AGENDA ITEM 12

RETIREMENT BENEFIT PLANS

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IPSASB Meeting – June 2023
1. Guidance on the objective and scope of [draft] IPSAS 49

2. Guidance on Retirement Benefit Plans and Consolidation

3. Guidance on the definitions included in [draft] IPSAS 49

4. Other Guidance and Disclosure included in [draft] IPSAS 49

5. [draft] IPSAS 49, Retirement Benefit Plans – Recommended changes
Overview

[draft] IPSAS 49 will fill a gap in current IPSAS literature for public sector RBPs.

Employers apply IPSAS 39, and some RBPs apply the dated IAS 26.

In March, the IPSASB instructed Staff to:

(a) Develop a diagram to illustrate the relationship between the [draft] IPSAS 49 and IPSAS 39; and

(b) Clarify the scope of the project to reflect its coverage in relation to the various types of benefit schemes encountered in the public sector.
Post-employment benefit plans provided by employer, whether formal (RBP with rules) or informal (no rules)

Note:
The RBP may be administered by a plan manager, the employer/sponsor, or another function in government. If a RBP is required to prepare financial statements, the administrator should prepare the financial statements separately for each plan under its management and apply IPSAS 49.
Recommendation

a) To amend AG6 to clarify the objective and scope of [draft] IPSAS 49.

b) To amend BC1 in support of a).

Does the IPSASB agree with this recommendation?
Various respondents to ED 82 indicated that the consolidation of accounts would be difficult as a result of the differences in the definition and measurement of the defined benefit obligation per the ED and that of IPSAS 39.

Staff and the Drafting Group considered the information needs of users and whether “consolidation” is appropriate.

Conclusions reached:

• No control
• Differing perspectives
To provide clarity in the Basis for Conclusions regarding the background of the [draft] IPSAS 49 to indicate that the IPSASB does not believe that retirement benefit plans should be consolidated, and that the information needs of users are addressed through the application of [draft] IPSAS 49 and IPSAS 39.

Does the IPSASB agree with this recommendation?
Respondents raised various issues relating to the adaptation in [draft] IPSAS 49 of the definitions in IAS 26 in comparison with existing definitions in IPSAS 39. The approach to the following definitions were questioned:

a) The departure from the IAS 26 definition for a defined benefit plan, to be in line with the definition per IPSAS 39.

b) The retention of the IAS 26 definition of actuarial present value of promised retirement benefits.
a) To amend AG12 and AG13 to clarify the different perspectives between IPSAS 49 and IPSAS 39.

b) To include AG14 and AG 23 to address clarify the existence of potential measurement differences in the obligation for retirement benefits.

c) To amend BC14 and BC18 in support of b).

Does the IPSASB agree with this recommendation?
Overview - Guidance

Various respondents to ED 82 requested additional guidance in response to the specific matters for comment included in ED as well as general comments on guidance to the ED, including:

a) Measurement of the actuarial present value of promised retirement benefits using projected salaries only.

b) Amounts owed to participants: liability v equity.

c) Recognition and measurement depending on the design/business model of a DC plan.

d) No statement of financial performance required?
a) To amend AG20 and AG21 to clarify the use of projected salaries only in the measurement of the actuarial present value of defined benefits.

b) To amend AG18 to provide clarity on the recognition as obligation.

c) To amend BC 17 in support of a).

d) To include BC 23 why a SoFPer is not required

Does the IPSASB agree with this recommendation?
Respondents to ED 82 requested additional disclosure in response to the specific matters for comment included in ED with additional disclosure not related to the specific matters for comment, including:

a) Disclosure of the expected future contributions
b) Disclosure on the fair value of plan assets.
c) Commentary disclosure regarding plan deficits
Recommendation - Disclosure

a) To amend par. 22(g) in the core text.
b) To amend par. 22(c) in the core text.
c) To amend AG32 to include the guidance when a retirement benefit plan experiences a funding deficit.
Next Steps

- Address comments provided by DG and IPSASB members
- Approve IPSAS 49
- Final editorial review