

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

Private Company Council Meeting

December 3-4, 2015



FINANCIAL
ACCOUNTING
STANDARDS BOARD

Project Background

- Net benefit cost contains several components with different nature
- No GAAP guidance on presentation
- Reduced predictive value and usefulness of information to users
- Board added project in June 2015

Board Decisions

- Presentation of net benefit cost in the income statement (retrospectively application)
 - service cost in the same line item or items as other current employee compensation costs
 - remaining components outside a subtotal of income from operations, if one is presented
- Capitalization of only service cost in assets (prospective application)

Next Steps

- Issue Exposure Draft – December 2015 with a comment period of 90 days

Questions to Consider

- Would the proposed amendments be operable without incurring significant incremental costs to preparers (such as not-for-profit entities, entities on government contracts or cost-plus contracts, and entities that allocate cost form cost pools)?
- Other questions or comments?