

## **IAS 19 *Employee Benefits* (January 2008)**

### ***Death in service benefits***

An entity may provide payments to employees if they die while employed ('death in service' benefits). In some situations, IAS 19 requires these benefits to be attributed to periods of service using the Projected Unit Credit Method. The IFRIC received a request for guidance on how an entity should attribute these benefits to periods of service. The request noted that different treatments existed in practice.

The IFRIC noted that paragraph 67(b) of IAS 19 requires attribution of the cost of the benefits until the date 'when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.'

In the case of death in service benefits, the IFRIC noted that:

- the anticipated date of death would be the date at which no material amount of further benefit would arise from the plan;
- using different mortality assumptions for a defined benefit pension plan and an associated death in service benefit would not comply with the requirement in paragraph 72 of IAS 19 to use actuarial assumptions that are mutually compatible; and
- if the conditions in paragraph 39 of IAS 19 were met then accounting for death in service benefits on a defined contribution basis would be appropriate.

The IFRIC concluded that divergence in this area was unlikely to be significant. In addition, any further guidance that it could issue would be application guidance on the use of the Projected Unit Credit Method. The IFRIC therefore decided not to add the issue to its agenda.