



Project	Post-employment Benefits
Topic	Update on recent activities

Update on *Preliminary Views on Amendments to IAS 19*

1. The Board redeliberated its preliminary views on the presentation of changes in the defined benefit obligation and in plan assets in January – March 2009.
2. Its tentative decisions on presentation are as follows:
 - (a) An entity shall disaggregate changes in the net defined benefit asset or liability into three components:
 - (i) service cost, including the gain or loss on curtailment.
 - (ii) interest cost on the defined benefit obligation.
 - (iii) remeasurements, comprising:
 - other changes in the defined benefit obligation and in plan assets
 - the gain or loss on settlement
 - the effect of the asset ceiling.
 - (b) An entity shall present the remeasurements component separately in the income statement net of tax effects.
 - (c) An entity shall present the interest cost on the defined benefit obligation in the same way as other finance costs.
 - (d) An entity shall disclose the service cost and interest cost on the defined benefit obligation either in the income statement or in the notes.
3. The Board also discussed issues raised in the comment letters that it can deal with expeditiously. The Board decided tentatively:
 - (a) not to provide additional guidance on how to determine the appropriate discount rate. However, when the Board finalises the definition of an ‘active market’ in its project on fair value measurement, the Board may

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consider adopting that term and related guidance in IAS 19, to replace the term 'deep market'.

- (b) not to introduce a blanket exemption from defined benefit accounting for multi-employer plans.
 - (c) to clarify that an entity should consider expected future increases in salaries when assessing whether benefits attribute higher benefits to later years.
 - (d) to clarify that an entity should consider risk-sharing and or conditional indexation features when determining the best estimate of the defined benefit obligation.
 - (e) to amend the Basis for Conclusions on IAS 19 to clarify that the definitions of short-term employee benefits and other long-term employee benefits are based on the timing of when the entity expects the benefit to become due to be settled.
 - (f) to clarify that tax payable by the plan would be included in the return on plan assets or in the measurement of the obligation depending on the nature of the tax. The staff will consider where costs of administering a plan should be included in the light of this decision.
4. At the April Board meeting, the staff intends:
- (a) to ask the Board to confirm its preliminary view that all changes in the defined benefit obligation and in plan assets should be presented in the period in which they occur, in the context of the tentative decisions summarised in paragraph 2.
 - (b) to discuss the treatment of the costs of administering a plan with the Board.
5. We will present an oral update of the Board discussions at its April meeting at the working group meeting.

Update on amendments to IFRIC 14

6. At its January 2009 meeting, the Board tentatively decided to amend IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* so that an entity recognises an asset for a prepayment that will reduce future contributions the entity would otherwise have to make.
7. We are in the process of balloting this amendment and expect to issue an Exposure Draft soon.

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8. We thank working group members for their assistance in developing this amendment.

Next steps

9. We envisage the following timetable:

Date	Proposed Actions
<i>2009</i>	
April	Board to discuss: <ul style="list-style-type: none">• immediate recognition• classification of administration costs Working Group meeting
May	Board to discuss transitional arrangements Staff drafting of recognition and presentation sections Staff development of disclosure proposals
June	Staff development of disclosure proposals
July	Board to discuss disclosures
August – October	Drafting and balloting
November	Publish exposure draft