ED 82, Retirement Benefit Plans

This summary provides an overview of [Exposure Draft 82](#)

Project Objective: The objective of the Exposure Draft (ED) is to propose accounting, presentation, and disclosure requirements for retirement benefit plans. This increases the transparency and accountability of public sector entities regarding obligations owed to employees and other eligible participants who are members of the retirement benefit plan.

Project Stage: The International Public Sector Accounting Standards Board® (IPSASB®) issued ED 82 in April 2022.

The IPSASB seeks feedback on ED 82 to guide it in developing a final International Public Sector Accounting Standard (IPSAS™) on the accounting for retirement benefit plans.

Comment Deadline: ED 82 is open for public comment through August 1, 2022.

How To Respond: Respondents are asked to submit their comments electronically through the IPSASB website, using the "[Submit a Comment](#)". Please submit comments in both a PDF <u>and</u> Word file. All comments will be considered a matter of public record and will ultimately be posted on the website.

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Project Overview

The purpose of ED 82 is to develop guidance to ensure a more complete view of the public sector retirement benefit obligations for accountability purposes.

Objective

The objective of this ED is to increase the transparency and accountability of public sector entities regarding the recognition and measurement of retirement benefit obligations.

Why the IPSASB Undertook this Project

Retirement benefit obligations can represent a significant present liability for the public sector. With no specific public sector accounting guidance on accounting for retirement benefit plans, the complete liability may be omitted from the financial statements of a consolidated entity.

The IPSASB concluded it was important to develop a Standard to fill this gap and require retirement benefit plans to provide a complete view of the public sector retirement benefit obligations.

This is important and necessary because governments are often responsible for funding the deficits of defined benefit plans as such plans are often unfunded. Complete information regarding retirement benefit obligations strengthens public financial management by better enabling governments to make fiscal decisions about the sustainability of defined benefit pensions.

Filling the Gap

Consolidated retirement benefit obligations can be missed because multi-employer plans and state plans are common in the public sector. IPSAS 39, *Employee Benefits*, allows employers contributing to these types of plans to report on a defined contribution basis, even if they are part of a defined benefit plan overall. This requirement may not aggregate to a complete retirement benefit obligation if consolidated. This ED proposed guidance to account for the complete liability at the plan, or consolidated, level.

Adapt Existing Guidance

In developing principles for the public sector, the existing private sector requirements in IAS 26, *Accounting and Reporting by Retirement Benefit Plans* were determined to be the starting point.

The IPSASB reviewed the existing policy choices available in IAS 26, and based on discussions with stakeholders, agreed they were not all appropriate in the public sector.

The IPSASB therefore adapted IAS 26, ensuring the unique characteristics of the public sector are reflected in the proposals in the ED.

Public Sector Specific Adaptations

ED 82 provides a streamlined approach, requiring relevant information be made available to users of the financial statements

Focus on User Needs

ED 82 proposes retirement benefit obligation information be recognized in the financial statements to satisfy users' needs.

ED 82 proposes the following requirements which differ from the private sector requirements in IAS 26 because users of public sector financial statement users' needs are unique:

Proposed in ED 82	Requirements in IAS 26
Retirement benefit obligations for defined benefit plans are presented on the face of the financial statements.	Retirement benefit obligations are presented either in: - The financial statements; - The notes; or - Referenced to an external document.
Retirement benefit obligations for defined contribution plans are presented on the face of the financial statements.	Not specified.
Plan assets are measured at fair value	Plan assets are measured at fair value, unless an estimate of fair value is not possible.
Present value of promised retirement benefit are to be calculated based on projected salaries.	Present value of promised retirement benefit are to be calculated based on projected salaries or current salaries.
A cash flow statement should be prepared.	Not specified.

Next Steps

The deadline for comments is August 1, 2022.

The IPSASB members are available to discuss the proposals during the comment period.

How Can I Comment on the Proposals?

The ED requests comments on the Specific Matters for Comment (SMCs) on which the IPSASB is seeking views.

Respondents may choose to answer all SMCs or just a selected few. The IPSASB welcomes comments on any other matters within the scope of the project that respondents think the Board should consider in forming its views.

Respondents are asked to submit their comments electronically through the IPSASB website, using the "Submit a Comment" link. Please submit comments in both a PDF and a Word file.

All Comments will be considered a matter of public record and will be posted on the IPSASB website.

The IPSASB will carefully consider all feedback and discuss responses at its public meetings after the comment period has ended.

Stay Informed

The IPSASB's website will indicate the meetings at which feedback on the ED will be discussed. The dates and the locations of the 2022 meetings are available at:

https://www.ipsasb.org/meetings

To stay up to date about the project, please visit:

https://www.ipsasb.org/consultations-projects/retirement-benefit-plans