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**International  
Accounting Standards  
Board**

*This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.*

*Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.*

## **INFORMATION FOR OBSERVERS**

**IFRIC meeting: September 2007, London**

**Project: Review of tentative agenda decision published in July  
IFRIC Update  
IAS 19 *Employee Benefits* - Post-employment benefits—  
Benefit allocation for defined benefit plans  
(Agenda Paper 7B)**

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### **Tentative agenda decision published in July 2007 IFRIC Update**

IAS 19 requires entities to attribute the benefit in defined benefit plans to periods of service in accordance with the benefit formula, unless the benefit formula would result in a materially higher level of benefit allocated to future years. In that case, the entity allocates the benefit on a straight-line basis (paragraph 67 of IAS 19). The IFRIC had previously considered whether entities should take into account expected increases in salary in determining whether a benefit formula expressed in terms of current salary allocates a materially higher level of benefit in later years.

The IFRIC considered this issue as part of its deliberations leading to Draft IFRIC Interpretation D9 *Employee Benefits with a Promised Return on Contributions or Notional Contributions*. However, the IFRIC suspended work on this project until it could see what implications might be drawn from the Board's deliberations in its project on post-employment benefits.

The IFRIC noted that the Board will not address this issue for all defined benefit plans in phase 1 of its project on post-employment benefits. However, the IFRIC noted that it would be difficult to address this issue while the Board had an ongoing project that addressed the issue for some defined benefit plans. The IFRIC [decided] to remove this issue from its agenda.