OPTIONAL PRESENTATION FORMAT FOR A PENSION PLAN'S STATEMENT OF FINANCIAL POSITION[1]

A pension plan may have a difference between its surplus or deficit determined in accordance with Section 4600, *Pension Plans*, in Part IV of the Handbook, and that determined for funding purposes (the regulatory surplus or deficit).

Paragraphs 17-26 of the related Background Information and Basis for Conclusions document discuss the difference between the actuarial asset value and the fair value of plan assets. Generally, a pension plan has a difference between the regulatory and accounting actuarial valuations of its pension obligations, unless:

- the pension plan is a multiemployer defined benefit pension plan, in which case the funding valuation may be the only actuarial valuation available (see paragraph 4600.24); or
- the pension plan chooses to use the plan sponsor's accrued benefit obligation for its pension obligation and that accrued benefit obligation was determined using a funding valuation (see paragraphs 4600.22-.23 and paragraphs 40-41 of the Background Information and Basis for Conclusions document) because the plan sponsor chooses to follow the immediate recognition approach for its defined benefit plans (see Section 3461, *Employee Future Benefits*, in Part II of the Handbook (accounting standards for private enterprises)).

A pension plan can explain the difference between the regulatory surplus or deficit and the accounting surplus or deficit in the notes to the financial statements. However, some plans may wish to show the regulatory surplus or deficit in the statement of financial position to link to the discussion of this amount elsewhere in the annual report.

Paragraph 26 of the Background Information and Basis for Conclusions notes that: "… nothing in the final standards prevents a pension plan from considering a presentation format that explains the difference between a regulatory surplus or deficit and an accounting surplus or deficit, for example, showing a regulatory surplus or deficit and the actuarial asset value adjustment as two components of the accounting surplus or deficit. Financial statement users could benefit from understanding this difference."

The following illustrations provide two alternative formats that might be used by a pension plan to show the relationship between the regulatory and accounting surplus or deficit on the face of its statement of financial position and they are consistent with the requirements in paragraph 4600.12. Other alternative presentation formats might also be used.

The pension plan would also provide an explanation of the difference between the regulatory and accounting surplus or deficit, as required by paragraph 4600.34, in its accompanying note disclosures. This difference may include an actuarial asset value adjustment and a pension obligations adjustment.

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[1] This document provides the views of the staff of the Accounting Standards Board (AcSB). It has not been approved by the AcSB and, therefore, does not constitute a primary source of GAAP.

Alternative 1:

ABC Pension Plan
Statement of Financial Position

As at December 31		20X2		20X1	Explanatory note: This column provides cross-references to the requirements in Section 4600. It is not meant to be included in the financial statements.
ASSETS					paragraphs
Investment assets (Note 2)		$11,050		$10,250	4600.12(a), .13-.15
Investment liabilities (Note 2)		(1,500)		(1,200)	4600.12(b), .13-.15
Participants' contributions receivable		150		200	4600.12(c)
Sponsors' contributions receivable		200		200	4600.12(d)
Other assets and liabilities		100		150	4600.12(e), .16
Net assets available for benefits		10,000		9,600	4600.12(f)
PENSION OBLIGATIONS (Note 3)		8,000		7,650	4600.12(g)
Regulatory surplus/(deficit) (Note 4)	($2,700)		($2,350)		
Measurement differences between regulatory and accounting surplus or deficit (Note 5)	4,700		4,300		
SURPLUS/(DEFICIT)		$ 2,000		$ 1,950	4600.12(h)

Alternative 2:

ABC Pension Plans
Statement of Financial Position

As at December 31		20X2		20X1	Explanatory note: This column provides cross-references to the requirements in Section 4600. It is not meant to be included in the financial statements.
ASSETS					paragraphs
Investment assets (Note2)		$11,050		$10,250	4600.12(a), .13-.15
Investment liabilities (Note 2)		(1,500)		(1,200)	4600.12(b), .13-.15
Participants' contributions receivable		150		200	4600.12(c)
Sponsors' contributions receivable		200		200	4600.12(d)
Other assets and liabilities		100		150	4600.12(e), .16
Net assets available for benefits		10,000		9,600	4600.12(f)
PENSION OBLIGATIONS (Note 3)		8,000		7,650	4600.12(g)
SURPLUS/(DEFICIT)		$ 2,000		$ 1,950	4600.12(h)
COMPONENTS OF SURPLUS/(DEFICIT):					
Regulatory surplus/(deficit) (Note 4)	($2,700)		($2,350)		
Measurement differences between regulatory and accounting surplus or deficit (Note 5)	4,700		4,300		
Surplus/(deficit)		$2,000		$1,950	