

# Disclosure Framework

PCC Meeting, July 21<sup>st</sup>

# Disclosure Framework: Two Components

Improving the effectiveness of notes requires both:

Consistent considerations by the Board in each standard-setting activity



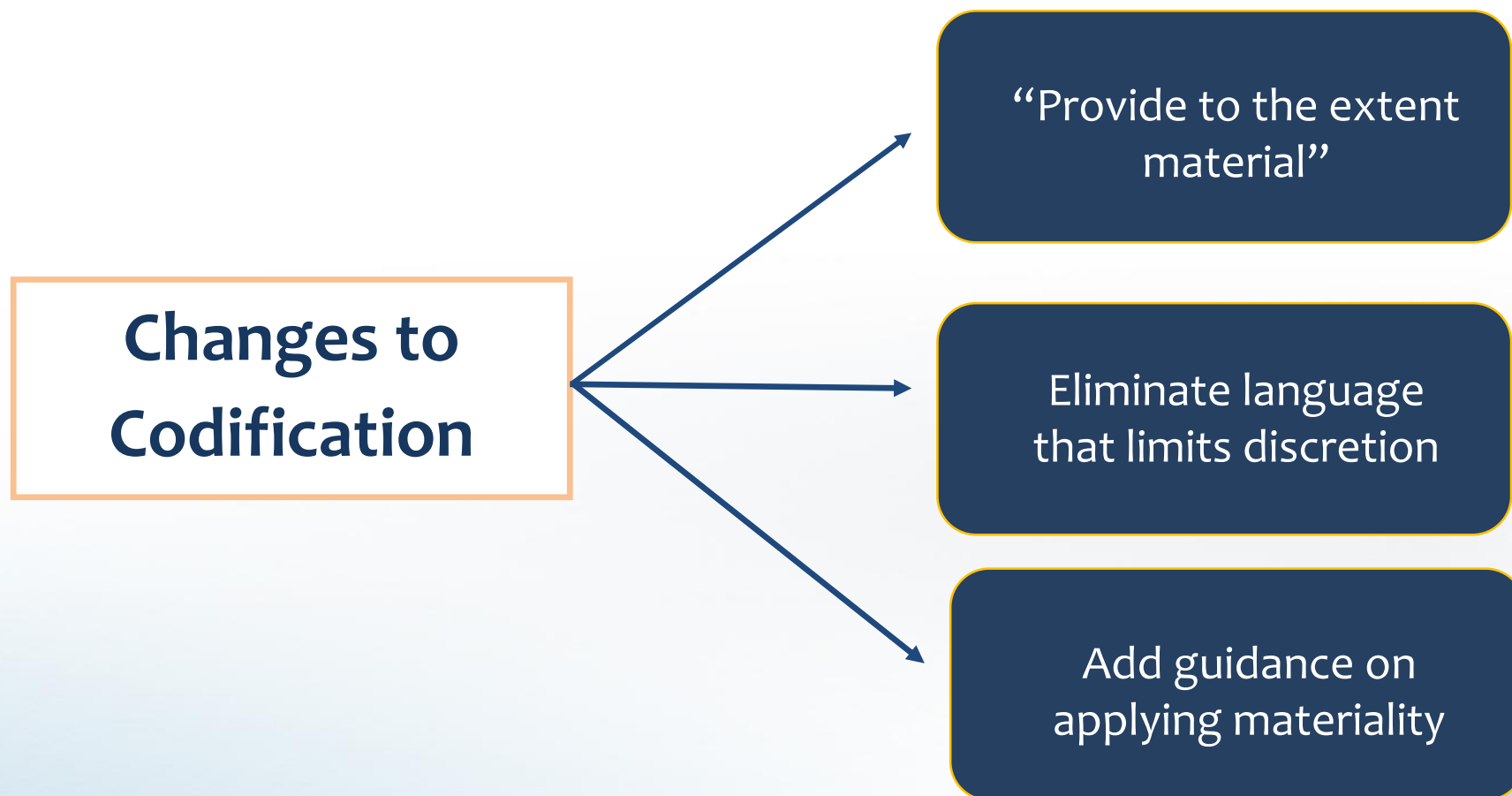
**Phase I:**  
Board's Decision Process

Appropriate exercise of discretion by reporting entities when assessing disclosure requirements



**Phase II:**  
Entity's Decision Process

# Promoting Discretion



# Promoting Discretion (cont'd)

## Guidance on Applying Materiality

Applied individually and in the aggregate

Legal Concept

Quantitative and qualitative

Omission not an accounting error

# Fair Value Measurement – Disclosure review

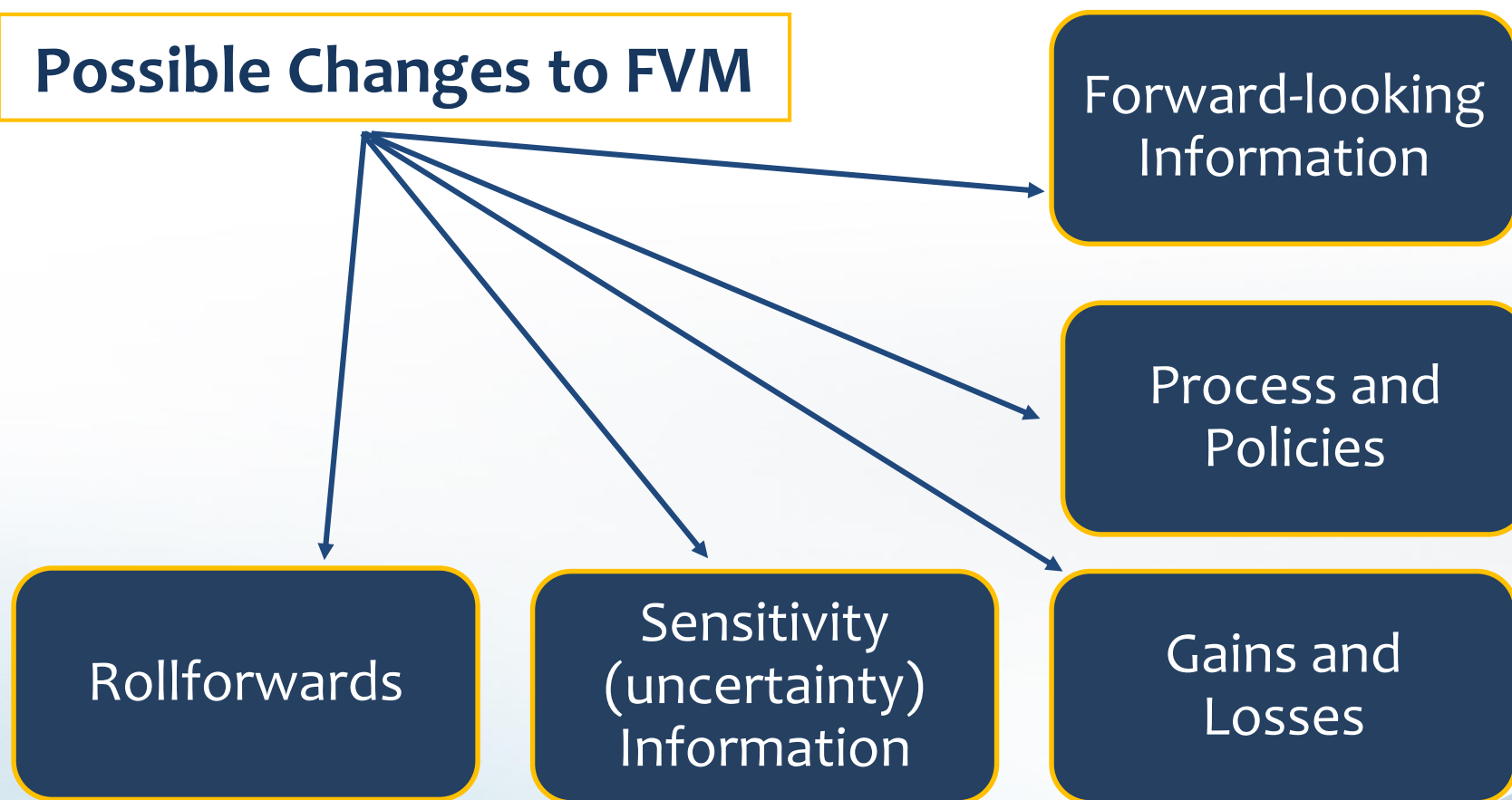
## Objectives based on proposed framework

### Disclosures provide information about:

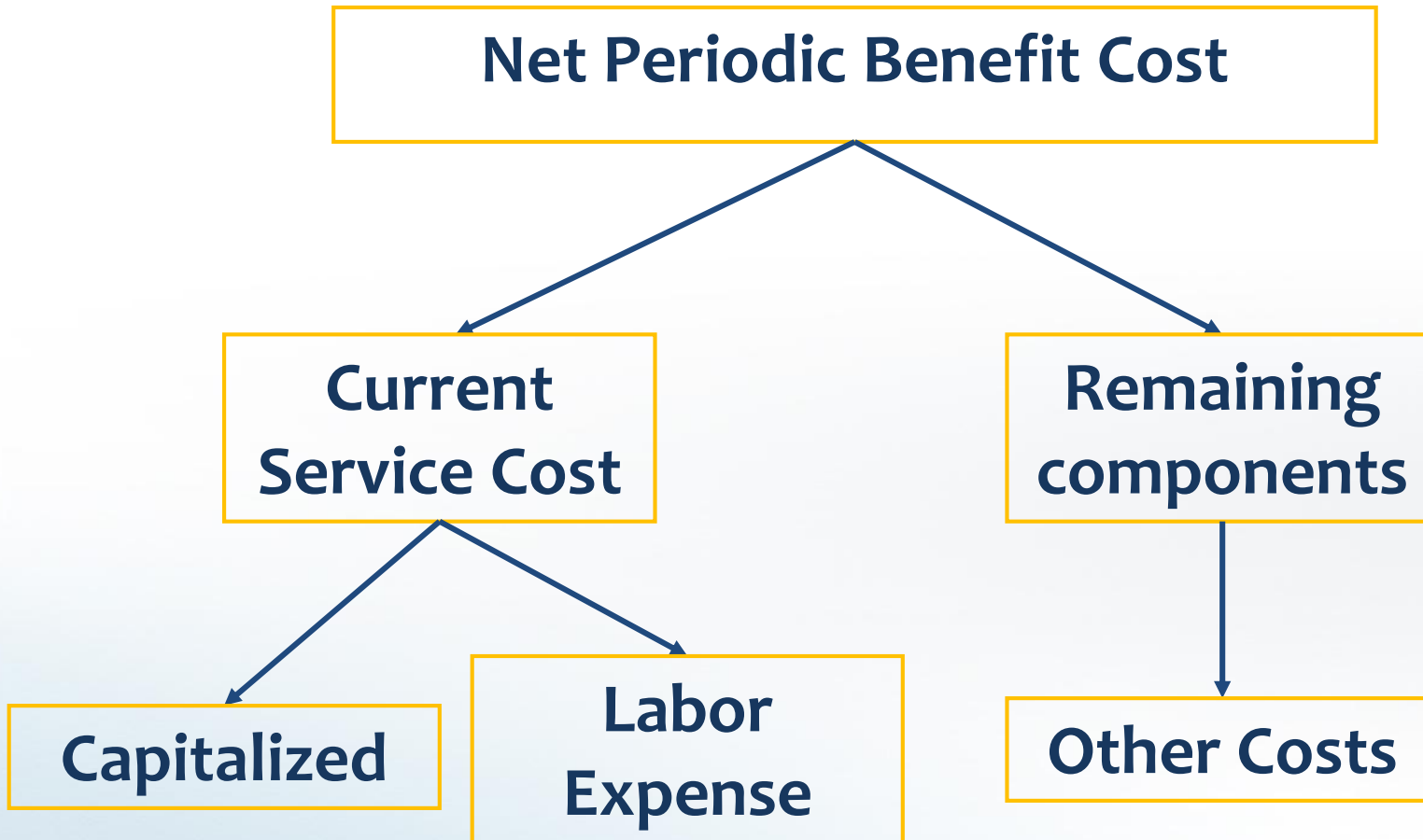
- Ways an entity arrives at fair value
- The effects on financial statements
- Uncertainty in measurement
- Measurement change period to period

# Fair Value Measurement – Disclosure review

## Possible Changes to FVM



# Presentation of Net Periodic Benefit Cost



# Defined Benefit Plans – Disclosure review

## Possible Changes

```
graph TD; A[Possible Changes] --> B[Remove:]; A --> C[Add:]; A --> D[Discuss:];
```

### Remove:

- L3 plan asset rollforward (nonpublic only)
- ABO
- Plan assets expected to be returned
- Amount in AOCI expected to be recognized

### Add:

- General characteristics (nature of benefits, employee groups covered, type of plan formula)
- Interest crediting rate of cash balance plans
- NAV disclosures
- Reasons for significant gains/losses

### Discuss:

- Effect of 1% increase/decrease in healthcare cost on net benefit cost and APBO



# Next Steps

- Planned Exposure Drafts
  - Entity's Decision Process
  - Defined Benefit Plans
  - Fair Value Measurement
- Redeliberate Proposed Concepts in the Disclosure Framework
- Interim Considerations

Defined Benefit  
Plans

Fair Value  
Measurement

Income Taxes

Inventory