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Financial Reporting Considerations Related to Pension and Other Postretirement Benefits

This publication highlights some of the important accounting considerations related to the calculations and disclosures entities provide under U.S. GAAP in connection with their defined benefit pension and other postretirement benefit plans.

Discount Rate

Over the past few years, we have provided insights into approaches used to support discount rates for defined benefit plans (e.g., hypothetical bond portfolio, yield curve, index-based discount rate), as well as considerations related to how the discount rates should be applied when an entity measures its benefit obligation. Over the past year and a half, the most discussed emerging issue related to discount rates for defined benefit plans is the use of a more granular approach to measure components of benefit cost. Considerations related to an entity's discount rate selection method, its use of a yield curve, and its measurement of components of benefit cost are addressed below.

Discount Rate Selection Method

ASC 715-30-35-43[1] requires the discount rate to reflect rates at which the defined benefit obligation could be effectively settled. In the estimation of those rates, it would be appropriate for an entity to use information about rates implicit in current prices of annuity contracts that could be used to settle the obligation. Alternatively, employers may look to rates of return on high-quality fixed-income investments that are currently available and expected to be available during the benefits' period to maturity.

One acceptable method of deriving the discount rate would be to use a model that reflects rates of zero-coupon, high-quality corporate bonds with maturity dates and amounts that match the timing and amount of the expected future benefit payments. Since there are a limited number of zero-coupon corporate bonds in the market, models are constructed with coupon-paying bonds whose yields are adjusted to approximate results that would have been obtained through the use of the zero-coupon bonds. Constructing a hypothetical portfolio of high-quality instruments with maturities that mirror the benefit obligation is one method that can be used to achieve this objective. Other methods that can be expected to produce results that are not materially different would also be acceptable — for example, use of a yield curve constructed by a third party such as an actuarial firm. The use of indexes may also be acceptable.

Editor's Note

In determining the appropriate discount rate, entities should consider the following SEC staff guidance (codified in ASC 715-20-S99-1):

> At each measurement date, the SEC staff expects registrants to use discount rates to measure obligations for pension benefits and postretirement benefits other than pensions that reflect the then current level of interest rates. The staff suggests that fixed-income debt securities that receive one of the two highest ratings given by a recognized ratings agency be considered high quality (for example, a fixed-income security that receives a rating of Aa or higher from Moody's Investors Service, Inc.).

Entity's Use of a Yield Curve

To support its discount rate, an entity may elect to use a yield curve constructed by an actuarial firm or other third party. Many yield curves constructed by actuarial firms or other third parties are supported by a white paper or other documentation that discusses how the yield curves are constructed. Management should understand how the yield curve it has used to develop its discount rate was constructed as well as the universe of bonds included in the analysis. If applicable, management should also evaluate and reach conclusions about the reasonableness of the approach the third party applied to adjust the bond universe used to develop the yield curve.

We have been advised by some third parties, particularly those constructing yield curves for non-U.S. markets (e.g., the eurozone and Canada), that because of a lack of sufficient high-quality instruments with longer maturities, they have employed a method in which they adjust yields of bonds that are not rated AA by an estimated credit spread to derive a yield representative of an AA-quality bond. This bond, as adjusted, is included in the bond universe when the third party constructs its yield curve. Management should understand the adjustments made to such bond yields in the construction of those yield curves and why those adjustments are appropriate.

[1] For titles of *FASB Accounting Standards Codification* (ASC) references, see Deloitte's "Titles of Topics and Subtopics in the *FASB Accounting Standards Codification*."

Measurement of Interest Cost Component

In the current year, the most discussed emerging issue related to discount rates is the alternatives for applying discount rates under a bond-matching approach (sometimes also referred to as a hypothetical bond portfolio or bond-model approach). In light of the SEC staff's recent acceptance of the use of a spot rate approach for measuring interest cost by entities that develop their discount rate assumption by using a yield curve approach,[2] entities and actuaries have been exploring whether other acceptable methods similar to the spot rate approach could be developed for entities that use a bond-matching approach to measure their defined benefit obligation. Specifically, the alternative approach focuses on measuring the interest cost component of net periodic benefit cost by using individual spot rates derived from an acceptable high-quality corporate bond yield curve and matched with separate cash flows for each future year.

During the spring and early summer of 2016, representatives of the Big Four accounting firms and a large actuarial firm engaged in discussions with the SEC staff regarding the viability of a similar granular approach[3] to measure interest cost for registrants that use a bond-matching approach to support the discount rate. In an August 2, 2016, meeting, the SEC staff stated that it objected to the approach presented because of the following factors:

- The staff's overall concern is that using such derived spot rates to measure interest cost on the defined benefit obligation could not be demonstrated, at each maturity, to be based on the same rates inherent in the measurement of the defined benefit obligation under the bond-matching approach (i.e., the spot rates inherent in the bond portfolio are not observable). Therefore, the proposed approach would fail to comply with ASC 715-30-35-8, which requires entities to use the same interest rates to measure the defined benefit obligation and interest cost.
- The staff also expressed concern that the derived spot rates in the proposed approach would be inconsistent with the reinvestment-rate assumption used in the cash flow matching process that is part of building the cash flow matched hypothetical bond portfolio used to measure the defined benefit obligation under a bond-matching approach.

Editor's Note

We believe that in the absence of entity-specific changes in facts and circumstances, it could be challenging to justify or support a change from a bond-matching approach to a yield curve approach. Historically, entities have generally made the switch only from a yield curve approach to a bond-matching approach, which suggests that of the two methods, the bond-matching approach results in a better estimate. This historical practice, along with the SEC staff's position[4] that the acceptability of the spot rate approach would not by itself be a change in facts and circumstances that justifies a change in approach to selecting discount rates, reduces the likelihood that switching from a bond-matching approach to a yield curve approach would be considered a better estimate in accordance with the best-estimate objective of ASC 715. For further background on a change in approach to determining discount rates, see Deloitte's August 24, 2016, and December 21, 2015, *Financial Reporting Alert* newsletters.

[2] Refer to Deloitte's December 21, 2015, *Financial Reporting Alert*, for further background on this topic and discussion of the relevant considerations an entity should contemplate in connection with such a change.

[3] Refer to Deloitte's August 24, 2016, *Financial Reporting Alert* for further background on this topic, details of the approach presented, and discussion of the relevant considerations in connection with the proposed approach.

[4] See the December 9, 2015, speech delivered by Ashley Wright, then professional accounting fellow in the SEC's Office of the Chief Accountant, at the 2015 AICPA Conference on Current SEC and PCAOB Developments.

Mortality Assumption

Many entities rely on their actuarial firms for advice or recommendations related to demographic assumptions, such as the mortality assumption. Frequently, actuaries recommend published tables that reflect broad-based studies of mortality. Under ASC 715-30 and ASC 715-60, each assumption should represent the "best estimate" for that assumption as of the current measurement date. The mortality tables used and adjustments made (e.g., for longevity improvements) should be appropriate for the employee base covered under the plan.

In 2014, the Retirement Plans Experience Committee of the Society of Actuaries (SOA) released a new set of mortality tables (RP-2014) and a new companion mortality improvement scale (MP-2014). Further, in 2015, the SOA released an updated mortality improvement scale, MP-2015, which reflected a decline over 2010 and 2011 in the observed longevity improvements. Most recently, on October 20, 2016, the SOA released MP-2016, which reflects a continued decline over 2012 through 2014 in observed longevity improvements. Although entities are not required to use SOA mortality tables, the SOA is a leading provider of actuarial research, and its mortality tables and mortality improvement scales are considered by many plan sponsors as a starting point for developing their mortality assumptions. Accordingly, it is advisable for entities, with the help of their actuaries, to (1) continue monitoring the availability of updates to mortality tables, longevity improvement scales, and related experience studies and (2) consider whether these updates should be reflected in the current-year mortality assumption.

Mortality Tables Used for IRS Tax-Qualified Plans

For defined benefit pension plans (particularly IRS tax-qualified plans) that permit settlement of the obligation to an employee through payment of a lump sum at retirement, entities generally compute the payment by using IRS-mandated tables in effect on the date of the lump-sum payment. Similarly, for qualified cash balance plans, if an employee elects to convert the lump-sum benefit amount at retirement to an annuity, the entity uses IRS-mandated tables to calculate the annuity. In making assumptions about either the amount of future lump-sum benefits expected to be paid or any annuities expected to be paid that are related to a cash balance plan, entities have questioned whether they should base these assumptions on the IRS's practice of annually updating the current tables with an additional year of longevity improvement as well as on the IRS's expected future adoption of new tables (e.g., the RP-2014 tables).

We believe that it is supportable for entities to incorporate a best estimate of the effect of the RP-2014 tables on measurements related to lump-sum payments. The primary rationale for this view is that the Pension Protection Act of 2006 mandates the IRS to update its mortality tables at least every 10 years, and the next update is now expected to occur in 2018.[5] This requirement can be viewed for financial reporting purposes as a basis for incorporating the SOA's updated tables as a best estimate of the expected regulatory requirement for measuring lump-sum settlements. Similarly, we expect that the measurements would take into account the IRS's practice of annually updating its current tables for longevity improvements. This approach is consistent with the guidance in ASC 715-30-35-31, which indicates that indirect effects on the amount of a benefit, such as future changes in Social Security benefits or benefit limitations required by existing laws, should be taken into account in the

[5] Notice 2015-53 stated that the IRS expected to issue proposed regulations revising the base mortality rates and projection factors, and that the final regulations would not apply until 2017. However, Notice 2016-50 indicates that to allow sufficient time for notice and comment on the proposed regulations, the final regulations would instead apply beginning in 2018.

measurement of the defined benefit obligation (although amendments to a law should not be anticipated).

Under an alternative view, entities would not incorporate the effect of the RP-2014 tables that is expected to result in an update to the IRS-mandated mortality tables because the IRS's update to its mortality tables is akin to a new law or regulation, which should not be anticipated.[6] This view only pertains to the effects of the IRS's update to its tables to be used in compliance with the regulatory requirements for measuring lump-sum settlements for tax-qualified plans and is not related to an entity's determination of its best estimate of the mortality assumption for those plans.

We believe that both approaches are acceptable under U.S. GAAP. However, if an entity chooses the alternative approach of not incorporating the effects of new mortality data in its estimates of future lump-sum settlements for an IRS tax-qualified plan and the results of applying the two respective approaches are expected to differ materially, the entity should consider consulting with its independent auditors.

Expected Long-Term Rate of Return

The expected long-term rate of return on plan assets[7] is a component of an entity's net periodic benefit cost and should represent the average rate of earnings expected over the long term on the funds invested to provide future benefits (existing plan assets and contributions expected during the current year). The long-term rate of return is set as of the beginning of an entity's fiscal year (e.g., January 1, 2016, for a calendar-year-end entity). If the target allocation of plan assets to different investment categories has changed from the prior year, an entity should consider whether adjusting its assumption about the long-term rate of return is warranted.

Some entities engage an external investment adviser to actively manage their portfolios of plan assets. In calculating the expected long-term rate of return, such entities may include an adjustment ("alpha" adjustment) to increase the rate of return to reflect their expectations that actively managed portfolios will generate higher returns than portfolios that are not actively managed. If an entity adjusts for "alpha," management should support its assumption that returns will exceed overall market performance plus management fees. Such support would most likely include a robust analysis of the historical performance of the plan assets.

Accounting Policies for Gains and Losses and Market-Related Value of Plan Assets

Many entities record the minimum amortization amount (reflecting the excess outside the "corridor").[8] The amortization is based on accumulated gain or loss as of the beginning of the year. Accordingly, the change in discount rates and the difference between actual and expected asset returns in the current year will not affect net periodic benefit cost until the following year.

An entity may consider moving to a "mark-to-market" approach in which it immediately recognizes actuarial gains and losses as a component of net periodic benefit cost. Any change in the amortization method selected for gains and losses is considered a change in accounting

[6] Refer to Deloitte's October 30, 2015, *Financial Reporting Alert*.

[7] As defined in ASC 715-30, the "expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets."

[8] ASC 715-30-35-24 provides guidance on net periodic pension benefit cost and defines the corridor as "10 percent of the greater of the projected benefit obligation or the market-related value of plan assets." Likewise, ASC 715-60-35-29 provides guidance on net periodic postretirement benefit cost and defines the corridor as "10 percent of the greater of the accumulated postretirement benefit obligation or the market-related value of plan assets."

policy accounted for in accordance with ASC 250. Once an entity changes to an approach in which net gains and losses are more rapidly amortized, the preferability of a subsequent change to a method that results in slower amortization would be difficult to support. However, if an entity plans to terminate its defined benefit retirement plan in the near term, a change in the amortization method to mark-to-market may not be preferable under ASC 250-10-45 depending on the facts and circumstances. Accordingly, an entity should consider consulting with its independent auditors.

As with all defined benefit retirement plans, plan sponsors' use of computational shortcuts and estimates is appropriate "provided the results are reasonably expected not to be materially different from the results of a detailed application."[9] Entities that use the mark-to-market approach should be vigilant when using shortcuts and approximations since all changes in the measurement of the benefit obligation and plan assets immediately affect net periodic benefit cost.

Measurement Date of Plan Assets — Employer-Sponsored Pension Plan

In April 2015, as part of its simplification initiative,[10] the FASB issued ASU 2015-04[11] to amend the measurement-date guidance in ASC 715. The ASU contains a practical expedient that would allow an employer whose fiscal year-end does not fall on a calendar month-end (e.g., an entity that has a 52- or 53-week fiscal year) to measure retirement benefit obligations and related plan assets as of the month-end that is closest to the employer's fiscal year-end. The expedient would need to be elected as an accounting policy and be consistently applied to all plans if the entity has more than one plan. Because third-party plan asset custodians often provide information about fair value and classes of assets only as of the month-end, such an accounting policy would relieve the employer from adjusting the asset information to the appropriate fair values as of its fiscal year-end. Further, if the occurrence of a significant event (e.g., curtailment or settlement) during the interim period requires an entity to remeasure its defined plan assets and obligations, the practical expedient would allow the entity to remeasure its defined plan assets and obligations by using the month-end that is closest to the date of the significant event.

The ASU should be applied prospectively. For public business entities, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Earlier adoption is permitted.

Editor's Note

An entity that has a 52- or 53-week fiscal year may find that the fiscal year in which it is required to adopt the ASU has a year-end that coincides with a month-end. For example, December 31, 2016, falls on a Saturday and may be the fiscal year-end for a 52- or 53-week fiscal year that ends in December. In these circumstances, an entity may need to disclose that it has elected the practical expedient for the year-end measurement date even though in that particular year, the measurement date under the practical expedient is no different from the entity's fiscal year-end.

[9] Excerpted from ASC 715-30-35-1 and ASC 715-60-35-1.

[10] Launched in June 2014, the FASB's simplification initiative is intended to reduce the cost and complexity of current U.S. GAAP while maintaining or enhancing the usefulness of the related financial statement information. The initiative focuses on narrow-scope projects that involve limited changes to guidance.

[11] FASB Accounting Standards Update No. 2015-04, *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*.

Other Postretirement Benefit Plans — Health Care Cost Trend Rate and Discount Rate

ASC 715-60-20 defines "health care cost trend rate" as an "assumption about the annual rates of change in the cost of health care benefits currently provided by the postretirement benefit plan . . . . The health care cost trend rates implicitly consider estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants." The health care cost trend rate is used to project the change in the cost of health care over the period for which the plan provides benefits to its participants. Many plans use trend rate assumptions that include (1) a rate for the year after the measurement date that reflects the recent trend of health care cost increases, (2) gradually decreasing trend rates for each of the next several years, and (3) an ultimate trend rate that is used for all remaining years.

Historically, the ultimate health care cost trend rate had been less than the discount rate. With discount rates continuing to be at or near record lows, the discount rate for some plans is below the ultimate health care cost trend rate. Some parties have raised concerns regarding this phenomenon since expectations of long-term inflation rates are assumed to be implicit in both the health care cost trend rate and the discount rate. In such situations, entities should consider all the facts and circumstances of their plan(s) to determine whether the assumptions used (e.g., ultimate health care cost trend rate of 5 percent and a discount rate below that) are reasonable. Entities should also remember that (1) the discount rate reflects spot rates observable in the market as of the plan's measurement date, since it represents the rates at which the defined benefit obligation could be effectively settled on that date (given the rates implicit in current prices of annuity contracts or the rates of return on high-quality fixed-income investments that are currently available and expected to be available during the benefits' period to maturity), and (2) the health care cost trend rate is used to project the change in health care costs over the long term (which, as discussed above, includes the effects of changes other than inflation).

Other Considerations Related to Assumptions

In measuring each plan's defined benefit obligation and recording the net periodic benefit cost, financial statement preparers should understand, evaluate, and reach conclusions about the reasonableness of the underlying assumptions, particularly those that could be affected by continuing financial market volatility. ASC 715-30-35-42 states that "each significant assumption used shall reflect the best estimate solely with respect to that individual assumption."

Entities should comprehensively assess the relevancy and reasonableness of each significant assumption on an ongoing basis (e.g., by considering the impact of significant developments that have occurred in the entity's business). Management should establish processes and internal controls to ensure that the entity appropriately selects each of the assumptions used in accounting for its defined benefit plans. The internal controls should be designed to ensure that the amounts reported in the financial statements properly reflect the underlying assumptions (e.g., discount rate, estimated long-term rate of return, mortality, turnover, health care costs) and that the documentation maintained in the entity's accounting records sufficiently demonstrates management's understanding of and reasons for using certain assumptions and methods (e.g., the method for determining the discount rate). Management should also document the key assumptions used and the reasons why certain assumptions may have changed from the prior reporting period. A leading practice is for management to prepare a memo supporting (1) the basis for each important assumption used and (2) how management determined which assumptions were important.

Recent SEC Staff Views

The SEC staff continues to emphasize the disclosures related to how registrants account for pension and other postretirement benefit plans and how key assumptions and investment strategies affect their financial statements. Further, registrants may be asked how they concluded that assumptions used for their pension and other postretirement benefit accounting are reasonable relative to (1) current market trends and (2) assumptions used by other registrants with similar characteristics.

MD&A — Critical Accounting Policies and Estimates

Recent SEC staff comments have focused on inadequate disclosure of critical accounting policies and estimates related to a registrant's benefit plans. The SEC staff expects registrants to provide robust disclosures of their critical accounting policies and estimates in MD&A instead of duplicating documentation from the accounting policy disclosures in the financial statement footnotes. In addition, the staff has indicated that it may be appropriate for a registrant to disclose:

- Whether a corridor is used to amortize the actuarial gains and losses; and, if so, how the corridor is determined and the period for amortization of the actuarial gains and losses in excess of the corridor.
- A sensitivity analysis estimating the effect of a change in assumption regarding the long-term rate of return. This estimate should be based on a reasonable range of likely outcomes.
- The extent to which historical performance was used to develop the expected long-term rate of return assumption. If use of the arithmetic mean to calculate the historical returns yields results that are materially different from the results yielded when the geometric mean is used to calculate such returns, it may be appropriate for an entity to disclose both calculations.
- The reasons why the assumption regarding the long-term rate of return has changed or is expected to change in the future.

Disclosure of Changes in Mortality Assumption

As discussed in the Mortality Assumption section above, registrants now have the opportunity to use the SOA's RP-2014 mortality tables and related underlying data, which were made available in 2014, when developing the mortality assumption used to measure a benefit obligation. The SEC staff has asked registrants in comment letters to explain why they have either adopted or not adopted the RP-2014 mortality tables. If a registrant has adopted the RP-2014 mortality tables, the SEC staff would like to understand the quantitative impact of the new tables or underlying data on the registrant's pension and postretirement liabilities compared with that of the mortality tables used before adoption. If the registrant has not adopted an updated mortality table, the SEC staff would expect the registrant to provide disclosures about the mortality table used and why the mortality rate assumption used represents the best estimate for the participant population.

Disclosure Related to Discount Rate Assumption

As discussed above, certain entities and their actuaries have started to use alternative approaches for measuring the interest and service cost components of net periodic benefit cost for defined benefit retirement plan obligations under ASC 715. As a result of these alternative approaches, the SEC staff may comment on a registrant's disclosures about the approaches for measurement of interest cost, particularly when a change in approach occurs. In discussions held in September 2015 with representatives of the Big Four accounting firms, the SEC staff stressed that it is important for registrants to comply with the disclosure

requirements for changes in accounting estimates under ASC 250 and the discount rate assumption under ASC 715. In addition, the staff highlighted the required MD&A disclosures under Regulation S-K, Item 303, as well as the transparency of required non-GAAP disclosures under Regulation G. In accordance with these guidelines from the SEC staff, entities should consider quantifying and disclosing the impact of a change in approach in the year the change in estimate is recognized. In thinking about the financial statement disclosure requirements related to assumptions under ASC 715 as well as disclosures by registrants regarding critical accounting policies under Section II.J of the SEC's *Current Accounting and Disclosure Issues in the Division of Corporation Finance* (updated November 30, 2006), entities should consider disclosing a narrative description of how assumptions (e.g., discount rates) were determined along with the approach for how such assumptions have been applied.

For more information, see Deloitte's *SEC Comment Letters — Including Industry Insights: What "Edgar" Told Us (Ninth Edition)* and *SEC Comment Letters — Statistics According to "Edgar": Supplement to the Ninth Edition*.

Non-GAAP Measures

In recent years, the SEC renewed its focus on non-GAAP measures resulting from concerns about the increased use and prominence of such measures, the nature of the adjustments, and the increasingly large difference between the amounts reported for GAAP and non-GAAP measures. In response to increasing concerns about the use of non-GAAP measures, the SEC's Division of Corporation Finance updated its Compliance and Disclosure Interpretations in May 2016 to provide additional guidance on what it expects from registrants when they use these measures.[12] Some registrants present non-GAAP measures that adjust for items related to defined benefit pension plans. For example, a registrant may adjust to remove (1) all non-service-related pension expense, (2) all pension expense in excess of cash contributions, or (3) the amortization of actuarial gains and losses. Some registrants that immediately recognize all actuarial gains and losses in earnings present non-GAAP measures that remove the actual gain or loss attributable to the change in the fair value of plan assets from a performance measure and include an expected return. The SEC staff has observed that these pension-related adjustments can be confusing without the appropriate context about the nature of the adjustment. The staff suggested that registrants clearly label such adjustments and avoid the use of confusing or unclear terms in their disclosures.

For more information, see Deloitte's *A Roadmap to Non-GAAP Financial Measures*.

[12] See Deloitte's May 23, 2016, and July 19, 2016, *Heads Up* newsletters for a discussion of the SEC's focus on non-GAAP measures.

FASB Standard-Setting Projects Related to Pension and Other Postretirement Benefits

The following table summarizes the objectives and current status of the FASB's active standard-setting projects related to pension and other postretirement benefits:

Project	Objectives	Status
Disclosure framework: disclosure review — defined benefit plans	To improve the effectiveness of disclosure requirements that apply to defined benefit plans.	On January 26, 2016, the FASB issued a proposed ASU[13] that would modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. Comments on the proposal were due by April 25, 2016. For more information, see Deloitte's January 28, 2016, *Heads Up* and Deloitte's comment letter in response to the proposed ASU. At the FASB's July 13, 2016, meeting, the Board discussed feedback on its proposed ASU and directed its staff to conduct additional research. The staff will report the research to the Board at a future Board meeting.
Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost	To "improve the reporting of net periodic pension cost and net periodic postretirement benefit cost ('net benefit cost')." [14]	On January 26, 2016, the FASB issued a proposed ASU[15] that would require an entity to (1) disaggregate the current service cost component from the other components of net benefit cost and present it with other current compensation costs for the related employees in the income statement and (2) present the remaining components of net benefit cost ("other costs") elsewhere in the income statement and outside of income from operations, if such a subtotal is presented. It would also require entities to clarify that the separate presentation of net periodic benefit cost into two categories (current service and other costs) would be the minimum, with further disaggregation allowed. In addition, the proposal would limit the portion of net benefit cost eligible for capitalization (e.g., as part of inventory or property, plant, and equipment) to the service cost component. Comments on the proposed ASU were due by April 25, 2016. For more information, see Deloitte's January 28, 2016, *Heads Up* and Deloitte's comment letter in response to the proposed ASU. On August 24, 2016, the Board discussed a summary of the comments it received on the proposed ASU. On November 2, 2016, the Board reaffirmed the proposed guidance and authorized its staff to draft a final ASU, which is expected to be issued in January 2017. The final ASU will be effective for public business entities for annual periods beginning on or after December 15, 2017, including interim periods within those annual periods. For other entities, the amendments will be effective for annual periods beginning after December 15, 2018, and interim periods beginning after December 15, 2019. Early adoption will be permitted. For more information, see Deloitte's November 3, 2016, journal entry.

[13] FASB Proposed Accounting Standards Update, *Changes to the Disclosure Requirements for Defined Benefit Plans*.
[14] Quoted from the related Project Update page on the FASB's Web site.
[15] FASB Proposed Accounting Standards Update, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

(Table continued)

Project	Objectives	Status
Invitation to comment — agenda consultation	To solicit feedback about the financial reporting issues that the FASB should consider adding to its agenda.	On August 4, 2016, the FASB issued an invitation to comment, *Agenda Consultation*, to solicit feedback about potential financial accounting and reporting topics that the FASB should consider adding to its agenda. The invitation to comment was developed on the basis of an annual survey conducted by the FASAC that sought feedback from stakeholders on what the Board's future standard-setting priorities should be. One of the potential agenda topics is pensions and other postretirement benefit plans. Comments were due by October 17, 2016. For more information, see Deloitte's August 2016 *Accounting Roundup* newsletter and Deloitte's comment letter. Public roundtable meetings on the invitation to comment are expected to be held in the fourth quarter of 2016.

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