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**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.
These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: 16 October 2006, London

Project: Post-employment benefits

Subject: Intermediate Risk Plans – Education Session
(Agenda Paper 3)

1. At the July 2006 meeting, the Board voted to add an employee benefits project to its active agenda. The project, to be conducted in two phases, will be a comprehensive reconsideration of the accounting required by IAS 19 Employee Benefits. One of the issues to be included in the first phase of the project is the accounting for cash balance plans and the definition of defined benefit and defined contribution plans.
2. The staff notes that the term 'cash balance plans' is probably generally understood to refer to a narrower group of plans than those being considered in this aspect of the project. The staff is currently using the term 'intermediate risk' plans to describe the type of plans in question. The term "Intermediate Risk Plans" has been coined to refer to those types of plans for which the entity bears some, but not all, of the actuarial or investment risk of the plan; for example, a plan that would be defined contribution but for a minimum guaranteed return on contributions. In this case, both the employee and the entity share the investment risk.

3. A key consideration in respect of intermediate risk plans is the identification and measurement of the risk to which the entity is exposed in respect of an employee benefit promise. The identification of risk is also key to distinguishing between defined benefit and defined contribution arrangements.
4. The purpose of this education session is to introduce Board members to how varying pension scheme designs affect the distribution of risks between individuals and entities and the measurement challenges these differences present. No technical decisions will be made at this session.
5. The session will be conducted in two parts. The first part will be led by Tim Reay (Hewitt) on Intermediate Risk Plans around the world. Some research in respect of Intermediate Risk plans was conducted by Tim Reay and his colleague Kevin Wesbroom recently. An executive summary of their findings is set out in Appendix A and a full copy of the report has been added to Board members' recommended reading list for employee benefits. A copy of Mr Reay's presentation to the Board is set out in Appendix B.
6. The second part of the session will be led by Geert de Ridder (Deloitte). Mr de Ridder will be focussing on the measurement challenges that Intermediate Risk Plans present and alternative measurement approaches which the Board and staff could consider. Mr de Ridder's presentation will focus on the example of a typical Belgian plan, but he will also discuss some other examples of Intermediate Risk Plans. A copy of Mr de Ridder's presentation is set out in Appendix C