

Meeting: International Public Sector Accounting Standards Board

Meeting Location: Zurich, Switzerland

Meeting Date: September 12–15, 2023

Agenda Item 4

For:

Approval

Discussion

Information

RETIREMENT BENEFIT PLANS

Project summary	The objective of this project is to develop an IPSAS adapted from IAS 26, <i>Accounting and Reporting by Retirement Benefit Plans</i> .	
Project staff leads	Christoph Braxton, Principal	
Drafting Group	<ul style="list-style-type: none"> • David Watkins, IPSASB Technical Advisor (Drafting Group Chair) • Renée Pichard, IPSASB Member • Kamira Sanchez Nicosia, IPSASB Member • Moushumi Dullabh, South African Treasury • Jean-Pierre Menanteau, CNoCP • Karl-Ludwig Soll, United Nations • John Verrinder, Eurostat 	
Meeting objectives	Topic	Agenda Item
Project management	Pronouncement: Dashboard	4.1.1
	Instructions up to Previous Meeting	4.1.2
	Decisions up to Previous Meeting	4.1.3
	Retirement Benefit Plans: Project Roadmap	4.1.4
Decisions required at this meeting	Approval of IPSAS 49, <i>Retirement Benefit Plans</i>	4.2.1
Other supporting items	[draft] IPSAS 49, <i>Retirement Benefit Plans (Clean Version)</i>	4.3.1
	[draft] IPSAS 49, <i>Retirement Benefit Plans (Tracked Changes Version)</i>	4.3.2

**RETIREMENT BENEFIT PLANS:
 PRONOUNCEMENT DASHBOARD**

Topic	Past Meetings	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024
Project Planning	✓					
Review and Approval of Retirement Benefit Plans ED	✓					
Retirement Benefit Plans – Authoritative Text						
Objective & Scope						
Definitions						
Recognition						
• Defined Benefit Plans						
• Defined Contribution Plans						
Measurement						
• Valuation of Plans Investments						
• Actuarial Present Value of Promised Retirement Benefits						
Presentation & Disclosure						
Effective Date & Transition						
Application Guidance						
• Objective						
• Scope						
• Definitions						
• Recognition						
• Measurement						
• Presentation & Disclosure						
• Effective Date & Transition						
Amendments to Other IPSAS						
Retirement Benefit Plans – Non-Authoritative Text						
Basis for Conclusions						
Implementation Guidance						
• Contributions and benefits as revenue and expenses or liabilities and a reduction in liabilities						
Illustrative Examples						
Legend						
✓	Task Completed					
	Planned IPSASB Discussion					
	Page-by-page Review					

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Action
June 2023	1. Reflect members' comments in the Application Guidance and Basis for Conclusions, as appropriate, relating to: <ol style="list-style-type: none"> a) The objective and scope of [draft] IPSAS 49; b) Consolidation; and c) Definitions included in [draft] IPSAS 49. 	1. See agenda item 4.2.1. Application Guidance and Basis for Conclusions were updated as appropriate to reflect Member comments.
	2. Update the diagram on the scope of the Standard for inclusion in the "At a Glance".	2. See Agenda item 4.2.1. A diagram was updated for inclusion in the "At a Glance".
	3. Circulate an updated version of [draft] IPSAS 49 in mark-up for an out of session review, prior to its planned approval at the September meeting	3. See Agenda item 4.3.1. The updated version of [draft] IPSAS 49 was circulated to members on July 31, 2023 for an out of session review.

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
June 2023	1. Retain the definitions proposed in [draft] IPSAS 49. 2. Add the following disclosure requirements to [draft] IPSAS 49: a) Disclosure of the expected future contributions to aid the evaluation of the long-term sustainability of a retirement benefit plan; b) Disclosure consistent with IPSAS 41, <i>Financial Instruments</i> , in relation to fair value of plan assets; and c) Commentary disclosure should a plan deficit be experienced at reporting date, including the management thereof, and sources of funding.	1. Refer [draft] IPSAS 49, Retirement Benefit Plans BC13-BC17. 2. Refer [draft] IPSAS 49, <i>Retirement Benefit Plans</i> : a) Paragraph. 22(g) b) Paragraph 22(c) c) AG36
March 2023	1. All decisions made up until March 2023 were reflected in the Exposure Draft on Retirement Benefit Plans.	1. All decisions made up until March 2023 were reflected in the Exposure Draft on Retirement Benefit Plans.

**RETIREMENT BENEFIT PLANS:
PROJECT ROADMAP**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
March 2021	<ol style="list-style-type: none">1. Approval of Retirement Benefit Plans Project Brief and Outline2. Initial identification and discussion of possible issues
June 2021	<ol style="list-style-type: none">1. Discuss issues
September 2021	<ol style="list-style-type: none">1. Discuss Issues2. Review [draft] Exposure Draft (ED)
December 2021	<ol style="list-style-type: none">1. Review [draft] Exposure Draft (ED)2. Approve ED
February 2022	<ol style="list-style-type: none">1. Final Approval of ED
April 2022	<ol style="list-style-type: none">1. Issue Exposure Draft
April 2022-July 2022	<ol style="list-style-type: none">1. Consultation Period (4 months)
March 2023	<ol style="list-style-type: none">1. Initial Review of Comments to Exposure Draft2. Discuss Issues
June 2023	<ol style="list-style-type: none">1. Discuss Issues2. Review [draft] IPSAS
September 2023	<ol style="list-style-type: none">1. Approve Pronouncement

Approval of IPSAS 49, *Retirement Benefit Plans*

Question

1. Does the IPSASB agree to vote to approve IPSAS 49, *Retirement Benefit Plans*, and the proposed effective date of January 1, 2026?

Recommendation

2. Staff recommend the IPSASB:
 - (a) Vote to approve IPSAS 49 based on the IPSASB's Program and Technical Director assertion that due process has been followed effectively in its development; and
 - (b) Select an effective date of January 1, 2026.

Background

3. The IPSASB completed its update and out of session review of [draft] IPSAS 49. This paper summarizes the IPSASB's work in compliance with due process in developing [draft] IPSAS 49.

Analysis

Due Process

4. IPSAS 49 prescribe the accounting and reporting requirements for public sector retirement benefit plans. The IPSASB has followed due process throughout this project (see full analysis in [Appendix 1](#)). Key activities and final steps in due process are outlined below.
5. The IPSASB released [Exposure Draft \(ED\) 82, Retirement Benefit Plans](#) in April 2022. The IPSASB received 23 comment letters, which were reviewed and analyzed by IPSASB staff.
6. Between March 2023 and June 2023, the IPSASB discussed and addressed issues raised by respondents in its development of IPSAS 49.
7. When the staff are satisfied a proposed final international standard is ready for approval, the IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval:
 - (a) **Staff present the revised content of the exposed international standard to the IPSASB;**
See [Agenda Item 4.3.1](#).
 - (b) **The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;**
The IPSASB Program and Technical Director asserts that due process has been followed effectively in developing IPSAS 49.
 - (c) **The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;**
The IPSASB Chair asks the IPSASB for confirmation on due process.

- (d) **The IPSASB votes on the approval of IPSAS 49 in accordance with its [Terms of Reference](#);**

Staff, in consultation with the Task Force Chair, recommend the approval of IPSAS 49.

- (e) **The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;**

Based on its analysis, staff conclude that there are no substantial changes that would require a vote on re-exposure by the IPSASB, and the benefits of re-exposure do not justify the costs.

- (f) **The IPSASB sets the effective date of the application of IPSAS 49;** and

Staff and Task Force Chair recommend the IPSASB set an effective date for IPSAS 49 of January 1, 2026.

- (g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

Staff highlights that [draft] IPSAS 49 includes the Basis for Conclusions ([Agenda Item 4.3.1](#)).

Decision Required

8. Does the IPSASB agree with the staff [recommendation](#)?

Appendix 1 – Due Process for Approval of IPSAS 49, *Retirement Benefit Plans*

1. IPSAS 49, *Retirement Benefit Plans* prescribe the accounting and reporting requirements for public sector retirement benefit plans. The IPSASB has followed due process throughout this project. As such, the detail of the final steps in due process are noted below.
2. The IPSASB released [ED 82, Retirement Benefit Plans](#) in April 2022. The IPSASB received 23 comment letters, which were reviewed and analyzed by the IPSASB and its staff.
3. Between March 2023 and June 2023, the IPSASB discussed and addressed issues raised by [ED 82](#) respondents in its development of [draft] IPSAS 49, *Retirement Benefit Plans*.
4. When the staff are satisfied a proposed new final international standard is ready for approval, IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval:

(a) Staff present the revised content of the exposed international standard to the IPSASB;

[Agenda Item 4.3.1](#) includes all changes in mark-up from the version presented at the July 2023 check-in meeting. These changes are based on comments received from Members. There were no changes to the principles.

(b) The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;

The IPSASB Program and Technical Director, asserts due process has been followed effectively, noting that:

- [ED 82](#) was issued for consultation;
- Responses to the ED were received and made publicly available on the [IPSASB website](#);
- The IPSASB has deliberated significant matters raised in the comment letters at its meetings between March 2023 and June 2023, and decisions taken have been minuted; and
- The IPSASB will be asked to consider whether there are any issues raised by respondents, in addition to those summarized by staff, that it considers should be discussed by the IPSASB and agree there are none.

(c) The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;

The IPSASB Chair asks the IPSASB for confirmation on due process.

(d) The IPSASB votes on the approval of IPSAS 49, *Retirement Benefit Plans* in accordance with its [Terms of Reference](#);

Staff, in consultation with the Task Force Chair, recommend the approval of IPSAS 49.

(e) The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;

Staff confirm that there have been no substantial changes that would require a vote on re-exposure by the IPSASB.

The IPSASB Program and Technical Director, in consultation with the Chair of the IPSASB, advises the IPSASB that no substantial changes have been made to [ED 82](#) such that necessitate re-exposure.

Changes to ED 82 reflect matters raised in comment letters. These changes enhance the interpretation of ED 82 to help constituents apply the IPSAS 49 in practice. No principles were altered.

(f) The IPSASB sets the effective date of the application of IPSAS 49; and

The IPSASB will need to consider the effective date of IPSAS 49. Paragraph A44 of the IPSASB's [Due Process and Working Procedures](#) requires the IPSASB to consider the reasonable expected minimum period for effective implementation, including the need for translation into national languages.

Staff note that the IPSASB's usual practice when approving a new IPSAS is to set an effective date that commences:

- (a) A minimum of 18 months after the publication of a Standard; and
- (b) On January 1.

IPSAS 49 is expected to be published in Q4 2023. If the IPSASB were to follow its usual practice, this would result in an effective date of January 1, 2026.

Staff and the Task Force Chair recommend the effective date be set as **January 1, 2026**. Setting the effective date in 2026 takes into consideration:

Public Interest. The project brief was approved in 2021. Providing stakeholders with principled guidance in a timely manner is important. An effective date of January 1, 2026 is the first date after the 18-month window, which allows constituents time to adopt and implement the pronouncement, but balances with the need to publish the Standard in a timely manner.

Complexity (Resource availability). There is a gap in the literature and constituents have requested that this gap be filled. IPSAS 49 addresses this gap and applying its requirements would result in governments providing better information about the cost of employee's promised retirement benefits which will increase the transparency and accountability of governments and allow plan participants to ascertain the fiscal sustainability of pensions for employees. The requirements in IPSAS 49 are more extensive than what IAS 26, on which IPSAS 49 is based, prescribes and this will have an impact on resources required to implement the Standard for those retirement benefit plans who do prepare financial statements.

(g) The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.

Staff highlights that [draft] IPSAS 49 includes Basis for Conclusions (See [Agenda Item 4.3.1](#)).

Supporting Document 1 - IPSAS 49, *Retirement Benefit Plans* CLEAN VERSION

This supporting document includes a clean version of IPSAS 49, *Retirement Benefit Plans*.

1. All changes proposed by members since the July meeting are reflected in this supporting document.
2. This supporting document is identical to the 'tracked changes' version included in [Agenda item 4.3.2](#).

**Supporting Document 2 - IPSAS 49, *Retirement Benefit Plans* TRACKED
CHANGES VERSION**

3. This supporting document includes a tracked changes version of IPSAS 49, *Retirement Benefit Plans*.
 - (a) All changes proposed by members since the July meeting are reflected in this supporting document.
 - (b) Changes are tracked from the version reviewed at the June meeting. Wording added or other changes added can be identified with Red-Underline formatting and deletions can be identified with ~~Red-Strikethrough~~ formatting.