

**FASB ROUNDTABLE MEETING
PENSION AND POSTRETIREMENT BENEFITS
NORWALK, CONNECTICUT
JUNE 27, 2006**



AGENDA

Morning Session (9 a.m.–12 p.m.)

1. Welcome and Introductions
2. Scope and Objectives
3. Implementation of Recognition Provisions (Notice Issues 1 and 3)
4. Measurement Date, including Effective Date (Notice Issues 2 and 4)
5. Nonpublic Entities and Not-for-Profit Organizations (Notice Issue 5)
6. Other Matters, including Economic Consequences

June 27, 2006 FASB Roundtable on Pensions

9 a.m.–12 p.m.

Participant List

Organization	Representative	CL No.
AIG Financial Products	Ryan Vetter	94
American Academy of Actuaries' Committee on Retiree Health	Jeffrey Petertil	95A
Aon Consulting	Tonya Manning	85
Associated Wholesale Grocers	Robert Walker	84
Bear Stearns	Janet Pegg	
CIEBA	William Quinn	133
CFA Institute Centre for Financial Market Integrity	Georgene Palacky	18
College of Pension Actuaries	Ed Burrows	32
Deloitte and Touche	Karen Wiltsie	97
Edison Electric Institute	Hugh McCoy	89 and 90
Ernst and Young	Christopher Larson	92
Financial Executives International	Cheryl Ingram	91
Mercer Human Resource Consulting	Jim Verlautz	22
Moody's Investors Services	Mark LaMonte	88
Nortel	Paul Karr	86
PCAOB	Keith Wilson (Official Observer)	
SEC	Scott Taub Alison Spivey (Official Observers)	
U.S. Chamber of Commerce	Aliya Wong	139
Watson Wyatt	John Steele	27

FASB Board Members and Director

Bob Herz, Chairman
George Batavick, Roundtable Leader
Mike Crooch
Tom Linsmeier
Katherine Schipper
Leslie Seidman
Ed Trott
Don Young
Sue Bielstein, Director of Major Projects and Technical Activities

FASB Staff

Jules Cassel, Senior Technical Advisor
Peter Proestakes, Project Manager
Jeffrey Mechanick, Project Manager (NFP)
Philip Hood, Project Research Associate
Ashley Strange, Postgraduate Technical Assistant
Dyan Zimmerman, Postgraduate Technical Assistant

**FASB ROUNDTABLE MEETING
PENSION AND POSTRETIREMENT BENEFITS
NORWALK, CONNECTICUT
JUNE 27, 2006**



AGENDA

Afternoon Session (1–4 p.m.)

1. Welcome and Introductions
2. Scope and Objectives
3. Implementation of Recognition Provisions (Notice Issues 1 and 3)
4. Measurement Date, including Effective Date (Notice Issues 2 and 4)
5. Nonpublic Entities and Not-for-Profit Organizations (Notice Issue 5)
6. Other Matters, including Economic Consequences

June 27, 2006 FASB Roundtable on Pensions

1–4 p.m.

Participant List

Organization	Representative	CL No.
American Academy of Actuaries' Committee on Pension Accounting	William Sohn	95
Buck Consultants	Michael Horton	28
CCA Strategies	John Moore	192
Credit Suisse	Rhoda Dhar	96
Fitch Ratings	Julie Burke	60
Institute of Management Accountants	Nancy Schroeder	228
KPMG	Jeffrey Jones	181
NCBA	Mary Griffin	80
PCAOB	Keith Wilson (Official Observer)	
PepsiCo	Bruce Monte, Jr.	229
PricewaterhouseCoopers	Ray Beier	87
Principal Financial Group	Michelle Vande Loo	62 and 62A
R.G. Associates	Jack Ciesielski	48
SC Johnson, Inc.	David Isaacson	44
SEC	Scott Taub Alison Spivey (Official Observers)	
Standard and Poor's	Jonathan Nus	93
Towers Perrin	Diana Scott	24
Unified Western Grocers	Richard Martin	98

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**FASB ROUNDTABLE MEETING
POSTRETIREMENT BENEFITS
DISCUSSION QUESTIONS
NORWALK, CT
JUNE 27, 2006**

This proposed Statement would improve existing reporting for defined benefit postretirement plans by requiring an employer that is a business entity to:

- a. Recognize in its statement of financial position the over- or underfunded status of a defined benefit postretirement plan measured as the difference between the fair value of plan assets and the benefit obligation. For a pension plan, the benefit obligation would be the projected benefit obligation; for any other postretirement benefit plan, such as a retiree health care plan, the benefit obligation would be the accumulated postretirement benefit obligation.
- b. Recognize as a component of other comprehensive income, net of tax, the actuarial gains and losses and the prior service costs and credits that arise during the period but pursuant to FASB Statements No. 87, *Employers' Accounting for Pensions*, and No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, are not recognized as components of net periodic benefit cost. Amounts recognized in accumulated other comprehensive income would be adjusted as they are subsequently recognized as components of net periodic benefit cost pursuant to the recognition and amortization provisions of Statements 87 and 106.
- c. Recognize as an adjustment to the opening balance of retained earnings, net of tax, any transition asset or transition obligation remaining from the initial application of Statement 87 or 106. Those amounts would not be subsequently amortized as a component of net periodic benefit cost.
- d. Measure defined benefit plan assets and defined benefit plan obligations as of the date of the employer's statement of financial position.
- e. Disclose additional information in the notes to financial statements about certain effects on net periodic benefit cost in the upcoming fiscal year that arise from delayed recognition of the actuarial gains and losses and the prior service costs and credits.

This proposed Statement also would apply to a not-for-profit organization or an entity that does not report other comprehensive income, but would tailor its requirements to reflect their alternative reporting formats. This proposed Statement would amend Statement 87, FASB Statement No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*, Statement

106, and FASB Statement No. 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits*, and other related accounting literature.

Costs of Implementing the Proposed Statement's Requirement to Recognize a Plan's Over- or Underfunded Status in the Employer's Statement of Financial Position

Issue 1: The Board concluded that the costs of implementing the proposed requirement to recognize the over- or underfunded status of a defined benefit postretirement plan in the employer's statement of financial position would not be significant. That is because the amounts that would be recognized are presently required to be disclosed in notes to financial statements, and, therefore, new information or new computations, other than those related to income tax effects, would not be required.

Do you agree that implementation of this proposed Statement would not require information (other than that related to income tax effects) that is not already available, and, therefore, the costs of implementation would not be significant? Why or why not? (See paragraphs B20–B34 for the basis for the Board's conclusions.)

The Employer's Measurement Date

Issue 2: Unless a plan is sponsored by a subsidiary that is consolidated using a fiscal period that differs from the parent's, this proposed Statement would require that plan assets and benefit obligations be measured as of the date of the employer's statement of financial position. This proposed Statement would eliminate the provisions in Statements 87 and 106 that permit measurement as of a date that is not more than three months earlier than the date of the employer's statement of financial position.

Are there any specific implementation issues associated with this requirement that differ significantly from the issues that apply to other assets and liabilities that are recognized as of the date of the statement of financial position? (See paragraphs B36–B40 for the basis for the Board's conclusions.)

Effective Dates and Transition

Recognition of the Over- or Underfunded Status

Issue 3(a): The Board's goal is to issue a final Statement by September 2006. The proposed requirement to recognize the over- or underfunded statuses of defined benefit postretirement plans would be effective for fiscal years ending after December 15, 2006. Retrospective application would be required unless it is deemed impracticable for the reason discussed below.

An entity would be exempt from retrospective application only if the entity determines that it is impracticable to assess the realizability of deferred tax assets that would be recognized in prior periods as a result of applying the proposed Statement.

Should the Board provide an impracticability exemption related to the assessment of the realizability of deferred tax assets? Why or why not? Are there other reasons that retrospective application might be impracticable that the Board should be aware of? (See paragraphs B61–B64 for the basis for the Board's conclusions.)

Issue 3(b): Some nonpublic entities (and possibly some public entities) may have contractual arrangements other than debt covenants that reference metrics based on

financial statement amounts, such as book value, return-on-equity, and debt-to-equity. The calculations of those metrics are affected by most new accounting standards, including this proposed Statement.

The Board is interested in gathering information for use in determining the time required to implement this proposed Statement by entities that have such arrangements other than debt covenants. That information includes (a) the types of contractual arrangements that would be affected and what changes to those arrangements, if any, would need to be considered, (b) how the economic status of postretirement plans that is presently included in note disclosures is currently considered in those arrangements, and (c) how the effects of the current requirement in Statement 87 to recognize a minimum pension liability previously were addressed for those contractual arrangements. (See paragraph B65 for the basis for the Board's conclusions.)

Measurement Date

Issue 4: This proposed Statement would require a public entity that currently measures plan assets and benefit obligations as of a date other than the date of its statement of financial position to implement the change in measurement date as of the beginning of the fiscal year beginning after December 15, 2006. If that entity enters into a transaction that results in a settlement or experiences an event that causes a curtailment in the last quarter of the fiscal year ending after December 15, 2006, the gain or loss would be recognized in earnings in that quarter. Net periodic benefit cost in the year in which the measurement date is changed would be based on measurements as of the beginning of that year.

Are there any specific impediments to implementation that would make the proposed effective date impracticable for a public entity? How would a delay in implementation to fiscal years ending after December 15, 2007, alleviate those impediments? (See paragraphs B66–B69 for the basis for the Board's conclusions.)

Not-for-Profit Organizations and Other Entities That Do Not Report Other Comprehensive Income

Issue 5: This proposed Statement would apply to not-for-profit organizations and other entities that do not report other comprehensive income in accordance with the provisions of Statement 130. Paragraphs 7–13 of this proposed Statement provide guidance for reporting the actuarial gains and losses and the prior service costs and credits by those organizations and entities.

Do you agree that those standards provide appropriate guidance for such entities? If not, what additional guidance should be provided? (See paragraphs B53–B58 for the basis for the Board's conclusions.)