

Interpretation of the Emerging Accounting Issues (E) Working Group

**INT 13-03: Clarification of Surplus Deferral in SSAP No. 92 &
SSAP No. 102**

ISSUE NULLIFIED BY SSAP NO. 92 AND SSAP NO. 102

INT 13-03 Dates Discussed

November 20, 2013, and December 15, 2013

INT 13-03 References

Current:

SSAP No. 92—Accounting for Postretirem

5. The accounting issue is whether a surplus benefit was intended to result from pension/OPEB changes or activities when an unrecognized pension/OPEB transition liability continues to exist.

INT 13-03 Discussion

6. The Working Group reached a consensus that the existing explicit guidance highlighting the intent to prevent a surplus benefit reflects the original objective of the surplus deferral guidance in SSAP No. 92 and SSAP No. 102. As such, the guidance in SSAP No. 92 and SSAP No. 102 was not intended (on a net basis for each plan) to result in more favorable, subsequent surplus pension/OPEB positions when there are remaining unrecognized liabilities as a result of the reporting entity's initial election for surplus deferral.

7. In accordance with this consensus, if there is a plan curtailment, settlement, or other plan amendment resulting in a reduction of benefit obligations, or net benefit obligation gains due to revisions in assumptions (e.g., discount rates) or plan experience differing from assumptions, or plan asset gains due to the actual return on plan assets exceeding the expected return on plan assets, a corresponding amount of unrecognized liability from the surplus deferral shall be recognized. For this purpose, net gains, if any, are the net aggregation of all gains and losses (excluding plan amendments that increase benefit obligations) from factors such as those listed above, determined as of a measurement or remeasurement date. This shall occur regardless if the impact from the change results with the plan being in an overfunded state, or whether the gain is recognized in earnings. The Working Group agrees that the intent of the original guidance was to provide surplus relief from the immediate surplus impact from adopting SSAP No. 92 and SSAP No. 102, but that in no instances should changes (on a net basis for each plan) attributed to pension or OPEB plans result in more favorable, subsequent surplus positions when there are unrecognized liabilities remaining as a result of the reporting entity's initial election for surplus deferral.

INT 13-03 Status

8. No further discussion anticipated.