

IAS 19 *Employee Benefits*

Review of common reporting practice

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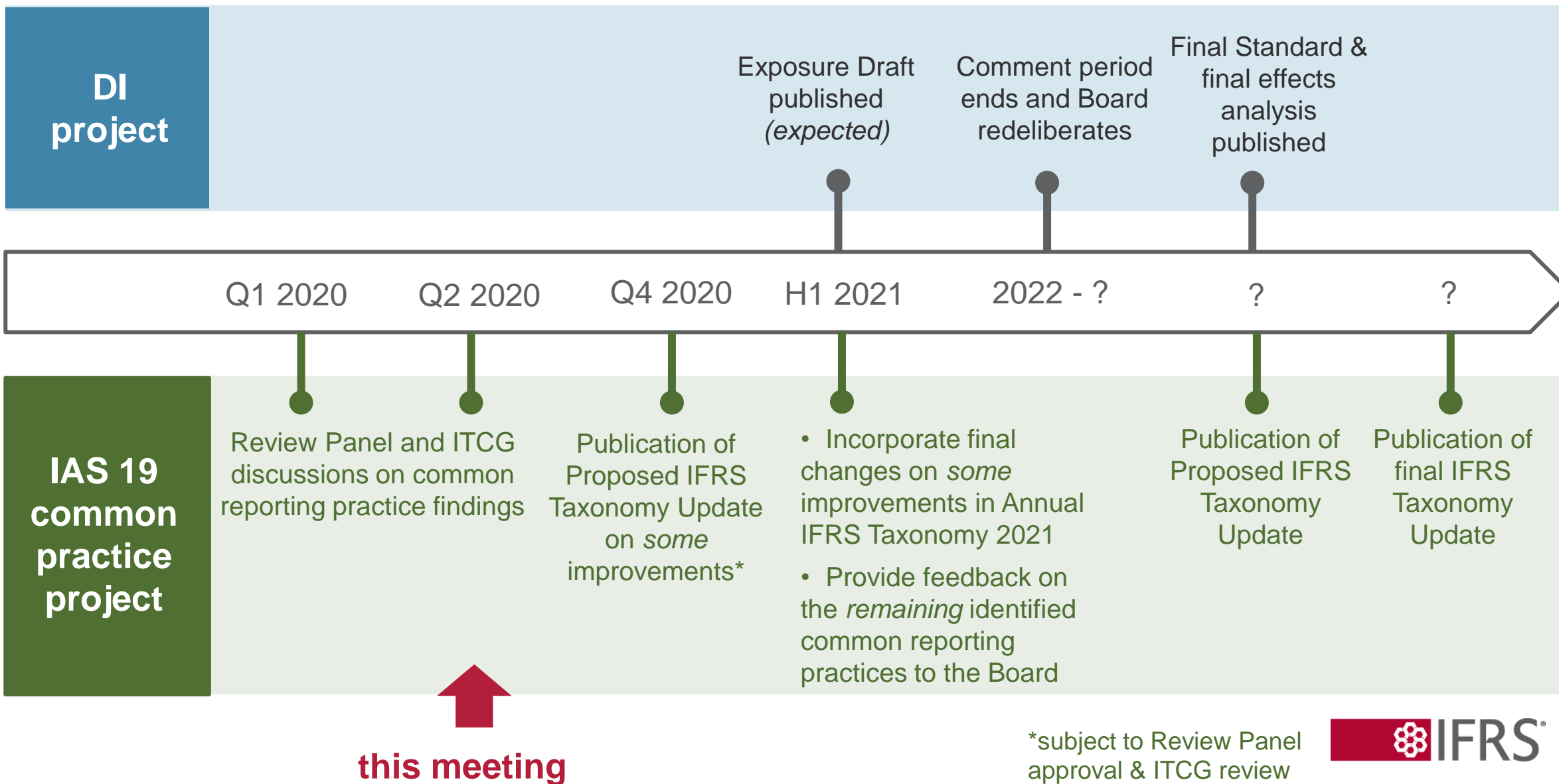
Objective of common practice research

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- The Disclosure Initiative project is exploring how to improve the way the International Accounting Standards Board (Board) develops and drafts disclosure sections of IFRS Standards (draft guidance).
- The Board has selected IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement* to test the draft guidance.
- The staff initiated a common reporting practice project on IAS 19 disclosures to inform the Board's project and to assess whether the Board can improve the IFRS Taxonomy. A [common reporting practice project on IFRS 13](#) disclosures was completed in 2019 and has been considered in the Board's project.

Timelines

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	Discussed at January 2020 ITCG meeting	To discuss at the June 2020 meeting	Slides
Approach to analysing IAS 19 common reporting practice	✓	Reminder	6-8
1. Proposed changes to the IFRS Taxonomy relating to defined benefit plans			
1.1. Fair value of plan assets	✓	Follow-up	10-24
1.2. Maturity profile of the defined benefit obligation		✓	24-30
1.3. Reconciliation of the net defined benefit liability (asset)	✓		N/A
1.4. Disaggregation of amounts in the primary financial statements	✓		
2. Proposed changes to the IFRS Taxonomy relating to other plans			
2.1. Separate heading for defined contribution plans		✓	32-34
2.2. Total post-employment benefit expense		✓	35-37
3. Other common reporting practices not resulting in proposed changes to the IFRS Taxonomy			
3.1. Sensitivity analysis		✓	39-45
3.2. Expected future contributions to defined benefit plans		✓	46-47
3.3. Nature of entity’s contributions to defined contribution plans		✓	48-49

Approach to analysing IAS 19 common practice findings

Planned approach—background

- The IFRS Taxonomy team reviewed tagged disclosures about employee benefits in the financial statements of US Security and Exchange Commission's foreign private issuers. This research has identified a number of common reporting practices.
- If the Board publishes an exposure draft on its Disclosure Initiative—Targeted Standards-level Review of Disclosures project in H1 2021 (currently expected in March 2021), the *earliest date* the Board is likely to issue final amendments is Q1 2023.
- Therefore, it may take several years for any possible IAS 19 changes as part of the Targeted Standards-level Review of Disclosures project to become effective and for common practice to emerge.

Planned approach—arguments

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Against proposing changes

- ✗ Some may be concerned that common reporting practice may change as a result of any proposed amendments to IAS 19, making any updates to the IFRS Taxonomy redundant

In favour of proposing changes

- ✓ Some observed common reporting practices are expected to be unchanged by the Board's tentative proposals on IAS 19
- ✓ Any possible amendment to IAS 19 may only affect entities' financial statements after considerable time
- ✓ May address tagging signage errors and reduce the number of extensions created

Approach taken to common practice on employee benefits

- The IFRS Taxonomy team propose making changes in a 2020 Proposed IFRS Taxonomy Update to address some common reporting practices on employee benefits.
- The Update should address **only common practice issues that relate to disclosures that are likely to be unaffected by the Board's proposed amendments to IAS 19.**
- We plan to share the remaining observed common reporting practices with the Board as part of its considerations of feedback on the proposals in the upcoming exposure draft.

Proposed changes to the IFRS Taxonomy relating to defined benefit plans

Fair value of plan assets—background

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- Paragraph 142 of IAS 19 requires an entity to disaggregate the fair value of the plan assets into classes that distinguish the nature and risks of those assets. IAS 19 provides examples of classes of assets an entity could distinguish.
- This requirement is currently reflected in the IFRS Taxonomy through nine corresponding monetary line items (see slide 11).

Line items for disaggregation of plan assets fair value

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[834480] Notes – Employee Benefits

Disclosure of fair value of plan assets [line items]	line items
Cash and cash equivalents, amount contributed to fair value of plan assets	X instant, debit
Equity instruments, amount contributed to fair value of plan assets	X instant, debit
Debt instruments, amount contributed to fair value of plan assets	X instant, debit
Real estate, amount contributed to fair value of plan assets	X instant, debit
Derivatives, amount contributed to fair value of plan assets	X instant, debit
Investment funds, amount contributed to fair value of plan assets	X instant, debit
Asset-backed securities, amount contributed to fair value of plan assets	X instant, debit
Structured debt, amount contributed to fair value of plan assets	X instant, debit
Other assets, amount contributed to fair value of plan assets	X instant, debit

- The Board has tentatively decided to include in IAS 19 a specific disclosure objective requiring companies to disclose information about the nature of defined benefit plans and their associated risks.
- The Board also tentatively decided to state in IAS 19 that disclosing the fair value of plan assets by classes of assets may enable an entity to meet that objective.
- Therefore, if these proposals are finalised, **we expect that entities will continue to disclose information similar to that required by paragraph 142 in IAS 19.**

- ITCG agreed with the staff proposal to add new common practice line items for a percentage disaggregation of the fair value of plan assets (see slides 17–18)
- However, some ITCG members asked:
 - how companies that provide the percentage disaggregation of plan assets can tag the further disaggregation into those that do and do not have a quoted market price in an active market as required by IAS 19. The IFRS Taxonomy already has a ‘Level of fair value hierarchy’ axis to support this tagging. Therefore, no further changes are necessary.
 - whether using a dimensional approach for disaggregating the fair value of plan assets would be more appropriate because an axis would better handle the different classes of assets a company may disclose. The staff researched this question (see slides 14–16).

Fair value of plan assets—research findings

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- Companies **commonly** used the line item modelling approach to tag the disaggregation. For example:

Breakdown of plan assets for retirement benefit plans	Total
Equity instruments	111
Debt instrument	712
Real estate	111
Derivatives	149
Investment funds	1,956
Structured securities	-
Other	484
At December 31	3,525

Debt Instruments Amount Contributed to Fair Value of Plan Assets [IFRS]

+

Fair value of plan assets—research findings

- Other companies* used the line item modelling approach together but with a dimensional model to tag further disaggregation into the sub-classes of assets. For example:

The following table shows the fair value of the DB pension plan assets for each category.

AS AT	December 31, 2019
Observable markets data	
Equity securities	
Canadian	844
Foreign	3,770
Debt securities	
Canadian	12,457
Foreign	2,004
Money market	327

Debt Instruments Amount
Contributed to Fair Value
of Plan Assets [IFRS]

Money Markets
Funds Member
[extension]

* Note that very few companies used the dimensional approach to tag the entirety of their disaggregation of the fair value of plan assets

- We propose keeping the current line item modelling for disaggregation because:
 - companies commonly used this approach.
 - it would be impractical to include IFRS Taxonomy elements for sub-classes of plan assets that entities could disclose in their disaggregation. Many of the sub-classes of assets in our research were entity-specific and would not meet our common reporting practice criteria.
 - entities providing further disaggregation into sub-classes of assets should do so through the use of a dimension (as illustrated on slide 15), or create extensions for those assets and link them to the closest asset class for which the IFRS Taxonomy has an element (see slide 10–11). This linking could be achieved through the use of an extension line item that is anchored to the existing IFRS Taxonomy element.
 - our research did not identify additional commonly disclosed classes of assets (with the exception of insurance policies discussed in slides 17–18).

Fair value of plan assets—research findings

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When companies disaggregate the fair value of plan assets they commonly distinguished **plan assets arising from insurance contracts** from other main classes of plan assets. For example:

	Total 31 December 2018 € million
Equity securities: ^(A)	
US equities	201
Non-US equities	626
Fixed-income securities: ^(B)	
Corporate bonds and notes	67
Government bonds	384
Cash and other short-term investments ^(C)	7
Other investments:	
Real estate funds ^(D)	293
Insurance contracts ^(E)	226
	1,804

Insurance Contracts
Amount Contributed to
Fair Value of Plan
Assets [extension]

Fair value of plan assets—proposal

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- IAS 19 requires an entity to recognise as plan assets only those **insurance policies** that satisfy the same conditions as other plan assets (see paragraph 8 of IAS 19).
- Therefore, we propose to add a new monetary line item reported commonly in practice that would only capture those qualifying insurance policies (See slide 19).

Fair value of plan assets—proposal

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Disclosure of fair value of plan assets [line items]

Cash and cash equivalents, amount contributed to fair value of plan assets

Equity instruments, amount contributed to fair value of plan assets

Debt instruments, amount contributed to fair value of plan assets

Real estate, amount contributed to fair value of plan assets

Derivatives, amount contributed to fair value of plan assets

Investment funds, amount contributed to fair value of plan assets

Asset-backed securities, amount contributed to fair value of plan assets

Structured debt, amount contributed to fair value of plan assets

Qualifying insurance policies, amount contributed to fair value of plan assets

Other assets, amount contributed to fair value of plan assets

Legend

Existing
elements

Proposed
element

Fair value of plan assets—research findings

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- Companies commonly **expressed the disaggregation of fair value of plan assets as a percentage**. For some companies, this was in addition to disclosing the monetary fair values.
- The percentage breakdown was tagged in two ways (see slide 21):

Percentage of plan assets	
Cash & Cash Equivalents	12.7%
Equity Instruments	23.4%



Fair value of plan assets—tagging observed

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Approach 1 Line item modelling

Cash and Cash Equivalents Percentage
Contributed to Fair Value of Plan Assets [line
item] **[extension]**

Approach 2 Dimensional modelling

Plan Asset Allocation
Percentage [line
item] **[extension]**

+

Classes of Assets [axis]
Cash and Cash Equivalents
[member]

Fair value of plan assets—proposal

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- We propose to add elements to tag the percent fair values using the line item modelling. This because we think the approach should be consistent with that for the monetary fair values (see slide 16).
- This would require adding new percent line items for all the existing classes of plan assets in the 'Disclosure of fair value of plan assets' table and the proposed new class of asset in slides 18-19 (see slide 19 for a proposed table of elements)

Fair value of plan assets—proposal

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Disclosure of fair value of plan assets [line items]

Cash and cash equivalents, amount contributed to fair value of plan assets

...

Cash and cash equivalents, percentage contributed to fair value of plan assets

Equity instruments, percentage contributed to fair value of plan assets

Debt instruments, percentage contributed to fair value of plan assets

Real estate, percentage contributed to fair value of plan assets

Derivatives, percentage contributed to fair value of plan assets

Investment funds, percentage contributed to fair value of plan assets

Asset-backed securities, percentage contributed to fair value of plan assets

Structured debt, percentage contributed to fair value of plan assets

Qualifying insurance policies, percentage contributed to fair value of plan assets

Other assets, percentage contributed to fair value of plan assets

Legend

Existing
elements

Proposed
elements

- We propose to:
 - retain the IFRS Taxonomy line item modelling approach for the fair value of plan assets;
 - add a new class of plan asset on qualifying insurance policies; and
 - add new line items to enable tagging of all classes of plan assets in the percentage format. ITCG members agreed with this proposal at the January 2020 meeting.

**Question 1
for ITCG
Members**

Do you agree with the proposals?

- Paragraph 147(c) of IAS 19 requires an entity to disclose information about the **maturity profile of the defined benefit obligation**. It mentions that this information **will** include the weighted average duration of defined benefit obligation and **may** include other information such as a maturity analysis of the benefit payments.

Maturity profile in IFRS Taxonomy items

The disclosure requirement is currently reflected in the IFRS Taxonomy with the line items presented in this table.

[834480] Notes – Employee Benefits

Disclosure of defined benefit plans [text block]	text block
Disclosure of defined benefit plans [abstract]	
Disclosure of defined benefit plans [table]	table
Disclosure of information about maturity profile of defined benefit obligation [text block]	text block
Weighted average duration of defined benefit obligation	DUR

- The Board has tentatively decided **not** to include a specific disclosure objective that would require entities to disclose detailed information about the maturity profile of their defined benefit obligation. The Board's decision reflects its cost-benefit analysis.
- Therefore, if these proposals are finalised, entities would no longer be required to disclose information similar to that required in paragraph 147(c) of IAS 19.
Entities may well choose not to do so.

Maturity profile of the defined benefit obligation—findings

Companies commonly disclosed and tagged **tabular information about maturity analysis of benefit payments**. This disclosure was commonly tagged in different ways

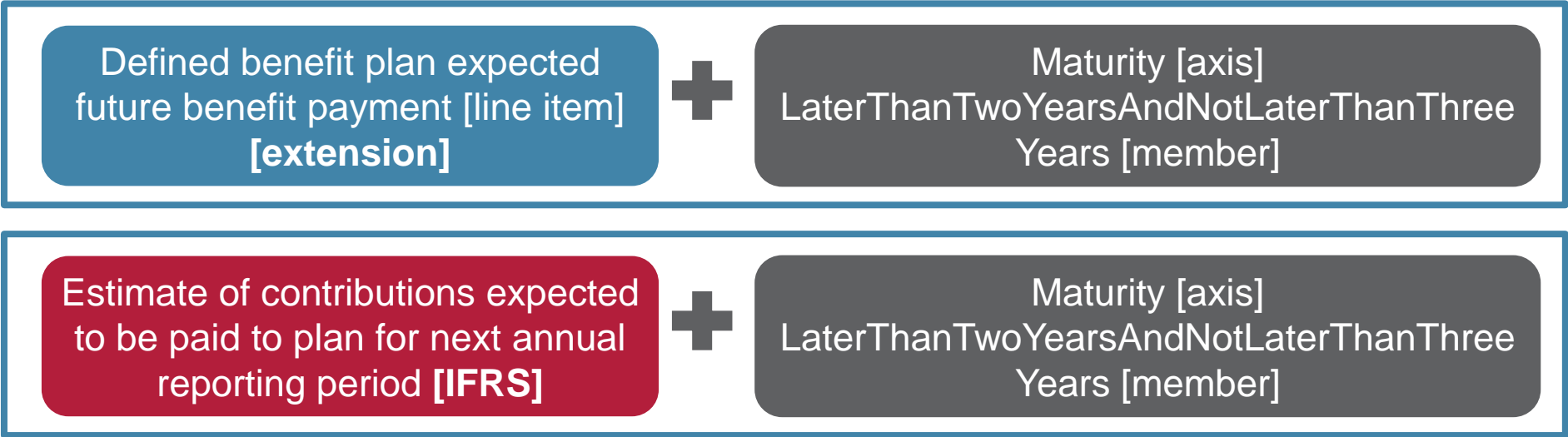
Liabilities arising from these unfunded plans comprise obligations for retiree health care and life insurance granted to employees and to retirees in the U.S. and Canada. Upon retirement from the Group, these employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically. The expected benefit payments for unfunded health care and life insurance plans are as follows:

		Expected benefit payments	
		(€ million)	
2019	€		134
2020	€		133
2021	€		133
2022	€		133
2023	€		133
2024-2028	€		668

- ✓

Approach 1:
Extension
elements
- ✗

Approach 2:
IFRS Taxonomy
elements



Maturity profile of the defined benefit obligation—analysis

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- Approach 2—using the existing monetary IFRS Taxonomy element—will mislead users about the accounting meaning of the reported information. This IFRS Taxonomy element is intended to be used to tag contributions **into** the plan and not payments **from** the plan.
- We **propose to add elements to the IFRS Taxonomy** to enable companies to tag the maturity analysis of the benefit payments using the dimensional approach, because:
 - this **information is currently specified in IAS 19** as an example of information to provide in the pension notes. The IFRS Taxonomy include elements for entities to tag ‘encouraged but not required’ disclosures in other areas of IFRS Standards
 - companies commonly tagged this disclosure with a **dimensional approach**

Maturity profile of the defined benefit obligation—proposal

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- We propose adding the following elements to the ‘Disclosure of defined benefit plans’ table:
 - a new table, comprised of the existing text block element and duration elements (see slide 26) and new elements (see below) for the maturity profile of defined benefit obligation. This would make it easier for preparers to navigate the IFRS Taxonomy and locate all the elements related to the maturity profile.
 - the existing ‘Maturity’ axis to tag information disaggregated by time bands.
 - a new line item ‘Benefit payments expected to be paid from plan’.

**Question 2
for ITCG
Members**

Do you agree with the proposals?

Proposed changes to the IFRS Taxonomy for other plans

Separate heading for defined contribution plans—background

32

- IAS 19 only requires an entity to disclose the amount recognised as expense for defined contribution plans; it has no further disclosure requirements for such plans.
- The IFRS Taxonomy element to tag this disclosure is not in the presentation group on employee benefits. Instead, a line item to tag this disclosure is included in the 'Analysis of income and expense' presentation group.

[800200] Notes – Analysis of income and expense		
Classes of employee benefits expense [abstract]		
Short-term employee benefits expense [abstract]		
Wages and salaries	X duration, debit	IAS 19.9 Common practice
Social security contributions	X duration, debit	IAS 19.9 Common practice
Other short-term employee benefits	X duration, debit	IAS 19.9 Common practice
Total short-term employee benefits expense	X duration, debit	IAS 1.112 c Common practice
Post-employment benefit expense, defined contribution plans	X duration, debit	IAS 19.53 Disclosure
Post-employment benefit expense, defined benefit plans	X duration, debit	IAS 19.5 Common practice
Termination benefits expense	X duration, debit	IAS 19.171 Common practice
Other long-term employee benefits	X duration, debit	IAS 19.158 Common practice
Other employee expense	X duration, debit	IAS 19.5 Common practice
Total employee benefits expense	X duration, debit	IAS 1.102 Example, IAS 1.104 Disclosure, IAS 1.99 Disclosure

Separate heading for defined contribution plans—findings

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- Companies commonly:
 - disclose narrative information **describing their defined contribution plan**; and
 - report information about those plans **under a separate subheading** within their disclosures on employee benefits in financial reports.
- For example:

23. RETIREMENT BENEFIT PLANS

(a) Defined contribution plans

The Company has several defined contribution plans covering its employees in Australia, Singapore, Thailand, and Taiwan. The Company makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognised expenses of £2,164.9 million, £2,369.9 million and £2,568.9 million for the years ended December 31, 2016, 2017, and 2018, respectively.

(b) Defined benefit plans

...

Separate heading for defined contribution plans—proposal

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- In the presentation group on employee benefits, we propose to **create a new text block element** related to defined contribution plans. The new text block element would support text block tagging and permit a user of tagged data to more easily extract all the disclosures related to defined contribution plans. We will also include **the existing monetary element** on slide 32 as a child of this text block.
- We note that the IFRS Taxonomy currently includes text block elements to tag all disclosures related to defined benefit plans and to tag all disclosures related to employee benefits.

**Question 3
for ITCG
Members**

Do you agree with the proposal?

Total post-employment benefit expense—background

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- The IFRS Taxonomy includes the line items presented in this table to tag the **total expense in the statement of profit or loss** for each type of employee benefit:

[800200] Notes – Analysis of income and expense

Classes of employee benefits expense [abstract]		
Short-term employee benefits expense [abstract]		
Wages and salaries	X duration, debit	IAS 19.9 Common practice
Social security contributions	X duration, debit	IAS 19.9 Common practice
Other short-term employee benefits	X duration, debit	IAS 19.9 Common practice
Total short-term employee benefits expense	X duration, debit	IAS 1.112 c Common practice
Post-employment benefit expense, defined contribution plans	X duration, debit	IAS 19.53 Disclosure
Post-employment benefit expense, defined benefit plans	X duration, debit	IAS 19.5 Common practice
Termination benefits expense	X duration, debit	IAS 19.171 Common practice
Other long-term employee benefits	X duration, debit	IAS 19.158 Common practice
Other employee expense	X duration, debit	IAS 19.5 Common practice
Total employee benefits expense	X duration, debit	IAS 1.102 Example, IAS 1.104 Disclosure, IAS 1.99 Disclosure

Total post-employment benefit expense—findings

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- Companies **commonly disclosed the total post-employment benefit expense in profit or loss.**
For example:

	2018 £m	2017 £m	2016 £m
Charge to the income statement			
Total defined benefit schemes	<u>405</u>	<u>369</u>	<u>287</u>
Defined contribution pension schemes	<u>300</u>	<u>256</u>	<u>268</u>
Total charge to the income statement (note 11)	<u>705</u>	<u>625</u>	<u>555</u>

- Though defined benefit plans and defined contribution plans are the most common types of post-employment benefits, paragraph 5(b) of IAS 19 states that there are other possible types of post-employment benefit plans (giving the examples of post-employment life insurance and medical care).

Total post-employment benefit expense—staff proposal

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- We propose to add these **new elements** relating to post-employment benefit expense:

Classes of employee benefits expense [abstract]
...
Post-employment benefit expense [abstract]
Post-employment benefit expense, defined contribution plans
Post-employment benefit expense, defined benefit plans
Post-employment benefit expense, other post-employment benefits
Total post-employment benefits expense
...
Total employee benefits expense

Legend

Existing
elements

Proposed
elements

→ Completes the logical
breakdown

→ Commonly reported
in practice

**Question 4
for ITCG
Members**

Do you agree with the proposals?

Other common reporting practices not resulting in proposed changes to the IFRS Taxonomy

- Paragraph 145 of IAS 19 requires an entity to disclose a **sensitivity analysis of the defined benefit obligation** to changes in reasonably possible actuarial assumptions.
- This requirement is currently reflected in the IFRS Taxonomy (see the table on slide 41).

Sensitivity analysis as reflected in the IFRS Taxonomy

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Disclosure of sensitivity analysis for actuarial assumptions [text block]	text block
Disclosure of sensitivity analysis for actuarial assumptions [abstract]	
Disclosure of sensitivity analysis for actuarial assumptions [table]	table
Actuarial assumptions [axis]	axis
Actuarial assumptions [member]	member[default]
Actuarial assumption of discount rates [member]	member
Actuarial assumption of expected rates of salary increases [member]	member
Actuarial assumption of medical cost trend rates [member]	member
Actuarial assumption of expected rates of pension increases [member]	member
Actuarial assumption of expected rates of inflation [member]	member
Actuarial assumption of mortality rates [member]	member
Actuarial assumption of retirement age [member]	member
Actuarial assumption of life expectancy after retirement [member]	member
Other material actuarial assumptions [member]	member
Disclosure of sensitivity analysis for actuarial assumptions [line items]	line items
Percentage of reasonably possible increase in actuarial assumption	X.XX instant
Increase (decrease) in defined benefit obligation due to reasonably possible increase in actuarial assumption	X instant, credit
Percentage of reasonably possible decrease in actuarial assumption	X.XX instant
Increase (decrease) in defined benefit obligation due to reasonably possible decrease in actuarial assumption	X instant, credit

Sensitivity analysis—overview of findings

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- Three areas of common reporting practice relate to sensitivity analysis:

Common reporting practice	Slide
Entities commonly quantify the change in actuarial assumptions, of mortality rates and life expectancy after retirement, in years	42
Entities commonly provide a sensitivity analysis of the defined benefit expense to changes in actuarial assumptions	43
Entities commonly provide a sensitivity analysis of the defined benefit obligation to changes in assumptions in the percentage format	44

Sensitivity analysis—findings

Companies commonly create extension elements to tag information about plausible changes (increases and decreases) in the actuarial assumptions about **mortality rates** and **life expectancies in years**.

	2018	
	+1 year	-1 year
Mortality rate		
UK (\$m)	(301) ²	302 ³
US (\$m)	(24)	24
Sweden (\$m)	(68)	68
Total (\$m)	(393)	394

Duration of reasonably possible increase in actuarial assumption
[extension]

Duration of reasonably possible decrease in actuarial assumption
[extension]

The IFRS Taxonomy currently only includes line items to tag reasonably possible changes in actuarial assumptions **in percentage** (see slides 39–40)

Sensitivity analysis—findings

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Companies commonly create extensions to tag **how the defined benefit expense would have been affected** by changes in the actuarial assumptions

SENSITIVITY ANALYSIS

The following table shows a sensitivity analysis of key assumptions used to measure the net post-employment benefit obligations and the net post-employment benefit plans cost for our DB pension plans and OPEB plans.

	CHANGE IN ASSUMPTION	IMPACT ON NET POST-EMPLOYMENT BENEFIT PLANS COST FOR 2018 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2018 – INCREASE/(DECREASE)	
		INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.5%	(77)	65	(1,605)	1,716
Life expectancy at age 65	1 year	35	(34)	796	(771)

Increase (decrease) in **defined benefit expense** due to reasonably possible increase in actuarial assumption [**extension**]

Increase (decrease) in **defined benefit expense** due to reasonably possible decrease in actuarial assumption [**extension**]

The IFRS Taxonomy only includes monetary elements to tag the effect of changes in actuarial assumptions on the defined benefit **obligation** (see slides 39–40)

Sensitivity analysis—findings

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Companies commonly created extensions to tag **how the defined benefit obligation would have been affected in percentage terms** by changes in the actuarial assumptions

The sensitivity of the Canadian defined benefit obligation to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

	IMPACT ON DEFINED BENEFIT OBLIGATION		
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.25%	(2.80)%	2.90 %
Salary growth rate	0.25%	0.30 %	(0.30)%

Percentage increase (decrease) in defined benefit obligation due to reasonably possible increase in actuarial assumption [extension]

Percentage increase (decrease) in defined benefit obligation due to reasonably possible decrease in actuarial assumption [extension]

The IFRS Taxonomy only includes **monetary** elements to tag the effect of changes in actuarial assumptions on the defined benefit obligation (see slides 39–40)

Impact of the Targeted Standards-level Review of Disclosures project

- The Board has tentatively decided **not** to include a specific disclosure objective that would require entities to disclose detailed information about sensitivity analysis on their defined benefit plans.
 - In making this decision, the Board considered preparer feedback that the information is very costly to prepare and user feedback that the resulting information (a change-by-change analysis that does not consider interrelationships between assumptions) is not that useful for their analysis.
-
- We **propose no changes** relating to common reporting practice on sensitivity analysis for the 2020 Proposed IFRS Taxonomy Update. We will share these common practice findings with the IASB technical staff as feedback for the Board's redeliberations in this area.
 - We note that the existing 'Disclosure of sensitivity analysis for actuarial assumptions' text block (see slides 39-40) can be used to capture any additional information provided about sensitivity analysis.

Expected future contributions to the defined benefit plan —background and findings

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Background

- Paragraph 147(b) of IAS 19 only requires an entity to disclose the expected contributions to the plan for the **next annual reporting period**. This disclosure requirement is currently reflected in the IFRS Taxonomy with the element ‘Estimate of contributions expected to be paid to plan for next annual reporting period’.

Findings

- Companies commonly disclose and tag **information about their expected contributions into the plan for periods longer than the next annual reporting period**. For example:

The deficit reduction contributions agreed with the UKRF Trustee as part of the 30 September 2016 valuation recovery plan are shown

Deficit contributions 30 September 2016 valuation	
Year	£m
2017	740
2018	500
2019	500
2020	500
2021 to 2026	1,000 each year

Expected future contributions to the defined benefit plan —staff proposal

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Impact of the Targeted Standards-level Review of Disclosures project

- The Board has tentatively decided to include a specific disclosure objective and information on expected future cash flows for defined benefit plans in IAS 19.
 - The Board's tentative decisions recognise that an entity may use different methods to provide information that satisfies such a disclosure objective. Furthermore, the decisions do not refer to any particular period of time, in contrast to the current reference to the next annual reporting period. Therefore, the Board's tentative decisions are likely to lead to changes in disclosure practice regarding future cash flows for defined benefit plans.
- We **propose no changes** relating to common reporting practice on expected future contributions to the defined benefit plan for the 2020 Proposed IFRS Taxonomy Update.
 - We will share this common practice finding with the Board as feedback for the Board's redeliberations in this area.

Nature of contributions to defined contribution plan—background and findings

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Background

- IAS 19 only requires an entity to disclose the amount recognised as expense for defined contribution plans. The existing line item to tag this disclosure is included in the '[800200] Notes – Analysis of income and expense' presentation group (see slide 32).

Findings

- Companies commonly disclose and tag more detailed **information about the amount contributed to the defined contribution plan** than is required by IAS 19. For example:

b) Defined contribution plans

Effective July 1, 2005, the Company established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act, covering all regular employees with ROC nationality. Under the New Plan, the Company contributes monthly an amount based on **6%** of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2017 and 2018 were NT**\$190,106** thousand and NT**\$193,047** thousand (US**\$6,307** thousand), respectively.

Nature of contributions to defined contribution plan— staff proposal

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Impact of the Targeted Standards-level Review of Disclosures project

- The Board has tentatively decided to include only a high-level, catch-all disclosure objective for entities to disclose how the defined contribution plans affects the entity's statements of financial performance and cash flows. The Board's tentative decisions do not include specific disclosure objectives requiring detailed information about these plans.
- We **propose no changes** relating to common reporting practice on detailed information about defined contribution plans for the 2020 Proposed IFRS Taxonomy Update.
- We will share this common practice finding with the IASB technical staff as feedback for the Board's redeliberations in this area. We note that our proposal to include a text block for defined contribution plans (see slide 34) will capture any additional information provided about defined contribution plans.

Question 5 for ITCG Members

We propose no changes to the IFRS Taxonomy on the common reporting practices described on slides 39-49 at this time. Instead, we intend to share these findings with the Targeted Standards-level Review of Disclosures project for the Board's consideration in redeliberating the project proposals.

Have you observed any other common reporting practices on employee benefits?

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