

IFRIC 14: Minimum Funding Requirements

Excerpt, IFRS Discussion Group Report on Meeting – March 31, 2011

IFRIC 14 IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction addresses how a minimum funding requirement might affect the availability of reductions in future contributions. However, in practice, it appears that there are various interpretations of what constitutes a minimum funding requirement under IFRIC 14. The issue for consideration is whether a request should be made to the IFRS Interpretations Committee for clarification of whether expected future returns on pension plan assets should be considered when measuring the economic benefit available in the form of reductions in future contributions to the plan.

Members discussed two approaches for determining the future minimum funding requirement for future service. The Group recommended that the staff perform additional research to determine whether there is diversity in practice in other jurisdictions. The Group tentatively recommended that the AcSB consider bringing this issue to the attention of the IFRS Interpretations Committee if sufficient evidence of global diversity is found.