanced value of information for assessing accountability and interperiod equity, greater comparability and consistency, and increased transparency—that will result from the information provided through implementation of this Statement, both initially and on an ongoing basis, are significant.

Appendix C

CODIFICATION INSTRUCTIONS

C1. The sections that follow update the June 30, 2013, *Codification of Governmental Accounting and Financial Reporting Standards*, for the effects of the provisions of this Statement that are effective for fiscal years beginning after June 15, 2015. Only the paragraph number of the Statement is listed if the paragraph will be cited in full in the Codification.

* * *

[In all sections, update cross-references.]

* * *

NONEXCHANGE TRANSACTIONS **SECTION N50**

.130 [Replace second sentence with the following:] For on-behalf payments for defined benefit pensions that are provided through a pension plan administered through a trust that meets the criteria in paragraph .101 of Section P20, "Pension Activities—Employer Reporting," employers should recognize revenue in conformity with the requirements of Section P20. For other on-behalf payments, the employer government should recognize revenue equal to the amounts that third-party recipients of the payments received and that are receivable at year-end for the current fiscal year. [GASBS 24, ¶8, as amended by GASBS XX, ¶99]

* * *

PENSION PLANS ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT **SECTION Pe5**

.129 [Revise the second sentence of subparagraph (c)(1) as follows and omit footnote 11; renumber subsequent footnotes:] For purposes of this schedule, actuarially determined contributions should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with **separately financed specific liabilities to the pension plan.**

[Revise the second sentence of subparagraph (c)(2) as follows:] For purposes of this schedule, contractually required contributions should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with separately financed specific liabilities to the pension plan.

[GASBS 67, ¶32, as amended by GASBS XX, ¶96]

.131 [Insert the following after the second sentence:] Information about investment-related factors that significantly affect trends in the amounts reported should be limited to those factors over which the pension plan or participating governments have influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) should not be presented. [GASBS 67, ¶34, as amended by GASBS XX, ¶94]

[Insert new paragraph .536 as follows; renumber subsequent paragraphs:]

.536 **Separately financed specific liabilities to the OPEB plan.** Specific contractual liabilities to a defined benefit pension plan for one-time assessments to an individual employer or nonemployer contributing entity of amounts resulting from increases in the total pension liability due to an individual employer joining a pension plan or changes of benefit terms specific to an individual employer. The term *separately financed* is intended to differentiate these payables to the pension plan from payables to the pension plan that originate from the portion(s) of the total pension liability that are pooled by two or more employers (or by a single, agent, or cost-sharing employer and a nonemployer contributing entity in a special funding situation) for financing purposes. Payables to the pension plan for unpaid (legal, contractual, or statutory) financing obligations associated with the pooled portion of the total pension liability are not considered to be separately financed specific liabilities, even if separate payment terms have been established for those payables. [GASBS XX, ¶95]

* * *

C2. The sections that follow update the Codification Instructions of Statement No. 68, *Accounting and Financial Reporting for Pensions,* for the effects of the provisions of this Statement that are effective for fiscal years beginning after June 15, 2015.

* * *

[In all sections, update cross-references.]

* * *

PENSION ACTIVITIES—REPORTING FOR BENEFITS PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA **SECTION P20**

.131 [Revise as follows:] Contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period (excluding amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) should be reported as a deferred outflow of resources related to pensions. [GASBS 68, ¶34, as amended by GASBS XX, ¶99]

.142 [Delete footnote; renumber subsequent footnotes.]

.143 [Revise as follows:]

[Revise the second sentence of subparagraph c(1) as follows:] For purposes of this schedule, actuarially determined contributions should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with separately financed specific liabilities of the individual employer to the pension plan.

[Revise second sentence of subparagraph d(1) as follows:] For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with separately financed specific liabilities of the individual employer to the pension plan.

[GASBS 68, ¶46, as amended by GASBS XX, ¶96]

.144 [Insert the following after the second sentence:] Information about investment-related factors that significantly affect trends in the amounts reported should be limited to those factors over which the pension plan or participating governments have influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) should not be presented. [GASBS 68, ¶47, as amended by GASBS XX, ¶94]

.145 [Replace *excluding those to separately finance specific liabilities of an individual employer to the pension plan,*[15] with *excluding those for an individual employer's separately financed specific liabilities to the pension plan,*; renumber subsequent footnotes.] [GASBS 68, ¶48, as amended by GASBS XX, ¶95]

[Insert new paragraph .154 as follows before the heading for current paragraph .154; renumber subsequent paragraphs:]

.154 For contributions made by others to the pension plan during the measurement period to separately finance specific liabilities to the pension plan (excluding amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation), the amount of the employer's proportionate share of the total of such contributions determined using the employer's proportion of the collective net pension liability should be recognized as a reduction of the employer's pension expense. [GASBS XX, ¶98]

.155 [Revise current paragraph .154 as follows:] Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period (excluding amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) should be reported as a deferred outflow of resources related to pensions. [GASBS 68, ¶57, as amended by GASBS XX, ¶99]

.156 [Revise current paragraph .155 as follows:] Revenue should be recognized in an amount equal to (a) the change in the collective net pension liability arising from contributions to the pension plan during the measurement period from nonemployer contributing entities that are not in a special funding situation to separately finance specific liabilities of the individual employer to the pension plan and (b) the employer's proportionate share of the change in the collective net pension liability arising from contributions to the pension plan during the measurement period from nonemployer contributing entities for purposes other than the separate financing of specific liabilities to the pension plan. [GASBS 68, ¶58, as amended by GASBS XX, ¶99]

.179 [Revise the second sentence of subparagraph (b)(1) in current paragraph .178 as follows:] For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with separately financed specific liabilities of the individual employer to the pension plan. [GASBS 68, ¶81, as amended by GASBS XX, ¶96]

.180 [Insert the following after the first sentence in current paragraph .179:] Information about investment-related factors that significantly affect trends in the amounts reported should be limited to those factors over which the pension plan or participating governments have influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) should not be presented. [GASBS 68, ¶82, as amended by GASBS XX, ¶94]

.188 [Revise current paragraph .187 and current footnote 22 as follows:] Revenue should be recognized in an amount equal to the total of the following: [20]

a. Nonemployer contributing entities' total proportionate share of collective pension expense (measured in conformity with paragraph .201), reduced by the total of amounts, if any, recognized by nonemployer contributing entities as reductions to expense (measured in conformity with paragraph .205)
b. Nonemployer contributing entities' total additional expense recognized for contributions to the pension plan to separately finance specific liabilities of the individual nonemployer contributing entity to the pension plan (measured in conformity with paragraph .204).

[GASBS 68, ¶90, as amended by GASBS XX, ¶97 and ¶98]

[20] The requirements of paragraphs .201, .204, and .205 address measurement by *governmental* nonemployer contributing entities. For purposes of paragraph .188, the requirements of paragraphs .201, .204, and .205 also apply to the determination of the proportionate share of collective pension expense attributed to a *nongovernmental* nonemployer contributing entity in a special funding situation. [GASBS 68, fn22, as amended by GASBS XX, ¶97]

.191 [Revise current paragraph .190 as follows:] Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions should be recognized in conformity with paragraphs .149–.153 and .155. [GASBS 68, ¶93]

.192 [Revise current paragraph .191 and current footnote 23 as follows:] Pension expense also should be recognized for the following amounts to the extent they are associated with the employer: [21]

a. The portion of nonemployer contributing entities' total proportionate share of collective pension expense (measured in conformity with paragraph .201), reduced by the total of amounts, if any, recognized by nonemployer contributing entities as reductions to expense (measured in conformity with paragraph .205)
b. The portion of nonemployer contributing entities' total additional expense recognized for contributions to the pension plan to separately finance specific liabilities of the individual nonemployer contributing entity to the pension plan (measured in conformity with paragraph .204).

[GASBS 68, ¶94, as amended by GASBS XX, ¶97 and ¶98]

[21] The requirements of paragraphs .201, .204, and .205 address measurement by *governmental* nonemployer contributing entities. For purposes of paragraphs .192 and .194, the requirements of paragraphs .201, .204, and .205 also apply to the determination of the proportionate share of collective pension expense attributed to a *nongovernmental* nonemployer contributing entity in a special funding situation. [GASBS 68, fn23, as amended by GASBS XX, ¶97]

[Insert new paragraph .193 as follows before the heading for current paragraph .192; renumber subsequent paragraphs:]

.193 For contributions made by others to the pension plan during the measurement period to separately finance specific liabilities to the pension plan, the amount of the employer's proportionate share of the total of such contributions determined using the employer's proportion of the collective net pension liability should be recognized as a reduction of the employer's pension expense. [GASBS XX, ¶98]

.194 [Revise current paragraph .192, as follows, including insertion of new footnote; renumber subsequent footnotes:] Revenue should be recognized in an amount equal to the total of the following amounts to the extent they are associated with the employer:[22]

a. The portion of nonemployer contributing entities' total proportionate share of the collective pension expense (measured in conformity with paragraph .201), reduced by the total of amounts, if any, recognized by nonemployer contributing entities as reductions to expense (measured in conformity with paragraph .205)
b. The portion of nonemployer contributing entities' total additional expense recognized for contributions to the pension plan to separately finance specific liabilities of the individual nonemployer contributing entity to the OPEB plan (measured in conformity with paragraph .204).

[GASBS 68, ¶95, as amended by GASBS XX, ¶97 and ¶96]

[22] See footnote 21. [GASBS XX, ¶97]

[Insert new paragraph .205 as follows before heading to current paragraph .203; renumber subsequent paragraphs:]

.205 For contributions made by others to the pension plan during the measurement period to separately finance specific liabilities to the pension plan, the amount of the governmental nonemployer contributing entity's proportionate share of the total of such contributions determined using the governmental nonemployer contributing entity's proportion of the collective pension liability should be recognized as a reduction of the governmental nonemployer contributing entity's expense. [GASBS XX, ¶98]

.214 [Revise the second sentence of subparagraph (b)(1) in current paragraph .211 as follows:] For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with separately financed specific liabilities of the individual governmental nonemployer contributing entity to the pension plan. [GASBS 68, ¶114, as amended by GASBS XX, ¶96]

.215 [Insert the following after the first sentence in current paragraph .212:] Information about investment-related factors that significantly affect trends in the amounts reported should be limited to those factors over which the pension plan or participating governments have influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) should not be presented. [GASBS 68, ¶115, as amended by GASBS XX, ¶94]

[Insert new paragraph .546 as follows; renumber subsequent paragraphs:]

.546 **Separately financed specific liabilities to the OPEB plan.** Specific contractual liabilities to a defined benefit pension plan for one-time assessments to an individual employer or nonemployer contributing entity of amounts resulting from increases in the total pension liability due to an individual employer joining a pension plan or changes of benefit terms specific to an individual employer. The term *separately financed* is intended to differentiate these payables to the pension plan from payables to the pension plan that originate from the portion(s) of the total pension liability that are pooled by two or more employers (or by a single, agent, or cost-sharing employer and a nonemployer contributing entity in a special funding situation) for financing purposes. Payables to the pension plan for unpaid (legal, contractual, or statutory) financing obligations associated with the pooled portion of the total pension liability are not considered to be separately financed specific liabilities, even if separate payment terms have been established for those payables. [GASBS XX, ¶95]

* * *

C3. The sections that follow update the June 30, 2013, *Codification of Governmental Accounting and Financial Reporting Standards*, for the effects of the provisions of this Statement that are effective for fiscal years beginning after June 15, 2016. Only the paragraph number of the Statement is listed if the paragraph will be cited in full in the Codification.

* * *

[In all sections, update cross-references.]

* * *

SUMMARY STATEMENT OF PRINCIPLES SECTION 1100

.110 [In subparagraph (c), delete cross-reference to Section Pe7 and add GASBS XX, ¶91, to amending sources of GASBS 34, ¶107.]

* * *

FUND ACCOUNTING SECTION 1300

.102 [In subparagraph (c), delete cross-reference to Section Pe7 and add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107.]

.103 [Revise footnote 1 as follows:] For defined benefit pension plans that meet the criteria in paragraph .101 of Section Pe5 and other postemployment benefit plans, the statement of fiduciary net position and statement of changes in fiduciary net position required by this section are equivalent to the financial statements required by Sections Pe5 and Po50, respectively. [GASBS 34, fn43, as amended by GASBS 43, ¶11, GASBS 63, ¶8, GASBS 67, ¶14, and GASBS XX, ¶93]

.111 [Revise as follows:] *Pension (and other employee benefit) trust funds* should be used to report resources that are required to be held in trust for the members and beneficiaries of the following:

a. Pension plans that are administered through trusts that meet the criteria set forth in paragraph .101 of Section Pe5 or paragraph .101 of Section Pe6, "Pension Plans Administered through Trusts That Meet Specified Criteria—Defined Contribution"
b. Postemployment benefit plans other than pension plans (OPEB plans)
c. Employee benefit plans other than pension or OPEB plans.

[GASBS 34, ¶70, as amended by GASBS XX, ¶92 and ¶93]

* * *

BASIS OF ACCOUNTING SECTION 1600

[In subparagraph (c) in the Statement of Principle, delete cross-reference to Section Pe7 and add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107.]

.138 [Delete cross-reference to Section Pe7 and add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107.]

* * *

COMPREHENSIVE ANNUAL FINANCIAL REPORT SECTION 2200

Sources: [Delete GASB Statements 25 and 27; add GASB Statement XX.]

.196 [In footnote 46, delete cross-reference to Section Pe7 and add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107; in footnote 47, delete cross-reference to Section

Pe7, add cross-reference to paragraph .150 of Section Pe5, and add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107.]

.197 [Delete cross-reference to Section Pe7 and add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107.]

.198 [Delete cross-reference to Section Pe7 and add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107.]

.208 [In footnote 55, delete cross-reference to Section Pe7, add GASBS XX, ¶93, to amending sources of GASBS 34, ¶107, and delete GASBS 25, ¶15 from sources.]

* * *

NOTES TO FINANCIAL STATEMENTS SECTION 2300

.107 [In subparagraph (m), delete cross-references to Sections P20 and Pe8.]

* * *

STATISTICAL SECTION SECTION 2800

.109 [In subparagraph (b), replace the italicized phrase with the following:] *for each individual pension plan that is reported as a pension (or other employee benefit) trust fund and other postemployment benefit plan* [GASBS 44, ¶10, as amended by GASBS 63, ¶8, and GASBS XX, ¶4]

.138 [Replace the italicized phrase with the following:] *for each individual pension plan that is reported as a pension (or other employee benefit) trust fund and other postemployment benefit plan* [GASBS 44, ¶39, as amended by GASBS XX, ¶4]

* * *

ACCOUNTING FOR PARTICIPATION IN JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS SECTION J50

.115 [Revise sources as follows:] [GASBS 14, ¶81, as amended by GASBS 67, ¶13–¶32 and ¶34–¶46, and GASBS XX, ¶93]

* * *

NONEXCHANGE TRANSACTIONS SECTION N50

See also: [Add reference to Section P22, "Pension Activities—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Benefit."]

.130 [Replace second sentence with the following:] For on-behalf payments for defined benefit pensions, employers should recognize revenue in conformity with the requirements of Section P20 or Section P22, as applicable. For other on-behalf payments, the employer government should recognize revenue equal to the amounts that third-party recipients of the payments received and that are receivable at year-end for the current fiscal year. [GASBS 24, ¶8, as amended by GASBS XX, ¶30, ¶44, and ¶101]

* * *

PENSION PLANS ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT **SECTION Pe5**

Sources: [Add GASB Statement XX.]

See also: [Delete references to Sections P50, Pe6, Pe7, Pe8, Po50, and Po51; add the following:] Section I50, "Investments"

[Insert new paragraph .102 as follows; renumber subsequent paragraphs:]

.102 If pensions are provided through a defined benefit pension plan in which assets are accumulated in a trust that meets the criteria in paragraph .101 and pensions provided through the same pension plan are paid with assets other than those from that trust, the pension plan through which the pensions are provided should be reported in accordance with the requirements of this section. [GASBS XX, ¶4]

* * *

PENSION PLANS ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED CONTRIBUTION **SECTION Pe6**

Sources: [Add GASB Statement XX.]

See also: [Delete cross-references to Sections P20, Pe5, Pe7, Pe8, and Po51; add the following:] Section P21, "Pension Activities—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Contribution"

[Insert new paragraph .102 as follows; renumber subsequent paragraphs:]

.102 If pensions are provided through a defined contribution pension plan in which assets are accumulated in a trust that meets the criteria in paragraph .101 and pensions provided through the same pension plan are paid with assets other than those from that trust, the pension plan through which the pensions are provided should be reported in accordance with the requirements of this section. [GASBS XX, ¶4]

* * *

PENSION PLANS NOT ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT

SECTION Pe7

[Replace entire section with the following; change *Statement* to *section*, as appropriate:]

Source: GASB Statement XX

See also: Section P22, "Pension Activities—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Benefit"
Section Sp20, "Special-Purpose Governments"

[Insert Note regarding issuance of Implementation Guide to Statement 67.]

Scope and Applicability of This Section

.101 This section establishes requirements for **defined benefit pension plans**[1] that are *not* administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which the following criteria are met:

a. **Contributions** from employers[2] and **nonemployer contributing entities** to the **pension plan** and earnings on those contributions are irrevocable.
b. Pension plan assets are dedicated to providing **pensions** to **plan members** in accordance with the benefit terms.[3]
c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the pension plan administrator, and plan members.

[GASBS XX, ¶4 and ¶5]

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[1] [GASBS XX, fn1]

[2] [GASBS XX, fn2]

[3] [GASBS XX, fn4]

.102 If pensions are provided through a defined benefit pension plan in which assets are accumulated in a trust that meets the criteria in paragraph .101 and pensions provided through the same pension plan are paid with assets other than those from that trust, the pension plan through which the pensions are provided should be reported in accordance with the requirements of Section Pe5, "Pension Plans Administered through Trusts That Meet Specified Criteria—Defined Benefit." [GASBS XX, ¶4]

.103 [GASBS XX, ¶7]

Types of Pensions

.104 As used in this Statement, the term *pensions* includes the following:

a. Retirement income

b. **Postemployment** benefits other than retirement income (such as death benefits, life insurance, and disability benefits) that are provided through a pension plan.

Pensions do not include **postemployment healthcare benefits** and **termination benefits.** However, the effects of a termination benefit on liabilities for defined benefit pensions that are provided through a pension plan within the scope of this section should be accounted for and reported in conformity with the requirements for defined benefit pensions. Postemployment benefits other than retirement income that are provided separately from a pension plan and postemployment healthcare benefits should be accounted for and reported as **other postemployment benefits (OPEB),** and the plans through which those benefits are provided should be accounted for and reported as OPEB plans.[24] [GASBS XX, ¶10]

[24] [GASBS XX, fn6]

.105 [GASBS XX, ¶11; omit first sentence.]

Types of Defined Benefit Pension Plans

.106 [GASBS XX, ¶13; omit last sentence.]

.107–.108 [GASBS XX, ¶14 and ¶15]

Defined Benefit Pension Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4

.109 [GASBS XX, ¶92]

.110 [GASBS XX, ¶93; boldface the term *total pension liability*.]

DEFINITIONS

.501 This paragraph contains definitions of certain terms *as they are used in this section;* the terms may have different meanings in other contexts. [GASBS XX, ¶103]

.502 **Contributions.** Additions to a pension plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources. [GASBS XX, ¶103]

.503 **Defined benefit pension plans.** Pension plans that are used to provide defined benefit pensions. [GASBS XX, ¶103]

.504 **Defined benefit pensions.** Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not have all of the terms of a **defined contribution pension** is classified as a defined benefit pension for purposes of this section.) [GASBS XX, ¶103]

.505 **Defined contribution pensions.** Pensions having terms that (a) provide an individual account for each employee; (b) define the contributions that an employer or nonemployer contributing entity is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (c) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account. [GASBS XX, ¶101]

.506 **Insured benefits.** Defined benefit pensions provided through an insured plan. [GASBS XX, ¶103]

.507 **Insured plans.** Defined benefit pension plans in which benefits are financed through an arrangement whereby premiums are paid to an insurance company while employees are in active service, in return for which the insurance company unconditionally undertakes an obligation to pay the pensions of those employees as defined in the pension plan terms. [GASBS XX, ¶103]

.508 **Multiple-employer defined benefit pension plan.** A defined benefit pension plan that is used to provide pensions to the employees of more than one employer. [GASBS XX, ¶103]

.509 **Nonemployer contributing entities.** For arrangements in which pensions are provided through a pension plan that is administered through a trust that meets the criteria in paragraph .101 of this section, entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For arrangements in which pensions are provided through a pension plan that is not administered through a trust that meets the criteria in paragraph .101 of this section, entities that make benefit payments as pensions come due for employees of other entities, including benefit payments made using assets held by others for the purpose of providing pensions through the pension plan. For purposes of this section, employees are not considered nonemployer contributing entities. [GASBS XX, ¶103]

.510 **Other postemployment benefits (OPEB).** All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits. [GASBS XX, ¶103]

.511 **Pension plans.** Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due. [GASBS XX, ¶103]

.512 **Pensions.** Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits. [GASBS XX, ¶103]

.513 **Plan members.** Individuals that are covered under the terms of a pension plan. Plan members generally include (a) employees in active service (active plan members) and (b) employees no longer in active service (or their beneficiaries) who have accumulated benefits under the terms of a pension plan (inactive plan members). [GASBS XX, ¶103]

.514 **Postemployment.** The period after employment. [GASBS XX, ¶103]

.515 **Postemployment healthcare benefits.** Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment. [GASBS XX, ¶103]

.516 **Single-employer defined benefit pension plan (single-employer pension plan).** A defined benefit pension plan that is used to provide pensions to employees of only one employer. [GASBS XX, ¶103]

.517 **Termination benefits.** Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits. [GASBS XX, ¶103]

.518 **Total pension liability.** The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Section P22. The total pension liability is the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan that is not administered through a trust that meets the criteria in paragraph .101 of this section. [GASBS XX, ¶103]

* * *

PENSION PLANS NOT ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED CONTRIBUTION **SECTION Pe8**

[Delete entire section.]

* * *

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS—DEFINED CONTRIBUTION **SECTION Po51**

.101 [Revise sources as follows:] GASBS 25, ¶8, as amended by GASBS XX, ¶93

.102 [Revise sources as follows:] GASBS 25, ¶9 and ¶10, as amended by GASBS XX, ¶93

* * *

SPECIAL-PURPOSE GOVERNMENTS **SECTION Sp20**

.109 [Revise sources as follows:] [GASBS 34, ¶140, as amended by GASBS 63, ¶8, GASBS 67, ¶5 and ¶11, and GASBS XX, ¶5, ¶7, and ¶93]

[In footnote 7, revise sources of footnote as follows:] [GASBS 34, fn63, as amended by GASBS 67, ¶11 and ¶51, and GASBS XX, ¶5 and ¶93]

[In footnote 8, delete cross-reference to Section Pe7.] [GASBS 34, fn64, as amended by GASBS 43, ¶13, GASBS 67, ¶9, and GASBS XX, ¶5]

* * *

C4. The sections that follow update Codification Instructions of Statement 68 for the effects of the provisions of this Statement that are effective for fiscal years beginning after June 15, 2016.

* * *

[In all sections, update cross-references.]

* * *

REPORTING LIABILITIES **SECTION 1500**

See also: [Delete Section P21.]

[Revise heading of paragraph .601 as follows:] **Recognition of Liabilities for Benefits Provided through Certain Cost-Sharing Pension Plans and Other Postemployment Benefit Plans**

.601 [Revise the introductory paragraph as follows:] This paragraph clarifies the requirements of Section P50 for the recognition of liabilities by cost-sharing employers for other postemployment benefits (OPEB). Question 2 and its response also apply to the recognition of liabilities by cost-sharing employers and governmental nonemployer contributing entities with a legal requirement to contribute to cost-sharing pension or OPEB plans for pensions or OPEB within the scope of Section P20 or Section P50, as applicable. [GASBTB 2004-2, ¶1, as amended by GASBS 68, ¶4–¶6, and GASBS XX, ¶6]

[Revise current Question 1 and related Response as follows:]

Question 1

To what does the term *contractually required contributions* refer in paragraph .121 of Section P50? [GASBTB 2004-2, ¶2, as amended by GASBS XX, ¶6]

Response

The term refers to the contributions assessed by a cost-sharing OPEB plan to the participating employers, *however determined,* for the periods to which the contractual requirement relates. It is used in Section P50 to emphasize the difference between the accounting measurement requirements for:

a. Sole and agent employers—based on the *annual required contribution of the employer (ARC),* an amount calculated in accordance with GASB parameters that includes the normal cost for the period and an additional amount to amortize unfunded actuarial liabilities for past services
b. Cost-sharing employers—based on the amounts assessed to employers by the plan pursuant to the funding policy for the plan, however determined.

[GASBTB 2004-2, ¶3, as amended by GASBS XX, ¶6]

The measurement requirements for cost-sharing employers reflect the nature of the responsibilities of cost-sharing employers with regard to the funding of defined OPEB benefits. In a cost-sharing plan, the participating employers pool their benefit obligations and assets. In addition to administrative responsibilities related to the assessment and collection of contributions, the investment of plan assets, and the payment of benefits and plan expenses when due, the plan assumes from the individual employers the responsibility to fund the benefits promised to the covered employees and retirees collectively. In exchange, the individual cost-sharing employers incur liabilities to the plan for the contractually required contributions assessed to them by the plan as their share of the aggregate funding requirements for specified periods. [GASBTB 2004-2, ¶4, as amended by GASBS XX, ¶6]

[Revise current Question 2 as follows:] How should employers and governmental nonemployer contributing entities apply the requirements of paragraphs .171, .205, and .219 of Section P20, and paragraph .117 of Section P50 to recognize governmental fund expenditures and liabilities on the modified accrual basis of accounting for pension or OPEB contributions to cost-sharing plans? [GASBTB 2004-2, ¶7, as amended by GASBS 68, ¶73, ¶107, and ¶121, and GASBS XX, ¶6]

[Revise current Question 3 and related Response as follows:]

Question 3

How should employers apply the requirements of paragraphs .118 and .119 of Section P50 to recognize expense and related liabilities on the accrual basis of accounting for OPEB contributions to cost-sharing plans? [GASBTB 2004-2, ¶10, as amended by GASBS XX, ¶6]

Response

[In the last sentence, delete *pension or*.] [GASBTB 2004-2, ¶11, as amended by GASBS XX, ¶6]

* * *

BASIS OF ACCOUNTING SECTION 1600

See also: [Delete Section P21.]

.601 [Revise the introductory paragraph as follows:] This paragraph clarifies the requirements of Section P50 for the recognition of liabilities to employees by cost-sharing employers for other postemployment benefits (OPEB). Questions 2 and 3 and their responses also apply to the recognition of liabilities by cost-sharing employers and governmental nonemployer contributing entities with a legal requirement to contribute to cost-sharing pension or OPEB plans for pensions within the scope of Section P20 or Section P50, as applicable. [GASBTB 2004-2, ¶1, as amended by GASBS 68, ¶4–¶6, and GASBS XX, ¶6]

[Revise current Question 1 and related Response as follows:]

Question 1

To what does the term *contractually required contributions* refer in paragraph .121 of Section P50? [GASBTB 2004-2, ¶2, as amended by GASBS XX, ¶6]

Response

The term refers to the contributions assessed by a cost-sharing OPEB plan to the participating employers, *however determined*, for the periods to which the contractual requirement relates. It is used in Section P50 to emphasize the difference between the accounting measurement requirements for:

a. Sole and agent employers—based on the *annual required contribution of the employer (ARC)*, an amount calculated in accordance with GASB parameters that includes the normal cost for the period and an additional amount to amortize unfunded actuarial liabilities for past services
b. Cost-sharing employers—based on the amounts assessed to employers by the plan pursuant to the funding policy for the plan, however determined.

[GASBTB 2004-2, ¶3, as amended by GASBS XX, ¶6]

The measurement requirements for cost-sharing employers reflect the nature of the responsibilities of cost-sharing employers with regard to the funding of defined OPEB benefits. In a cost-sharing plan, the participating employers pool their benefit obligations and assets. In addition to administrative responsibilities related to the assessment and collection of contributions, the investment of plan assets, and the payment of benefits and plan expenses when due, the plan assumes from the individual employers the responsibility to fund the benefits promised to the covered employees and retirees collectively. In exchange, the individual cost-sharing employers incur liabilities to the plan for the contractually required contributions assessed to them by the plan as their share of the aggregate funding requirements for specified periods. [GASBTB 2004-2, ¶4, as amended by GASBS XX, ¶6]

[Revise current Question 2 as follows:] For purposes of expenditure recognition in Section P20 and expenditure/expense recognition in Section P50, are employers' contractually required contributions to cost-sharing pension and OPEB plans attributable to the periods of time for which the contributions are assessed? [GASBTB 2004-2, ¶5, as amended by GASBS 68, ¶73 and ¶107, and GASBS XX, ¶6]

[In the response to current Question 2, delete cross-reference to Section P21.] [GASBTB 2004-2, ¶6, as amended by GASBS 68, ¶5, and GASBS XX, ¶6]

[Revise current Question 3 as follows:] How should employers apply the requirements of paragraphs .171, .205, and .219 of Section P20 and paragraph .117 of Section P50 to recognize governmental fund expenditures and liabilities on the modified accrual basis of accounting for pension or OPEB contributions to cost-sharing plans? [GASBTB 2004-2, ¶7, as amended by GASBS 68, ¶73, ¶107, and ¶121, and GASBS XX, ¶6]

[Revise current Question 4 as follows:] How should employers apply the requirements of paragraphs .118 and .119 of Section P50 to recognize expense and related liabilities on the accrual basis of accounting for OPEB contributions to cost-sharing plans?

[In the last sentence of the response to current Question 4, delete *pension or*.] [GASBTB 2004-2, ¶11, as amended by GASBS XX, ¶6]

* * *

COMPREHENSIVE ANNUAL FINANCIAL REPORT SECTION 2200

.181 [Delete cross-reference to Section P21. Revise sources as follows:] [GASBS 34, ¶6; GASBS 34, ¶129, as amended by GASBS 67, ¶32–¶34, GASBS 68, ¶46, ¶47, ¶81, ¶82, ¶114, ¶115, and ¶117, and GASBS XX, ¶42, ¶43, ¶70, ¶71, and ¶73]

* * *

NOTES TO FINANCIAL STATEMENTS SECTION 2300

.101 [Delete GASBS 25, ¶40 and GASBS 27, ¶22 from sources; add the following to the amending sources of NCGAS 1, ¶157:] GASBS XX, ¶43, ¶71, and ¶73

.106 [In subparagraph (f), include cross-references to Sections P20, P21, P22, and P23.]

.107 [Add the following to cross-references in subparagraph (y) as follows:] Section P22, paragraphs .133, .136, .160, .175, .179, .180, and .182, as applicable

[Revise footnote 5 as follows:] Information about pension and OPEB obligations to employees should be reported in a separate pension or OPEB note, as required by Sections P20, P22, and P50. Payables to a defined benefit pension plan administered through a trust that meets the criteria in paragraph .101 of Section P20 should be disclosed with short-term or long-term liabilities, as appropriate, and governments also should apply the requirements of paragraph .222 of Section P20. [GASBS 34, fn47, as amended by GASBS 68, ¶37–¶45, ¶74–¶80, ¶109–¶113, ¶116, ¶122, and GASBS XX, ¶35–¶41, ¶44, ¶54, ¶66–¶69, ¶72, and ¶78]

.119 [Revise last sentence of the paragraph as follows:] Governments that report balances of payables related to liabilities to a defined benefit pension plan that is administered through a trust that meets the criteria in paragraph .101 of Section P20 also should disclose information required by paragraph .222 of Section P20, as applicable. [GASBS 38, ¶13, as amended by GASBS 68, ¶122]

* * *

REPORTING ENTITY AND COMPONENT UNIT PRESENTATION AND DISCLOSURE SECTION 2600

.122 [In the first sentence after subparagraph b(2), replace *Determining* with *Except for required disclosures about certain pensions (see paragraph .115 of Section P20, "Pension Activities—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Benefit," and paragraph .114 of Section P22, "Pension Activities—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Benefit,"), determining.*] [GASBS 14, ¶63, as amended by GASBS 34, ¶6, GASBS 68, ¶18, and GASBS XX, ¶21; GASBS 34, ¶113]

* * *

CLAIMS AND JUDGMENTS SECTION C50

.102 [Delete cross-reference to former Section P21; add cross-reference to new Sections P21, P22, and P23; revise sources as follows:] GASBS 10, ¶2, as amended by GASBS 45, ¶4–¶9, GASBS 47, ¶3, GASBS 68, ¶4 and ¶5, and GASBS XX, ¶4 and ¶6

.146 [Replace the first word of the fourth sentence with the following:] *Except for required disclosures about certain pensions (see paragraph .115 of Section P20,* *"Pension Activities—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Benefit," and paragraph .114 of Section P22, "Pension Activities—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Benefit,"), determining* [GASBS 10, ¶78, as amended by GASBS 34, ¶6; GASBS 14, ¶11; GASBS 14, ¶63, as amended by GASBS 68, ¶18, and GASBS XX, ¶21; GASBS 34, ¶113]

* * *

COMPENSATED ABSENCES SECTION C60

.108 [Revise footnote 6 as follows:] An accrual for the required contribution to (a) a defined contribution pension or OPEB plan or (b) a cost-sharing multiple-employer defined benefit OPEB plan should be made if (1) the employer is liable for a contribution to the plan based on termination payments made to employees for vacation leave, sick leave, or other compensated absences and (2) those amounts are not included in the determination of employer contributions for the pension or OPEB. An additional accrual should not be made relating to defined benefit pensions or single-employer or agent multiple-employer defined benefit OPEB. [GASBS 16, fn7, as amended by GASBS 68, ¶4, ¶5, ¶24, and ¶62, and GASBS XX, ¶4, ¶6, and ¶26]

* * *

INVESTMENTS SECTION I50

.123 [Replace the first word of the third sentence with the following:] *Except for required disclosures about certain pensions (see paragraph .115 of Section P20, "Pension Activities—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Benefit," and paragraph .114 of Section P22, "Pension Activities—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Benefit,"), determining* [GASBS 14, ¶11; GASBS 14, ¶63, as amended by GASBS 61, ¶11, GASBS 68, ¶18, and GASBS XX, ¶21]

* * *

NONEXCHANGE TRANSACTIONS SECTION N50

See also: [Add cross-references to Sections P21 and P22.]

.103 [Revise the last two sentences of the paragraph as follows:] The provisions of this section do not apply to payments that are legally required to be made directly to a pension plan, including payments of benefits as they come due, for pensions of the employees of another entity or entities. Sections P20–P22 provide guidance for accounting and financial reporting for those payments. [GASBS 33, ¶5, and GASBS 24, ¶3, as amended by GASBS 68, ¶5, and GASBS XX, ¶6]

* * *

[Revise section title as follows:]

PENSION ACTIVITIES—REPORTING FOR BENEFITS PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT **SECTION P20**

See also: [Delete cross-references to Sections P21, P50, Pe6, Po50, Po51, and Sp20. Add the following:]

Section T25, "Termination Benefits"
Section Bn5, "Bankruptcies"

.101 [Delete *and* ***defined contribution pensions*** and footnote 3; renumber remaining footnotes.]

.102 If pensions are provided through a defined benefit pension plan in which assets are accumulated in a trust that meets the criteria in paragraph .101 of this section and pensions provided through the same pension plan are paid with assets other than those from that trust, the pensions should be accounted for and reported in accordance with the requirements of paragraphs .109–.220 or .284–.296, as applicable, and the pension plan through which the pensions are provided should be reported in accordance with the requirements of Section Pe5. [GASBS XX, ¶4]

.104 [In current paragraph .102, replace *are provided with pensions* with *are provided with defined benefit pensions*.]

.103 [Revise current paragraph .103 as follows:] For state and local governmental employers whose employees are provided with pensions through defined benefit pension plans that are not administered through trusts that meet the criteria in paragraph .101 and for state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans, the requirements of Section P22, "Pension Activities—Benefits Not Provided through Trusts That Meet Certain Criteria—Defined Benefit," are applicable. [GASBS 68, ¶6, as amended by GASBS XX, ¶6]

.105 [Revise current paragraph .104 as follows:] This section does not include requirements for financial reporting by defined benefit pension plans that are administered through trusts that meet the criteria in paragraph .101. Requirements for those plans are presented in Section Pe5.

[Replace current paragraphs .105–.232 with the following new paragraphs .106–.220:]

.106–.220 [GASBS 68, ¶8–¶122, including headings, footnotes, and modifications from paragraph C2 of this appendix]

* * *

[Replace entire Section P21 with the following:]

PENSION ACTIVITIES—REPORTING FOR BENEFITS PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED CONTRIBUTION — SECTION P21

Source: GASB Statement 68

See also: Section N50, "Nonexchange Transactions"
Section Pe6, "Pension Plans Administered through Trusts That Meet Specified Criteria—Defined Contribution"
Section Sp20, "Special-Purpose Governments"

Scope and Applicability of This Section

.101 This section establishes standards of accounting and financial reporting for **defined contribution pensions**[1] provided to the employees of state and local governmental employers through **pension plans** that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which:

a. **Contributions** from employers[2] and **nonemployer contributing entities** to the pension plan and earnings on those contributions are irrevocable.[3]
b. Pension plan assets are dedicated to providing **pensions** to **plan members** in accordance with the benefit terms.[4]
c. Pension plan assets are legally protected from the creditors of the employers, nonemployer contributing entities, and the pension plan administrator.

[GASBS 68, ¶4]

[1]Terms defined in paragraphs .501–.552 of Section P20 are shown in **boldface type** the first time they appear in this section. [GASBS 68, fn1]

[2][GASBS 68, fn2]

[3][GASBS 68, fn3]

[4][GASBS 68, fn4]

.102 If pensions are provided through a defined contribution pension plan in which assets are accumulated in a trust that meets the criteria in paragraph .101 and pensions provided through the same pension plan are paid with assets other than those from that trust, the pensions should be accounted for and reported in accordance with the requirements of this section, and the pension plan through which the pensions are provided should be reported in accordance with the requirements of Section Pe6. [GASBS XX, ¶4]

.103 The requirements of this section apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through defined contribution pension plans that are administered through trusts that meet the criteria of paragraph .101 and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. References in this section to employees include volunteers. The requirements apply whether the government's financial statements are presented in stand-alone financial reports or are included in the financial reports of another government. [GASBS 68, ¶5]

.104 For state and local governmental employers whose employees are provided with pensions through defined contribution pension plans that are not administered through trusts that meet the criteria in paragraph .101 and for state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans, the requirements of Section P23, "Pension Activities—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Contribution," are applicable. [GASBS 68, ¶6, as amended by GASBS XX, ¶4]

.105 This section does not include requirements for financial reporting by **defined contribution pension plans** administered through trusts that meet the criteria in paragraph .101. Requirements for those plans are presented in Section Pe6. [GASBS 68, ¶139]

Types of Pensions

.106 As used in this section, the term *pensions* includes the following:

a. Retirement income
b. **Postemployment** benefits other than retirement income (such as death benefits, life insurance, and disability benefits) that are provided through a pension plan.

Pensions do not include **postemployment healthcare benefits** and **termination benefits.** Postemployment benefits other than retirement income that are provided separately from a pension plan and postemployment healthcare benefits should be accounted for and reported as **other postemployment benefits.**[5] [GASBS 68, ¶8]

[5][GASBS 68, fn6]

.107 Accounting and financial reporting requirements for defined contribution pensions provided through pension plans that are administered through trusts that meet the criteria in paragraph .101 are set forth in this section. Defined contribution pensions are pensions having terms that:

a. Provide an individual account for each employee
b. Define the contributions that an employer is required to make (or credits that it is required to provide) to an **active employee's** account for periods in which that employee renders service
c. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

If the pensions to be provided through a plan that is administered through a trust that meets the criteria in paragraph .101 are a function of factors other than those identified in (c), above, the requirements of Section P20 related to defined benefit pensions apply. Otherwise, the requirements of this section for defined contribution pensions apply. [GASBS 68, ¶10]

Special Funding Situations

.108 [GASBS 68, ¶15]

.109 [GASBS 68, ¶16, omit first sentence.]

Employers That Do Not Have a Special Funding Situation

.110–.122 [GASBS 68, ¶123–¶135, including headings and footnotes]

* * *

[Insert new section as follows:]

PENSION ACTIVITIES—REPORTING FOR BENEFITS NOT PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT — SECTION P22

Source: GASB Statement XX

See also: Section N50, "Nonexchange Transactions"
Section T25, "Termination Benefits"
Section Bn5, "Bankruptcies"
Section Pe7, "Pension Plans Not Administered through Trusts That Meet Specified Criteria—Defined Benefit"
Section Sp20, "Special-Purpose Governments"

Scope and Applicability of This Section

.101 This section establishes standards of accounting and financial reporting for **defined benefit pensions**[1] provided to the employees of state and local governmental employers through **pension plans** that are *not* administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which the following criteria are met:

a. **Contributions** from employers[2] and **nonemployer contributing entities** to the pension plan and earnings on those contributions are irrevocable.
b. Pension plan assets are dedicated to providing **pensions** to **plan members** in accordance with the benefit terms.[3]
c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a **defined benefit pension plan,** plan assets also are legally protected from creditors of the plan members.

For state and local governmental employers whose employees are provided with pensions through defined benefit pension plans that are administered through trusts that meet the above criteria and for state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans, the requirements of Section P20, "Pension Activities—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Benefit," are applicable. [GASBS XX, ¶4]

[1]Terms defined in the Glossary (paragraphs .501–.544 of this section) are shown in **boldface type** the first time they appear in this section. [GASBS XX, fn1]
[2][GASBS XX, fn2]
[3][GASBS XX, fn4]

.102 If pensions are provided through a defined benefit pension plan in which assets are accumulated in a trust that meets the criteria in paragraph .101 and pensions provided through the same pension plan are paid with assets other than those from that trust, the pensions should be accounted for and reported in accordance with the requirements of Section P20, and the pension plan through which the pensions are provided should be reported in accordance with the requirements of Section Pe7. [GASBS XX, ¶4]

.103 The requirements of this section apply to the financial statements of state and local governmental employers whose employees are provided with pensions through defined benefit pension plans that are not administered through trusts that meet the criteria in paragraph .101 and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to pay pensions as the benefits come due, whether directly to the employee or through the use of nonemployer contributing entity assets held by others for purposes of providing pensions through a pension plan that is not administered through a trust that meets the criteria in paragraph .101. References in this section to employees include volunteers that provide services to state and local governments. The requirements of this section apply whether the employer's financial statements are presented in stand-alone financial reports or are included in the financial reports of another government. [GASBS XX, ¶6]

.104–.172 [GASBS XX, ¶10–¶78, including headings and footnotes. In paragraph .106b boldface the term *active employee*; in paragraph .124a, boldface the term *inactive employees*.]

Reporting Assets Accumulated for Pension Purposes

.173 [GASBS XX, ¶92]

.174 Paragraph .110 of Section Pe7 provides guidance regarding reporting assets accumulated for purposes of benefits provided through a multiple-employer pension plan that is not administered through a trust that meets the criteria in paragraph .101 of this section.

DEFINITIONS

.501–.544 [GASBS XX, ¶101, including footnotes. In paragraphs .502 and .520, modify the terms and definitions to be singular.]

* * *

[Insert new section as follows:]

PENSION ACTIVITIES—REPORTING FOR BENEFITS NOT PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED CONTRIBUTION **SECTION P23**

Source: GASB Statement XX

See also: Section N50, "Nonexchange Transactions"
Section Pe7, "Pension Plans Not Administered through Trusts That Meet Specified Criteria—Defined Benefit"
Section Sp20, "Special-Purpose Governments"

Scope and Applicability of This Section

.101 This section establishes standards of accounting and financial reporting for **defined contribution pensions**[1] provided to the employees of state and local governmental employers through **pension plans** that are *not* administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which the following criteria are met:

a. **Contributions** from employers[2] and **nonemployer contributing entities** to the pension plan and earnings on those contributions are irrevocable.[3]
b. Pension plan assets are dedicated to providing **pensions** to **plan members** in accordance with the benefit terms.[4]
c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a **defined benefit pension plan,** plan assets also are legally protected from creditors of the plan members.

For state and local governmental employers whose employees are provided with pensions through defined contribution pension plans that are administered through trusts that meet the above criteria and for state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans, the requirements of Section P21, "Pension Activities—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Contribution," are applicable. [GASBS XX, ¶4]

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[1]Terms defined in paragraphs .501–.544 of Section P22, "Pension Activities—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Benefit," are shown in **boldface type** the first time they appear in this section. [GASBS XX, fn1]
[2][GASBS XX, fn2]

[3][GASBS XX, fn3]
[4][GASBS XX, fn4]

.102 If pensions are provided through a defined contribution pension plan in which assets are accumulated in a trust that meets the above criteria and pensions provided through the same pension plan are paid with assets other than those from that trust, the pensions should be accounted for and reported in accordance with the requirements of Section P21, and the pension plan through which the pensions are provided should be reported in accordance with the requirements of Section Pe6, "Pension Plans Administered through Trusts That Meet Specified Criteria—Defined Contribution." [GASBS XX, ¶4]

.103 The requirements of this section apply to the financial statements of state and local governmental employers whose employees are provided with pensions through defined contribution pension plans that are not administered through trusts that meet the criteria in paragraph .101 and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to pay pensions as the benefits come due, whether directly to the employee or through the use of nonemployer contributing entity assets held by others for purposes of providing pensions through a pension plan that is not administered through a trust that meets the criteria in paragraph .101. References in this section to employees include volunteers that provide services to state and local governments. The requirements of this section apply whether the employer's financial statements are presented in a stand-alone financial report or are included in the financial report of another government. [GASBS XX, ¶6]

Types of Pensions

.104 As used in this section, the term *pensions* includes the following:

a. Retirement income
b. **Postemployment** benefits other than retirement income (such as death benefits, life insurance, and disability benefits) that are provided through a pension plan.

Pensions do not include **postemployment healthcare benefits** and **termination benefits**.[5] Postemployment benefits other than retirement income that are provided separately from a pension plan and postemployment healthcare benefits should be accounted for and reported as **other postemployment benefits (OPEB)**.[6] [GASBS XX, ¶10]

[5][GASBS XX, fn5]
[6][GASBS XX, fn6]

.105 Accounting and financial reporting requirements for defined contribution pensions provided through pension plans that are not administered through trusts that meet the criteria in paragraph .101 are set forth in this section. Defined contribution pensions are pensions having terms that:

a. Provide an individual account for each employee
b. Define the contributions that an employer or nonemployer contributing entity is required to make (or credits that it is required to provide) to an active employee's account for periods in which that employee renders service
c. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

If the pensions to be provided have all of the terms identified in (a)–(c), above, and are not administered through trusts that meet the criteria in paragraph .101, the requirements of this section for defined contribution pensions apply. If the pensions to be provided do not have all of the above terms (for example, if the pensions are a function of factors other than those identified in (c), above) and are not administered through trusts that meet the criteria in paragraph .101, the requirements of Section P22 for defined benefit pensions apply. [GASBS XX, ¶12]

Special Funding Situations

.106 [GASBS XX, ¶17]

.107 [GASBS XX, ¶18; omit first sentence and retain cross-references only to paragraphs within Section P23.]

Employers That Do Not Have a Special Funding Situation

.108–.120 [GASBS XX, ¶79–¶91, including headings and footnotes]

* * *

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS— EMPLOYER REPORTING **SECTION P50**

See also: [Delete cross-references to Sections P20, P21, Pe5, Pe6, Pe7, and Pe8.]

* * *

TERMINATION BENEFITS **SECTION T25**

Sources: [Add the following:] GASB Statement XX

See also: [Delete cross-reference to Section P21; add cross-reference to Section P22.]

.102 [Add cross-reference to Sections P21, P22, and P23; revise sources as follows:] [GASBS 47, ¶4, as amended by GASBS 68, ¶4 and ¶5, and GASBS XX, ¶4 and ¶6]

.113 [Revise parenthetical as follows; delete cross-reference to Section P21 and add cross-reference to Section P22:] (for example, a change in an employer's total or net pension liability or proportionate share of the collective total or net pension liability, its separate liability to a defined benefit pension plan, or its actuarial accrued liability for OPEB benefits) [GASBS 47, ¶17, as amended by GASBS 68, ¶4, ¶5, ¶20, ¶59, ¶83, ¶92, and ¶120, and GASBS XX, ¶4, ¶6, ¶22, ¶44, ¶45, and ¶55; GASBS 68, fn31 and fn32; GASBS XX, fn24 and fn25]

.115 [Revise last sentence as follows:] To meet this requirement, an employer that provides termination benefits that affect defined benefit pension obligations should disclose in the notes to the financial statements the change attributable to the termination benefits (for example, the change in the employer's total or net pension liability or proportionate share of the collective total or net pension liability, its separate liability to a defined benefit pension plan, or its actuarial accrued liability for OPEB benefits). [GASBS 47, ¶19, as amended by GASBS 68, ¶20, ¶59, ¶83, ¶92, and ¶120; GASBS XX, ¶4, ¶6, ¶22, ¶44, ¶45, and ¶55]

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