Board Meeting Handout
Accounting for Financial Instruments: Hedging
February 14, 2018

Meeting Purpose

1. The purpose of this Board meeting is to provide an update on the staff's implementation activities for Update No. 2017-12, *Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities,* including a discussion of the following issues:

   (a) General technical inquiries

   (b) Prepayable financial instruments

   (c) Net investment hedges under the spot method.

Issue 1—General Technical Inquiries on Update 2017-12

2. Throughout the process of implementing Update 2017-12, the staff has received and answered approximately 90 technical inquiries from various stakeholders. The questions are generally interpretive in nature, and the staff has been able to provide answers on a continuous basis. The answers to the general technical inquiries discussed in today's meeting also were communicated during the September 2017 webcast on Update 2017-12.

Question for the Board
(1) Does the Board have any questions or issues to discuss regarding Issue 1 on general technical inquiries on Update 2017-12?

Issue 2—Prepayable Financial Instruments

3. In Update 2017-12, the Board eased the application of hedge accounting for prepayable instruments in several ways. The Board provided entities with a choice to consider how changes in benchmark interest rates alone affect the decision to prepay in measuring the change in fair value of the hedged item attributable to interest rate risk. In addition, the Board added a new method for hedging portfolios of prepayable financial assets (the last-of-layer method). The Board provided the last-of-layer method to enable entities to identify a last

dollar amount within a closed portfolio of prepayable assets that would be designated as the hedged item in a fair value hedge of interest rate risk.

4. After issuance of Update 2017-12, the staff received multiple inquiries centered on the intended scope of the guidance for prepayable instruments. The scope question is important because it determines the application of the following:

   (a) The designation and measurement guidance for hedges of interest rate risk in paragraphs 815-20-25-6B and 815-25-25-13A

   (b) The eligibility to apply the last-of-layer method for prepayable financial assets

   (c) The ability to apply the transition guidance in paragraph 815-20-65-3(e)(7) that permits entities to transfer held-to-maturity debt securities to the available-for-sale category upon adoption without any penalty. Securities that an entity may transfer are those that are eligible to be designated as hedged items under the last-of-layer method.

5. Specific questions received are the following:

   (a) Whether prepayable instruments with time-based contingencies are included within the scope, and, if so, whether the guidance may be applied if the prepayable period expired before the hedge period or did not commence until after the hedge period.

   (b) Whether prepayable instruments with event-based contingencies are included within the scope in scenarios in which the instrument does not become prepayable or callable until the contingency is resolved. Examples of event-based contingencies are change-in-control provisions, the death of the instrument holder, interest-rate-related contingencies, and credit acceleration clauses.

   (c) Whether convertible debt securities (both callable and non-callable) are considered prepayable.

Question for the Board
(2) For Issue 2 on prepayable financial instruments: (a) Does the Board agree with the staff's conclusions on what are considered to be prepayable financial instruments? (b) Does the Board wish the staff to research a potential technical correction related to use of the term prepayable in the shortcut method guidance?

Issue 3—Net Investment Hedges under the Spot Method

6. Paragraphs 815-35-36-6 through 35-7 (as amended by Update 2017-12) provide the base guidance for net investment hedges under the spot method. Paragraph 815-35-35-6 requires that when the hedging instrument is a cross-currency interest rate swap the periodic cash settlement be recorded currently in earnings. Paragraph 815-35-35-7 requires that changes in fair value of the derivative instrument attributable to changes in the spot rate be recorded in the currency translation adjustment section of other comprehensive income. Paragraph 815-35-35-5A was added in Update 2017-12 to allow the amortization of excluded components under the spot method. Additionally, a technical correction was made to paragraph 815-35-35-4 that clarifies that an entity may switch from the forward method to the spot method or vice-versa via a dedesignation and redesignation of the hedging relationship.

7. The staff received the following questions from stakeholders regarding net investment hedges under the spot method when the hedging instrument is a cross-currency interest rate swap:

   (a) Is an entity allowed to exclude a cross-currency basis spread from the assessment of hedge effectiveness?

   (b) What methods constitute a "systematic and rational" amortization approach when the cross-currency interest-rate swap is at-market (that is, has a fair value of zero) at hedge inception?

   (c) How should an entity account for a cross-currency interest rate swap that is off-market (that is, does not have a fair value of zero) at hedge inception?

      (i) Should the Board consider further standard setting regarding the amortization methods that are allowed when the cross-currency interest rate swap is off-market to avoid potential structuring opportunities?

Question for the Board
(3) For Issue 3 on net investment hedges designated under the spot method: (a) Does the Board have any questions or issues to discuss regarding the technical inquiries received? (b) Does the Board agree with the staff's conclusions on how to amortize off-market amounts related to cross-currency swaps designated as net investment hedges under the spot method?

Board Meeting Handout

Revenue Recognition of Grants and Contracts by Not-for-Profit Entities

February 14, 2018

Meeting Purpose

1. The Board will redeliberate the amendments in the proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The topics to be discussed at this meeting are as follows:

   (a) Conditional contributions—indicators to describe a barrier

   (b) Contributions made by a resource provider

   (c) Recurring disclosures by recipients about conditional promises to give

   (d) Simultaneous release of a condition and a restriction

   (e) Transition

   (f) Effective date and early adoption.

Questions for the Board
Conditional contributions—indicators to describe a barrier
1. Does the Board agree with any or all of the recommended clarifications and refinements to the final Update about the indicators to describe a barrier?
2. What additional, if any, changes to the indicators that describe a barrier does the Board suggest?
Contributions made by a resource provider
3. Would the Board like to affirm that the guidance for distinguishing between conditional contributions and unconditional contributions should be similar for both a recipient and a resource provider?
Recurring disclosures by recipients about conditional promises to give

4. Would the Board like to affirm its tentative decision to maintain existing disclosure requirements about conditional promises to give?

Simultaneous release of a condition and a restriction

5. Would the Board like to change the "simultaneous release" accounting option for restricted contributions and permit not-for-profit (NFP) entities to have additional flexibility in adopting an accounting policy for conditional contributions with restrictions, which is different than the accounting policy it has for other restricted contributions?

Transition

6. Would the Board like to affirm that the final amendments should be applied on a modified prospective basis in the first set of financial statements following the effective date to agreements that are either (a) not completed as of the effective date or (b) entered into after the effective date?

Effective date and early adoption

7. For recipients, would the Board like to affirm the alignment of the effective date with that of Topic 606, Revenue from Contracts with Customers?

8. For resource providers, would the Board like to extend the effective date by one year?

9. Would the Board like to affirm its decision to allow early adoption for all entities?

Background

2. At its December 13, 2017 meeting, the Board discussed (a) a summary of the feedback received on the proposed Update through comment letters and the FASB's Not-for-Profit Advisory Committee (NAC) and (b) next steps on this project, including the staff's plan for redeliberations, additional outreach, and timing.

Issue 1: Conditional Contributions—Indicators to Describe a Barrier

3. The amendments in the proposed Update would require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Indicators would be used to guide the assessment of whether an agreement contains a barrier. Depending on the facts and circumstances,

some indicators may be more significant than others, and no single indicator would be determinative. The indicators[1] include:

(a) A measurable performance-related barrier or other measurable barrier

(b) Whether a stipulation is related to the purpose of the agreement

(c) The extent to which a stipulation limits discretion by the recipient

(d) The extent to which a stipulation requires an additional action or actions.

4. Overall, the respondents supported the concept of a table of indicators and agreed that it would provide useful guidance and permit appropriate judgment in determining whether an agreement contains a barrier. Many respondents agreed with the four proposed indicators. Other respondents generally were supportive of the proposed indicators; however, they also had suggestions on clarifying the proposed amendments, including the indicators and examples.

Measurable Performance-Related Barrier or Other Measurable Barrier

5. As discussed further in Issue 2 of this handout, some stakeholders (primarily resource providers) suggested that the final amendments should clarify how an entity would determine whether quantifiable objectives that are included in an agreement would be deemed a measurable performance-related barrier or other measurable barrier—specifically, relating to the example of specific output or outcome. Resource providers often include project objectives in an agreement that supports the implementation of certain activities. Some resource providers view these objectives merely as guidelines and not as measurable barriers.

Stipulations That Are Related to the Purpose of the Agreement

6. Respondents generally supported the indicator on stipulations related to the purpose of agreement and suggested additional clarity, examples, and content.

Additional Actions Indicator

7. Respondents had mixed views about the additional actions indicator. Some respondents stated that the additional actions indicator should be removed because it is confusing and

[1]Paragraph 958-605-25-5C of the proposed Update includes a table of indicators to describe a barrier. Additional guidance about the indicators is provided in the implementation guidance and illustrative examples in paragraphs 958-605-55-17A through 55-17F and 958-605-55-70A through 55-70R.

may not be necessary. Some noted that many—if not all—additional actions would most likely fall into one of the other indicators to constitute a barrier. A few of the respondents that disagreed with the additional actions indicator stated that if the indicator is retained, the language used in the guidance needs to better describe the intent of the indicator. Some respondents agreed with including the additional actions indicator and said that it could be helpful in limited circumstances.

Limited Discretion by the Recipient

8. Some respondents were supportive of the limited discretion indicator; however, they stated that the guidance could be expanded and could provide additional clarity. Other respondents stated that this indicator is not necessary. Some suggestions for improvement to this indicator include:

   (a) Many respondents noted that the example in the indicator table focuses on what would not constitute limited discretion. These respondents suggested that the Board should consider adding examples that would show what constitutes limited discretion.

   (b) Because of the way in which this indicator is written, limited discretion appears to indicate a restriction and not a condition. The indicator table provides an example in which a stipulation to use a grant toward general operating purposes is not considered limited discretion. Respondents urged the Board to clarify the difference between limited discretion and a purpose restriction.

   (c) Other respondents suggested that the Board should consider using terms other than limited discretion. Suggestions included replacing limited discretion with narrowly predetermined guidelines or narrowly defined qualifications to better describe the intent of the indicator.

Qualifying Expenses

9. Many respondents expressed concern or requested additional guidance about the description of qualifying expense, related examples, and the link to the indicators—specifically, limited discretion. Of those respondents, some noted confusion over the difference between qualifying expenses and a standard budget that is meant to be viewed as a guideline. These respondents noted that the proposed amendments could imply that all budgets should be viewed as merely guidelines rather than being indicative of a barrier. Therefore, these respondents requested clarification and additional guidance to help determine which budgets are meant to be viewed as guidelines and which agreements include qualifying expenses and, therefore, should be considered a barrier.

10. Several respondents requested that the Board define qualifying expenses in the Master Glossary of the *FASB Accounting Standards Codification*®; for example, from agreements that may have qualifying expenses that extend beyond government grants to grants from other resource providers. Additionally, because the Office of Management and Budget does not use the term *qualifying expenses* explicitly, these respondents said that the FASB should define the term if it will be used in several parts of the proposed amendments.

11. Some of the comments received about qualifying expenses indicated confusion about the difference between a standard budget and qualifying expenses. The purpose of the clarifying guidance is to describe what would constitute qualifying expenses, which relates to specific requirements about allowable qualifying costs and not to a standard budget that exists in most contribution agreements.

Issue 2: Contributions Made by a Resource Provider

12. The proposed clarifying guidance about distinguishing between conditional contributions and unconditional contributions would be similar for both a recipient and a resource provider.

13. During initial deliberations, the staff performed outreach relating to the accounting for resource providers and whether the clarifying guidance resulting from this project should differ between recipients and resource providers. The majority of NAC members with whom the staff spoke support the Board's decisions to include a right of return in the main principle, coupled with a barrier that must be overcome, in determining conditionality. Feedback generally indicated that determining whether an agreement contains a conditional contribution or an unconditional contribution should not be different for a resource provider and a recipient. Resource providers said that they generally review many of the proposed indicators (for example, whether an agreement indicates that the transferred assets must be spent or used to achieve a certain level of service, an identified number of units of output, or a specified outcome) when determining whether a condition exists.

14. The resource providers with whom the staff spoke indicated that part of the grant-making process includes a probability assessment about the likelihood of the recipient accomplishing the barriers to receive entitlement specified in the agreement. However, this probability assessment typically is part of the extensive due diligence process performed by resource providers before selecting a recipient and does not always affect the accounting treatment by the resource provider. While the resource provider performs this preliminary probability assessment to minimize the likelihood of default on the agreement, some resource providers still include a right of return coupled with barriers to be overcome and account for those

agreements as conditional, regardless of the predetermined likelihood of the NFP accomplishing those barriers.

15. During this outreach, one resource provider with whom the staff spoke indicated that, in many cases, the entire amount of the grant expense is recognized upfront as unconditional, regardless of the stipulations included or length of the agreement. This stakeholder explained that its organization enters into grants and similar agreements in high volumes and those rarely are disputed in the future. In addition, this resource provider indicated that its organization generally will work with the recipient to amend the agreement if the stated objectives cannot be met and perhaps redirect the funds for another use rather than pursue reimbursement.

16. Most of the comment letter respondents agreed with the proposed clarification, noting that keeping the same guidance is consistent with current generally accepted accounting principles (GAAP) and that the guidance should not differ between a recipient and a resource provider. It also was noted that some entities are both a resource provider and a recipient of grants; therefore, if the guidance is not applied equally, having to learn two different methods to account for a contribution could add unnecessary complexity when using judgment to determine whether a contribution is conditional or unconditional. Many respondents misinterpreted the question and indicated practice concerns around whether a transaction had to be accounted for exactly the same by both the recipient and the resource provider.

17. Feedback from resource providers was mixed. Some were supportive of the proposed amendments, while others indicated that the guidance should not be applied equally between the recipient and the resource provider. Some resource providers expressed concern about the difficulty of applying the proposed amendments to their current processes in a timely manner and about the lack of a probability assessment when making judgments about conditionality. Because of the limited number of comment letters received from resource providers and concerns raised by a few respondents, the staff performed additional outreach with two resource providers (grant-making foundations) during redeliberations.

18. Additional outreach indicated that resource providers often recognize the entire amount of a contribution as grant expense upfront and as unconditional, regardless of the barriers to overcome or a right of return included in the agreement. These resource providers stated that the barriers in the agreement are generally a restatement of what the recipient included in the grant proposal. There were concerns that general requirements in an agreement that are intended to serve as guidelines or metrics may be viewed as measurable barriers and, therefore, such grants would be recognized as conditional contributions under the final amendments; however, those grants are deemed to be unconditional contributions in current

practice. These resource providers indicated that their organizations view many of those measures as best effort metrics, and if the recipient does not meet all of the metrics but shows progress toward them, it is highly unlikely that their organizations would enforce a right of return. Both resource providers expressed concern that if these grants are recognized as conditional under the final amendments, their financial statements may not accurately reflect the work of the organization.

Issue 3: Recurring Disclosures by Recipients about Conditional Promises to Give

19. The proposed Update did not make any changes to the current disclosure requirements about conditional promises to give.

20. The basis for conclusions in FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, indicated that the Board concluded that information would be useful to users of NFP financial statements in assessing a NFP's ability to provide services in the future. Paragraph 958-310-50-4 requires recipients of conditional promises to give to disclose both of the following:

    (a) The total of the amounts promised
    (b) A description and amount for each group of promises having similar characteristics, such as amounts of promises conditioned on establishing new programs, completing a new building, and raising matching gifts by a specified date.

21. Respondents expressed mixed views about the current disclosure requirements for recipients related to conditional promises to give. Many respondents expressed support for the current disclosures and recommended that the FASB leave them alone. Other respondents said that many grants from government sources will be considered nonexchange and conditional when the proposed amendments are implemented, rather than as an exchange transaction in GAAP. As a result of this change to nonexchange and conditional transactions, these respondents stated that the volume of items that will require disclosure will grow significantly, causing a large burden on some preparers.

22. Additionally, the staff discussed the matter with an auditor of NFPs. The auditor stated that it thought that the disclosure information would be something that is typically tracked by NFPs because it is a predictor of future cash flows and there should be controls in place to capture this information.

23. The staff also discussed this issue with representatives from the National Association of College and University Business Officers (NACUBO) that had previously done outreach with

preparers of university financial statements about this matter. They said that they thought that, based on the feedback they received, preparers have access to this information today and it wouldn't be too costly to disclose this information.

24. The staff also discussed this matter with a preparer of NFP financial statements with a large educational institution who is a current NAC member. The preparer said that the disclosure information should be readily available and easily compiled because of its importance to the NFP's operations with pipeline revenue and cash flow to cover future expenses.

Issue 4: Simultaneous Release of a Condition and a Restriction

25. When doing FASB NFP speeches at conferences, the staff has heard feedback from stakeholders that there is a concern about the growth in size of the release from the restriction line on the statement of activities once the proposed amendments become finalized. As a result of more support being considered nonexchange, more items are expected to be considered restricted and, therefore, cause the release from restriction line to become much larger. This issue has not been previously discussed with the Board. However, comment letters and other feedback received have suggested that the FASB should consider changing GAAP in this area to not require that the accounting policy be adopted for all donor-restricted transactions.

26. When a NFP receives unconditional donor-restricted support, it records the amount in either the temporarily restricted net asset category or the permanently restricted net asset category. If the support is recorded as temporarily restricted, the NFP will subsequently reclassify the amount from the temporarily restricted net asset category to the unrestricted net asset category when the donor restriction has been satisfied. (Permanently restricted support typically is not reclassified because of the permanent nature of the restriction.) There is a current option under GAAP in which a NFP can report the donor-restricted support directly in the unrestricted net asset category if the donor restriction has been satisfied in the same reporting period as that of the receipt of the donor-restricted support, as long as the NFP has a similar policy for reporting investment gains and income. The effect of this option is to have a smaller release from the restriction line in the financial statements because the support has been directly recorded in the unrestricted category, as compared with those NFPs that do not use this accounting option.

Issue 5: Transition

27. The proposed amendments indicated that an entity would apply the amendments in the final Update on a modified prospective basis in the first set of financial statements following the effective date to agreements that are either:

(a) Not completed as of the effective date

(b) Entered into after the effective date.

28. A completed agreement is an agreement for which all of the revenue (of a recipient) or expense (of a resource provider) has been recognized before the effective date in accordance with current guidance (for example, Topic 605, Revenue Recognition, Topic 958, or other Topics). The amendments in the proposed Update would be applied only to the portion of revenue or expense that has not yet been recognized before the effective date in accordance with current guidance. No prior-period results would be restated, and there would be no cumulative-effect adjustment to the opening balance of net assets, or retained earnings, at the beginning of the year of adoption. Under this approach, an entity would be required to disclose the following:

(a) The nature and reason for the accounting change

(b) An explanation of the reasons for significant changes in each financial statement line item in the current annual or interim period resulting from applying the proposed amendments compared with current guidance.

29. Retrospective application would be permitted.

30. Of the respondents that commented on transition, many agreed with the proposed modified prospective transition method and said that the requirement would be operable for preparers and decision useful for users. Some respondents noted that the proposed amendments likely would result in a change in accounting in which some government grants that are currently accounted for as exchanges would become conditional contributions, which would not change the timing of revenue recognition in many instances. Therefore, a modified prospective method should not be overly complex or challenging.

31. A few of the respondents stated that they understand that this transition approach may be difficult for some organizations to coordinate because of the challenge of coordinating the review of a large volume of individual contracts. However, the modified prospective transition method is preferable when compared with a purely prospective transition method. A purely prospective transition method would result in a lack of comparability and consistency in the organization's own financial statements in the period of adoption and potentially in future periods. With modified prospective application, future periods would not be comparable with prior periods; however, respondents indicated that the compromise to comparability is outweighed by the benefits of the reduction in implementation effort provided when compared with retrospective application. Several of the respondents noted that they support the flexibility provided by permitting retrospective application.

32. A few of the respondents that commented on transition requirements stated that the proposed transition method is not operable and that they prefer a prospective approach or that the prospective approach should be permitted as an option. These respondents stated that under a modified prospective application, an entity could have to go through thousands of its grants and contributions to determine the appropriate accounting, which could take considerable time and effort to achieve.

Issue 6: Effective Date and Early Adoption

33. The Board decided that the effective date of the proposed amendments would be the same as the effective date of the amendments in Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* The Board made this decision because the proposed amendments may affect whether agreements are accounted for under the amendments in Update 2014-09, which are not yet effective. The Board also decided that early adoption of the proposed amendments would be permitted irrespective of the early adoption of Topic 606. The Board decided to allow early adoption so preparers would have an opportunity to apply the clarified guidance in the proposed amendments, which should reduce diversity in practice and yield more decision-useful information for users.

34. Most respondents agreed with the effective date of the proposed amendments aligning with the effective date of Topic 606. The proposed amendments would clarify which grants and contracts should be accounted for as exchange transactions or contributions within the scope of Subtopic 958-605, Not-for-Profit Entities—Revenue Recognition. Therefore, most respondents stated that the alignment of effective dates would improve the transition process. A few respondents stated that the final amendments should not be aligned with Topic 606 because of time and resource constraints. System and process redesigns may be required for organizations with a significant number of grants and contributions that will be time consuming and labor intensive. Most respondents agreed with permitting early adoption irrespective of the early adoption of Topic 606. A few respondents disagreed with allowing early adoption.

35. Some respondents, including resource providers, stated that the Board should delay the effective date for resource providers by one year. Respondents stated that the accounting for contribution expense is not affected by Topic 606 and, therefore, does not need to align with its effective date. In addition, resource providers may need to adjust internal systems to keep track of when barriers are overcome. Delaying the effective date would allow resource providers additional time to understand the amendments and adjust their internal policies and procedures accordingly.

FINANCIAL ACCOUNTING STANDARDS BOARD

Board Meeting Handout
Disclosure Framework—Defined Benefit Plans
February 14, 2018

Meeting Purpose

1. The February 14, 2018 meeting is a decision-making Board meeting. The purpose of the meeting is to redeliberate the amendments in proposed Accounting Standards Update, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans*, which was published for comment on January 26, 2016*.* The comment period for the proposed Update ended on April 25, 2016.

Background Information

2. The Board issued the proposed Update as part of the disclosure framework project. The objective and primary focus of the project are to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by generally accepted accounting principles (GAAP) that is most important to users of each entity's financial statements. In March 2014, the Board issued a proposed FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which is intended to identify a broad range of possible information for the Board to consider when deciding on the disclosure requirements for a particular Topic. In November 2017, the Board redeliberated the proposed Concepts Statement. From that intentionally broad set, the Board would identify a more narrow set of disclosures about that Topic to be required on the basis of an evaluation of whether the expected benefits of entities providing the information outweigh the expected costs.

3. The Board decided to test the concepts in the proposed Concepts Statement and improve the effectiveness of disclosure requirements on inventory, income taxes, fair value measurement, and defined benefit pensions and other postretirement plans. The amendments in the proposed Update are the result of the Board's consideration of the proposed concepts as they relate to defined benefit plans and other postretirement plan disclosures. The amendments in the proposed Update will be redeliberated on the basis of the redeliberated proposed Concepts Statement.

4. The staff presented a comment letter summary to the Board on July 13, 2016, and the Board discussed the feedback received from comment letter respondents. At the meeting, the Board directed the staff to perform additional research on particular aspects of the proposed Update. The handout for the meeting can be found here.

5. This handout provides a summary of the amendments in the proposed Update and questions for the Board.

<table>
<tr><th>Topic</th><th>Amendments in the Proposed Update</th><th>Questions for the Board</th></tr>
<tr><td rowspan="8">Topic 1—Proposed Amendments to Be Confirmed</td><td>Proposed Removal—The amount and timing of plan assets expected to be returned to the employer.</td><td rowspan="5">1. Does the Board want to confirm the decision to remove these disclosure requirements?</td></tr>
<tr><td>Proposed Removal—The disclosures related to the June 2001 amendments to the Japanese Welfare Pension Insurance Law.</td></tr>
<tr><td>Proposed Removal—Related party disclosures about the amount of future annual benefits covered by insurance and annuity contracts, and significant transactions between the employers or related parties and the plan.</td></tr>
<tr><td>Proposed Removal—The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year.</td></tr>
<tr><td>Proposed Removal—For nonpublic entities, the reconciliation of the opening balances to the closing balances of plan assets measured on a recurring basis in Level 3 of the fair value hierarchy. However, nonpublic entities would be required to disclose the amounts of transfers into and out of Level 3 of the fair value hierarchy and purchases of Level 3 plan assets.</td></tr>
<tr><td>Proposed Addition—The weighted-average-interest crediting rate for cash balances plans and other plans with a promised interest crediting rate.</td><td rowspan="3">2. Does the Board want to confirm the decision to add these disclosure requirements?</td></tr>
<tr><td>Proposed Addition—A narrative description of the reasons for significant gains and losses affecting the benefit obligation or plan assets.</td></tr>
<tr><td>Proposed Addition—For nonpublic entities, the effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in assumed health care cost trend rate (this disclosure is currently required only for public entities).</td></tr>
<tr><td rowspan="2">Topic 2—Proposed Amendments to Be Reconsidered</td><td>Proposed Removal—The amount of the pension accumulated benefit obligation (ABO).</td><td>3. Does the Board agree to retain the disclosure about the amount of ABO for pension plans?</td></tr>
<tr><td>Proposed Removal—The aggregate ABO and the aggregate fair value of plan assets for pension plans with ABOs in excess of plan assets.</td><td>4(a) Does the Board agree to retain the disclosure about the aggregate ABO and the aggregate fair value of plan assets for pension plans with ABOs in excess of plan assets?

4(b) Does the Board agree to clarify that the disclosure about aggregate information for underfunded (including unfunded) pension plans should be based on both the projected benefit obligation (PBO) and the ABO benchmarks?

4(c) Does the Board agree to clarify or update the</td></tr>
</table>

Topic	Amendments in the Proposed Update	Questions for the Board
		implementation example provided in paragraph 715-20-55-17?
	Proposed Addition—Quantitative and qualitative disclosures from Topic 820, Fair Value Measurement, about assets measured at net asset value (NAV) using a practical expedient.	5. Does the Board agree not to add for plan assets quantitative and qualitative disclosures from Topic 820 about assets measured at NAV using a practical expedient?
	Proposed Addition—A description of the nature of the benefits provided, the employee groups covered, and the type of benefit plan formula.	6. Does the Board agree not to add a description of the nature of the benefits provided, the employee groups covered, and the type of benefit plan formula?
	Proposed Modification—The proposed amendments would specify that disclosures about defined benefit pension and other postretirement plans should be disaggregated between domestic plans and foreign plans.	7. Does the Board agree to retain the guidance in paragraphs 715-20-50-2 and 715-20-50-4 on aggregated disclosure about defined benefit pension and other postretirement plans?
Topic 3—Other Disclosure Considerations	Not Applicable.	8. Are there any other disclosure requirements that the Board would like to consider removing, adding, or amending?
	The proposed amendments would reorganize the disclosures by relevant decision questions in the proposed Concepts Statement.	9. Does the Board agree to retain the organization of disclosures under the current guidance in Subtopic 715-20?
	The proposed amendments would add the following language: ***715-20-50-1A*** *A* ***public entity*** *shall provide disclosures required by this Subtopic to the extent material. See paragraphs 235-10-50-7 through 50-9 for additional guidance on determining whether disclosures are material.*	9(a) Does the Board agree not to add language on materiality in Subtopic 715-20?
Topic 4—Transition, Effective Date, and Other	*Transition*—Retrospective transition method for all the proposed amendments, with the exception of prospective transition for the disclosures about plan assets measured at NAV using a practical expedient.	10. Does the Board want to confirm the retrospective transition method for all the proposed amendments, with the exception of prospective transition for the disclosures about plan assets measured at NAV using a practical expedient (if the Board decides to retain such disclosures)?
	Effective Date—Not Applicable.	11(a) What should be the effective date(s) of the final guidance for (a) public business entities and (b) all other entities? (b) Does the Board want to permit early adoption?

Topic	Amendments in the Proposed Update	Questions for the Board
	Other—Not Applicable.	12. Do the expected benefits of the changes justify the perceived costs of the changes? 13. Does the Board grant the staff permission to draft a final Accounting Standards Update for vote by written ballot?