

July 2019 FASB | IASB Joint Meeting

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DISCLOSURE FRAMEWORK— TOPICAL REVIEWS

Fair Value Measurement & Defined Benefit Plans

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Overall



Background

- Objective and primary focus of the disclosure framework project is to improve the effectiveness of disclosures in the notes to financial statements
- Improving the effectiveness of notes requires both:
 - Consistent considerations by the Board in each standard-setting activity
 - Appropriate exercise of discretion by reporting entities when assessing disclosure requirements
- The Board decided to test the concepts and improve the effectiveness of disclosure requirements for Defined Benefit Pensions and Fair Value Measurement (the Topics)
- The amendments in the Updates on the Topics reflect the Board's final deliberations in the Concepts Statement.

Timeline

December 2015
Proposed ASU on
Fair Value
Measurement
issued

March 2018
Redeliberations
completed on ASUs on
Topics and Concepts
Statement

December 2019
Effective Dates with
early adoption
permitted

March 2014
Proposed
Concepts
Statement 8,
Chapter 8
issued

January 2016
Proposed ASU on
Defined Benefit
Pensions issued

August 2018
Final issuance of
ASUs on Topics and
Concepts Statement
Chapter

Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)



Major Removals and Other Considerations

- Removals
 - Transfers
 - Amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy
 - Policy for timing of transfers between levels
 - Level 3
 - Valuation processes for Level 3 fair value measurements
- Other considerations that did not result in changes
 - Level 1 and Level 2 rollforward
 - Quantitative measurement uncertainty analysis

Major Additions and Modifications

- Measurement uncertainty
 - Clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date.
 - Range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements
 - How the entity calculated the weighted average
 - Other quantitative information may be disclosed

Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans (Subtopic 715-20)



Major Changes

■ Removals

- The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year.
- For nonpublic entities, the reconciliation of Level 3 plan assets. However, the amounts of transfers into and out of and purchases of Level 3 plan assets shall be disclosed.
- For public entities, the effects of a one-percentage-point change in assumed health care cost trend rates.

■ Additions

- The weighted-average interest crediting rates for cash balance plans and other plans with promised interest crediting rates.
- An explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period.

Disclosures Considered but No Changes

Removal of the accumulated benefit obligations

Required contributions

Plan assets measured at net asset value (NAV) using the practical expedient

Disaggregated information about domestic and foreign plans

General descriptive information

Thank You