



September 22, 2008

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Project Managers,

We thank you for the opportunity to comment on the IASBs Discussion Paper on Preliminary Views on Amendments to IAS 19.

Svenska Aktuarieföreningens Pensionsutskott ("Pensionsutskottet") is a committee appointed by the board of the Swedish Society of Actuaries. Its main purpose is to promote the actuarial profession in Sweden and to support the Swedish Society of Actuaries as it is represented in various international pension committees.

### **General Comments**

#### **Presentation of Defined Benefit Plans**

We only have general comments at this stage, and therefore we will not be addressing any specific questions that were included in the proposal.

The members of the Swedish "Pensionsutskottet" have different views how to properly account for pensions, and especially the treatment of pension gains and losses. Some argued that the deferred recognition approach is still the best approach with the view that pension are long term in nature and gains and losses will – throughout the years balance out. There is also a fear that any changes to the standard that will increase the volatility in the financial statements – especially the income statement – will lead to companies closing down their defined benefit plans (which has already started to happen). Some members do not think this is in the best interest for a country as a whole, placing too much risk on the individual.

However, a majority of the members are still in favour of the immediate recognition of actuarial gain and losses in the balance sheet, but we do not support that all these gains and losses should flow through the Profit & Loss account. This could cause extreme

volatility in the P & L accounts for some companies. By focusing on trying to control the short term volatility, companies may make decisions that are very inefficient in the long term. At this point in time, we do not believe that any of the three Approaches set forward in the Discussion Paper is superior to the existing SORIE approach. The SORIE approach is acceptable, at least until the completion of the financial statement presentation projects that are currently underway and crucial in defining how to treat gains and losses.

We also note that especially Approach 3, seems to be *adding* complexity, rather than making the accounting standard more transparent (which is one of the purposes of the Discussion Paper).

### **Contribution based promises**

We welcome the effort of IASB to give better guidance on the treatment of plans that fall somewhere between defined benefit plans and defined contribution plans. We note that these plans exist, although to a limit extent, in Sweden. We are however, a bit concerned that the proposal may not be clear enough to ensure that similar promises in different countries will be accounted for in the same way. Apart from that however, we do not have any comments on this part of the proposal.

### **Other comments**

#### Taxes related to pension liabilities

We welcome the Board's input and ask for some clear guidance in how to treat some of the taxes that exist in relation to pension in some countries. We do not ask the Board to add this issue to the current discussion but would like the Board to address it in the future.

Two examples of where guidance would be helpful:

- Sweden's special payroll tax ("Särskild Löneskatt"). Swedish companies are required to impose a salary tax on the company's pension costs. How should this be treated under IAS 19?
- Norway's "Arbeidsgiveravgift" which is a tax imposed among other things on pension contributions. It is our understanding that this is how NRS6 – Norwegian GAAP – is treating the tax, and therefore it is often included in the DBO figure under IAS 19 as well by the local actuaries.

Please feel free to contact us, should you have any questions.

Yours sincerely,



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