

FINANCIAL ACCOUNTING SERIES

FASB ACCOUNTING STANDARDS UPDATE

No. 2014-06
March 2014

Technical Corrections and Improvements Related to Glossary Terms

An Amendment of the *FASB Accounting Standards Codification*®

Financial Accounting Standards Board

The *FASB Accounting Standards Codification*[®] is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. An Accounting Standards Update is not authoritative; rather, it is a document that communicates how the Accounting Standards Codification is being amended. It also provides other information to help a user of GAAP understand how and why GAAP is changing and when the changes will be effective.

For additional copies of this Accounting Standards Update and information on applicable prices and discount rates contact:

Order Department
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Please ask for our Product Code No. ASU2014-06.

FINANCIAL ACCOUNTING SERIES (ISSN 0885-9051) is published quarterly by the Financial Accounting Foundation. Periodicals postage paid at Norwalk, CT and at additional mailing offices. The full subscription rate is \$242 per year. POSTMASTER: Send address changes to Financial Accounting Standards Board, 401 Merritt 7, PO Box 5116, Norwalk, CT 06856-5116. | **No. 395**

Copyright © 2014 by Financial Accounting Foundation. All rights reserved. Content copyrighted by Financial Accounting Foundation may not be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the Financial Accounting Foundation. Financial Accounting Foundation claims no copyright in any portion hereof that constitutes a work of the United States Government.



Accounting Standards Update

No. 2014-06
March 2014

Technical Corrections and Improvements Related to Glossary Terms

An Amendment of the *FASB Accounting Standards Codification*[®]

Financial Accounting Standards Board

Accounting Standards Update 2014-06

Technical Corrections and Improvements Related to Glossary Terms

March 2014

CONTENTS

	Page Numbers
Summary.....	1–3
Amendments to the <i>FASB Accounting Standards Codification</i> ®	5–301
Background Information and Basis for Conclusions	302–303
Amendments to the XBRL Taxonomy	304

Summary

Why Is the FASB Issuing This Accounting Standards Update (Update)?

Since the *FASB Accounting Standards Codification*[®] was established in September 2009 as the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities, stakeholders have provided feedback on minor corrections and clarifications using the Codification Research System's feedback mechanism. The Codification's Notice to Constituents describes the FASB's procedure for responding to feedback submissions, which involves the staff analyzing and processing the submissions and including any resulting changes to the Codification in maintenance updates or in an Accounting Standards Update.

On November 10, 2010, the acting FASB chairman added a standing project to the FASB's agenda to address feedback received from stakeholders on the Codification and to make other incremental improvements to U.S. GAAP. This perpetual project will facilitate Codification updates for technical corrections, clarifications, and improvements and should eliminate the need for periodic agenda requests for narrow and incremental items. These amendments are referred to as Technical Corrections and Improvements.

The Board decided that the types of issues that it will consider through this project are changes to clarify the Codification or correct unintended application of guidance that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. This Update is limited to those amendments related to the Master Glossary, including technical corrections related to glossary links, glossary term deletions, and glossary term name changes. In addition, this Update includes more substantive, limited-scope improvements to reduce instances of the same term appearing multiple times in the Master Glossary with similar, but not entirely identical, definitions. These are items that represent narrow and incremental improvements to U.S. GAAP and are not purely technical corrections. The amendments in this Update include items raised to the Board through the Codification's feedback mechanism and are items that the Board concluded met the scope of this project, rather than that of a maintenance update, making due process necessary. Maintenance updates include nonsubstantive corrections to the Codification, such as editorial corrections, various types of link-related changes, and changes to source fragment information that is used for the Cross Reference and Printer-Friendly with Sources options of the Codification.

Who Is Affected by the Amendments in This Update?

This Update contains amendments that affect a wide variety of Topics in the Codification. The tables in paragraphs 1, 6, 103, and 412 summarize the amendments included in each section of this Update.

The amendments in this Update apply to all reporting entities within the scope of the affected accounting guidance.

What Are the Main Provisions?

The amendments in this Update relate to glossary terms and cover a wide range of Topics in the Codification. These amendments are presented in four sections: Deletion of Master Glossary Terms (Section A), Addition of Master Glossary Term Links (Section B), Duplicate Master Glossary Terms (Section C), and Other Technical Corrections Related to Glossary Terms (Section D).

1. **Amendments Related to the Deletion of Master Glossary Terms (Section A).** These amendments arose because of terms that were carried forward from source literature (for example, FASB Statements, EITF Issues, and so forth) to the Codification but were not utilized in the Codification. The related source literature in which the glossary term was used was not codified because the guidance either was superseded or was no longer considered necessary.
2. **Amendments Related to the Addition of Master Glossary Term Links (Section B).** These amendments arose from Master Glossary terms whose links did not carry forward to the Codification. These terms are then divided into two sections:
 - a. **Same Source Literature (Subsection 1).** These amendments are related to adding links to Master Glossary terms where the definition and the source literature are the same.
 - b. **Different Source Literature (Subsection 2).** These amendments are related to adding links to the Master Glossary. The term and the paragraph to which it will be linked come from different source literature; however, the added link is appropriate considering the context of the term.
3. **Amendments Related to Duplicate Master Glossary Terms (Section C).** These amendments arose from Master Glossary terms that appear multiple times in the Master Glossary with similar, but not identical, definitions. Before the Codification, standards were issued in standalone documents resulting in the same term being used in multiple instances. In certain instances, the Board has amended duplicate Master Glossary terms and added links to the term where it was not previously linked. To keep all related amendments in the same location, these amendments are all presented in Section C.

4. **Other Technical Corrections Related to Glossary Terms (Section D).** These amendments arose from miscellaneous changes to update Master Glossary terms.

How Do the Main Provisions Differ from Current U.S. Generally Accepted Accounting Principles (GAAP) and Why Are They an Improvement?

The amendments in this Update represent changes to clarify the Master Glossary of the Codification, consolidate multiple instances of the same term into a single definition, or make minor improvements to the Master Glossary that are not expected to result in substantive changes to the application of existing guidance or create a significant administrative cost to most entities. Additionally, the amendments will make the Master Glossary easier to understand, as well as reduce the number of terms appearing in the Master Glossary.

When Will the Amendments Be Effective?

The amendments in this Update do not have transition guidance and will be effective upon issuance for both public entities and nonpublic entities.

How Do the Provisions Compare with International Financial Reporting Standards (IFRS)?

The amendments in this Update are not expected to result in substantive changes to the application of existing guidance. Additionally, the amendments are not expected to create any new differences between U.S. GAAP and IFRS.

Amendments to the *FASB Accounting Standards Codification*[®]

Section A—Amendments Related to the Deletion of Master Glossary Terms

Introduction

1. The following table summarizes the amendments to the Master Glossary in this section. The amendments are presented in alphabetical order by Master Glossary term, and the table lists the definition and source literature of each term, if identified in the Codification, and describes the changes. The table includes terms that are currently not linked in the Codification and that this Update removes from the Master Glossary. **These amendments are not expected to result in substantive changes to the application of existing guidance; therefore, transition guidance is not provided.**

Master Glossary Term	Definition	Source Literature	Description of Change
Annuity Gift	See Charitable Gift Annuity .	Glossary of AICPA Audit and Accounting Guide, <i>Not-for-Profit Organizations</i> (2008)	<ul style="list-style-type: none"> Supersede because not linked in the Codification.
Diversifiable Risk	See Unsystematic Risk .	FASB Statement No. 157, <i>Fair Value Measurements</i>	<ul style="list-style-type: none"> Supersede because not linked in the Codification.
Dividend Interest Rate	The total interest rate the entity pays on its dividend fund.	AICPA Statement of Position 95-1, <i>Accounting for Certain Insurance Activities of Mutual Life Insurance Enterprises</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Fair and Equitable	In demutualization or mutual insurance holding entity state regulation, fair and equitable describes how the allocation of consideration to eligible policyholders shall be determined.	AICPA Statement of Position 00-3, <i>Accounting by Insurance Enterprises and for Demutualizations and Formations of Mutual Insurance Holding Companies and for Certain Long-Duration Participating Contracts</i>	<ul style="list-style-type: none"> Supersede because not linked in the Codification.
Farm Price Method	A method of accounting for inventories at the sales prices in the nearest local market for the quantities that the producer normally sells less the estimated costs of disposition.	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Financial	Financial position of an investee	AICPA Accounting	<ul style="list-style-type: none"> Supersede because not

Master Glossary Term	Definition	Source Literature	Description of Change
Position of an Investee	determined in accordance with U.S. generally accepted accounting principles (GAAP).	Principles Board Opinion No. 18, <i>The Equity Method of Accounting for Investments in Common Stock</i>	used in the Codification.
Funds Held in Trust by Others	Resources held and administered, at the direction of the resource provider, by an outside trustee for the benefit of a not-for-profit entity (NFP), frequently in connection with a split-interest agreement or permanent endowment.	Glossary of AICPA Audit and Accounting Guide, <i>Not-for-Profit Organizations</i> (2008)	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Involuntary Termination	See Termination .	FASB Statement No. 60, <i>Accounting and Reporting by Insurance Enterprises</i>	<ul style="list-style-type: none"> Supersede because only linked in the definition of Master Glossary term <i>Termination</i>.
Joint Venturers	See Corporate Joint Venture .	No source listed in Codification	<ul style="list-style-type: none"> Supersede because not used in the Codification.
LDC Loan	See Less-Developed Country Loan .	No source listed in Codification	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Lease and Well Equipment	See Wells and Related Equipment and Facilities .	FASB Statement No. 19, <i>Financial Accounting and Reporting by Oil and Gas Producing Companies</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Less-Developed Country Loan	A loan to a financially troubled country, in regulatory terminology	No source literature listed in the Codification	<ul style="list-style-type: none"> Supersede because not linked in the Codification.

Master Glossary Term	Definition	Source Literature	Description of Change
Life Income Agreement	<p>a less-developed-country.</p> <p>A form of split-interest agreement in which a not-for-profit entity (NFP) is obligated to make payments to the donor or a third-party beneficiary for that beneficiary's life. See Charitable Gift Annuity and Charitable Remainder Trust.</p>	Glossary of AICPA Audit and Accounting Guide, <i>Not-for-Profit Organizations</i> (2008)	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Matched Repos	Matched repos are situations in which the broker-dealer has entered into repos and reverse repos using the same securities.	AICPA Audit and Accounting Guide, <i>Brokers and Dealers in Securities</i> (2008)	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Nondiversifiable Risk	See Systematic Risk .	FASB Statement No.157, <i>Fair Value Measurements</i>	<ul style="list-style-type: none"> Supersede because not linked in the Codification.
Objective Covenants	Covenants that require the financial institution to determine the borrower's compliance objectively; that is, they typically refer to financial ratios and other data.	Statement 133 Implementation Issue No. C13	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Raised Animals	Animals produced and raised from an owned herd, as opposed to purchased animals.	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.

Master Glossary Term	Definition	Source Literature	Description of Change
Recurring Land Development Costs	Costs that do not result in permanent or long-term improvements to land; for example, maintenance costs that occur annually or periodically.	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Remainder Trust	See Charitable Remainder Trust .	AICPA Audit and Accounting Guide, <i>Not-for-Profit Organizations</i> (2008)	<ul style="list-style-type: none"> Supersede because not linked in the Codification.
Retrospective Deposit Methods	Accounting methods that measure the liability for policy benefits based on policyholder balances.	FASB Statement No. 97, <i>Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Revolving-Debt Agreement	See Line-of-Credit Arrangement .	No source listed in Codification	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Risk Load	See Risk of Adverse Deviation .	FASB Statement No. 60, <i>Accounting and Reporting by Insurance Enterprises</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.
SDR	See Special Drawing Rights .	No source listed in Codification	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Subjective Covenants	Covenants that permit the lender to determine the borrower's	Statement 133 Implementation Issue No.	<ul style="list-style-type: none"> Supersede because not used in the Codification.

Master Glossary Term	Definition	Source Literature	Description of Change
	<p>compliance subjectively; that is, they contain provisions that can be evaluated differently by the parties to the agreement, such as a provision referring to a material adverse change.</p>	C13	
Unit Livestock Method	<p>Accounting for livestock by using an arbitrary fixed periodic charge. For raised animals the amount is accumulated by periodic increments from birth to maturity or disposition. For purchased animals the arbitrary fixed periodic amount is added to the acquisition cost until maturity or disposition of the animal.</p>	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricutural Cooperatives</i>	<ul style="list-style-type: none"> Supersede because not used in the Codification.
Voluntary Termination	See Termination .	FASB Statement No. 60, <i>Accounting and Reporting by Insurance Enterprises</i>	<ul style="list-style-type: none"> Supersede because only linked in the definition of the Master Glossary term <i>Termination</i>.

2. The amendments in this section delete Master Glossary terms that are not linked or deemed important to a user's understanding of the content in the Codification. Terms from the Master Glossary are in **bold** type. Added text is underlined, and deleted text is ~~struck out~~.

Amendments to Master Glossary

3. The Master Glossary contains the following 26 terms that are not linked to content in the Codification. Therefore, the Board decided to remove these terms from the Master Glossary.

4. Supersede the following Master Glossary terms as follows:

~~Annuity Gift~~

~~See Charitable Gift Annuity.~~

~~Diversifiable Risk~~

~~See Unsystematic Risk.~~

~~Dividend Interest Rate~~

~~The total interest rate the entity pays on its dividend fund.~~

~~Fair and Equitable~~

~~In demutualization or mutual insurance holding entity state regulation, fair and equitable describes how the allocation of consideration to eligible policyholders shall be determined.~~

~~Farm Price Method~~

~~A method of accounting for inventories at the sales prices in the nearest local market for the quantities that the producer normally sells less the estimated costs of disposition.~~

~~Financial Position of an Investee~~

~~Financial position of an investee determined in accordance with U.S. generally accepted accounting principles (GAAP).~~

~~Funds Held in Trust by Others~~

~~Resources held and administered, at the direction of the resource provider, by an outside trustee for the benefit of a not for profit entity (NFP), frequently in connection with a split interest agreement or permanent endowment.~~

~~Involuntary Termination~~

~~See Termination.~~

~~Joint Venturers~~

~~See Corporate Joint Venture.~~

~~LDC Loan~~

~~See Less-Developed Country Loan.~~

~~Lease and Well Equipment~~

~~See Wells and Related Equipment and Facilities.~~

~~Less Developed Country Loan~~

~~A loan to a financially troubled country, in regulatory terminology a less-developed country.~~

~~Life Income Agreement~~

~~A form of split interest agreement in which a not for profit entity (NFP) is obligated to make payments to the donor or a third party beneficiary for that beneficiary's life. See Charitable Gift Annuity and Charitable Remainder Trust.~~

~~Matched Repos~~

~~Matched repos are situations in which the broker dealer has entered into repos and reverse repos using the same securities.~~

~~Nondiversifiable Risk~~

~~See Systematic Risk.~~

~~Objective Covenants~~

~~Covenants that require the financial institution to determine the borrower's compliance objectively; that is, they typically refer to financial ratios and other data.~~

Raised Animals

~~Animals produced and raised from an owned herd, as opposed to purchased animals.~~

Recurring Land Development Costs

~~Costs that do not result in permanent or long-term improvements to land; for example, maintenance costs that occur annually or periodically.~~

Remainder Trust

~~See Charitable Remainder Trust.~~

Retrospective Deposit Methods

~~Accounting methods that measure the liability for policy benefits based on policyholder balances.~~

Revolving Debt Agreement

~~See Line of Credit Arrangement.~~

Risk Load

~~See Risk of Adverse Deviation.~~

SDR

~~See Special Drawing Rights.~~

Subjective Covenants

~~Covenants that permit the lender to determine the borrower's compliance subjectively; that is, they contain provisions that can be evaluated differently by the parties to the agreement, such as a provision referring to a material adverse change.~~

Unit Livestock Method

~~Accounting for livestock by using an arbitrary fixed periodic charge. For raised animals the amount is accumulated by periodic increments from birth to maturity or disposition. For purchased animals the arbitrary fixed periodic amount is added to the acquisition cost until maturity or disposition of the animal.~~

Voluntary Termination

~~See Termination.~~

Section B—Amendments Related to the Addition of Master Glossary Term Links

Introduction

5. The following tables summarize the amendments to the Master Glossary in this section. The amendments in each table are presented in alphabetical order by the Master Glossary term to which they relate, and the table lists the definition and source literature of each term, if identified in the Codification, and describes the changes. The table includes terms that are currently not linked in the Codification and describes to which Subtopics or Master Glossary terms this Update links these terms.

6. This section comprises two subsections. Each subsection has a table to reflect the amendments within that subsection. The first subsection table identifies new links between a Master Glossary term and the use of the term in a Codification paragraph (or another Master Glossary term) that originate from the same source literature. The second subsection table identifies new links between a Master Glossary term and the use of the term in a Codification paragraph (or another Master Glossary term) that do not originate from the same source literature, but have the same meaning. **These amendments are not expected to result in substantive changes to the application of existing guidance; therefore, transition guidance is not provided.**

Same Source Literature:

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
<p>Contract Value of a Fully Benefit-Responsive Investment Contract</p>	<p>The contract value of a fully benefit-responsive investment contract held by a defined contribution health and welfare benefit plan is the amount a participant would receive if he or she were to initiate transactions under the terms of the ongoing plan.</p>	<p>AICPA Statement of Position 92-6, <i>Accounting and Reporting by Health and Welfare Benefit Plans</i></p>	<ul style="list-style-type: none"> • Add glossary link to Subtopic 965-325, Plan Accounting—Health and Welfare Benefits Plans—Investments—Other. 	<p>10</p>
<p>Cooperatives</p>	<p>The Agricultural Marketing Act of 1929 defines a cooperative association as any association in which farmers act together in processing, preparing for market, handling, and/or marketing the farm products of persons so engaged, and also means any association in which farmers act together in purchasing, testing, grading, processing, distributing, and/or furnishing farm supplies and/or farm business services. Provided, however, that such associations are operated for producers or purchasers and conform to one or both of the following requirements:</p>	<p>AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i></p>	<ul style="list-style-type: none"> • Rename the term <i>Agricultural Cooperatives</i>. • Amend and add glossary links to the definitions of <i>Member of an Agricultural Cooperative</i>, <i>Nonmember of an Agricultural Cooperative</i>, and <i>Patrons</i>. • Add glossary links to: <ul style="list-style-type: none"> ○ Subtopic 905-10, Agriculture—Overall ○ Subtopic 905-205, Agriculture—Presentation of Financial Statements ○ Subtopic 905-310, Agriculture—Receivables ○ Subtopic 905-325, Agriculture—Investments—Other 	<p>11–38</p>

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
	<p>a. No member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein.</p> <p>b. The association does not pay dividends on stock or membership capital in excess of 8 percent per year.</p> <p>In addition to meeting either of the requirements in this paragraph, the association shall not deal in farm business products, farm supplies, and farm services with or for nonmembers in an amount greater in value than the total amount of such business transacted by it with or for members. All business transacted by any cooperative association for or on behalf of the United States or any agency or instrumentality thereof shall be disregarded in determining the volume of member and nonmember business transacted by such association.</p>		<ul style="list-style-type: none"> o Subtopic 905-330, Agriculture—Inventory o Subtopic 905-405, Agriculture—Liabilities o Subtopic 905-505, Agriculture—Equity o Subtopic 905-605, Agriculture—Revenue Recognition o Subtopic 905-705, Agriculture—Cost of Sales and Services. 	

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Designated Net Assets	Unrestricted net assets subject to self-imposed limits by action of the governing board. Designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.	AICPA Audit and Accounting Guide, <i>Not-for-Profit Organizations</i> (2008)	<ul style="list-style-type: none"> Add glossary link to Subtopic 958-210, Not-for-Profit Entities—Balance Sheet. 	39
Direct Guarantee of Indebtedness	An agreement in which a guarantor states that if the debtor fails to make payment to the creditor when due, the guarantor will pay the creditor. If the debtor defaults, the creditor has a direct claim on the guarantor.	FASB Interpretation No. 45, <i>Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others</i>	<ul style="list-style-type: none"> Amend the Master Glossary term <i>Indirect Guarantee of Indebtedness</i> and link <i>Direct Guarantee of Indebtedness</i> to the definition of this term. 	40
Dividend to Policyholders	Nonguaranteed amounts distributable to policyholders of participating life insurance contracts and based on actual performance of the insurance entity as determined by the insurer. Under various state insurance laws, dividends are apportioned to policyholders on an equitable basis. The dividend allotted to any contract often is based on the amount that the contract, as one of a class of	AICPA Statement of Position 95-1, <i>Accounting for Certain Insurance Activities of Mutual Life Insurance Enterprises</i> and FASB Statement No. 60, <i>Accounting and Reporting by Insurance Enterprises</i>	<ul style="list-style-type: none"> Add glossary links to: <ul style="list-style-type: none"> Subtopic 944-20, Financial Services—Insurance—Insurance Activities Subtopic 944-60, Financial Services—Insurance—Premium Deficiency and Loss Recognition Subtopic 944-405, Financial Services—Insurance—Liabilities. 	41–44

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
	similar contracts, has contributed to the income available for distribution as dividends. Dividends to policyholders include annual policyholder dividends and terminal dividends.			
Fractional Interest	A partial ownership interest in real estate that typically includes larger blocks of time on an annual basis (for example, three weeks or more).	AICPA Statement of Position 04-2, <i>Accounting for Real Estate Time-Sharing Transactions</i>	<ul style="list-style-type: none"> Add glossary link to Subtopic 978-10, Real Estate—Time-Sharing Activities—Overall. 	45
Member of a Cooperative	A member of a cooperative is an owner-patron who is entitled to vote at corporate meetings of a cooperative.	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i>	<ul style="list-style-type: none"> Add glossary link to the definition of the Master Glossary term <i>Agricultural Cooperatives</i>. Rename the term <i>Member of an Agricultural Cooperative</i>, and update links throughout the Codification. 	11–38
Nonmember of a Cooperative	A nonmember patron is not entitled to voting privileges. A nonmember patron may or may not be entitled to share in patronage distributions, depending on the articles and bylaws of the cooperative or on other agreements.	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i>	<ul style="list-style-type: none"> Add glossary link to the definition of the Master Glossary term <i>Agricultural Cooperatives</i>. Rename the term <i>Nonmember of an Agricultural Cooperative</i>, and update links throughout the Codification. 	11–38
Orphan Share Potentially	An identified potentially responsible party that cannot be	AICPA Statement of Position 96-1,	<ul style="list-style-type: none"> Add glossary link to Subtopic 410-30, Asset 	46 and 47

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Responsible Party	located or that is insolvent. Some of these parties may be identified by the Environmental Protection Agency; others may be identified as the site is investigated or as the remediation is performed. However, no contributions will ever be made by these parties.	<i>Environmental Remediation Liabilities</i>	Retirement and Environmental Obligations— Environmental Obligations.	
Patrons	Any individual, trust, estate, partnership, corporation, or cooperative with or for whom a cooperative does business on a cooperative basis, whether a member or nonmember of the cooperative.	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i>	<ul style="list-style-type: none"> • Add glossary link to the definitions of <i>Agricultural Cooperative</i> and <i>Nonmember of an Agricultural Cooperative</i>. 	11–38
Participating Potentially Responsible Party	A party to a Superfund site that has acknowledged potential involvement with respect to the site. Active potentially responsible parties may participate in the various administrative, negotiation, monitoring, and remediation activities related to the site. Others may adopt a passive stance and simply monitor the activities and decisions of the more involved potentially responsible parties. This passive stance could result from a variety	AICPA Statement of Position 96-1, <i>Environmental Remediation Liabilities</i>	<ul style="list-style-type: none"> • Add glossary link to Subtopic 410-30, Asset Retirement and Environmental Obligations— Environmental Obligations. • Add glossary link to the definition of the Master Glossary term <i>Potentially Responsible Party</i>. 	46 and 47

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Potentially Responsible Party	<p>of factors such as the entity's lack of experience, limited internal resources, or relative involvement at a site. This category of potentially responsible parties (both active and passive) is also referred to as players.</p> <p>Any individual, legal entity, or government—including owners, operators, transporters, or generators—potentially responsible for, or contributing to, the environmental impacts at a Superfund site. The Environmental Protection Agency has the authority to require potentially responsible parties, through administrative and legal actions, to remediate such sites. At early stages of the remediation process, the list of potentially responsible parties may be limited to a handful of entities that either were significant contributors of waste to the site or were easy to identify, for example, because of their proximity to the site or because of labeled material found at the site. As further investigation of the site occurs and as remediation activities take place, additional</p>	AICPA Statement of Position 96-1, <i>Environmental Remediation Liabilities</i>	<ul style="list-style-type: none"> • Add glossary link to Subtopic 410-30, Asset Retirement and Environmental Obligations—Environmental Obligations. • Add glossary link to the definitions of the Master Glossary terms: <ul style="list-style-type: none"> ○ <i>Orphan Share Potentially Responsible Party</i> ○ <i>Participating Potentially Responsible Party</i> ○ <i>Recalcitrant Potentially Responsible Party</i> ○ <i>Unknown Potentially Responsible Party</i>. 	46 and 47

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
	<p>potentially responsible parties may be identified. Once identified, the additional potentially responsible parties would be reclassified from this category to either the participating potentially responsible party or recalcitrant potentially responsible party category. The total number of parties in this category and their aggregate allocable share of the remediation liability varies by site and cannot be reliably determined before the specific identification of individual potentially responsible parties. For example, some ultimately may be dropped from the potentially responsible party list because no substantive evidence is found to link them to the site. For others, substantive evidence eventually may be found that points to their liability. The presentation of that evidence to the entity would result in a reclassification of the party from this category of potentially responsible parties (sometimes referred to as hiding in the weeds) to either the participating</p>			

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
	potentially responsible party or recalcitrant potentially responsible party category.			
Reacquisition Price of Debt	The amount paid on extinguishment, including a call premium and miscellaneous costs of reacquisition. If extinguishment is achieved by a direct exchange of new securities, the reacquisition price is the total present value of the new securities.	AICPA Accounting Principles Board Opinion No. 26, <i>Early Extinguishment of Debt</i>	<ul style="list-style-type: none"> Add glossary link to Subtopic 470-50, Debt—Modifications and Extinguishments. 	48
Recalcitrant Potentially Responsible Party	A party whose liability with respect to a Superfund site is substantiated by evidence, but that refuses to acknowledge potential involvement with respect to the site. Recalcitrant potentially responsible parties adopt a recalcitrant attitude toward the entire remediation effort even though evidence exists that points to their involvement at a site. Some may adopt this attitude out of ignorance of the law, others may do so in the hope that they will be considered a nuisance and therefore ignored. Typically, parties in this category must be sued in order to collect their	AICPA Statement of Position 96-1, <i>Environmental Remediation Liabilities</i>	<ul style="list-style-type: none"> Add glossary link to Subtopic 410-30, Asset Retirement and Environmental Obligations—Environmental Obligations. Add glossary link to the definition of the Master Glossary term <i>Potentially Responsible Party</i>. 	46 and 47

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
	<p>allocable share of the remediation liability; however, it may be that it is not economical to bring such suits because the parties' assets are limited. This category of potentially responsible parties is also referred to as nonparticipating potentially responsible parties.</p> <p>A reload transaction is a sale of a new interval that should be treated as a separate transaction for accounting purposes.</p>			
Reload Transaction		AICPA Statement of Position 04-2, <i>Accounting for Real Estate Time-Sharing Transactions</i>	<ul style="list-style-type: none"> • Add glossary link to Subtopic 978-605, Real Estate—Time-Sharing Activities—Revenue Recognition. 	49
Stop-Loss Insurance	A contract in which an entity agrees to indemnify providers for certain health care costs incurred by members.	AICPA Audit and Accounting Guide, <i>Health Care Organizations</i> (2008)	<ul style="list-style-type: none"> • Add glossary links to: <ul style="list-style-type: none"> ◦ Subtopic 954-450, Health Care Entities—Contingencies ◦ Subtopic 954-720, Health Care Entities—Other Expenses. 	50–53
Unknown Potentially Responsible Party	A party that has liability with respect to a Superfund site, but that has not yet been identified as a potentially responsible party by the Environmental Protection Agency or by an analogous state agency.	AICPA Statement of Position 96-1, <i>Environmental Remediation Liabilities</i>	<ul style="list-style-type: none"> • Add glossary link to Subtopic 410-30, Asset Retirement and Environmental Obligations—Environmental Obligations. 	46 and 47
Unproven	A party that has been identified	AICPA Statement of	<ul style="list-style-type: none"> • Add glossary link to 	46 and 47

<p>Master Glossary Term</p> <p>Potentially Responsible Party</p>	<p>Master Glossary Definition</p> <p>as a potentially responsible party for a Superfund site by the U.S. Environmental Protection Agency or by an analogous state agency, but that does not acknowledge potential involvement with respect to the site because no evidence has been presented linking the party to the site. Also referred to as a hiding-in-the-weeds potentially responsible party.</p>	<p>Source Literature of Term</p> <p>Position 96-1, <i>Environmental Remediation Liabilities</i></p>	<p>Description of Changes</p> <p>Subtopic 410-30, Asset Retirement and Environmental Obligations—Environmental Obligations.</p>	<p>Related Paragraphs in Update</p>
---	--	--	--	--

Different Source Literature

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Cash Equivalents	<p>Cash equivalents are short-term, highly liquid investments that have both of the following characteristics:</p> <ol style="list-style-type: none"> Readily convertible to known amounts of cash So near their maturity that they present insignificant risk of changes in value because of changes in interest rates. <p>Generally, only investments with original maturities of three months or less qualify under that definition. Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year U.S. Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months. Examples of items commonly</p>	FASB Statement No. 95, <i>Statement of Cash Flows</i>	<ul style="list-style-type: none"> • Add glossary links to: <ul style="list-style-type: none"> ○ Subtopic 320-10, Investments—Debt and Equity Securities—Overall ○ Subtopic 715-20, Compensation—Retirement Benefits—Defined Benefit Plans—General ○ Subtopic 830-230, Foreign Currency Matters—Statement of Cash Flows. 	54–57

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Conduit Debt Securities	<p>considered to be cash equivalents are Treasury bills, commercial paper, money market funds, and federal funds sold (for an entity with banking operations).</p> <p>Certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing financing for a specific third party (the conduit bond obligor) that is not a part of the state or local government's financial reporting entity. Although conduit debt securities bear the name of the governmental entity that issues them, the governmental entity often has no obligation for such debt beyond the resources provided by a lease or loan agreement with the third party on whose behalf the securities are issued. Further, the conduit bond obligor is responsible for any future financial reporting requirements.</p> <p>See Fixed-Price Contracts.</p>	<p>FASB Statement No. 126, <i>Exemption from Certain Required Disclosures about Instruments for Certain Nonpublic Entities</i></p>	<ul style="list-style-type: none"> • Add glossary link to Subtopic 855-10, Subsequent Events—Overall. 	58 and 59
Lump-Sum Contract	See Fixed-Price Contracts .	AICPA Statement of Position 81-1,	<ul style="list-style-type: none"> • Add glossary link to Subtopic 910-10, 	60 and 61

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
		<i>Accounting for Performance of Construction-Type and Certain Production-Type Contracts</i>	Contractors—Construction—Overall.	
Natural Expense Classification	A method of grouping expenses according to the kinds of economic benefits received in incurring those expenses. Examples of natural expense classifications include salaries and wages, employee benefits, supplies, rent, and utilities.	Glossary of AICPA Audit and Accounting Guide, <i>Not-for-Profit Organizations</i> (2008)	<ul style="list-style-type: none"> • Add glossary link to: <ul style="list-style-type: none"> ○ Subtopic 958-205, Not-for-Profit Entities—Presentation of Financial Statements ○ Subtopic 958-720, Not-for-Profit Entities—Other Expenses. 	62–64
Noncontributory Plan	A pension plan under which participants do not make contributions.	FASB Statement No. 35, <i>Accounting and Reporting by Defined Benefit Pension Plans</i>	<ul style="list-style-type: none"> • Amend definition to refer to other postretirement benefits as well as pensions. • Add glossary link to Subtopic 965-10, Plan Accounting—Health and Welfare Benefit Plans—Overall. 	65–67
Pension Fund	The assets of a pension plan held by a funding agency.	FASB Statement No. 35, <i>Accounting and Reporting by Defined Benefit Pension Plans</i>	<ul style="list-style-type: none"> • Add glossary link to the definition of the Master Glossary term <i>Vested Benefits</i>. 	68 and 69
Plan Assets (Definition 1)	Assets—usually stocks, bonds, and other investments (except certain insurance contracts as	FASB Statement No. 106, <i>Employers' Accounting for</i>	<ul style="list-style-type: none"> • Add glossary link to: <ul style="list-style-type: none"> ○ Subtopic 965-20, Plan Accounting—Health and 	70–79

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
	<p>noted in paragraph 715-60-35-109)—that have been segregated and restricted (usually in a trust) to be used for postretirement benefits. The amount of plan assets included amounts contributed by the employer, and by plan participants for a contributory plan, and amounts earned from investing the contributions, less benefits, income taxes, and other expenses incurred. Plan assets ordinarily cannot be withdrawn by the employer except under certain circumstances when a plan has assets in excess of obligations and the employer has taken certain steps to satisfy existing obligations. Securities of the employer held by the plan are includable in plan assets provided they are transferable.</p> <p>Assets not segregated in a trust, or otherwise effectively restricted, so that they cannot be used by the employer for other purposes are not plan assets, even though the employer may intend that those assets be used to provide</p>	<p><i>Postretirement Benefits Other Than Pensions</i></p>	<p>Welfare Benefit Plans—Net Assets Available for Plan Benefits</p> <ul style="list-style-type: none"> o Subtopic 965-30, Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations o Subtopic 965-205, Plan Accounting—Health and Welfare Benefit Plans—Presentation of Financial Statements o Subtopic 965-310, Plan Accounting—Health and Welfare Benefit Plans—Receivables o Subtopic 965-325, Plan Accounting—Health and Welfare Benefit Plans—Investments—Other o Subtopic 965-360, Plan Accounting—Health and Welfare Benefit Plans—Property, Plant, and Equipment. 	

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
	<p>postretirement benefits. Those assets shall be accounted for in the same manner as other employer assets of a similar nature and with similar restrictions. If a plan has liabilities other than for benefits, those nonbenefit obligations are considered as reductions of plan assets. Amounts accrued by the employer but not yet paid to the plan are not plan assets. If a trust arrangement explicitly provides that segregated assets are available to satisfy claims of creditors in bankruptcy, such a provision would effectively permit those assets to be used for other purposes at the discretion of the employer. It is not necessary to determine that a trust is bankruptcy-proof for the assets of the trust to qualify as plan assets. However, assets held in a trust that explicitly provides that such assets are available to the general creditors of the employer in the event of the employer's bankruptcy would not qualify as plan assets.</p>			

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Plan Assets (Definition 2)	<p>Assets—usually stocks, bonds, and other investments—that have been segregated and restricted, usually in a trust, to provide for pension benefits. The amount of plan assets includes amounts contributed by the employer, and by employees for a contributory plan, and amounts earned from investing the contributions, less benefits paid. Plan assets ordinarily cannot be withdrawn by the employer except under certain circumstances when a plan has assets in excess of obligations and the employer has taken certain steps to satisfy existing obligations. Assets not segregated in a trust or otherwise effectively restricted so that they cannot be used by the employer for other purposes are not plan assets even though it may be intended that such assets be used to provide pensions. If a plan has liabilities other than for benefits, those nonbenefit obligations may be considered as reductions of plan assets. Amounts accrued by the employer but not yet paid to the</p>	<p>FASB Statement No.87, <i>Employers' Accounting for Pensions</i></p>	<ul style="list-style-type: none"> • Add glossary link to: <ul style="list-style-type: none"> ○ Subtopic 715-30, Compensation—Retirement Benefits—Defined Benefit Plans—Pension ○ Subtopic 960-20, Plan Accounting—Defined Benefit Pension Plans—Accumulated Plan Benefits ○ Subtopic 960-30, Plan Accounting—Defined Benefit Pension Plans—Net Assets Available for Plan Benefits ○ Subtopic 960-205, Plan Accounting—Defined Benefit Pension Plans—Presentation of Financial Statements. 	<p>80–85</p>

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Spending Rate	<p>plan are not plan assets. Securities of the employer held by the plan are includable in plan assets provided they are transferable.</p> <p>The portion of total return on investments used for fiscal needs of the current period, usually used as a budgetary method of reporting returns of investments. It is usually measured in terms of an amount or a specified percentage of a moving average market value. Typically, the selection of a spending rate emphasizes the use of prudence and a systematic formula to determine the portion of cumulative investment return that can be used to support fiscal needs of the current period and the protection of endowment gifts from a loss of purchasing power as a consideration in determining the formula to be used.</p>	AICPA Audit and Accounting Guide, <i>Not-for-Profit Organizations</i> (2008)	<ul style="list-style-type: none"> • Add glossary links to: <ul style="list-style-type: none"> ◦ Subtopic 958-205, Not-for-Profit Entities—Presentation of Financial Statements ◦ Subtopic 958-320, Not-for-Profit Entities—Investments—Debt and Equity Securities. 	86–90
Spot Rate	The exchange rate for immediate delivery of currencies exchanged.	FASB Statement No. 52, <i>Foreign Currency Translation</i>	<ul style="list-style-type: none"> • Add glossary links to: <ul style="list-style-type: none"> ◦ Subtopic 815-10, Derivatives and Hedging—Overall ◦ Subtopic 815-20, Derivatives and 	91–99

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
			<p>Hedging—Hedging—General</p> <ul style="list-style-type: none"> ○ Subtopic 815-25, Derivatives and Hedging—Fair Value Hedges ○ Subtopic 815-30, Derivatives and Hedging—Cash Flow Hedges ○ Subtopic 815-35, Derivatives and Hedging—Net Investment Hedges ○ Subtopic 926-20, Entertainment—Films—Other Assets—Film Costs ○ Subtopic 946-830, Financial Services—Investment Companies—Foreign Currency Matters. 	

Master Glossary Term	Master Glossary Definition	Source Literature of Term	Description of Changes	Related Paragraphs in Update
Written Notice of Allocation	Any capital stock, revolving fund certificate, retain certificate, certificate of indebtedness, letter of advice, or other written notice to the recipient that states the dollar amount allocated to the patron by the cooperative and the portion that constitutes a patronage dividend.	AICPA Statement of Position 85-3, <i>Accounting by Agricultural Producers and Agricultural Cooperatives</i>	<ul style="list-style-type: none"> • Add glossary links to: <ul style="list-style-type: none"> ○ Subtopic 905-325, Agriculture—Investments—Other ○ Subtopic 905-505, Agriculture—Equity. 	100–102

7. The amendments in this section add glossary links to paragraphs in the Codification or other Master Glossary terms. Certain amendments also add words to or change words in Codification paragraphs to create glossary terms to be linked (for example, restructuring the order of the words *policy holder dividends* to the existing glossary term *dividend to policyholders*). Terms from the Master Glossary are in **bold** type. Added text is underlined, and deleted text is ~~struck-out~~.

8. For clarity and ease of understanding, each amendment is explained in this section of the Accounting Standards Update. Paragraph 9 contains an overall explanation of the amendments that follow it because the Master Glossary terms and the paragraphs to which they are linked have the same source literature. Paragraphs 54–102 relate to amendments that require specific explanations because the Master Glossary terms and paragraphs to which they are linked have different source literature. These amendments are organized alphabetically by the Master Glossary term(s) to which they relate.

Amendments—Same Source Literature

9. The following amendments add glossary links to Codification paragraphs or Master Glossary terms that have the same source literature as the unlinked Master Glossary terms. Because the paragraphs and terms share the same source literature as the unlinked terms, the Board decided to add links, with no link to a transition paragraph, as follows:

Contract Value of a Fully Benefit-Responsive Investment Contract

10. Amend paragraph 965-325-50-3 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Investments—Other

Disclosure

965-325-50-3 For Employee Retirement Income Security Act-covered plans, if a **fully benefit-responsive investment contract** does not qualify for contract-value reporting in the Department of Labor Form 5500 but is reported in the financial statements at ~~the contract value~~ **contract value of a fully benefit-responsive investment contract**, and the contract value does not approximate fair value, the Department's rules and regulations require that a statement explaining the differences between amounts reported in the financial statements and Department of Labor Form 5500 be added to the financial statements.

Agricultural Cooperative, Cooperatives, Member of a Cooperative, Nonmember of a Cooperative, and Patrons

11. Amend the following Master Glossary terms and supersede Master Glossary term *Cooperatives* as follows:

Agricultural Cooperative

The Agricultural Marketing Act of 1929 defines a cooperative association as any association in which farmers act together in processing, preparing for market, handling, and/or marketing the farm products of persons so engaged, and also means any association in which farmers act together in purchasing, testing, grading, processing, distributing, and/or furnishing farm supplies and/or farm business services. Provided, however, that such associations are operated for producers or purchasers and conform to one or both of the following requirements:

- a. No member of an agricultural cooperative association is allowed more than one vote because of the amount of stock or membership capital he may own therein.
- b. The association does not pay dividends on stock or membership capital in excess of 8 percent per year.

In addition to meeting either of the requirements in this paragraph, the association shall not deal in farm products, farm supplies, and farm business services with or for **nonmembers of an agricultural cooperative** in an amount greater in value than the total amount of such business transacted by it with or for members. All business transacted by any cooperative association for or on behalf of the United States or any agency or instrumentality thereof shall be disregarded in determining the volume of member and nonmember business transacted by such association. See **Cooperatives**.

Cooperatives

~~The Agricultural Marketing Act of 1929 defines a cooperative association as any association in which farmers act together in processing, preparing for market, handling, and/or marketing the farm products of persons so engaged, and also means any association in which farmers act together in purchasing, testing, grading, processing, distributing, and/or furnishing farm supplies and/or farm business services. Provided, however, that such associations are operated for producers or purchasers and conform to one or both of the following requirements:~~

- a. ~~No member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein.~~
- b. ~~The association does not pay dividends on stock or membership capital in excess of 8 percent per year.~~

~~In addition to meeting either of the requirements in this paragraph, the association shall not deal in farm products, farm supplies, and farm business services with or for nonmembers in an amount greater in value than the total amount of such business transacted by it with or for members. All business transacted by any cooperative association for or on behalf of the United States or any agency or instrumentality thereof shall be disregarded in determining the volume of member and nonmember business transacted by such association.~~

Member of a an Agricultural Cooperative

A member of a an agricultural cooperative is an owner-~~{add glossary link}~~patron~~{add glossary link}~~ who is entitled to vote at corporate meetings of a an ~~{add glossary link}~~agricultural cooperative~~{add glossary link}~~

Nonmember of a an Agricultural Cooperative

A nonmember ~~{add glossary link}~~patron~~{add glossary link}~~ is not entitled to voting privileges. A nonmember patron may or may not be entitled to share in patronage distributions, depending on the articles and bylaws of the ~~{add glossary link}~~agricultural cooperative~~{add glossary link}~~ or on other agreements.

Patrons

Any individual, trust, estate, partnership, corporation, or ~~{add glossary link}~~agricultural cooperative ~~{add glossary link}~~ with or for whom a cooperative does business on a cooperative basis, whether a ~~{add glossary link}~~ member of an agricultural cooperative~~{add glossary link}~~ or ~~{add glossary link}~~nonmember of an agricultural cooperative~~{add glossary link}~~.

12. Amend paragraphs 905-10-05-1, 905-10-05-6, and 905-10-05-13 as follows:

Agriculture—Overall

Overview and Background

General

905-10-05-1 The Agriculture Topic includes the following Subtopics relating to **agricultural producers**, ~~agricultural cooperatives~~ agricultural cooperatives, and **patrons** of such cooperatives:

- a. Overall
- b. Presentation of Financial Statements
- c. Receivables

- d. Investments—Other
- e. Inventory
- f. Property, Plant, and Equipment
- g. Liabilities
- h. Equity
- i. Revenue Recognition
- j. Cost of Sales and Services.

Each Subtopic provides background on the guidance provided.

Cooperatives

905-10-05-6 The main difference between ~~cooperatives—~~agricultural cooperatives and other business entities is that cooperatives and their patrons operate as single economic units to accomplish specific business purposes, such as the marketing of farm products, the purchase of supplies, or the performance of services for the benefit of the patrons. The aim is to reduce costs, increase sales proceeds, and share risks through the increased bargaining power that results from the patrons' combined resources and buying power. The patron's role as an investor is secondary and incidental to his business relationship with the cooperative.

Cooperatives—Patrons

905-10-05-13 For an overview and background of cooperative members and patrons of ~~agricultural cooperatives,~~ **agricultural cooperatives,** see the Cooperatives Subsection of Section 905-10-05.

13. Amend paragraphs 905-10-15-3, 905-10-15-6, 905-10-15-7, and 905-10-15-9 through 15-10 as follows:

Scope and Scope Exceptions

General

> Entities

905-10-15-3 The Agriculture Topic provides guidance for all entities in the agricultural industry, including **agricultural producers** and ~~agricultural cooperatives~~ agricultural cooperatives with the exceptions noted below.

Cooperatives

> Overall Guidance

905-10-15-6 The **{remove glossary link}Cooperatives{remove glossary link}** Subsections follow the same Scope and Scope Exceptions as outlined in the General Subsection of this Subtopic, see the General Subsection of Section 905–10–15, with specific qualifications noted below.

> Entities

905-10-15-7 The guidance in the Cooperatives Subsections applies to **{add glossary link}agricultural cooperatives{add glossary link}**.

Cooperatives—Patrons

> Overall Guidance

905-10-15-9 The **{remove glossary link}Cooperatives{remove glossary link}**—Patrons Subsections follow the same Scope and Scope Exceptions as outlined in the General Subsection of this Subtopic, see the General Subsection of Section 905–10–15, with specific qualifications noted below.

> Entities

905-10-15-10 The guidance in the Cooperatives—Patrons Subsections applies to **agricultural producers** that are **patrons** of **{add glossary link}agricultural cooperatives{add glossary link}**.

14. Amend paragraphs 905-205-05-1 through 05-2 as follows:

Agriculture—Presentation of Financial Statements

Overview and Background

General

905-205-05-1 This Subtopic provides guidance for the presentation of financial statements for entities in the agricultural industry. The guidance for ~~agricultural cooperatives~~ **agricultural cooperatives** is presented in the Cooperatives Subsections.

Cooperatives

905-205-05-2 The **{remove glossary link}Cooperatives{remove glossary link}** Subsections provide guidance for the presentation of financial statements

for cooperatives in the agricultural industry.

15. Amend paragraph 905-205-15-2 as follows:

Scope and Scope Exceptions

Cooperatives

> Overall Guidance

905-205-15-2 The ~~{remove glossary link}Cooperatives{remove glossary link}~~ Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives Subsection of Section 905-10-15.

16. Amend paragraph 905-205-45-1 as follows:

Other Presentation Matters

Cooperatives

905-205-45-1 ~~Cooperatives~~ Agricultural cooperatives may use other terms for earnings, such as margins, net proceeds, or savings.

17. Amend paragraphs 905-310-05-1 through 05-2 as follows:

Agriculture—Receivables

Overview and Background

General

905-310-05-1 This Subtopic addresses accounting for receivables, including loans, notes, and others, for entities in the agricultural industry. The guidance for accounting for ~~patrons of agricultural cooperatives~~ agricultural cooperatives is presented in the Cooperatives—Patrons Subsections.

Cooperatives—Patrons

905-310-05-2 The ~~{remove glossary link}Cooperatives{remove glossary link}~~—Patrons Subsections address accounting for receivables, including loans, notes, and others, for ~~patrons~~ of ~~{add glossary link}~~agricultural cooperatives~~{add glossary link}~~.

18. Amend paragraph 905-310-15-2 as follows:

Scope and Scope Exceptions

Cooperatives—Patrons

> Overall Guidance

905-310-15-2 The ~~{remove glossary link}Cooperatives~~~~{remove glossary link}~~—Patrons Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives—Patrons Subsection of Section 905–10–15.

19. Amend paragraph 905-310-25-1 as follows:

Recognition

Cooperatives—Patrons

> Products Delivered to Pooling Cooperatives

905-310-25-1 Paragraphs 905-605-25-7 through 25-8 address recognition of unbilled receivables on products delivered to pooling ~~cooperatives~~ agricultural cooperatives.

20. Amend paragraphs 905-325-05-1 through 05-4 as follows:

Agriculture—Investments—Other

Overview and Background

General

905-325-05-1 This Subtopic addresses all other investments for entities in the agricultural industry. The guidance for accounting by different entities in the agricultural industry is presented in the following two Subsections:

- a. ~~{remove glossary link} Cooperatives~~ ~~{remove glossary link}~~
- b. Cooperatives—Patrons.

Cooperatives

905-325-05-2 The ~~{remove glossary link}Cooperatives~~~~{remove glossary link}~~ Subsections provide guidance for an ~~agricultural cooperative~~ agricultural cooperative if it holds investments in other cooperatives.

Cooperatives—Patrons

905-325-05-3 The ~~{remove glossary link}Cooperatives~~~~{remove glossary link}~~—Patrons Subsections provide guidance for a patron's investments in cooperatives.

905-325-05-4 Member patrons provide most of the capital required by **{add glossary link}** agricultural cooperatives **{add glossary link}**. The capital usually represents long-term investments acquired through initial cash investments, **retains**, or noncash **patronage** allocations. Voting rights for those investments are usually based on one-member-one-vote or limited weighted voting rather than on the number or amount of securities or other evidence of equity ownership held. The significance of investments by patrons results primarily from the purchasing or marketing rights and participation in the operating earnings. The investments are made primarily to obtain an economical source of supply or marketing services and not on the expectation of a return on investment. Investments in cooperatives are not equity securities and usually are not readily marketable, and transfer or sale, other than back to the issuing cooperative, is usually restricted or prohibited. As such, the operations of cooperatives have many of the attributes of corporate joint ventures or partnerships.

21. Amend paragraphs 905-325-15-2 through 15-3 as follows:

Scope and Scope Exceptions

Cooperatives

> Overall Guidance

905-325-15-2 The **{remove glossary link}Cooperatives{remove glossary link}** Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives Subsection of Section 905-10-15.

Cooperatives—Patrons

> Overall Guidance

905-325-15-3 The **{remove glossary link}Cooperatives{remove glossary link}—Patrons** Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives—Patrons Subsection of Section 905-10-15.

22. Amend paragraph 905-325-25-1 as follows:

Recognition

Cooperatives—Patrons

905-325-25-1 Long-term investments, such as nonmarketable investments in ~~agricultural cooperatives~~ **agricultural cooperatives**, shall be carried at cost if the value of the investments is not impaired. Subtopic 323-10 requires the equity method of accounting for investments in which the investor has significant influence over an investee's operating and financial policies.

23. Amend paragraphs 905-325-30-1 through 30-2 as follows:

Initial Measurement

Cooperatives

905-325-30-1 Investments in other ~~cooperatives~~ agricultural cooperatives shall be accounted for at cost, including allocated equities and **retains**. For this purpose, cost means the amount of any cash investment and the face amount of all written notices of allocation in the form of per-unit retains, capital equity credits, revolving fund certificates, and certificates of equity.

Cooperatives—Patrons

905-325-30-2 Investments in ~~{remove glossary link}cooperatives{remove glossary link}~~ shall be accounted for at cost, including allocated equities and **retains**.

24. Amend paragraphs 905-330-05-1 and 905-330-05-4 through 05-5 as follows:

Agriculture—Inventory

Overview and Background

General

905-330-05-1 This Subtopic addresses inventory accounting for entities in the agricultural industry. The guidance for accounting for different entities in the agricultural industry is presented in the following three Subsections:

- a. General
- b. ~~{remove glossary link} Cooperatives {remove glossary link}~~
- c. Cooperatives—Patrons.

Cooperatives

905-330-05-4 The ~~{remove glossary link}Cooperatives{remove glossary link}~~ Subsections provide guidance about the different accounting methods used by **pooling cooperatives** for **patron** product deliveries. These methods have been developed to satisfy provisions of their bylaws and contractual arrangements with patrons and to provide equitable methods of settlement from pool period to pool period, as well as among the various classes of patrons. For pooling cooperatives, accounting methods have been developed to allow the use of the single-pool or multiple-pool methods of accounting.

Cooperatives—Patrons

905-330-05-5 The ~~{remove glossary link}Cooperatives{remove glossary link}~~—Patrons Subsections address inventory accounting by patrons of ~~{add glossary link}agricultural cooperatives{add glossary link}~~.

25. Amend paragraphs 905-330-15-2 through 15-3 and 905-330-25-5 as follows:

Scope and Scope Exceptions

Cooperatives

> Overall Guidance

905-330-15-2 The ~~{remove glossary link}Cooperatives{remove glossary link}~~Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives Subsection of Section 905–10–15.

Cooperatives—Patrons

> Overall Guidance

905-330-15-3 The ~~{remove glossary link}Cooperatives{remove glossary link}~~—Patrons Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives—Patrons Subsection of Section 905–10–15.

Recognition

Cooperatives

905-330-25-5 If the boards of directors of agricultural marketing ~~{remove glossary link}cooperatives{remove glossary link}~~ operating on a pooling basis with no obligation to pay patrons fixed prices (pooling cooperatives) assign amounts that approximate estimated market to unprocessed products received from patrons, the assigned amounts are cost and shall be charged to cost of goods sold.

26. Amend paragraph 905-330-30-3 as follows:

Initial Measurement

Cooperatives

905-330-30-3 Section 905-605-25 addresses bases for recording transfers of products between ~~cooperatives~~ agricultural cooperatives and their patrons.

27. Amend paragraph 905-330-40-1 as follows:

Derecognition

Cooperatives—Patrons

905-330-40-1 For products delivered by patrons to pooling ~~cooperatives~~ agricultural cooperatives, if title has not passed, the identity of the individual patron's product is maintained by the cooperative, and the price to the patron is to be based on the identified product's sale, the transaction is not complete, and the product shall be included in the patron's inventory until it is sold by the cooperative, at which time the patron shall record the sale.

28. Amend paragraphs 905-405-05-1 through 05-2 as follows:

Agriculture—Liabilities

Overview and Background

General

905-405-05-1 This Subtopic addresses liabilities for entities in the agricultural industry. The guidance for accounting by ~~agricultural cooperatives~~ agricultural cooperatives is presented in the Cooperatives Subsections.

Cooperatives

905-405-05-2 The ~~{remove glossary link}Cooperatives{remove glossary link}~~ Subsections provide guidance for ~~{add glossary link}agricultural cooperatives{add glossary link}~~ accounting for product deliveries from patrons.

29. Amend paragraphs 905-405-15-2 and 905-405-25-1 as follows:

Scope and Scope Exceptions

Cooperatives

> Overall Guidance

905-405-15-2 The ~~{remove glossary link}Cooperatives{remove glossary link}~~ Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives Subsection of Section 905-10-15.

Recognition

Cooperatives

> Pooling Cooperatives

905-405-25-1 If the boards of directors of agricultural marketing ~~{remove glossary link} cooperatives {remove glossary link}~~ operating on a pooling

basis with no obligation to pay patrons fixed prices (pooling cooperatives) assign amounts that approximate estimated market to unprocessed products received from patrons, the assigned amounts shall be credited to amounts due patrons. When assigned amounts are used, they should approximate estimated market of unprocessed products delivered by patrons (an example of inventories at lower of cost or market is provided in Example 1 (see paragraph 905-330-55-1)).

30. Amend paragraphs 905-405-30-1 and 905-405-30-3 as follows:

Initial Measurement

Cooperatives

905-405-30-1 Many marketing ~~{remove glossary link}~~ **cooperatives** ~~{remove glossary link}~~ commingle patrons' fungible products in pools. The excess of revenues over costs for each pool is allocated to patrons on the basis of their pro rata contributions to the pool, which may be determined by the number of units delivered, the volume of product delivered, or another equitable method.

905-405-30-3 When ~~{add glossary link}~~ agricultural cooperatives ~~{add glossary link}~~ have retained allocated equities, they are usually repaid to cooperative patrons over a specific number of years. These retained allocated equities may meet the definition of mandatorily redeemable financial instruments under Subtopic 480-10 and as such may have to be classified as liabilities.

31. Amend paragraphs 905-505-05-1 through 05-2 as follows:

Agriculture—Equity

Overview and Background

General

905-505-05-1 This Subtopic addresses accounting for equity by entities in the agricultural industry. The guidance for accounting for ~~agricultural cooperatives~~ agricultural cooperatives is presented in the Cooperatives Subsections.

Cooperatives

905-505-05-2 The ~~{remove glossary link}~~ **Cooperatives** ~~{remove glossary link}~~ Subsections address accounting for equity by cooperatives in the agricultural industry.

32. Amend paragraph 905-505-15-2 as follows:

Scope and Scope Exceptions

Cooperatives

> Overall Guidance

905-505-15-2 The ~~{remove glossary link}~~Cooperatives~~{remove glossary link}~~ Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives Subsection of Section 905-10-15.

33. Amend paragraph 905-505-45-1 as follows:

Other Presentation Matters

Cooperatives

905-505-45-1 Generally, the earnings of ~~cooperatives~~ agricultural cooperatives are classified as either **patronage** or nonpatronage. The excess of revenues over costs resulting from transactions for or with **patrons** shall be classified as patronage source earnings. Nonpatronage earnings result from transactions other than those with or for patrons. Examples are nonpatronage income from investments in securities, rental income from nonpatronage activities, and income earned on sales or purchases made on a nonpatronage basis.

34. Amend paragraphs 905-605-05-1 and 905-605-05-3 through 05-4 as follows:

Agriculture—Revenue Recognition

Overview and Background

General

905-605-05-1 This Subtopic addresses revenue recognition for entities in the agricultural industry. The guidance for accounting by different entities is presented in the following three Subsections:

- a. General
- b. ~~{remove glossary link}~~ Cooperatives ~~{remove glossary link}~~
- c. Cooperatives—Patrons.

Cooperatives

905-605-05-3 The Cooperative Subsections address revenue recognition for ~~{remove glossary link}~~cooperatives~~{remove glossary link}~~ in the agricultural industry.

Cooperatives—Patrons

905-605-05-4 The Cooperative—Patrons Subsections address revenue recognition for patrons of ~~agricultural cooperatives~~ agricultural cooperatives.

35. Amend paragraph 905-605-15-2 through 15-3 as follows:

Scope and Scope Exceptions

Cooperatives

> Overall Guidance

905-605-15-2 The ~~{remove glossary link}Cooperatives{remove glossary link}~~ Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives Subsection of Section 905–10–15.

Cooperatives—Patrons

905-605-15-3 The ~~{remove glossary link}Cooperatives{remove glossary link}~~—Patrons Subsections follow the same Scope and Scope Exceptions as outlined in the Overall Subtopic, see the Cooperatives—Patrons Subsection of Section 905-10-15.

36. Amend paragraphs 905-605-25-2 and 905-605-25-5 as follows:

Recognition

Cooperatives

905-605-25-2 A cooperative may incur an overall loss in a given year. The disposition of losses may be made based on bylaws or the board of directors' action. ~~Cooperatives~~ Agricultural cooperatives use a number of different methods for disposing of an overall loss, including the following:

- a. Allocating the loss to **patrons** on the basis of current **patronage**. The loss may offset the patrons' equities, future patronage allocations, or future cash contributions.
- b. Allocating the loss to all equities without considering current patronage. However, patrons with substantial equities and decreasing patronage may be treated inequitably if this method is used.
- c. Charging the loss to unallocated retained earnings. This method is equitable when the loss is attributable to nonpatronage business.
- d. Offsetting the loss against amounts available for **patronage allocation** in subsequent years before making any such allocation to patrons. This method may be acceptable if the patrons are substantially the same from year to year.

Cooperatives—Patrons

905-605-25-5 This guidance addresses transactions between **patrons** and marketing ~~{remove glossary link}~~cooperatives~~{remove glossary link}~~; specifically, the timing and method of recording the sale of products delivered.

37. Amend paragraph 905-605-45-1 as follows:

Other Presentation Matters

Cooperatives

905-605-45-1 As indicated in paragraph 905-505-45-1, the earnings of ~~cooperatives~~ agricultural cooperatives are classified as either **patronage** or nonpatronage. The excess of revenues over costs resulting from transactions for or with **patrons** is patronage source earnings. As indicated in that paragraph, nonpatronage earnings result from transactions other than those with or for patrons. Examples are nonpatronage income from investments in securities, rental income from nonpatronage activities, and income earned on sales or purchases made on a nonpatronage basis.

38. Amend paragraphs 905-705-05-1 through 05-2 as follows:

Agriculture—Cost of Sales and Services

Overview and Background

General

905-705-05-1 This Subtopic only provides links to guidance for ~~agricultural cooperatives~~ agricultural cooperatives on amounts that are charged to costs of goods sold when boards of directors assign amounts to unprocessed products.

Cooperatives

905-705-05-2 The ~~{remove glossary link}~~Cooperatives~~{remove glossary link}~~ Subsections only provide links to guidance for ~~{add glossary link}~~agricultural cooperatives ~~{add glossary link}~~on amounts that are charged to costs of goods sold when boards of directors assign amounts to unprocessed products.

Designated Net Assets

39. Amend paragraph 958-210-45-11 as follows:

Not-for-Profit Entities—Balance Sheet

Other Presentation Matters

958-210-45-11 Information about self-imposed limits also may be useful, including information about voluntary resolutions by the governing board of an entity, such as resolutions to designate a portion of its unrestricted net assets to function as an endowment (sometimes called a board-designated endowment) or to designate a portion for a specific future expenditure (called **designated net assets**). That information may be provided in notes to or on the face of financial statements. (See Example 1 [paragraph 958-210-55-3] for an illustration of this guidance.)

Direct Guarantee of Indebtedness

40. Amend the following Master Glossary term as follows:

Indirect Guarantee of Indebtedness

An agreement that obligates the guarantor to transfer funds to a debtor upon the occurrence of specified events, under conditions whereby:

- a. After funds are transferred from the guarantor to the debtor, the funds become legally available to creditors through their claims against the debtor
- b. Those creditors may enforce the debtor's claims against the guarantor under the agreement.

In contrast, with a **direct guarantee of indebtedness**, if the debtor defaults, the creditor has a direct claim on the guarantor. Examples of indirect guarantees include agreements to advance funds if a debtor's net income, coverage of fixed charges, or working capital falls below a specified minimum.

Dividend to Policyholders

41. Amend paragraph 944-20-15-3 as follows:

Financial Services—Insurance—Insurance Activities

Scope and Scope Exceptions

> > Certain Long-Duration Participating Life Insurance Contracts

944-20-15-3 Certain guidance in the Long-Duration Subsections in this Subtopic (and other Subtopics within the Financial Services—Insurance Topic) applies only to certain long-duration participating life insurance contracts of mutual life

insurance entities and certain stock life insurance entities. For purposes of that guidance:

- a. Mutual life insurance entities include **assessment entities, fraternal benefit societies**, and stock life insurance subsidiaries of mutual life insurance entities.
- b. Participating life insurance contracts denote those that have both of the following characteristics:
 1. They are long-duration participating contracts that are expected to pay **{add glossary link}dividends to policyholders{add glossary link}** based on actual experience of the insurance entity.
 2. **Annual policyholder dividends** are paid in a manner that both:
 - a. Identifies divisible surplus
 - b. Distributes that surplus in approximately the same proportion as the contracts are considered to have contributed to divisible surplus (commonly referred to in actuarial literature as the contribution principle).

42. Amend paragraph 944-60-25-4 as follows:

Financial Services—Insurance—Premium Deficiency and Loss Recognition

Recognition

Short-Duration Contracts

944-60-25-4 A premium deficiency shall be recognized if the sum of expected **claim costs** and **claim adjustment expenses**, expected **{add glossary link}dividends to policyholders{add glossary link}**, unamortized **acquisition costs**, and **maintenance costs** exceeds related unearned premiums.

43. Amend paragraph 944-60-35-2 as follows:

Subsequent Measurement

Short-Duration Contracts

944-60-35-2 Paragraph 944-60-25-4 states that a premium deficiency shall be recognized if the sum of expected **claim costs** and **claim adjustment expenses**, expected **{add glossary link}dividends to policyholders{add glossary link}**, unamortized **acquisition costs**, and **maintenance costs** exceeds related unearned premiums.

44. Amend paragraph 944-405-05-2 as follows:

Financial Services—Insurance—Liabilities

Overview and Background

944-405-05-2 For guidance on liabilities for claims costs and future policyholder benefits, see Subtopic 944-40. For guidance on liabilities related to premium deficiencies, see Subtopic 944-60. For guidance on liabilities for ~~policyholder dividends~~ **dividends to policyholders**, see Subtopic 944-50.

Fractional Interest

45. Amend paragraph 978-10-05-6 as follows:

Real Estate—Time-Sharing Activities—Overall

Overview and Background

978-10-05-6 The time-sharing industry has introduced a variety of transaction structures to differentiate its products and enhance sales volumes. For example, buyers often have the right to **exchange** periodic use of their time-sharing intervals for use of other time-sharing intervals or for various consumer products, frequently through a third-party exchange entity. Time-sharing transactions include the sale of **fixed time** and **floating time, points** (which may be redeemed so that a buyer may occupy a specific property), vacation clubs, and **{add glossary link}fractional interests{add glossary link}**; the use of time-sharing special-purpose entities to hold title to real estate; and the provision of the right to use real estate for a specified period.

Orphan Share Potentially Responsible Party, Participating Potentially Responsible Party, Potentially Responsible Party, Recalcitrant Potentially Responsible Party, Unknown Potentially Responsible Party, and Unproven Potentially Responsible Party

46. Amend the following Master Glossary terms as follows:

Orphan Share Potentially Responsible Party

An identified **{add glossary link}**potentially responsible party**{add glossary link}** that cannot be located or that is insolvent. Some of these parties may be identified by the Environmental Protection Agency; others may be identified as the site is investigated or as the remediation is performed. However, no contributions will ever be made by these parties.

Participating Potentially Responsible Party

A party to a Superfund site that has acknowledged potential involvement with respect to the site. Active **{add glossary link}**potentially responsible parties**{add glossary link}** may participate in the various administrative, negotiation, monitoring, and remediation activities related to the site. Others may adopt a passive stance and simply monitor the activities and decisions of the more involved potentially responsible parties. This passive stance could result from a variety of factors such as the entity's lack of experience, limited internal resources, or relative involvement at a site. This category of potentially responsible parties (both active and passive) is also referred to as players.

Potentially Responsible Party

Any individual, legal entity, or government—including owners, operators, transporters, or generators—potentially responsible for, or contributing to, the environmental impacts at a Superfund site. The Environmental Protection Agency has the authority to require potentially responsible parties, through administrative and legal actions, to remediate such sites. At early stages of the remediation process, the list of potentially responsible parties may be limited to a handful of entities that either were significant contributors of waste to the site or were easy to identify, for example, because of their proximity to the site or because of labeled material found at the site. As further investigation of the site occurs and as remediation activities take place, additional potentially responsible parties may be identified. Once identified, the additional potentially responsible parties would be reclassified from this category to either the participating potentially responsible party or recalcitrant potentially responsible party category. The total number of parties in this category and their aggregate allocable share of the remediation liability varies by site and cannot be reliably determined before the specific identification of individual potentially responsible parties. For example, some ultimately may be dropped from the potentially responsible party list because no substantive evidence is found to link them to the site. For others, substantive evidence eventually may be found that points to their liability. The presentation of that evidence to the entity would result in a reclassification of the party from this category of potentially responsible parties (sometimes referred to as hiding in the weeds) to either the **{add glossary link}**participating potentially responsible party**{add glossary link}** or **{add glossary link}**recalcitrant potentially responsible party**{add glossary link}** category.

Recalcitrant Potentially Responsible Party

A party whose liability with respect to a Superfund site is substantiated by evidence, but that refuses to acknowledge potential involvement with respect to the site. Recalcitrant potentially responsible parties adopt a recalcitrant attitude

toward the entire remediation effort even though evidence exists that points to their involvement at a site. Some may adopt this attitude out of ignorance of the law; others may do so in the hope that they will be considered a nuisance and therefore ignored. Typically, parties in this category must be sued in order to collect their allocable share of the remediation liability; however, it may be that it is not economical to bring such suits because the parties' assets are limited. This category of **{add glossary link}**potentially responsible parties**{add glossary link}** is also referred to as nonparticipating potentially responsible parties.

Unknown Potentially Responsible Party

A party that has liability with respect to a Superfund site, but that has not yet been identified as a **{add glossary link}**potentially responsible party**{add glossary link}** by the Environmental Protection Agency or by an analogous state agency.

47. Amend paragraphs 410-30-30-1 through 30-2 as follows:

Asset Retirement and Environmental Obligations— Environmental Obligations

Initial Measurement

> Allocation of Liability Among Potentially Responsible Parties

410-30-30-1 At the early stages of the remediation process, environmental remediation liabilities are not easily quantified, due in part to their uncertainties. As a practical matter, the range of an estimated remediation liability will be defined and refined as events in the remediation process occur. The environmental remediation liability recorded by an entity should be based on that entity's estimate of its allocable share of the joint and several remediation liability. The estimation of an entity's allocable share of the joint and several remediation liability (see paragraph 410-30-55-4) for a site requires an entity to do all of the following:

- a. Identify the **{add glossary link}**potentially responsible parties**{add glossary link}** for the site
- b. Assess the likelihood that other potentially responsible parties will pay their full allocable share of the joint and several remediation liability
- c. Determine the percentage of the liability that will be allocated to the entity.

410-30-30-2 For purposes of estimating an entity's allocable share of the joint and several remediation liability for a site, those parties that are potentially responsible for paying the remediation liability belong to one of the following five potentially responsible party categories:

- a. **{add glossary link}**Participating potentially responsible parties**{add glossary link}**
- b. **{add glossary link}**Recalcitrant potentially responsible parties**{add glossary link}**
- c. **{add glossary link}**Unproven potentially responsible parties**{add glossary link}**
- d. **{add glossary link}**Unknown potentially responsible parties**{add glossary link}**
- e. ~~Orphan share potentially responsible parties~~ **Orphan share potentially responsible parties.**

Reacquisition Price of Debt

48. Amend paragraph 470-50-40-2 as follows:

Debt—Modifications and Extinguishments

Derecognition

470-50-40-2 A difference between the **{add glossary link}**reacquisition price **of debt****{add glossary link}**and the **net carrying amount of the extinguished debt** shall be recognized currently in income of the period of extinguishment as losses or gains and identified as a separate item. Gains and losses shall not be amortized to future periods. If upon extinguishment of debt the parties also exchange unstated (or stated) rights or privileges, the portion of the consideration exchanged allocable to such unstated (or stated) rights or privileges shall be given appropriate accounting recognition. Moreover, extinguishment transactions between related entities may be in essence capital transactions.

Reload Transaction

49. Amend paragraph 978-605-25-12 as follows:

Real Estate—Time-Sharing Activities—Revenue Recognition

Recognition

978-605-25-12 Therefore, additional cash or other qualifying consideration is necessary to meet the buyer's commitment criterion in paragraph 360-20-40-5(b). Because a **{add glossary link}**reload **transaction****{add glossary link}** is considered a second, separate transaction, the seller shall not include the buyer's initial and continuing investments from the original time-sharing interval toward the measurement of the buyer's commitment for the second interval.

Stop-Loss Insurance

50. Amend paragraph 954-450-25-1 as follows:

Health Care Entities—Contingencies

Recognition

954-450-25-1 Sometimes health care providers enter preferred provider arrangements with self-insured employers whereby the provider guarantees that the employer's health care cost will not increase over a specified amount or percentage. In substance, these providers may have provided aggregate **{add glossary link}**stop-loss insurance**{add glossary link}** to the self-insured employer, and a material liability to the provider may exist. Topic 450 provides guidance on accounting for these contingencies.

51. Amend paragraph 954-720-05-3 as follows:

Health Care Entities—Other Expenses

Overview and Background

> Stop-Loss Insurance

954-720-05-3 In **{add glossary link}**stop-loss insurance**{add glossary link}**, prepaid health care providers or associated entities transfer portions of their financial risks to other entities. A provider typically contracts to recover health care costs in excess of stated amounts during the contract periods.

52. Amend paragraph 954-720-45-1 as follows:

Other Presentation Matters

> Prepaid Health Care Services—Stop-Loss Insurance

954-720-45-1 **{add glossary link}**Stop-loss insurance**{add glossary link}** premiums shall be included in reported health care costs. Stop-loss insurance recoveries shall be reported as reductions of related health care costs.

53. Amend paragraph 954-720-50-4 as follows:

Disclosure

> Prepaid Health Care Services—Stop-Loss Insurance

954-720-50-4 The nature, amounts, and effects of significant **{add glossary link}**stop-loss insurance**{add glossary link}** contracts shall be disclosed.

Amendments—Different Source Literature

Cash Equivalents

54. The Master Glossary contains the term *cash equivalents*. This term originates from FASB Statement No. 95, *Statement of Cash Flows*. The term shares a common source with paragraph 830-230-45-1. Therefore, the Board has decided to link the term in that paragraph. Additionally, although paragraphs 320-10-45-12 and 715-20-50-1 do not share a source with the term, the use of the term is consistent with its definition. Therefore, the Board decided to link the term in those paragraphs as well.

55. Amend paragraph 320-10-45-12 as follows:

Investments—Debt and Equity Securities—Overall

Other Presentation Matters

320-10-45-12 Paragraph 230-10-45-8 permits reporting activity in {add glossary link}cash equivalents{add glossary link} as a net change. However, securities that are considered cash equivalents are subject to the accounting and disclosure requirements of this Subtopic, such as disclosure of amortized cost and fair value by major security types.

56. Amend paragraph 715-20-50-1(d)(5)(ii) as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—General

Disclosure

> Disclosures by Public Entities

715-20-50-1 An employer that sponsors one or more defined benefit pension plans or one or more defined benefit other postretirement plans shall provide the following information, separately for pension plans and other postretirement benefit plans. Amounts related to the employer's results of operations shall be disclosed for each period for which a statement of income is presented. Amounts related to the employer's statement of financial position shall be disclosed as of the date of each statement of financial position presented. All of the following shall be disclosed:

- d. The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of:

1. How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies
2. The classes of plan assets
 3. The inputs and valuation techniques used to measure the fair value of plan assets
 4. The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period
 5. Significant concentrations of risk within plan assets.

An employer shall consider those overall objectives in providing the following information about plan assets:

 - i. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the classes of plan assets disclosed pursuant to (ii) below, as of the latest statement of financial position presented (on a weighted-average basis for employers with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations. For investment funds disclosed as classes as described in (ii) below, a description of the significant investment strategies of those funds shall be provided.
 - ii. The fair value of each class of plan assets as of each date for which a statement of financial position is presented. For additional guidance on determining appropriate classes of plan assets, see paragraph 820-10-50-2B. Examples of classes of assets could include, but are not limited to, the following: cash and **{add glossary link}**cash equivalents**{add glossary link}**; equity securities (segregated by industry type, company size, or investment objective); debt securities issued by national, state, and local governments; corporate debt securities; asset-backed securities; structured debt; derivatives on a gross basis (segregated by type of underlying risk in the contract, for example, interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and other contracts); investment funds (segregated by type of fund); and real estate. Those examples are not meant to be all inclusive. An employer should consider the overall objectives in paragraph 715-20-50-1(d)(1) through (5) in determining whether additional

classes of plan assets or further disaggregation of classes should be disclosed.

57. Amend paragraph 830-230-45-1 as follows:

Foreign Currency Matters—Statement of Cash Flows

Other Presentation Matters

830-230-45-1 A statement of cash flows of an entity with **foreign currency transactions** or foreign operations shall report the **reporting currency** equivalent of **foreign currency** cash flows using the exchange rates in effect at the time of the cash flows. An appropriately weighted average **exchange rate** for the period may be used for **translation** if the result is substantially the same as if the rates at the dates of the cash flows were used. (That is, paragraph 830-30-45-3 applies to cash receipts and cash payments.) The statement of cash flows shall report the effect of exchange rate changes on cash balances held in foreign currencies as a separate part of the reconciliation of the change in cash and **{add glossary link}cash equivalents{add glossary link}** during the period. See Example 1 (paragraph 830-230-55-1) for an illustration of this guidance.

Conduit Debt Securities

58. The Master Glossary contains the term *conduit debt securities*. Currently, no links to *conduit debt securities* appear in the Codification. This term originates from FASB Statement No. 126, *Exemption from Certain Required Disclosures about Financial Instruments for Certain Nonpublic Entities*, while paragraph 855-10-25-1A originates from Accounting Standards Update No. 2010-09, *Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements*. Update 2010-09 removed the term *public entity* from the Master Glossary. The definition of this term had previously linked to *conduit debt securities*. Therefore, the Board concluded that a link to the term should be added back within paragraph 855-10-25-1A.

59. Amend paragraph 855-10-25-1A as follows:

Subsequent Events—Overall

Recognition

855-10-25-1A An entity that meets either of the following criteria shall evaluate subsequent events through the date the financial statements are issued:

- a. It is an **SEC filer**
- b. It is a conduit bond obligor for **{add glossary link}conduit debt securities{add glossary link}** that are traded in a public market (a

domestic or foreign stock exchange or an over-the-counter market, including local or regional markets).

Lump-Sum Contract

60. The Master Glossary contains the term *lump-sum contract*. Currently, no links to *lump-sum contract* appear in the Codification. The term simply refers to another Master Glossary term, *fixed-price contracts*. However, because the term is used in AICPA Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*, the Board decided that the term should be retained and linked to paragraph 910-10-15-4, which originates from the AICPA Audit and Accounting Guide, *Construction Contractors* (2008).

61. Amend paragraph 910-10-15-4 as follows:

Contractors—Construction—Overall

Scope and Scope Exceptions

910-10-15-4 Other characteristics common to contractors and significant to accountants and users of financial statements include the following:

- a. A contractor normally obtains the contracts that generate revenue or sales by bidding or negotiating for specific projects.
- b. A contractor bids for or negotiates the initial contract price based on an estimate of the cost to complete the project and the desired profit margin, although the initial price may be changed or renegotiated.
- c. A contractor may be exposed to significant risks in the performance of a contract, particularly a fixed-price contract.
- d. Customers (usually referred to as owners) frequently require a contractor to post a performance and a payment bond as protection against the contractor's failure to meet performance and payment requirements.
- e. The costs and revenues of a contractor are typically accumulated and accounted for by individual contracts or contract commitments extending beyond one accounting period, which complicates the management, accounting, and auditing processes.
- f. The nature of a contractor's risk exposure varies with the type of contract. The several types of contracts used in the construction industry are described in Subtopic 605-35. The four basic types of contracts used based on their pricing arrangements are fixed-price or **{add glossary link}**lump-sum contracts**{add glossary link}**, unit-price contracts, cost-type contracts, and time-and-materials contracts.

Natural Expense Classification

62. The Master Glossary contains the term *natural expense classification*, which originates from the glossary of the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations* (2008). Currently, no links to the term appear in the Codification. Although paragraphs 958-205-45-6 and 958-720-45-15 through 45-16 do not share a source with the term, the use of the term within these paragraphs is consistent with its definition. Therefore, the Board decided to link the term to paragraphs 958-205-45-6 and 958-720-45-15 and amend paragraph 958-720-45-16.

63. Amend paragraph 958-205-45-6 as follows:

Not-for-Profit Entities—Presentation of Financial Statements

Other Presentation Matters

> Statement of Functional Expenses

958-205-45-6 A statement of functional expenses is useful in associating expenses with service efforts and accomplishments of NFPs. Voluntary health and welfare entities shall report information about expenses by their functional classes, such as major classes of **program services** and **supporting activities**, as well as information about expenses by their natural classification (**natural expense classification**), such as salaries, rent, electricity, interest expense, depreciation, awards and grants to others, and professional fees, in a matrix format in a separate financial statement—the statement of functional expenses. Pursuant to paragraph 958-720-45-16, other NFPs are encouraged but not required to provide information about expenses by their natural classification. To the extent that expenses are reported by other than their natural classification (such as salaries included in cost of goods sold or facility rental costs of special events reported as direct benefits to donors), they shall be reported by their natural classification if a statement of functional expenses is presented. For example, salaries, wages, and fringe benefits that are included as part of the cost of goods sold on the statement of activities shall be included with other salaries, wages, and fringe benefits in the statement of functional expenses. In addition, expenses that are netted against investment revenues shall be reported by their **functional classification** on the statement of functional expenses (if the NFP presents that statement).

64. Amend paragraphs 958-720-45-15 through 45-16 as follows:

Not-for-Profit Entities—Other Expenses

Other Presentation Matters

> Natural Classification of Expenses

958-720-45-15 Voluntary health and welfare entities shall report information about expenses by their functional classification as well as information about expenses by their **{add glossary link}**natural **expense** classification**{add glossary link}**, such as salaries, rent, electricity, interest expense, depreciation, awards and grants to others, and professional fees, in a matrix format in a separate financial statement—the statement of functional expenses (see paragraph 958-205-45-6).

958-720-45-16 Other NFPs are encouraged, but not required, to provide information about expenses by their natural expense classification.

Noncontributory Plan

65. The Master Glossary contains the term *noncontributory plan*, which originates from FASB Statement No. 35, *Accounting and Reporting by Defined Benefit Pension Plans*. Currently, no links to the term appear in the Codification. Paragraph 965-10-05-4 originates from AICPA Statement of Position 92-6, *Accounting and Reporting by Health and Welfare Benefit Plans*. SOP 92-6 states that the reader should use terminology from FASB Statements No. 112, *Employers' Accounting for Postemployment Benefits*, and No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. Because those Statements use substantially the same terminology as Statement 35, the source of the term, the Board concluded that the term should be linked to this paragraph if amended to include other postretirement benefit plans.

66. Amend the following Master Glossary term as follows:

Noncontributory Plan

A pension or other postretirement benefit plan under which participants do not make contributions.

67. Amend paragraph 965-10-05-4 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Overall

Overview and Background

> Characteristics of Plans

965-10-05-4 Plan participants may be active or terminated employees (including retirees), as well as covered dependents and beneficiaries, of a single employer or group of employers. Employer contributions may be voluntary or required under the terms of a collective bargaining agreement negotiated with one or more labor organizations. Plans may require contributions from employers and participants (contributory plans) or from employers only (**{add glossary**

linknoncontributory plans{**add glossary link**). During periods of unemployment, a noncontributory plan may require contributions by participants to maintain their eligibility for benefits. Benefits may be provided in any of the following manners:

- a. Through insurance contracts paid for by the plan (an insured plan)
- b. From net assets accumulated in a trust established by the plan (a self-funded plan).

Pension Fund

68. The Master Glossary contains the term *pension fund*. However, the Codification does not contain any links to this term. The term appears only within the second definition of the Master Glossary term *vested benefits*. The term *pension fund* originates from Statement 35, while the term *vested benefits* originates from FASB Statement No. 87, *Employers' Accounting for Pensions*. Both Statements address pensions and use substantially the same terms. Therefore, the Board decided to add a link to *pension fund* within the definition of *vested benefits*.

69. Amend the following Master Glossary term as follows:

Vested Benefits (Definition 2)

Benefits for which the employee's right to receive a present or future pension benefit is no longer contingent on remaining in the service of the employer. (Other conditions, such as inadequacy of the {**add glossary link**}pension fund{**add glossary link**}, may prevent the employee from receiving the vested benefit.) Under graded vesting, the initial vested right may be to receive in the future a stated percentage of a pension based on the number of years of accumulated credited service; thereafter, the percentage may increase with the number of years of service or of age until the right to receive the entire benefit has vested.

Plan Assets (Definition 1)

70. The Master Glossary contains two definitions of *plan assets*. The first definition is linked only to Subtopic 715-60, *Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement*. The term originates from the glossary of FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. Although the paragraphs in Topic 965 do not share a source with the term, the use of the term is consistent with its definition. Therefore, the Board decided to link the term in Topic 965.

71. Amend paragraph 965-20-45-3(h) as follows:

Plan Accounting—Health and Welfare Benefit Plans—Net Assets Available for Plan Benefits

Other Presentation Matters

> Statement of Changes in Net Assets Available for Benefits

965-20-45-3 The statement of changes in net assets available for benefits shall be presented in enough detail to identify the significant changes during the year, including, as applicable, the following:

- h. Payment of claims, excluding payments made by an insurance entity pursuant to contracts that are excluded from **{add glossary link to 1st definition}** plan assets **{add glossary link to 1st definition }**

72. Amend paragraph 965-30-35-6 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations

Subsequent Measurement

965-30-35-6 The financial status of the plan considers assets and obligations as of the same date. Because **{add glossary link to 1st definition}** plan assets **{add glossary link to 1st definition }** are required to be presented as of the plan's year end, the benefit obligations also shall be measured and presented as of the plan's year end. That requirement does not, however, preclude the plan from using the most recent benefit obligations valuation rolled forward to the plan's year end to account for subsequent events (such as employee service and benefit payments), provided that it is reasonable to expect that the results will not be materially different from the results of an actuarial valuation as of the plan's year end. In rolling forward the benefit obligations to the plan's measurement date, the discount rates shall be adjusted as appropriate to reflect current rates of return on high-quality fixed-income investments. For example, if a valuation was performed at September 30 and the plan has a calendar year end, the benefit obligations as of September 30 should be rolled forward to December 31, by making appropriate adjustments, such as for additional employee service; the time value of money; benefits paid; and changes in the number of participants, actuarial assumptions, discount rates, per capita claims costs, and plan terms.

73. Amend paragraph 965-30-45-8 as follows:

Other Presentation Matters

965-30-45-8 If presented, benefits paid shall not include benefit payments made by an insurance entity pursuant to a contract that is excluded from **{add glossary link to 1st definition}** plan assets **{add glossary link to 1st definition}**. However, amounts paid by the plan to an insurance entity pursuant to such a contract (including purchases of annuities with amounts allocated from existing investments with the insurance entity) shall be included in benefits paid. Because of the use of different actuarial assumptions, the amount paid by the plan to an insurance entity may be different from the previous measure of the actuarial present value of the related accumulated plan benefits. If that information is available, it shall be presented as an actuarial experience gain or loss. If only the minimum disclosure is presented, presentation in a statement format will necessitate an additional unidentified other category to reconcile the initial and ultimate amounts.

74. Amend paragraph 965-205-50-1(e) as follows:

Plan Accounting—Health and Welfare Benefit Plans— Presentation of Financial Statements

Disclosure

965-205-50-1 The plan's financial statements shall disclose other information as described in this Subtopic. Certain of the disclosures relate to plans with accumulated assets rather than those with trusts that act more as conduits for benefit payments or insurance premiums. Separate disclosures may be made to the extent that the plan provides both health and other welfare benefits. The disclosures shall include, if applicable, all of the following:

- e. The policy regarding the purchase of contracts with insurance entities that are excluded from **{add glossary link to 1st definition}** plan assets **{add glossary link to 1st definition}**. Consideration should be given to disclosing the type and extent of insurance coverage, as well as the extent to which risk is transferred (for example, coverage period and claims reported or claims incurred).

75. Amend paragraph 965-205-55-3 as follows:

Implementation Guidance and Illustrations

> > Example 1: Multiemployer Defined Benefit Health and Welfare Plan—Retirees Contribute a Portion of Medical Coverage Cost

965-205-55-3 The plan in this Example pays all benefits directly from {add glossary link to 1st definition}plan assets{add glossary link to 1st definition}. It is assumed that the plan provides health benefits and life insurance coverage to both active and retired participants. This Example also assumes that the plan provides long-term disability benefits and limited coverage during periods of unemployment based on **accumulated eligibility credits**.

76. Amend paragraph 965-310-25-3 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Receivables

Recognition

965-310-25-3 These deposits shall be reported as {add glossary link to 1st definition to 1st definition}plan assets{add glossary link to first definition} until such amounts are used to pay premiums. Similarly, premium stabilization reserves, which exist when premiums paid to an insurance entity exceed the total of claims paid and other charges, are held by an insurance entity and used to reduce future premium payments. Premium stabilization reserves generally shall be reported as assets of the plan until such amounts are used to pay premiums. If such reserves are forfeitable when the insurance contract terminates, this possibility shall be considered in recognizing this asset. In the case of experience-rating refunds, and in cases when the policy year does not coincide with the plan's fiscal year, the refund due as of the financial statement date shall be reported as a plan asset if it is probable that a refund is due and the amount can be reasonably estimated.

77. Amend paragraph 965-310-40-1 as follows:

Derecognition

965-310-40-1 Service providers may require that deposits by the plan be applied against claims paid on behalf of plan participants. Such deposits shall be reported as {add glossary link to 1st definition}plan assets{add glossary link to 1st definition} until the deposit is applied against paid claims.

78. Amend paragraph 965-325-50-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Investments—Other

Disclosure

965-325-50-1 Disclosure of a **health and welfare benefit plan's** accounting policies shall include both of the following:

- a. A description of the methods and significant assumptions used to determine the **fair value** of investments and the reported value of insurance contracts.
- b. Identification of investments that represent 5 percent or more of the net assets available for benefits as of the end of the year. Consideration should be given to disclosing provisions of insurance contracts included as **{add glossary link to 1st definition}** plan assets**{add glossary link to 1st definition}** that could cause an impairment of the asset value upon liquidation or other occurrence (for example, surrender charges and market value adjustments).

79. Amend paragraph 965-360-35-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Property, Plant, and Equipment

Subsequent Measurement

965-360-35-1 **{add glossary link to 1st definition}** Plan assets**{add glossary link to 1st definition}** used in plan operations shall be reported at cost less accumulated depreciation or amortization and may consist of any of the following:

- a. Buildings
- b. Equipment
- c. Furniture and fixtures
- d. Leasehold improvements.

Plan Assets (Definition 2)

80. The Master Glossary contains two definitions of *plan assets*. The second definition is linked only to Subtopic 715-30, *Compensation—Retirement Benefits—Defined Benefit Plans—Pension*. The term originates from the glossary of FASB Statement No. 87, *Employers' Accounting for Pensions*. The term is

used, but not linked in paragraph 715-30-35-18. This paragraph has the same source as the term, so the Board decided to link the term. In addition, although the paragraphs in Topic 960 do not share a source with the term, the use of the term is consistent with its definition. Therefore, the Board decided to link the term throughout Topic 960.

81. Amend paragraph 715-30-35-18 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

>> Gains and Losses

715-30-35-18 As established in the definition of the term, a gain or loss results from a change in the value of either the projected benefit obligation or the {add glossary link to 2nd definition}plan assets{add glossary link to 2nd definition} resulting from experience different from that assumed or from a change in an actuarial assumption. This Subtopic generally does not distinguish between gains and losses that result from experience different from that assumed or from changes in assumptions. Gains and losses include amounts that have been realized, for example by sale of a security, as well as amounts that are unrealized.

82. Amend paragraph 960-20-25-5 as follows:

Plan Accounting—Defined Benefit Pension Plans—Accumulated Plan Benefits

Recognition

960-20-25-5 In recognizing and measuring accumulated plan benefits, the following shall apply:

- a. Except as indicated in (b) and (c) of this paragraph, accumulated plan benefits shall be based on employees' history of pay and service and other appropriate factors as of the benefit information date. An illustration of the application of this guidance appears in Example 1 (see paragraph 960-20-55-6).
- b. Projected years of service shall be a factor only in determining employees' expected eligibility for particular benefits, such as any of the following:

1. Increased benefits that are granted provided a specified number of years of service are rendered (for example, a pension benefit that is increased from \$9 per month to \$10 per month for each year of service if 20 or more years of service are rendered)
 2. Early retirement benefits
 3. Death benefits
 4. Disability benefits
- c. Automatic benefit increases specified by the plan (for example, automatic cost-of-living increases) that are expected to occur after the benefit information date shall be recognized.
 - d. Benefits to be provided by means of contracts excluded from **{add glossary link to 2nd definition}**plan assets**{add glossary link to 2nd definition}** for which payments to the insurance entity have been made shall be excluded.
 - e. Plan amendments adopted after the benefit information date shall not be recognized.
 - f. If it is necessary to take future compensation into account in the determination of Social Security benefits, employees' compensation as of the benefit information date shall be assumed to remain unchanged during their assumed future service. Increases in the wage base or benefit level pursuant to either the existing Social Security law or possible future amendments of the law shall not be recognized.

83. Amend paragraph 960-20-50-6 as follows:

Disclosure

960-20-50-6 If presented, benefits paid shall not include benefit payments made by an insurance entity in accordance with a contract that is excluded from **{add glossary link to 2nd definition}**plan assets**{add glossary link to 2nd definition}**. However, amounts paid by the plan to an insurance entity pursuant to such a contract (including purchasing annuities with amounts allocated from existing investments with the insurance entity) shall be included in benefits paid. Due to the use of different actuarial assumptions, the amount paid by the plan to an insurance entity may be different from the previous measure of the actuarial present value of the related **accumulated plan benefits**. That difference is an actuarial experience gain or loss (see paragraph 960-20-50-4).

84. Amend paragraph 960-30-45-10 as follows:

Plan Accounting—Defined Benefit Pension Plans—Net Assets Available for Plan Benefits

Other Presentation Matters

960-30-45-10 The only amounts that shall be reported in the statement of changes in net assets are qualified transfers to the 401(h) account and/or any unused or unspent amounts (including allocated income) in the 401(h) account at the end of the year that were qualified transfers of excess pension {add glossary link to 2nd definition}plan assets{add glossary link to 2nd definition} that should have been but were not transferred back to the defined benefit pension plan.

85. Amend paragraphs 960-205-50-1(c) as follows:

Plan Accounting—Defined Benefit Pension Plans— Presentation of Financial Statements

Disclosure

960-205-50-1 The financial statements shall include the following disclosures, if applicable:

- c. A brief, general description of the priority order of participants' claims to the assets of the plan upon plan termination and **benefits** guaranteed by the Pension Benefit Guaranty Corporation, including a discussion of the application of its guaranty to any recent plan amendment. Such a description serves to alert participants that a comparison of total net assets with the total actuarial present value of accumulated plan benefits (or with the three minimum required categories of **benefit information**) does not necessarily indicate which benefits would be covered by {add glossary link to 2nd definition}plan assets{add glossary link to 2nd definition}in the event of plan termination. If material providing this information is otherwise published and made available to participants, the descriptions required by this paragraph may be omitted provided that reference to such other source is made and disclosure similar to the following is made in the financial statements.

Should the plan terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's **accumulated plan benefits** will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation at that time. Some benefits may be fully or partially provided for by the then existing assets and

the Pension Benefit Guaranty Corporation guaranty while other benefits may not be provided for at all.

Spending Rate

86. The Master Glossary contains the term *spending rate*, which originates from the glossary of the Not-for-Profit Organizations Audit and Accounting Guide. Currently, no links to the term appear in the Codification. Although the following paragraphs do not share a source with the term, the use of the term within these paragraphs aligns with its definition; thus, the Board concluded that the term should be linked to these paragraphs.

87. Amend paragraph 958-205-45-27 as follows:

Not-for-Profit Entities—Presentation of Financial Statements

Other Presentation Matters

958-205-45-27 See Example 1 (paragraph 958-320-55-4) for an illustration of a statement of activities and example notes for an NFP that separates investment return into operating and nonoperating amounts based on a **{add glossary link}spending-rate{add glossary link}** or **total return** policy for managing its endowment funds.

88. Amend paragraph 958-205-55-12 as follows:

Implementation Guidance and Illustrations

958-205-55-12 The following provide additional illustrations of statements of activities:

- a. Example 1 (see paragraph 958-225-55-5) provides an illustration that shows how items may be sequenced to distinguish between operating and nonoperating activities or to make other distinctions, if desired.
- b. Example 2 (see paragraph 958-225-55-7) illustrates the display of an appropriately labeled subtotal for change in a class of net assets before the effects of an extraordinary item or a discontinued operation.
- c. Example 3 (see paragraph 958-225-55-8) provides three possible methods of displaying fundraising efforts in the revenue section of the statement of activities if an NFP acts as an **agent**, **trustee**, or **intermediary** in raising resources for another.
- d. Example 1 (see paragraph 958-320-55-4) provides an illustration of an NFP that separates investment return into operating and nonoperating amounts based on a **{add glossary link}spending-rate{add glossary link}** or **total return** policy for managing its endowment funds.

89. Amend paragraph 958-320-45-9 as follows:

Not-for-Profit Entities—Investments—Debt and Equity Securities

Other Presentation Matters

958-320-45-9 Some NFPs, in managing their endowment funds, use a **{add glossary link}spending-rate{add glossary link}** or **total return** policy. Those policies consider total investment return—investment income (interest, dividends, rents, and so forth) plus net realized and unrealized gains (or minus net losses). Typically, spending-rate or total return policies emphasize the use of prudence and a rational and systematic formula to determine the portion of cumulative investment return that can be used to support operations of the current period and the protection of endowment gifts from a loss of purchasing power as a consideration in determining the formula to be used. Example 1 (see paragraph 958-320-55-4) illustrates a statement of activities and example disclosures of an NFP that uses a spending-rate policy to include only a portion of its investment return in its operating measure.

90. Amend paragraph 958-320-55-5 as follows:

Implementation Guidance and Illustrations

958-320-55-5 This Example is illustrative only; it does not indicate a preferred method of reporting investment return or defining operations (see paragraph 958-225-45-9). An NFP may separate investment return into operating and nonoperating amounts in ways that it believes will provide meaningful information to users of its financial statements. Distinctions may be based on any of the following:

- a. The nature of the underlying transactions, such as classifying realized amounts as operating and unrealized amounts as nonoperating
- b. Budgetary designations, such as classifying amounts computed under a **{add glossary link}spending-rate{add glossary link}** or **total return** policy as operating and the remainder of investment return as nonoperating
- c. The reporting requirements for categories of investments used in Topic 320, such as classifying investment income, realized gains and losses, unrealized gains and losses on trading securities, and other-than-temporary impairment losses on securities (that is, all items included in net income of a business entity) as operating and classifying the remainder of investment return as nonoperating
- d. Other characteristics that provide information that is relevant and understandable to donors, creditors, and other users of financial statements.

Spot Rate

91. The Master Glossary contains the term *spot rate*, which originates from FASB Statement No. 52, *Foreign Currency Translation*. Currently, no links to *spot rate* appear in the Codification. Although the source literature of the following paragraphs and the term is not the same, *spot rate* is a commonly used term, and the Board therefore decided it should be linked to these paragraphs.

92. Amend paragraph 815-10-55-144 as follows:

Derivatives and Hedging—Overall

Implementation Guidance and Illustrations

> > Example 15: Contracts Involving an Entity's Own Equity—Derivative Instrument Indexed to Both the Issuer's Equity Price and a Foreign Currency Exchange Rate

815-10-55-144 This Example illustrates the application of paragraph 815-10-15-74(a). Assume that Entity A, whose functional currency is the U.S. dollar (USD), and the Counterparty enter into a one-year forward contract that is indexed to Entity A's common share price translated into euros (EUR) at **{add glossary link}**spot rates**{add glossary link}** and that will be settled in net shares of Entity A. If the value of Entity A's common stock in EUR appreciates, then Entity A will receive from the Counterparty a number of shares of Entity A stock equal to the appreciation. If the value of Entity A's stock in EUR depreciates, then Entity A will pay Counterparty a number of shares of Entity A stock equal to the depreciation. Thus, the forward contract is indexed both to Entity A's common stock and the USD/EUR currency exchange rates.

93. Amend paragraph 815-20-25-29 as follows:

Derivatives and Hedging—Hedging—General

Recognition

815-20-25-29 The recognition in earnings of the foreign currency transaction gain or loss on a foreign-currency-denominated asset or liability based on changes in the foreign currency **{add glossary link}**spot rate**{add glossary link}** is not considered to be the remeasurement of that asset or liability with changes in fair value attributable to foreign exchange risk recognized in earnings, which is discussed in the criteria in paragraphs 815-20-25-15(d) and 815-20-25-43(c). Thus, those criteria are not impediments to either of the following:

- a. A foreign currency fair value or cash flow hedge of such a foreign-currency-denominated asset or liability

- b. A foreign currency cash flow hedge of the forecasted acquisition or incurrence of a foreign-currency-denominated asset or liability whose carrying amount will be remeasured at spot exchange rates under paragraph 830-20-35-1.

94. Amend paragraph 815-20-55-51 as follows:

Implementation Guidance and Illustrations

815-20-55-51 An approach that would involve measuring a derivative instrument and a cash instrument as a single unit at the current **{add glossary link}**spot rate**{add glossary link}** (which is used in the translation of the hedged net investment) violates the requirements of Subtopic 830-20 for translation of foreign-currency-denominated borrowings at the spot rate relevant to the currency of the borrowing. It also violates the requirements of Subtopic 815-10 for measurement of all derivative instruments at fair value. Accordingly, combining the DEM-denominated borrowing and the currency swap for designation as a single hedging instrument—a JPY-denominated borrowing—in a net investment hedge is not permitted.

95. Amend paragraph 815-25-55-65 as follows:

Derivatives and Hedging—Fair Value Hedges

Implementation Guidance and Illustrations

815-25-55-65 Ineffectiveness will result from the difference between changes in the USD equivalent of DEM 240,000 (the notional amount of the forward contract) and changes in the USD equivalent of NLG 270,000 (the amount to be paid for the machine). The difference between the **{add glossary link}**spot rate**{add glossary link}** and the forward exchange rate is not excluded from the hedging relationship because changes in the fair value of the firm commitment are being measured using forward exchange rates. If the hedged item were a foreign-currency-denominated available-for-sale security instead of a firm commitment, Topic 830 would have required its carrying value to be measured using the spot exchange rate. Therefore, the spot-forward difference would have been recognized immediately in earnings either because it represented ineffectiveness or because it was excluded from the assessment of effectiveness.

96. Amend paragraph 815-30-55-15 as follows:

Derivatives and Hedging—Cash Flow Hedges

Implementation Guidance and Illustrations

815-30-55-15 Entity I chooses to assess hedge effectiveness at inception and during the term of the hedge based on the following amounts:

- a. Changes in the **fair value** of the forward contract attributable to changes in the USD-FRF **{add glossary link}**spot rate**{add glossary link}**
- b. Changes in the present value of the current USD equivalent of the forecasted receipt of FRF 500,000.

97. Amend paragraph 815-35-35-5 as follows:

Derivatives and Hedging—Net Investment Hedges

Subsequent Measurement

> > Method Based on Changes in Spot Exchange Rates

> > > Hedging Instrument Is a Derivative Instrument

815-35-35-5 The change in the **fair value** of the derivative instrument attributable to changes in the difference between the forward rate and **{add glossary link}**spot rate**{add glossary link}** would be excluded from the measure of hedge ineffectiveness and that difference would be reported directly in earnings if all of the following conditions are met:

- a. The **notional amount** of the derivative instrument designated as a hedge of a net investment in a foreign operation matches (that is, equals) the portion of the net investment designated as being hedged.
- b. The derivative instrument's underlying exchange rate is the exchange rate between the functional currency of the hedged net investment and the investor's functional currency.
- c. The hedging derivative instrument is a cross-currency interest rate swap as permitted by paragraph 815-20-25-67.

98. Amend paragraph 926-20-35-7 as follows:

Entertainment—Films—Other Assets—Film Costs

Subsequent Measurement

926-20-35-7 All foreign currency estimates of future revenues shall be based on current **{add glossary link}**spot rates**{add glossary link}**.

99. Amend paragraph 946-830-45-7 as follows:

Financial Services—Investment Companies—Foreign Currency Matters

Other Presentation Matters

> Cash

946-830-45-7 Foreign currency cash balances and movements shall be accounted for in the same way that foreign-currency-denominated securities are. Every receipt of a foreign currency shall be treated as a purchase of a security and recorded in the functional currency at the **{add glossary link}**spot rate**{add glossary link}** on the cash receipt date. Similarly, every disbursement of a foreign currency shall be treated as a sale of a security and the appropriate functional currency cost shall be released, depending on whether a specific identified cost, the first-in, first-out (FIFO) method, or an average cost is used.

Written Notice of Allocation

100. The term *written notice of allocation* is currently not linked in the Codification. The term originates from AICPA Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives*. Although the term is not linked, it is used twice within Topic 905, Agriculture. Both instances originate from the AICPA's *Agricultural Producers and Agricultural Cooperatives with Conforming Changes as of May 1, 2008*. Although the paragraphs that contain the term do not share a source with the original term, the term's definition is consistent with its use. Therefore, the Board decided to link the term in both instances.

101. Amend paragraph 905-325-30-1 as follows:

Agriculture—Investments—Other

Initial Measurement

905-325-30-1 Investments in other **cooperatives** shall be accounted for at cost, including allocated equities and **retains**. For this purpose, cost means the amount of any cash investment and the face amount of all **{add glossary link}**written notices of allocation**{add glossary link}** in the form of pre-unit retains, capital equity credits, revolving fund certificates, and certificates of equity.

102. Amend paragraph 905-505-45-3 as follows:

Agriculture—Equity

Other Presentation Matters

Cooperatives

905-505-45-3 Various forms of allocated equities arising from patronage are used by cooperatives. Two of the most commonly used forms are the following:

- a. Retained patronage allocations. Retaining **patronage earnings** through methods such as the issuance of qualified or nonqualified **{add glossary link}**written notices of allocation**{add glossary link}** is a major form of financing by cooperatives.
- b. Per-unit **retains**. Per-unit retains are used in marketing cooperatives in accordance with debt agreements, bylaws, or board of directors' authorizations. These amounts are determined without regard to earnings and may be based on a rate per ton or on a percentage of the dollar amount of raw product delivered. Amounts are withheld from payments to patrons for deliveries of raw products and are credited to the account of each **patron**.

Section C—Amendments Related to Duplicate Master Glossary Terms

Introduction

103. The following table summarizes the amendments to the Master Glossary in this section. The amendments are presented in alphabetical order by Master Glossary term, and the table lists the Subtopics in which the terms are used, describes the changes to the terms, and provides the definition for the terms. For ease of reference, duplicate terms are numbered by the order in which their definitions appear in the online version of the Codification. **These amendments are not expected to result in substantive changes to the application of existing guidance; therefore, transition guidance is not provided.**

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Actuarial Present Value (Definition 1)	The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements for events such as death, disability, withdrawal, or retirement) between the specified date and the expected date of payment.	715-30	<ul style="list-style-type: none"> Supersedes Definition 2; replace all links with links to Definition 1. 	The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements for events such as death, disability, withdrawal, or retirement) between the specified date and the expected date of payment.	105–109
Actuarial Present Value (Definition 2)	The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through discounts for interest) and the probability of payment (for example, by means of decrements for events such as death, disability,	715-60			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Amortization (Definition 1)	<p>or withdrawal) between the specified date and the expected date of payment.</p> <p>The process of reducing a recognized liability systematically by recognizing revenues or by reducing a recognized asset systematically by recognizing expenses or costs. In accounting for postretirement benefits, amortization also means the systematic recognition in net periodic postretirement benefit cost over several periods of amounts previously recognized in other comprehensive income, that is, gains or losses, prior service cost or credits, and any transition obligation or asset.</p>	715-60	<ul style="list-style-type: none"> • Amend Definition 1 to include pension information. • Supersede Definition 2; replace all links with links to Definition 1. 	<p>The process of reducing a recognized liability systematically by recognizing revenues <u>gains</u> or by reducing a recognized asset systematically by recognizing expenses <u>costs</u>. In accounting for <u>pension benefits</u> or other postretirement benefits, amortization also means the systematic recognition in net periodic <u>pension cost</u> or other postretirement benefit cost over several periods of amounts previously recognized in other comprehensive income, that is, gains or losses, prior service cost or credits, and any transition obligation or asset.</p>	110–116
Amortization (Definition 2)	<p>The process of reducing a recognized liability systematically by recognizing revenues or reducing a recognized</p>	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Assumptions (Definition 1)	asset systematically by recognizing expenses or costs. In pension accounting, amortization is also used to refer to the systematic recognition in net pension cost over several periods of amounts previously recognized in other comprehensive income, that is, prior service costs or credits, gains or losses, and the transition asset or obligation existing at the date of initial application of Subtopic 715-30.	715-60	<ul style="list-style-type: none"> • Amend Definition 1 to include pension information. • Supersede Definition 2; replace all links with links to Definition 1. 	Estimates of the occurrence of future events affecting <u>pension costs and other</u> postretirement benefit costs (<u>as applicable</u>), such as turnover, retirement age, mortality, <u>withdrawal</u> , <u>disablement</u> , dependency status, per capita claims costs by	117–121

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Assumptions (Definition 2)	reimbursements, and discount rates to reflect the time value of money. Estimates of the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement, changes in compensation and national pension benefits, and discount rates to reflect the time value of money.	715-30		age, health care cost trend rates, levels of Medicare and other health care providers' reimbursements, <u>changes in compensation and national pension benefits</u> , and discount rates to reflect the time value of money.	
Attribution (Definition 1)	The process of assigning postretirement benefit cost to periods of employee service.	715-60	<ul style="list-style-type: none"> Amend Definition 1 to include pension information. Supersede Definition 2; replace all links with links to Definition 1. 	The process of assigning pension or other <u>postretirement benefit benefits or costs</u> to periods of employee service.	122–127
Attribution (Definition 2)	The process of assigning pension benefits or cost to periods of employee service.	715-30			
Benefits (Definition 1)	Payments to which participants may be entitled under a pension plan, including pension benefits, disability benefits, death benefits,	960-10, 960-20, 960-30, 960-205, 960-325, 960-360	<ul style="list-style-type: none"> Amend Definition 3 to include information specific to health and welfare 	The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a <u>pension plan</u> or other	128–174

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Benefits (Definition 2)	<p>and benefits due on termination of employment.</p> <p>Payments to which participants may be entitled under a pension plan, including pension benefits, death benefits, and benefits due on termination of employment.</p>	715-30	<p>plans and pension plans. Supersede Definitions 1 and 2; replace all links with links to Definition 3.</p> <p>Add glossary links to Subtopics:</p> <ul style="list-style-type: none"> 962-10, Plan Accounting—Defined Contribution Pension Plans—Overall 962-40, Plan Accounting—Defined Contribution Pension Plans—Terminating Plans 962-205, Plan Accounting—Defined Contribution Pension Plans—Presentation of Financial 	<p>postretirement benefit plan, including health care benefits, life insurance, not provided through a pension plan, and legal, educational, and advisory services, and pension benefits, and disability benefits, death benefits, and benefits due to termination of employment.</p>	
Benefits (Definition 3)	<p>The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a postretirement benefit plan, including health care benefits, life insurance not provided through a pension plan, and legal, educational, and advisory services.</p>	715-60			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
			<p>Statements</p> <ul style="list-style-type: none"> • 962-325, Plan Accounting—Defined Contribution Pension Plans—Investments—Other • 965-10, Plan Accounting—Health and Welfare Benefit Plans—Overall • 965-20, Plan Accounting—Health and Welfare Benefit Plans—Net Assets Available for Plan Benefits • 965-30, Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations • 965-40, Plan Accounting—Health and 		

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Contributory Plan (Definition 1)	A pension plan under which participants bear part of the cost.	960-205	<p>Welfare Benefit Plans—Terminating Plans</p> <ul style="list-style-type: none"> 965-205, Plan Accounting—Health and Welfare Benefit Plans—Presentation of Financial Statements 965-325, Plan Accounting—Health and Welfare Benefit Plans—Investments—Other. 		175–180
Contributory Plan (Definition 2)	A plan under which retirees or active employees contribute part of the cost. In some contributory plans, retirees or active employees wishing to be	715-60	<ul style="list-style-type: none"> Supersede Definitions 1 and 3; replace all links with links to Definition 2. Add glossary link to Subtopic 965-10, Plan Accounting—Health and 	A plan under which retirees or active employees contribute part of the cost. In some contributory plans, retirees or active employees wishing to be covered must contribute; in other contributory plans, participants' contributions result in	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	covered must contribute; in other contributory plans, participants' contributions result in increased benefits.		Welfare Benefit Plans—Overall.	increased benefits.	
Contributory Plan (Definition 3)	A pension plan under which employees contribute part of the cost. In some contributory plans, employees wishing to be covered must contribute; in other contributory plans, employee contributions result in increased benefits.	715-30			
Cost Approach (Definition 1)	A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).	820-10	<ul style="list-style-type: none"> • Supersede Definition 2. • Definition 1 would remain unchanged. 	A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).	181–184
Cost Approach (Definition 2)	One of the two groups of basic approaches to attributing pension benefits or costs to periods of service. Approaches in this group	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>assign net pension costs to periods as level amounts or constant percentages of compensation (that is, a cost-compensation approach).</p> <p>See Benefit Approach for the other group of basic approaches to attributing pension benefits.</p>				
Defined Benefit Health and Welfare Plans	<p>Defined benefit health and welfare plans specify a determinable benefit, which may be in the form of a reimbursement to the covered plan participant or a direct payment to providers or third-party insurers for the cost of specified services. Such plans may also include benefits that are payable as a lump sum, such as death benefits. The level of benefits may be defined or limited based on factors such as age, years of service, and</p>	965-10, 965-30, 965-205	<ul style="list-style-type: none"> Amend <i>Defined Benefit Plan</i> to incorporate elements specific to defined benefit pension plans, defined benefit postretirement plans, and defined benefit health and welfare plans. Supersede <i>Defined Benefit Health and Welfare Plans</i>, <i>Defined Benefit</i> 	<p>A defined benefit plan provides participants with a determinable benefit based on a formula provided for in the plan.</p> <p>a. <u>Defined benefit health and welfare plans—Defined benefit health and welfare plans specify a determinable benefit, which may be in the form of a reimbursement to the covered plan</u></p>	185-214

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>salary. Contributions may be determined by the plan's actuary or be based on premiums, actual claims paid, hours worked, or other factors determined by the plan sponsor. Even when a plan is funded pursuant to agreements that specify a fixed rate of employer contributions (for example, a collectively bargained multiemployer plan), such a plan may nevertheless be a defined benefit health and welfare plan if its substance is to provide a defined benefit.</p>		<p><i>Pension Plan</i> (Definitions 1 and 2), and <i>Defined Benefit Postretirement Plan</i>; replace all links with links to <i>Defined Benefit Plan</i>.</p> <ul style="list-style-type: none"> • Add Master Glossary links to Subtopics: <ul style="list-style-type: none"> ◦ 965-325, Plan Accounting—Health and Welfare Benefit Plans—Investments—Other. ◦ 980-715, Regulated Operations—Compensation—Retirement Benefits. 	<p>participant or a direct payment to providers or third-party insurers for the cost of specified services. Such plans may also include benefits that are payable as a lump sum, such as death benefits. The level of benefits may be defined or limited based on factors such as age, years of service, and salary. Contributions may be determined by the plan's actuary or be based on premiums, actual claims paid, hours worked, or other factors determined by the plan sponsor. Even when a plan is</p>	
Defined Benefit Pension Plan (Definition 1)	<p>A pension plan that specifies a determinable pension benefit, usually based on factors such as age, years of service, and salary. This includes plans that may be funded pursuant to periodic agreements that specify a fixed rate of employer contributions (for</p>	<p>960-10, 960-20, 960-30, 960-40, 960-205, 960-310, 960-325, 960-360</p>			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Defined Benefit Pension Plan (Definition 2)	<p>example, a collectively bargained multiemployer plan). For example, this includes plans that prescribe a scale of benefits and experience indicators or it is expected that employer contributions are or will be periodically adjusted to enable such stated benefits to be maintained. Further, a plan that is subject to the Employee Retirement Income Security Act of 1974 and considered to be a defined benefit pension plan under the Act is a defined benefit pension plan.</p> <p>A pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service, or compensation. Any pension plan that is not a</p>	715-30		<p>funded pursuant to agreements that specify a fixed rate of employer contributions (for example, a collectively bargained multiemployer plan), such a plan may nevertheless be a defined benefit health and welfare plan if its substance is to provide a defined benefit.</p> <p>Defined benefit pension plan—A pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service, or compensation. Any pension plan</p>	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Defined Benefit Plan	defined contribution pension plan is, for purposes of Subtopic 715-30, a defined benefit pension plan. A defined benefit plan provides participants with a determinable benefit based on a formula provided for in the plan.	N/A		that is not a defined contribution pension plan is, for purposes of <u>Subtopic 715-30, a defined benefit pension plan.</u> Defined benefit postretirement plan —A plan that defines postretirement benefits in terms of monetary amounts (for example, \$100,000 of life insurance) or benefit coverage to be provided (for example, up to \$200 per day for hospitalization, or 80 percent of the cost of specified surgical procedures). Any postretirement benefit plan that is not a defined contribution postretirement plan is, for purposes of Subtopic 715-60, a defined benefit	
Defined Benefit Postretirement Plan	A plan that defines postretirement benefits in terms of monetary amounts (for example, \$100,000 of life insurance) or benefit coverage to be provided (for example, up to \$200 per day for hospitalization, or 80 percent of the cost of specified surgical procedures). Any postretirement benefit plan that is not a defined contribution postretirement plan is, for purposes of Subtopic 715-60, a defined benefit	715-60		that is not a defined contribution pension plan is, for purposes of <u>Subtopic 715-30, a defined benefit pension plan.</u> Defined benefit postretirement plan —A plan that defines postretirement benefits in terms of monetary amounts (for example, \$100,000 of life insurance) or benefit coverage to be provided (for example, up to \$200 per day for hospitalization, or 80 percent of the cost of specified surgical procedures). Any postretirement benefit plan that is not a defined contribution postretirement plan is, for purposes of Subtopic 715-60, a defined benefit	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Defined Contribution Health and Welfare Plans	<p>postretirement plan. (Specified monetary amounts and benefit coverage are collectively referred to as benefits.)</p>	965-10, 965-205	<ul style="list-style-type: none"> Amend <i>Defined Contribution Plan</i> to incorporate elements specific to defined contribution postretirement plans and defined contribution health and welfare plans. Supersede 	<p>not a defined contribution postretirement plan is, for purposes of Subtopic 715-60, a defined benefit postretirement plan. (Specified monetary amounts and benefit coverage are collectively referred to as benefits.)</p>	215-224

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>the amount contributed to the participant's account, investment experience, expenses, and any forfeitures allocated to the participant's account. These plans also include flexible spending arrangements.</p>		<p><i>Defined Contribution Health and Welfare Plans and Defined Postretirement Plan</i>; replace all links with links to <i>Defined Contribution Plan</i>.</p> <ul style="list-style-type: none"> • Add glossary link to Subtopic 965-325, Plan Accounting—Health and Welfare Benefit Plans—Investments—Other. 	<p>forfeitures allocated to the account, less any administrative expenses charged to the plan.</p> <p>a. <u>Defined contribution health and welfare plans</u>—Defined <u>contribution health and welfare plans</u> maintain an <u>individual account</u> for each plan participant. They have terms that specify the means of determining the contributions to participants' accounts, rather than the amount of benefits the participants are to receive. The benefits a plan participant will receive are limited to the amount contributed to the</p>	
Defined Contribution Plan	<p>a plan that provides an individual account for each participant and provides benefits that are based on all of the following:</p> <ol style="list-style-type: none"> Amounts contributed to the participant's account by the employer or employee Investment experience Any forfeitures allocated to the account, less any administrative expenses charged to the plan. 	715-30, 715-60, 715-70, 962-10, 962-40, 962-205, 962-325, 965-325			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
<p>Defined Contribution Postretirement Plan</p>	<p>A plan that provides postretirement benefits in return for services rendered, provides an individual account for each plan participant, and specifies how contributions to the individual's account are to be determined rather than specifies the amount of benefits the individual is to receive. Under a defined contribution postretirement plan, the benefits a plan participant will receive depend solely on the amount contributed to the plan participant's account, the returns earned on investments of those forfeitures of other plan participants' benefits that may be allocated to that plan participant's account.</p>	<p>715-70</p>		<p>participant's account, investment experience, expenses, and any forfeitures allocated to the participant's account. These plans also include flexible spending arrangements.</p> <p>Defined contribution postretirement plan—A plan that provides postretirement benefits in return for services rendered, provides an individual account for each plan participant, and specifies how contributions to the individual's account are to be determined rather than specifies the</p> <p>b.</p>	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Discount Rate	The interest rate used to adjust for the time value of money. See Actuarial Present Value .	715-30	<ul style="list-style-type: none"> Amend <i>Discount Rate</i> to include the definition of 	<p>amount of benefits the individual is to receive. Under a defined contribution postretirement plan, the benefits a plan participant will receive depend solely on the amount contributed to the plan participant's account, the returns earned on investments of those contributions, and the forfeitures of other plan participants' benefits that may be allocated to that plan participant's account.</p> <p>The rates A rate of rates used to reflect the time value of money. Discount rates are used</p>	225–231

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Discount Rates	The rates used to reflect the time value of money. Discount rates are used in determining the present value as of the measurement date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. See Actuarial Present Value .	715-60	<i>Discount Rates</i> and include pension obligation. Supersedes the original <i>Discount Rates</i> .	in determining the present value as of the measurement date of future cash flows currently expected to be required to satisfy the pension obligation or other postretirement benefit obligation. See Actuarial Present Value .	

<p>Master Glossary Term</p> <p>Enhanced-Crediting-Rate Bonus</p>	<p>Master Glossary Definition</p> <p>See Enhanced-Yield Bonus</p>	<p>Codification Subtopic(s) in Which Term Is Linked</p> <p>N/A</p>	<p>Description of Changes</p> <ul style="list-style-type: none"> Retain glossary term <i>Enhanced-Crediting-Rate Bonus</i>, but use definition from <i>Enhanced-Yield Bonus</i>. Supersede the term <i>Enhanced-Yield Bonus</i>; replace the term <i>Enhanced-Yield Bonus</i> with the term <i>Enhanced-Crediting-Rate Bonus</i> in the Master Glossary definition of the term <i>Sales Inducements</i>. Replace all links to the term 	<p>Definition</p> <p>See Enhanced-Yield Bonus-A sales inducement in which the insurance entity offers customers a crediting rate for a stated period in excess of that currently being offered for other similar contracts.</p>	<p>Related Paragraphs in Update</p> <p>232-237</p>
---	---	---	--	---	---

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Enhanced-Yield Bonus	A sales inducement in which the insurance entity offers customers a crediting rate for a stated period in excess of that currently being offered for other similar contracts.	944-20, 944-30, 944-40	<p><i>Enhanced-Yield Bonus</i> with links to the term <i>Enhanced-Crediting-Rate Bonus</i>.</p> <p>Add glossary links to Subtopics:</p> <ul style="list-style-type: none"> • 944-20, Financial Services— Insurance— Insurance Activities • 944-40, Financial Services— Insurance— Claim Costs and Liabilities for Future Policy Benefits. 		
Exchange (Definition 1)	An exchange (or exchange transaction) is a reciprocal transfer between two entities that results in one of the entity's acquiring assets or services or satisfying liabilities by surrendering	845-10	<ul style="list-style-type: none"> • Supersede Definition 2; incorporate Definition 2 into Subtopic 978-10. • Definition 1 would remain 	An exchange (or exchange transaction) is a reciprocal transfer between two entities that results in one of the entity's acquiring assets or services or satisfying liabilities by surrendering	238–244

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Exchange (Definition 2)	<p>other assets or services or incurring other obligations.</p> <p>The trading, by a purchaser of a time-sharing interval, of that time-sharing interval for a given year for another time interval, another location, or another kind of privilege of ownership. Such trading is often effected through the buyer's membership in an exchange entity. Many developers also offer an internal exchange program. Buyers typically pay a fee for exchange privileges.</p>	978-10, 978-605	unchanged.	other assets or services or incurring other obligations.	
Expected Long-Term Rate of Return on Plan Assets (Definition 1)	An assumption about the rate of return on plan assets reflecting the average rate of earnings expected on existing plan assets and expected contributions to the plan during the period.	715-60	<ul style="list-style-type: none"> Supersede Definition 2; replace all links with links to Definition 1. 	An assumption about the rate of return on plan assets reflecting the average rate of earnings expected on existing plan assets and expected contributions to the plan during the period.	245-249
Expected Long-Term Rate of	An assumption as to the rate of return on plan	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Return on Plan Assets (Definition 2)	assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation.				
Expected Return on Plan Assets (Definition 1)	An amount calculated as a basis for determining the extent of delayed recognition of the effects of changes in the fair value of plan assets. The expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets.	715-60	<ul style="list-style-type: none"> Supersedes Definition 2; replace all links with links to Definition 1. 	An amount calculated as a basis for determining the extent of delayed recognition of the effects of changes in the fair value of plan assets. The expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets.	250–255

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Expected Return on Plan Assets (Definition 2)	An amount calculated as a basis for determining the extent of delayed recognition of the effects of changes in the fair value of assets. The expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets.	715-30			
Explicit Approach to Assumptions (Definition 1)	An approach under which each significant assumption used reflects the best estimate of the plan's future experience solely with respect to that assumption.	715-60	<ul style="list-style-type: none"> Supersede Definition 1; replace all links with links to Definition 2. 	An approach under which each significant assumption used reflects the best estimate of the plan's future experience solely with respect to that assumption. See Implicit Approach to Assumptions .	256–259
Explicit Approach to Assumptions (Definition 2)	An approach under which each significant assumption used reflects the best estimate of the plan's future experience solely with respect to that assumption. See Implicit Approach to Assumptions .	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Front-End Sales Load	See Front-End Sales Fee .	N/A	<ul style="list-style-type: none"> • Rename the term <i>Front-End Sales Fee</i> to <i>Front-End Load</i>. • Supersede the term <i>Front-End Sales Load</i>. • Replace all links to the term <i>Front-End Sales Fee</i> with links to the term <i>Front-End Load</i>. 	A sales commission or charge payable at the time of purchase of mutual fund shares.	260–265
Front-End Sales Fee	A sales commission payable at the time of purchase of mutual fund shares.	946-605	<ul style="list-style-type: none"> • Add glossary link to Subtopics: • 946-10, Financial Services—Investment Companies—Overall. • 946-20, Financial Services—Investment Companies—Investment Company Activities. 		

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Funding Policy (Definition 1)	The program regarding the amounts and timing of contributions by the employer(s), participants, and any other sources (for example, state subsidies or federal grants) to provide the benefits a pension plan specifies.	960-205, 960-310	<ul style="list-style-type: none"> Amend Definition 3 to include pension plans. Supersede Definitions 1 and 2; replace all links with links to Definition 3. 	The program regarding the amounts and timing of contributions by the employers, plan participants, and any other sources (for example, state, subsidies or federal grants) to provide the benefits a pension plan or other postretirement benefit plan specifies.	266-273
Funding Policy (Definition 2)	The program regarding the amounts and timing of contributions by the employer(s), participants, and any other sources (for example, state subsidies or federal grants) to provide the benefits a pension plan specifies.	715-30			
Funding Policy (Definition 3)	The program regarding the amounts and timing of contributions by the employers, plan participants, and any other sources to provide the benefits a postretirement benefit plan specifies.	715-60			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Gain or Loss (Definition 1)	A change in the value of postretirement benefit obligation or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption, or the consequence of a decision to temporarily deviate from the substantive plan. Gains or losses that are not recognized in net periodic postretirement benefit cost when they arise are recognized in other comprehensive income. Those gains or losses are subsequently recognized as a component of net periodic postretirement benefit cost based on the recognition and amortization provisions of Subtopic 715-60.	715-60	<ul style="list-style-type: none"> Amend Definition 1 to include pension information. Supersede Definition 2; replace all links with links to Definition 1. 	A change in the value of either the <u>accumulated postretirement benefit obligation</u> (<u>projected benefit obligation for pension plans</u> or <u>accumulated postretirement benefit obligation for other postretirement benefit plans</u>) or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption, or the consequence of a decision to temporarily deviate from the <u>other postretirement benefit</u> substantive plan. Gains or losses that are not recognized in <u>net periodic pension cost</u> or <u>net periodic postretirement benefit cost</u> when they arise are recognized in <u>other</u>	274–281

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Gain or Loss (Definition 2)	A change in the value of either the projected benefit obligation or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption. Gains and losses that are not recognized in net periodic pension cost when they arise are recognized in other comprehensive income. Those gains or losses are subsequently recognized as a component of net periodic pension cost based on the amortization provisions of Subtopic 715-30.	715-30		comprehensive income. Those gains or losses are subsequently recognized as a component of net <u>periodic pension cost</u> or net periodic postretirement benefit cost based on the recognition and amortization provisions of <u>Subtopic 715-30</u> or <u>Subtopic 715-60</u> .	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Land Development Costs	See Land Improvement Costs.	N/A	<ul style="list-style-type: none"> Retain <i>Land Development Costs</i>, but use definition from <i>Land Improvement Costs</i>. Supersede <i>Land Improvement Costs</i>; replace all links to <i>Land Improvement Costs</i> with links to <i>Land Development Costs</i>. 	<p>See <u>Land Improvement Costs</u>. <u>Land improvement and development costs generally fall within two broad classifications, permanent and limited-life, described as follows:</u></p> <p>a. <u>Permanent land development costs include the costs of initial land surveys, titles, initial clearing, and initial leveling.</u></p> <p>b. <u>Limited-life land development costs are those that will lose value as time passes or as the land and its improvements are used. Costs identified as limited-life improvements include water distribution systems, fencing, and drainage tile.</u></p>	282-284
Land Improvement Costs	Land improvement and development costs generally fall within two	905-360			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>broad classifications, permanent and limited-life, described as follows:</p> <ol style="list-style-type: none"> a. Permanent land development costs include the costs of initial land surveys, titles, initial clearing, and initial leveling. b. Limited-life land development costs are those that will lose value as time passes or as the land and its improvements are used. Costs identified as limited-life improvements include water distribution systems, fencing, and drainage tile. The useful lives of those improvements are reasonably determinable. 			<p><u>The useful lives of those improvements are reasonably determinable.</u></p>	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Market Condition	<p>A condition affecting the exercise price, exercisability, or other pertinent factors used in determining the fair value of an award under a share-based payment arrangement that relates to the achievement of either of the following:</p> <ol style="list-style-type: none"> a. A specified price of the issuer's shares or a specified amount of intrinsic value indexed solely to the issuer's shares b. A specified price of the issuer's shares in terms of a similar (or index of similar) equity security (securities). The term similar as used in this definition refers to an equity security of another entity that has the same type of residual rights. 	718-10; 718-20	<ul style="list-style-type: none"> • Supersede the Master Glossary term <i>Market Conditions</i>; replace links with links to the <i>Market Condition</i>. 	<p>A condition affecting the exercise price, exercisability, or other pertinent factors used in determining the fair value of an award under a share-based payment arrangement that relates to the achievement of either of the following:</p> <ol style="list-style-type: none"> a. A specified price of the issuer's shares or a specified amount of intrinsic value indexed solely to the issuer's shares b. A specified price of the issuer's shares in terms of a similar (or index of similar) equity security (securities). The term similar as used in this definition refers to an equity security of another entity that has the same 	285–291

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Market Conditions	<p>For example, common stock of one entity generally would be similar to the common stock of another entity for this purpose.</p> <p>Conditions that relate to achievement of a specified market target, for example, attaining a specified stock price or specified amount of intrinsic value of a stock option.</p>	505-50		<p>type of residual rights. For example, common stock of one entity generally would be similar to the common stock of another entity for this purpose.</p>	

<p>Master Glossary Term</p> <p>Market-Related Value of Plan Assets (Definition 1)</p>	<p>Master Glossary Definition</p> <p>A balance used to calculate the expected return on plan assets. The market-related value of plan assets is either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. Different ways of calculating market-related value may be used for different classes of assets (for example, an employer might use fair value for bonds and a five-year-moving-average value for equities), but the manner of determining market-related value is required to be applied consistently from year to year for each asset class. For a method to meet the criteria of being systematic and rational, it must reflect only the changes in the fair value of plan assets</p>	<p>Codification Subtopic(s) in Which Term Is Linked</p> <p>715-30</p>	<p>Description of Changes</p> <ul style="list-style-type: none"> Supersede Definition 2; replace all links with links to Definition 1. 	<p>Definition</p> <p>A balance used to calculate the expected return on plan assets. The market-related value of plan assets is either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. Different ways of calculating market-related value may be used for different classes of assets (for example, an employer might use fair value for bonds and a five-year-moving-average value for equities), but the manner of determining market-related value is required to be applied consistently from year to year for each asset class. For a method to meet the criteria of being systematic and rational, it must reflect only the changes in the fair value</p>	<p>Related Paragraphs in Update</p> <p>292–295</p>
--	---	--	--	--	---

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Market-Related Value of Plan Assets (Definition 2)	<p>between various dates.</p> <p>A balance used to calculate the expected return on plan assets. The market-related value of plan assets shall be either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. Different methods of calculating market-related value may be used for different classes of assets (for example, an employer might use fair value for bonds and a five-year-moving-average value for equities), but the manner of determining market-related value shall be applied consistently from year to year for each class of plan assets.</p>	715-60		of plan assets between various dates.	
Modification (Definition 1)	A change in any of the terms or conditions of a share-based payment award.	718-10, 718-20, 718-30, 718-50	<ul style="list-style-type: none"> Supersede Definition 2; incorporate 	A change in any of the terms or conditions of a share-based payment award.	296-298

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Modification (Definition 2)	A change in the terms of the financing agreement between buyer and seller, typically to accommodate a situation in which the buyer is unable to meet his or her original contractual payment obligations.	978-310	Definition 2 into Subtopic 978-310. <ul style="list-style-type: none"> • Definition 1 remains unchanged. 		
Multiple-Employer Plan (Definition 1)	A postretirement benefit plan maintained by more than one employer but not treated as a multiemployer plan. Multiple-employer plans are generally not collectively bargained and are intended to allow participating employers, commonly in the same industry, to pool their plan assets for investment purposes and to reduce the cost of plan administration. A multiple-employer plan maintains separate accounts for each employer so that contributions provide benefits only for	715-60	<ul style="list-style-type: none"> • Amend Definition 1 to include pension plans. • Supersede Definition 2; replace all links with links to Definition 1. 	A pension plan or other postretirement benefit plan maintained by more than one employer but not treated as a multiemployer plan. Multiple-employer plans are generally not collectively bargained and are intended to allow participating employers, commonly in the same industry, to pool their plan assets for investment purposes and to reduce the cost of plan administration. A multiple-employer plan maintains separate accounts for each employer so that	299-309

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Multiple-Employer Plan (Definition 2)	<p>employees of the contributing employer. Multiple-employer plans may have features that allow participating employers to have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer.</p> <p>A pension plan maintained by more than one employer but not treated as a multiemployer plan. Multiple-employer plans are not as prevalent as single-employer and multiemployer plans, but some of the ones that do exist are large and involve many employers. Multiple-employer plans are generally not collectively bargained and are intended to allow participating employers, commonly in the same</p>	715-30		<p>contributions provide benefits only for employees of the contributing employer. Multiple-employer plans may have features that allow participating employers to have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer.</p>	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>industry, to pool their assets for investment purposes and reduce the costs of plan administration. A multiple-employer plan maintains separate accounts for each employer so that contributions provide benefits only for employees of the contributing employer. Some multiple-employer plans have features that allow participating employers to have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer.</p>				
Net Realizable Value (Definition 1)	<p>Estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal.</p>	330-10	<ul style="list-style-type: none"> Amend Definition 2 to supersede reference to inventories. Supersede Definition 1; replace all links with links to 	<p>Valuation of inventories at <u>estimated</u> Estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and</p>	305-308
Net Realizable Value (Definition 2)	<p>Valuation of inventories at estimated selling prices in the ordinary course of</p>	905-310, 905-330			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Participant (Definition 1)	business, less reasonably predictable costs of completion, disposal, and transportation. Any employee or former employee, or any member of a trade or other employee association, or the beneficiaries of those individuals, for whom there are accumulated plan benefits.	960-20	Definition 2. <ul style="list-style-type: none"> • Amend Definition 2 to include accumulated plan benefits. • Supersede Definition 1; replace links with links to Definition 2. 	transportation. Any employee or former employee, or any member of a trade or other employee association, or the beneficiaries of those individuals, for whom there are pension plan benefits or other <u>accumulated plan benefits</u> .	309-313
Participant (Definition 2)	Any employee or former employee, or any member of a trade or other employee association, or the beneficiaries of those individuals, for whom there are pension plan benefits.	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Annuitization Phase	The period during which the contract holder is receiving periodic payments from an annuity, also referred to as the payment phase .	944-30, 944-40	<ul style="list-style-type: none"> Supersede <i>Annuitization Phase</i>. Retain <i>Payment Phase</i>, but use an amended definition from <i>Annuitization Phase</i> that no longer references <i>payment phase</i>. Replace <i>Annuitization Phase</i> with the term <i>Payment Phase</i>. Add glossary link to Subtopic 815-15, Derivatives and Hedging—Embedded Derivatives. 	See Annuitization Phase —The period during which the contract holder is receiving periodic payments from an annuity, also referred to as the <u>annuitization phase</u> .	314–320
Payment Phase	See Annuitization Phase .	N/A			
Pension Benefits (Definition 1)	Periodic (usually monthly) payments made to a person who has retired from employment.	960-10, 960-20, 960-30, 960-205	<ul style="list-style-type: none"> Supersede Definition 1; replace links with links to Definition 2. 	Periodic (usually monthly) payments made pursuant to the terms of the pension plan to a person who has retired from employment or to that person's beneficiary.	321–328
Pension Benefits (Definition 2)	Periodic (usually monthly) payments made pursuant to the terms of the pension plan to a person	715-30, 715-80			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Phase (Definition 1)	who has retired from employment or to that person's beneficiary.	970-340, 970-360	<ul style="list-style-type: none"> Supersede Definition 1. Amend Definition 2 to include all real estate projects previously captured under Definition 1. Replace all links to Definition 1 with links to Definition 2. 	A contractually or physically distinguishable portion of a time-sharing real estate project (including <u>time-sharing projects</u>). That portion is distinguishable from other portions based on shared characteristics such as:	329-334
Phase (Definition 2)	<p>A contractually or physically distinguishable portion of a time-sharing project. That portion is distinguishable from other portions based on shared characteristics such as:</p> <ol style="list-style-type: none"> Units a developer has declared or legally registered to be for sale Units linked to an owners association Units to be constructed during a particular time period How a developer plans to build the time-sharing project. 	978-10, 978-330, 978-340, 978-605		<p>A contractually or physically distinguishable portion of a time-sharing real estate project (including <u>time-sharing projects</u>). That portion is distinguishable from other portions based on shared characteristics such as:</p> <ol style="list-style-type: none"> Units a developer has declared or legally registered to be for sale Units linked to an owners association Units to be constructed during a particular time period How a developer plans to build the real estate <u>time-sharing</u> project. 	

<p>Master Glossary Term</p> <p>Plan (Definition 1)</p>	<p>Master Glossary Definition</p> <p>An agreement formulated in Chapter 11 proceedings under the supervision of the Bankruptcy Court that enables the debtor to continue in business. The plan, once confirmed, may affect the rights of unsecured creditors, secured creditors, and stockholders as well as those of unsecured creditors. Before a plan is confirmed by the Bankruptcy Court, it must comply with general provisions of the Bankruptcy Code. Those provisions mandate, for example, that the plan is feasible, the plan is in the best interest of the creditors, and, if an impaired class does not accept the plan, the plan must be determined to be fair and equitable before it can be confirmed. Sometimes referred to as</p>	<p>Codification Subtopic(s) in Which Term Is Linked</p> <p>852-10</p>	<p>Description of Changes</p> <ul style="list-style-type: none"> • Rename Definition 1 <i>Plan of Reorganization</i>. • Definition 2 would remain unchanged. 	<p>Definition</p> <p>An agreement formulated in Chapter 11 proceedings under the supervision of the Bankruptcy Court that enables the debtor to continue in business. The plan, once confirmed, may affect the rights of unsecured creditors, secured creditors, and stockholders as well as those of unsecured creditors. Before a plan is confirmed by the Bankruptcy Court, it must comply with general provisions of the Bankruptcy Code. Those provisions mandate, for example, that the plan is feasible, the plan is in the best interest of the creditors, and, if an impaired class does not accept the plan, the plan must be determined to be fair and equitable before it can be</p>	<p>Related Paragraphs in Update</p> <p>335-339</p>
---	---	--	---	---	---

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Plan (Definition 2)	<p>a plan of reorganization. An arrangement that is mutually understood by an employer and its employees, whereby an employer undertakes to provide its employees with benefits after they retire in exchange for their services over a specified period of time, upon attaining a specified age while in service, or a combination of both. A plan may be written or it may be implied by a well-defined, although perhaps unwritten, practice of paying postretirement benefits or from oral representations made to current or former employees. See Substantive Plan.</p>	715-60		confirmed. Sometimes referred to as a plan-of reorganization.	
Plan Amendment (Definition 1)	A change in the existing terms of a plan. A plan amendment may increase benefits (a positive plan amendment), or reduce or eliminate benefits (a	715-60	<ul style="list-style-type: none"> Amend Definition 1 to include "initiation of a new plan" (from Definition 2). 	A change in the existing terms of a plan or the initiation of a new plan. A plan amendment may increase benefits (a positive plan	340-345

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	negative plan amendment), including those benefits attributed to years of service already rendered.		<ul style="list-style-type: none"> Supersede Definition 2; replace links with links to Definition 1. 	amendment), or reduce or eliminate benefits (a negative plan amendment), including those benefits attributed to years of service already rendered.	
Plan Amendment (Definition 2)	A change in the terms of an existing plan or the initiation of a new plan. A plan amendment may increase benefits, including those attributed to years of service already rendered.	715-30			
Plan Termination (Definition 1)	An event in which the postretirement benefit plan ceases to exist and all benefits are settled by the purchase of insurance contracts or by other means. The plan may or may not be replaced by another plan. A plan termination with a replacement plan may or may not be in substance a plan termination for accounting purposes.	715-60	<ul style="list-style-type: none"> Amend Definition 1 to include annuities and pension plans. Supersede Definition 2; replace all links with links to Definition 1. 	An event in which the <u>pension plan or postretirement benefit plan ceases to exist and all benefits are settled by the purchase of insurance contracts (for example, annuities), or by other means. The plan may or may not be replaced by another plan. A plan termination with a replacement plan may or may not be in</u>	346-351

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Plan Termination (Definition 2)	An event in which the pension plan ceases to exist and all benefits are settled by purchase of annuities or other means. The plan may or may not be replaced by another plan. A plan termination with a replacement plan may or may not be in substance a plan termination for accounting purposes.	715-30		substance a plan termination for accounting purposes.	
Prior Service Cost (Definition 1)	The cost of benefit improvements attributable to plan participants' prior service pursuant to a plan amendment or a plan initiation that provides benefits in exchange for plan participants' prior service.	715-60	<ul style="list-style-type: none"> Amend Definition 2 of <i>Prior Service Cost</i> to remove reference to pensions. Supersede Definition 1 of <i>Prior Service Cost</i>; replace all links with links to Definition 2. 	The cost of retroactive benefits granted in a plan amendment. Retroactive benefits are benefits granted in a plan amendment (or initiation) that are attributed by the pension benefit formula to employee services rendered in periods before the amendment.	352-357
Prior Service Cost (Definition 2)	The cost of retroactive benefits granted in a plan amendment. Retroactive benefits are benefits granted in a plan amendment (or initiation) that are attributed by the pension benefit formula to	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Repurchase Agreement (Definition 1)	<p>employee services rendered in periods before the amendment.</p> <p>An agreement under which the transferor (repo party) transfers a security to a transferee (repo counterparty or reverse party) in exchange for cash and concurrently agrees to reacquire that security at a future date for an amount equal to the cash exchanged plus a stipulated interest factor. Instead of cash, other securities or letters of credit sometimes are exchanged. Some repurchase agreements call for repurchase of securities that need not be identical to the securities transferred.</p>	860-10	<ul style="list-style-type: none"> Amend Definition 2 to clarify its applicability and rename the term <i>Repurchase Agreement Accounted for as a Collateralized Borrowing</i>. Replace links to Definition 1 in Subtopic 210-20 with links to amended Definition 2. Replace links to Definition 2 with links to Definition 1 in Subtopic 940-320 and Subtopic 940-405. Definition 1 remains unchanged. 	<p>A repurchase agreement (repo) refers to a transaction that is accounted for as a collateralized borrowing in which a seller-borrower of securities sells those securities to a buyer-lender with an agreement to repurchase them at a stated price plus interest at a specified date or in specified circumstances. A repurchase agreement accounted for as a collateralized borrowing is a repo that does not qualify for sale accounting under Topic 860. The payable under a repurchase agreement accounted for as a collateralized borrowing refers to the amount of the seller-borrower's obligation recognized for</p>	358-365
Repurchase Agreement (Definition 2)	<p>A repurchase agreement (repo) refers to a transaction that is accounted for as a collateralized borrowing in which a seller-borrower of</p>	210-20, 940-320, 940-405			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>securities sells those securities to a buyer-lender with an agreement to repurchase them at a stated price plus interest at a specified date or in specified circumstances. The payable under a repurchase agreement refers to the amount of the seller-borrower's obligation recognized for the future repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a reverse repo.</p>			<p>the future repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a reverse repo.</p>	
Service (Definition 1)	<p>Periods of employment taken into consideration under a pension plan.</p>	960-10, 960-20, 960-205, 960-310	<ul style="list-style-type: none"> Supersede Definition 1; replace all links with links to Definition 2. 	<p>Employment taken into consideration under a pension plan. Years of employment before the inception of a plan constitute an employee's past service; years thereafter are classified in relation to the</p>	366-375
Service (Definition 2)	<p>Employment taken into consideration under a pension plan. Years of employment before the inception of a plan constitute an employee's</p>	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>past service; years thereafter are classified in relation to the particular actuarial valuation being made or discussed. Years of employment (including past service) before the date of a particular valuation constitute prior service; years of employment following the date of the valuation constitute future service; a year of employment adjacent to the date of valuation, or in which such date falls, constitutes current service.</p>			<p>particular actuarial valuation being made or discussed. Years of employment (including past service) before the date of a particular valuation constitute prior service; years of employment following the date of the valuation constitute future service; a year of employment adjacent to the date of valuation, or in which such date falls, constitutes current service.</p>	
Single-Employer Plan (Definition 1)	<p>A postretirement benefit plan that is maintained by one employer. The term also may be used to describe a plan that is maintained by related parties such as a parent and its subsidiaries.</p>	715-60	<ul style="list-style-type: none"> • Amend Definition 1 to include pension plans. • Supersede Definition 2; replace all links with links to Definition 1. 	<p>A pension plan or other postretirement benefit plan that is maintained by one employer. The term also may be used to describe a plan that is maintained by related parties such as a parent and its subsidiaries.</p>	376–382
Single-Employer Plan (Definition 2)	<p>A pension plan that is maintained by one employer. The term also</p>	715-30, 715-80			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Sponsor (Definition 1)	<p>may be used to describe a plan that is maintained by related parties such as a parent and its subsidiaries.</p> <p>In the case of a pension plan established or maintained by a single employer, the employer; in the case of a plan established or maintained by an employee organization, the organization, the employee organization; in the case of a plan established or maintained jointly by two or more employers or by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other group of representatives of the parties that have established or that maintain the pension plan.</p>	960-20, 960-30, 960-205	<ul style="list-style-type: none"> • Supersede Definition 1; replace all links with links to Definition 3. • Definition 2 would remain unchanged. • Add glossary links to Subtopics: <ul style="list-style-type: none"> ○ 962-10, Plan Accounting—Defined Contribution Pension Plans—Overall, 962-205, Plan Accounting—Defined Contribution Pension Plans— 	<p>In the case of a pension plan established or maintained by a single employer, the employer; in the case of a plan established or maintained by an employee entity, the employee entity; in the case of a plan established or maintained jointly by two or more employers or by one or more employers and one or more employee entities, the association, committee, joint board of trustees, or other group of representatives of the parties that have established or that maintain the pension plan.</p>	383–392
Sponsor	An entity that capitalizes	730-20, 810-30			

Master Glossary Term (Definition 2)	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Sponsor (Definition 3)	a research and development arrangement. In the case of a pension plan established or maintained by a single employer, the employer; in the case of a plan established or maintained by an employee entity, the employee entity; in the case of a plan established or maintained jointly by two or more employers or by one or more employers and one or more employee entities, the association, committee, joint board of trustees, or other group of representatives of the parties that have established or that maintain the pension plan.	715-30	Presentation of Financial Statements. o 962-325, Plan Accounting — Defined Contribution Pension Plans— Investments— Other.		
Terminating Plan (Definition 1)	All plans about which a termination decision has been made regardless of whether the terminating plan will be replaced.	960-40, 962-40, 965-40	<ul style="list-style-type: none"> Supersede Definition 2; replace all links with links to 	All plans about which a termination decision has been made regardless of whether the terminating plan will be replaced.	393–397

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Terminating Plan (Definition 2)	A terminating plan includes all health and welfare benefit plans about which a termination decision has been made regardless of whether the terminating plan will be replaced.	965-40	Definition 1.		
Unallocated Contract (Definition 1)	A contract with an insurance entity under which related payments to the insurance entity are accumulated in an unallocated fund to be used to meet benefit payments when employees retire, either directly or through the purchase of annuities. Funds in an unallocated contract may also be withdrawn and otherwise invested.	N/A (only definition of Master Glossary term <i>Contract Value</i> links to this term)	<ul style="list-style-type: none"> Supersede Definition 1; replace link to Definition 1 in definition of Master Glossary term <i>Contract Value</i> with link to Definition 2. 	A contract with an insurance entity under which payments to the insurance entity are accumulated in an unallocated fund (not allocated to specific plan participants) to be used either directly or through the purchase of annuities, to meet benefit payments when employees retire. Funds held by the insurance entity under an unallocated contract may be withdrawn and otherwise invested.	398–401
Unallocated Contract (Definition 2)	A contract with an insurance entity under which payments to the insurance entity are accumulated in an unallocated fund (not allocated to specific plan	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>participants) to be used either directly or through the purchase of annuities, to meet benefit payments when employees retire. Funds held by the insurance entity under an unallocated contract may be withdrawn and otherwise invested.</p>				
Undivided Interest (Definition 1)	<p>An ownership arrangement in which two or more parties jointly own property, and title is held individually to the extent of each party's interest.</p>	970-323, 970-810	<ul style="list-style-type: none"> Supersede Definition 2. Amend the definition of <i>Time-Sharing</i> to include the information from Definition 2 of <i>Undivided Interest</i>. Definition 1 of <i>Undivided Interest</i> would remain unchanged. 	<p>An arrangement in which a seller sells or conveys the right to occupy a dwelling unit for specified periods in the future. Forms of time-sharing arrangements include but are not limited to fixed and floating time, interval ownership, undivided interests, points programs, vacation clubs, right-to-use arrangements such as tenancy-for-years arrangements, and arrangements involving special-purpose entities. <u>In this context, an</u></p>	402–405
Undivided Interest (Definition 2)	<p>A time-sharing arrangement that involves a tenant-in-common interest in a condominium unit or entire improved property, and in which the interest holder is assigned a specific period (generally, a specific week). The interest holder is also assigned a specific unit if the undivided interest is in the entire</p>	N/A (only definition of Master Glossary term <i>Time-Sharing</i> links to this term)			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Time-Sharing	improved property. An arrangement in which a seller sells or conveys the right to occupy a dwelling unit for specified periods in the future. Forms of time-sharing arrangements include but are not limited to fixed and floating time, interval ownership, undivided interests , points programs, vacation clubs, right-to-use arrangements such as tenancy-for-years arrangements, and arrangements involving special-purpose entities.	972-10, 976-10, 978-10, 978-230, 978-310, 978-330, 978-340, 978-605, 978-720, 978-810, 978-840		<u>undivided interest is a time-sharing arrangement that involves a tenant-in-common interest in a condominium unit or entire improved property, and in which the interest holder is assigned a specific period (generally, a specific week). The interest holder is also assigned a specific unit if the undivided interest is in the entire improved property.</u>	
Vested Benefits (Definition 1)	Benefits that are not contingent on an employee's future service.	960-20, 960-205	<ul style="list-style-type: none"> Supersede Definition 1; replace all links with links to Definition 2. 	Benefits for which the employee's right to receive a present or future pension benefit is no longer contingent on remaining in the service of the employer. (Other conditions, such as inadequacy of the pension fund, may prevent the employee	406-412
Vested Benefits (Definition 2)	Benefits for which the employee's right to receive a present or future pension benefit is no longer contingent on remaining in the service	715-30			

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>of the employer. (Other conditions, such as inadequacy of the pension fund, may prevent the employee from receiving the vested benefit.) Under graded vesting, the initial vested right may be to receive in the future a stated percentage of a pension based on the number of years of accumulated credited service; thereafter, the percentage may increase with the number of years of service or of age until the right to receive the entire benefit has vested.</p>			<p>from receiving the vested benefit.) Under graded vesting, the initial vested right may be to receive in the future a stated percentage of a pension based on the number of years of accumulated credited service; thereafter, the percentage may increase with the number of years of service or of age until the right to receive the entire benefit has vested.</p>	

104. The amendments in this section remove or amend Master Glossary terms and remove or amend glossary links in paragraphs in the Codification to eliminate duplicate terms in the Master Glossary. The amendments are organized alphabetically by related Master Glossary term(s) and include amendments to Master Glossary terms and consequential amendments to the Codification. Terms from the Master Glossary are in **bold** type. Added text is underlined, and deleted text is ~~struck out~~.

Amendments to Master Glossary and Various Subtopics

Actuarial Present Value

105. The Master Glossary contains two definitions of the term *actuarial present value*. The first definition (Definition 1) originates from FASB Statement No. 87, *Employers' Accounting for Pensions*, and the second definition (Definition 2) originates from FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*.

106. Definitions 1 and 2 are substantially the same, but Definition 1 includes retirement as an event that could decrease the probability of payment. Therefore, the Board decided to supersede Definition 2. This Update replaces all links to Definition 2 with links to Definition 1 of *actuarial present value* in Subtopic 715-60, Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement, and in the definition of the Master Glossary term *discount rates*. [Note: The term *discount rates* in Subtopic 715-60 has been superseded, and all links to *discount rates* have been replaced with links to the amended definition of *discount rate* in Subtopic 715-30. Those changes are reflected in paragraphs 225 through 231.]

107. Supersede the following Master Glossary term as follows:

~~Actuarial Present Value (Definition 2)~~

~~The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through discounts for interest) and the probability of payment (for example, by means of decrements for events such as death, disability, or withdrawal) between the specified date and the expected date of payment.~~

108. Amend paragraphs 715-60-35-3 and 715-60-35-179 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Subsequent Measurement

General

715-60-35-3 The accumulated postretirement benefit obligation is the {remove glossary link to 2nd definition and add glossary link to 1st definition}actuarial present value{remove glossary link to 2nd definition and add glossary link to 1st definition} of all future benefits attributed to an employee's service rendered to a particular date pursuant to paragraphs 715-60-35-16 through 35-20, 715-60-35-62, and 715-60-35-66, assuming the plan continues in effect and all **assumptions** about future events are fulfilled.

Split-Dollar Life Insurance Arrangements

715-60-35-179 Similarly, if the employer has effectively agreed to provide the employee with a death benefit, the employer shall accrue, over the service period, a liability for the {remove glossary link to 2nd definition and add glossary link to 1st definition}actuarial present value{remove glossary link to 2nd definition and add glossary link to 1st definition} of the future death benefit as of the employee's expected retirement date, in accordance with either this Subtopic or Subtopic 710-10.

109. Amend paragraphs 715-60-55-13 and 715-60-55-161 as follows:

Implementation Guidance and Illustrations

General

715-60-55-13 However, the attribution period for the plan described in paragraphs 715-60-55-10 through 55-11 would be different if the benefits are provided and accounted for under two separate plans, one providing life insurance benefits and the other providing health care benefits. In that case, the full eligibility date for participants in the life insurance plan would not influence the determination of the full eligibility date for participants in the health care plan. A frontloaded plan may provide two or more benefits, such as health care and life insurance benefits, that are earned under different benefit formulas. For example, assume the typical participant covered by the plan described in paragraphs 715-60-55-10 through 55-11 is an individual hired at age 20 who is expected to retire at age 62 with 42 years of service. If the **expected postretirement benefit obligation** at age 40 for that employee is \$39,405 (\$28,500 for health care benefits and \$10,905 for life insurance benefits), a ratable (1/42) allocation of the expected postretirement benefit obligation to each year of service would result in an accumulated postretirement benefit obligation of \$18,764 (\$13,571 for health care benefits and \$5,193 for life insurance benefits) at the end of the 20th year. However, if the plan's benefit formulas for both health care and life insurance benefits stipulate that employees are not required to render additional service after their first 20 years in order to receive those benefits, the aggregate benefits

under the plan may be frontloaded, even though life insurance benefits increase for additional years of service beyond the 20th year. See the following calculations:

- a. \$10,915 equals the **{remove glossary link to 2nd definition and add glossary link to 1st definition}actuarial present value{remove glossary link to 2nd definition and add glossary link to 1st definition}** of life insurance benefits based on final pay, assuming the employee was hired at a salary of \$15,000 that increases by 5 percent annually, a life expectancy of 75 years, and a discount rate of 7 percent.
- b. $20/42 \times \$39,405 = \$18,764$.
- c. $20/42 \times \$28,500 = \$13,571$.
- d. $20/42 \times \$10,905 = \$5,193$.

Settlements, Curtailments, and Certain Termination Benefits

> > Example 7: Termination Benefits

715-60-55-161 In general an employer should measure the postretirement benefit incentive to be received by employees in exchange for early termination as the difference between the **{remove glossary link to 2nd definition and add glossary link to 1st definition}actuarial present value{remove glossary link to 2nd definition and add glossary link to 1st definition}** of the accrued benefits for employees terminating with the enhanced benefits and the accrued benefits for those employees assuming they terminated without the enhancements.

Amortization

110. The Master Glossary contains two definitions of the term *amortization*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

111. Those definitions, though specific to postretirement benefits and pensions, are substantially the same. To eliminate the redundancy of such similar definitions for the same term, the Board concluded that Definition 2 should be superseded and Definition 1 amended to include pension information as well as postretirement benefit information. This Update replaces all links to Definition 2 with links to the amended Definition 1 in Subtopic 715-30.

112. Amend the following Master Glossary term as follows:

Amortization (Definition 1)

The process of reducing a recognized liability systematically by recognizing ~~revenues~~ gains or by reducing a recognized asset systematically by recognizing ~~expenses or costs~~ losses. In accounting for pension benefits or other

postretirement benefits, amortization also means the systematic recognition in net periodic pension cost or other postretirement benefit cost over several periods of amounts previously recognized in other comprehensive income, that is, gains or losses, prior service cost or credits, and any transition obligation or asset.

113. Supersede the following Master Glossary term as follows:

Amortization (Definition 2)

~~The process of reducing a recognized liability systematically by recognizing revenues or reducing a recognized asset systematically by recognizing expenses or costs. In pension accounting, amortization is also used to refer to the systematic recognition in net pension cost over several periods of amounts previously recognized in other comprehensive income, that is, prior service costs or credits, gains or losses, and the transition asset or obligation existing at the date of initial application of Subtopic 715-30.~~

114. Amend paragraph 715-30-35-4 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

715-30-35-4 All of the following components shall be included in the net pension cost recognized for a period by an employer sponsoring a **defined benefit pension plan**:

- a. **Service cost**
- b. **Interest cost**
- c. **Actual return on plan assets**, if any
- d. ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~**Amortization**~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~ of any **prior service cost** or credit included in accumulated other comprehensive income
- e. **Gain or loss** (including the effects of changes in **assumptions**), which includes, to the extent recognized (see paragraph 715-30-35-26), amortization of the net gain or loss included in accumulated other comprehensive income
- f. Amortization of any net transition asset or obligation existing at the date of initial application of this Subtopic and remaining in accumulated other comprehensive income.

115. Amend paragraph 715-30-45-1 as follows:

Other Presentation Matters

715-30-45-1 See paragraph 715-30-25-4 for guidance on reporting changes in a plan's funded status and the effect of certain **{remove glossary link to 2nd definition and add glossary link to 1st definition}amortization{remove glossary link to 2nd definition and add glossary link to 1st definition}** components of **net periodic pension cost** in other comprehensive income.

116. Amend paragraphs 715-30-55-3 and 715-30-55-176 as follows:

Implementation Guidance and Illustrations

General

> > Net Periodic Pension Cost

715-30-55-3 Paragraph 715-30-35-4 provides that **net periodic pension cost** is an aggregation of various pension cost components, some of which are expenses or losses (which increase net periodic pension cost) and some of which are revenues or gains (which decrease net periodic pension cost). It is possible for the revenue or gain components to exceed the expense or **loss** components, resulting in net periodic pension income. For example, a pension plan may have an **expected return on plan assets** or **{remove glossary link to 2nd definition and add glossary link to 1st definition}amortization{remove glossary link to 2nd definition and add glossary link to 1st definition}** of a transition asset remaining in accumulated other comprehensive income that exceeds the other net periodic pension cost components.

Settlements, Curtailments, and Certain Termination Benefits

715-30-55-176 Paragraph 715-30-35-92 specifies that the prior service cost included in accumulated other comprehensive income associated with years of service no longer expected to be rendered as a result of a curtailment is a loss. Even if the employer uses an **{remove glossary link to 2nd definition and add glossary link to 1st definition}amortization{remove glossary link to 2nd definition and add glossary link to 1st definition}** method permitted by paragraph 715-30-35-13 (such as straight-line amortization over average remaining service period, as described in the preceding paragraph) rather than the approach described in paragraph 715-30-35-11, the basic approach in paragraph 715-30-35-92 should be retained. In that situation, the ability to associate prior service cost included in accumulated other comprehensive income with years of service no longer expected to be rendered is more difficult and the result may be less precise. Use of the percentage reduction of years of service after the curtailment may be necessary. For example, if the future years of service determined as of the immediately preceding measurement date for

those employees covered under a prior pension plan amendment are reduced by 50 percent due to a curtailment, the employer would recognize in earnings 50 percent of the prior service cost included in accumulated other comprehensive income.

Assumptions

117. The Master Glossary contains two definitions of the term *assumptions*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

118. Definition 1 contains elements specific to postretirement benefit costs, and Definition 2 contains elements specific to pension costs. However, the Board decided to amend Definition 1 to incorporate elements specific to pension costs and thus create a comprehensive definition of *assumptions*, allowing Definition 2 to be superseded. This Update replaces all links to Definition 2 with links to the amended Definition 1 of *assumptions* in Subtopic 715-30.

119. Amend the following Master Glossary term as follows:

Assumptions (Definition 1)

Estimates of the occurrence of future events affecting pension costs and other postretirement benefit costs (as applicable), such as turnover, retirement age, mortality, withdrawal, disablement, dependency status, per capita claims costs by age, health care cost trend rates, levels of Medicare and other health care providers' reimbursements, changes in compensation and national pension benefits, and discount rates to reflect the time value of money.

120. Supersede the following Master Glossary term as follows:

Assumptions (Definition 2)

~~Estimates of the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement, changes in compensation and national pension benefits, and discount rates to reflect the time value of money.~~

121. Amend paragraphs 715-30-35-1A and 715-30-35-4 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

> Benefit Obligations

715-30-35-1A The **projected benefit obligation** as of a date is the **actuarial present value** of all **benefits** attributed by the **plan's benefit formula** to employee **service** rendered before that date. The projected benefit obligation is measured using an **{remove link to 2nd definition and add glossary link to 1st definition}assumption{remove link to 2nd definition and add glossary link to 1st definition}** as to future compensation levels if the pension **benefit formula** is based on those future compensation levels. Plans for which the pension benefit formula is based on future compensation are sometimes called pay-related, **final-pay**, final-average-pay, or **career-average-pay** plans. Plans for which the pension benefit formula is not based on future compensation levels are called non-pay-related or **flat-benefit plans**. The projected benefit obligation is a measure of benefits attributed to service to date assuming that the plan continues in effect and that estimated future events (including compensation increases, **turnover**, and **mortality**) occur.

715-30-35-4 All of the following components shall be included in the net pension cost recognized for a period by an employer sponsoring a **defined benefit pension plan**:

- a. **Service cost**
- b. **Interest cost**
- c. **Actual return on plan assets**, if any
- d. **Amortization** of any **prior service cost** or credit included in accumulated other comprehensive income
- e. **Gain or loss** (including the effects of changes in **{remove glossary link}assumptions{remove glossary link}**), which includes, to the extent recognized (see paragraph 715-30-35-26), amortization of the net gain or loss included in accumulated other comprehensive income
- f. Amortization of any net transition asset or obligation existing at the date of initial application of this Subtopic and remaining in accumulated other comprehensive income.

Attribution

122. The Master Glossary contains two definitions of the term *attribution*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

123. Definition 1 is specific to postretirement benefit costs, while Definition 2 is specific to pension benefits or cost. To create a broader definition that could apply to both postretirement benefits and pensions, the Board decided that Definition 1 should be amended to include pension benefits or cost as well as postretirement benefit costs; Definition 2 could then be superseded. This Update replaces all links to Definition 2 with links to the amended Definition 1 of *attribution* in Subtopic 715-30.

124. Amend the following Master Glossary term as follows:

Attribution (Definition 1)

The process of assigning pension or other postretirement ~~benefit~~ benefits or costs ~~cost~~-to periods of employee service.

125. Supersede the following Master Glossary term as follows:

~~Attribution (Definition 2)~~

~~The process of assigning pension benefits or cost to periods of employee service.~~

126. Amend paragraph 715-30-35-7 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

715-30-35-7 The measurement of the service cost component requires use of an ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~**attribution**~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~ method and assumptions. That measurement is discussed in paragraphs 715-30-35-29 through 35-46.

127. Amend paragraphs 715-30-55-7 and 715-30-55-188 as follows:

Implementation Guidance and Illustrations

General

> > Attribution

715-30-55-7 The following ~~{remove glossary link}~~**attribution**~~{remove glossary link}~~-related implementation guidance illustrates the application of the guidance in paragraph 715-30-35-36 that establishes that pension benefits ordinarily shall be attributed to periods of employee service based on the **plan's benefit formula** to the extent that the formula states or implies an ~~{add glossary link to 1st definition}~~**attribution**~~{add glossary link to 1st definition}~~.

Settlements, Curtailments, and Certain Termination Benefits

715-30-55-188 An employer may sponsor a pension plan that provides supplemental early retirement benefits. Such pension benefits shall not be accounted for as contractual termination benefits, rather, supplemental early retirement benefits shall be accounted for as part of net periodic pension cost pursuant to the **{remove glossary link to 2nd definition and add glossary link to 1st definition}** attribution **{remove glossary link to 2nd definition and add glossary link to 1st definition}** approach described in paragraphs 715-30-35-36 through 35-38.

Benefits

128. The Master Glossary contains three definitions of the term *benefits*. The first definition (Definition 1) originates from FASB Statement No. 35, *Accounting and Reporting by Defined Benefit Pension Plans*, the second definition (Definition 2) originates from Statement 87, and the third definition (Definition 3) originates from Statement 106.

129. The Board concluded that Definitions 1 and 2 should be superseded. Definition 1 contains information specific to health and welfare plans, and Definition 2 contains information specific to pension plans. Therefore, the Board decided to amend Definition 3 to include these specific items from Definitions 1 and 2 and create a comprehensive definition. This Update replaces all links to Definitions 1 and 2 with links to the amended Definition 3 of *benefits* in Subtopic 715-30, Subtopic 960-10, Plan Accounting—Defined Benefit Pension Plans—Overall, Subtopic 960-20, Plan Accounting—Defined Benefit Pension Plans—Accumulated Plan Benefits, Subtopic 960-30, Plan Accounting—Defined Benefit Pension Plans—Net Assets Available for Plan Benefits, Subtopic 960-205, Plan Accounting—Defined Benefit Pension Plans—Presentation of Financial Statements, Subtopic 960-325, Plan Accounting—Defined Benefit Pension Plans—Investments—Other, and Subtopic 960-360, Plan Accounting—Defined Benefit Pension Plans—Property, Plant, and Equipment.

130. In addition, the term *benefits* is continuously referred to throughout Topic 962, Plan Accounting—Defined Contribution Pension Plans, and Topic 965, Plan Accounting—Health and Welfare Benefit Plans. Although the paragraphs in which *benefits* is used do not share a source with any of the original terms, the use of the term is consistent with its definition. Therefore, the Board decided to link the term throughout those two Topics.

131. Amend the following Master Glossary term as follows:

Benefits (Definition 3)

The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a pension plan or other postretirement benefit plan, including health care benefits, life insurance, insurance not provided through a pension plan, and legal, educational, and advisory services, pension benefits, disability

benefits, death benefits, and benefits due to termination of employment.

132. Supersede the following Master Glossary terms as follows:

Benefits (Definition 1)

~~Payments to which participants may be entitled under a pension plan, including pension benefits, disability benefits, death benefits, and benefits due on termination of employment.~~

Benefits (Definition 2)

~~Payments to which participants may be entitled under a pension plan, including pension benefits, death benefits, and benefits due on termination of employment.~~

133. Amend paragraph 715-30-05-3 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Overview and Background

715-30-05-3 The guidance in this Subtopic is presented in the following two Subsections:

- a. General
- b. Settlements, Curtailments, and Certain Termination ~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~**Benefits**~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~.

134. Amend paragraph 715-30-15-3 as follows:

Scope and Scope Exceptions

> Transactions

715-30-15-3 The guidance in this Subtopic applies to **defined benefit pension plans**, including but not limited to the following types of arrangements:

- a. **Cash balance plans**
- b. ~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~**Benefits**~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~ provided in the event of a voluntary or involuntary severance of employment (also called **termination indemnities**) if such an arrangement is in substance a pension plan (for example, if the benefits are paid for virtually all terminations).

135. Amend paragraph 715-30-25-6 as follows:

Recognition

715-30-25-6 An employer that sponsors two or more separate **defined benefit pension plans** shall determine net periodic pension cost, liabilities, and assets by separately applying the provisions of this Subtopic to each plan. In particular, unless an employer clearly has a right to use the assets of one plan to pay ~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~benefits~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~ of another, a liability required to be recognized pursuant to paragraph 715-30-25-1 for one plan shall not be reduced or eliminated because the employer has recognized an asset for another plan that has assets in excess of its projected benefit obligation.

136. Amend paragraphs 715-30-35-1A and 715-30-35-76, with no link to a transition paragraph, as follows:

Subsequent Measurement

General

> Benefit Obligations

715-30-35-1A The **projected benefit obligation** as of a date is the **actuarial present value** of all ~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~benefits~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~ attributed by the **plan's benefit formula** to employee **service** rendered before that date. The projected benefit obligation is measured using an **assumption** as to future compensation levels if the pension **benefit formula** is based on those future compensation levels. Plans for which the pension benefit formula is based on future compensation are sometimes called pay-related, **final-pay**, final-average-pay, or **career-average-pay** plans. Plans for which the pension benefit formula is not based on future compensation levels are called non-pay-related or **flat-benefit plans**. The projected benefit obligation is a measure of benefits attributed to service to date assuming that the plan continues in effect and that estimated future events (including compensation increases, **turnover**, and **mortality**) occur.

Settlements, Curtailments, and Certain Termination Benefits

715-30-35-76 If ~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~benefits~~{remove glossary link to 2nd definition and add glossary link to 3rd definition}~~ to be accumulated in future periods are reduced (for example, because half of a work force is dismissed or a plant is closed) but

the plan remains in existence and continues to pay benefits, to invest assets, and to receive contributions, a curtailment has occurred but not a settlement.

137. Amend paragraphs 715-30-55-4 and 715-30-55-128 as follows:

Implementation Guidance and Illustrations

General

715-30-55-4 An employer sponsoring a pension plan that is overfunded may have net periodic pension cost that is a net credit (that is, net periodic pension income) and the employer may make no contribution to the pension plan because it cannot currently deduct that amount for tax purposes. In this situation, the difference between net periodic pension income and the tax-deductible amount is a temporary difference as discussed in paragraphs 740-10-25-18 through 25-20. The difference between net periodic pension income and the tax-deductible amount represents the origination or reversal of a portion of the overall temporary difference related to a pension plan for which deferred taxes should be provided. Ultimately, the employer's cost of providing **pension benefits** to employees equals the net amount funded, which is equal to the total **{remove glossary link to 2nd definition and add glossary link to 3rd definition}benefits{remove glossary link to 2nd definition and add glossary link to 3rd definition}** paid less earnings on plan assets. Thus, cumulative pension cost for accounting purposes will equal the cumulative amount recognized for tax purposes.

Settlements, Curtailments, and Certain Termination Benefits

715-30-55-128 This Subsection is an integral part of the requirements of this Subtopic. This Subsection provides additional guidance and illustrations that address the application of accounting requirements to specific aspects of accounting for matters related to **settlements, curtailments**, and certain termination **{remove glossary link to 2nd definition and add glossary link to 3rd definition}benefits{remove glossary link to 2nd definition and add glossary link to 3rd definition}** related to defined benefit pension plans. The guidance and illustrations that follow may be based on provisions of law that are subject to change. These assumptions about the law are for illustrative purposes only.

138. Amend paragraph 715-30-60-1 as follows:

Relationships

> Comprehensive Income

715-30-60-1 For the required display and reporting in comprehensive income of information about gains or losses associated with pension or other postretirement **{remove glossary link to 2nd definition and add glossary link to 3rd definition}benefits{remove glossary link to 2nd definition and add glossary**

link to 3rd definition}, prior **service** costs or credits associated with pension or other postretirement benefits, and transition assets or obligations associated with pension or other postretirement benefits, see Subtopic 220-10.

139. Amend paragraph 960-10-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Overall

Overview and Background

960-10-05-1 The Codification contains several Topics for benefit plan accounting due to the differing accounting treatments for various forms of **employee** **{remove glossary link to 1st definition and add glossary link to 3rd definition}**benefit**{remove glossary link to 1st definition and add glossary link to 3rd definition}** plans. The Topics include:

- a. Plan Accounting—Defined Benefit Pension Plans, (this Topic)
- b. Plan Accounting—Defined Contribution Pension Plans, Topic 962
- c. Plan Accounting—Health and Welfare Benefit Plans, Topic 965.

Additionally, Topic 715 addresses financial accounting and reporting for an employer that offers pension, other postretirement, and certain special or contractual benefits to its employees.

140. Amend paragraph 960-20-25-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Accumulated Plan Benefits

Recognition

> Application of Plan Provisions

960-20-25-1 Benefit information shall relate to the **{remove glossary link to 1st definition and add glossary link to 3rd definition}**benefits**{remove glossary link to 1st definition and add glossary link to 3rd definition}** reasonably expected to be paid in exchange for **employees' service** to the **benefit information date**.

141. Amend paragraph 960-20-35-3 as follows:

Subsequent Measurement

> Changes in Assumptions

960-20-35-3 The following discusses the consideration of certain factors related to changes in assumptions used to calculate a plan's accumulated **{remove glossary link to 1st definition and add glossary link to 3rd definition}**

definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition}.

142. Amend paragraph 960-20-45-3 as follows:

Other Presentation Matters

> Actuarial Present Value of Accumulated Plan Benefits

960-20-45-3 The total actuarial present value of accumulated plan benefits as of the **benefit information date** shall be segmented into at least the following categories:

- a. **Vested benefits** of participants currently receiving payments, including {remove glossary link to 1st definition and add glossary link to 3rd definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition} due and payable as of the benefit information date
- b. Other vested benefits
- c. Nonvested benefits.

143. Amend paragraph 960-20-50-4 as follows:

Disclosure

960-20-50-4 The significant effects of other factors may also be identified, including, for example, the following:

- a. {remove glossary link to 1st definition and add glossary link to 3rd definition}Benefits{remove glossary link to 1st definition and add glossary link to 3rd definition} accumulated (Actuarial experience gains or losses may be included with the effects of additional benefits accumulated rather than being separately disclosed; if the effects of changes in actuarial assumptions discussed in (c) of the preceding paragraph cannot be separately disclosed, those effects shall be included in benefits accumulated.)
- b. The increase (for interest) as a result of the decrease in the discount period
- c. Benefits paid.

144. Amend paragraph 960-20-55-1 as follows:

Implementation Guidance and Illustrations

> Implementation Guidance

>> Determining Benefit Information

960-20-55-1 For purposes of illustration, the following discussion is in terms of an individual **employee**. In practice, such {remove glossary link to 1st definition

and add glossary link to 3rd definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition} would be recognized on an aggregate rather than individual basis because it is usually not possible to predict whether and when an individual employee will become disabled (or elect early retirement, die in active **service**, and so forth). It is, however, possible to estimate the disability (or early retirement, death, and so forth) benefits expected to become payable for a group of employees through the application of appropriate probability factors. The basic principle, however, is the same whether the computations are performed on an aggregate or an individual basis.

145. Amend paragraph 960-30-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Net Assets Available for Plan Benefits

Overview and Background

960-30-05-1 This Subtopic provides guidance on net assets available for plan {remove glossary link to 1st definition and add glossary link to 3rd definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition} for defined benefit pension plans.

146. Amend paragraph 960-30-25-1 as follows:

Recognition

> Use of Accrual Basis of Accounting

960-30-25-1 The accrual basis of accounting shall be used in preparing information regarding the **net assets available for benefits**. The information shall be presented in such reasonable detail as is necessary to identify the plan's resources that are available for {remove glossary link to 1st definition and add glossary link to 3rd definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition}.

147. Amend paragraph 960-30-45-1 as follows:

Other Presentation Matters

> Changes in Net Assets Available for Benefits

960-30-45-1 Information regarding changes in **net assets available for benefits** shall be presented in enough detail to identify the significant changes during the year. This guidance is not intended to limit the amount of detail or manner of presenting information regarding changes in the **net asset information**.

Subclassifications and additional classifications may be useful. For example, separately reporting refunds of terminated employees' contributions may be useful. Alternatively, such refunds may be netted against contributions received from participants or included in **{remove glossary link to 1st definition and add glossary link to 3rd definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition}** paid. Accordingly, **plan administrators** should use their best judgment in light of the relevant circumstances.

148. Amend paragraph 960-205-05-2 as follows:

Plan Accounting—Defined Benefit Pension Plans— Presentation of Financial Statements

Overview and Background

960-205-05-2 To enhance their usefulness, **plan administrators** may wish to supplement the financial statements with a brief explanation that highlights those matters expected to be of most interest to participants. Including summary financial information for a period of years in such supplementary information, and thereby disclosing trends, may also be helpful. With the information presented in plan financial statements, users can assess the extent to which the plan itself is able to pay participants' **{remove glossary link to 1st definition and add glossary link to 3rd definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition}** and the extent to which payment of benefits is dependent on other factors, namely, the commitment and financial ability of the employer(s), and, for Employee Retirement Income Security Act plans, the security provided by the Pension Benefit Guaranty Corporation.

149. Amend paragraph 960-205-10-1 as follows:

Objectives

960-205-10-1 The primary objective of a pension plan's financial statements is to provide financial information that is useful in assessing the plan's present and future ability to pay **{remove glossary link to 1st definition and add glossary link to 3rd definition}benefits{remove glossary link to 1st definition and add glossary link to 3rd definition}** when due. In that regard, both of the following are recognized:

- a. Information in addition to that contained in a plan's financial statements is needed in assessing the plan's present and future ability to pay benefits when due.
- b. Financial statements for several plan years can provide information more useful in assessing the plan's future ability to pay benefits than can the financial statements for a single plan year (see paragraph 960-205-05-2).

150. Amend paragraph 960-205-45-4 as follows:

Other Presentation Matters

960-205-45-4 Therefore, if the **benefit information date** pursuant to paragraph 960-205-45-1(c) is the beginning of the year, a statement that includes information regarding the net assets available for benefits as of that date and a statement that includes information regarding the changes during the preceding year in the net assets available for **{remove glossary link to 1st definition and add glossary link to 3rd definition}**benefits**{remove glossary link to 1st definition and add glossary link to 3rd definition}** shall also be presented. Use of an end-of-year benefit information date is considered preferable. Plans are encouraged to develop procedures to enable them to use that date (see paragraphs 960-20-35-16 through 35-18). The use of interim **benefit information** dates is not permitted.

151. Amend paragraph 960-205-50-1(c) as follows:

Disclosure

960-205-50-1 The financial statements shall include the following disclosures, if applicable:

- c. A brief, general description of the priority order of participants' claims to the assets of the plan upon plan termination and **{remove glossary link to 1st definition and add glossary link to 3rd definition}**benefits**{remove glossary link to 1st definition and add glossary link to 3rd definition}** guaranteed by the Pension Benefit Guaranty Corporation, including a discussion of the application of its guaranty to any recent plan amendment. Such a description serves to alert participants that a comparison of total net assets with the total actuarial present value of accumulated plan benefits (or with the three minimum required categories of **benefit information**) does not necessarily indicate which benefits would be covered by plan assets in the event of plan termination. If material providing this information is otherwise published and made available to participants, the descriptions required by this paragraph may be omitted provided that reference to such other source is made and disclosure similar to the following is made in the financial statements.

Should the plan terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's **accumulated plan benefits** will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation at that time. Some benefits may be fully or partially provided for by the then existing assets and

the Pension Benefit Guaranty Corporation guaranty while other benefits may not be provided for at all.

152. Amend paragraph 960-205-55-1 as follows:

Implementation Guidance and Illustrations

> Illustrations

> > Example 1: Illustrative Annual Financial Statements of Defined Benefit Pension Plan

960-205-55-1 [Note: Only the section “C&H Company Pension Plan—Notes to Financial Statements—A. Description of Plan” is shown here because that is the only part of this paragraph that has been amended.]

C&H COMPANY PENSION PLAN

Notes to Financial Statements

[Note: The notes are for the accompanying illustrative financial statements that use an end-of-year benefit information date. Modifications necessary to accompany the illustrative financial statements that use a beginning-of-year benefit information date are bracketed.]

A. Description of Plan

The following brief description of the C&H Company Pension Plan (Plan) is provided for general information purposes only.

Participants should see the Plan agreement for more complete information.

1. General. The Plan is a **defined benefit pension plan** covering substantially all employees of C&H Company (Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974.
2. **Pension Benefits. Employees** with 10 or more years of **service** are entitled to annual pension ~~{remove glossary link to 1st definition and add glossary link to 3rd definition}~~benefits~~{remove glossary link to 1st definition and add glossary link to 3rd definition}~~ beginning at normal retirement age (65) equal to 1 1/2% of their final 5-year average annual compensation for each year of service.

The Plan permits early retirement at ages 55-64. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the Company's contributions.

Employees may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or termination, or they may elect to receive their benefits as a life annuity payable monthly from retirement.

For each employee electing a life annuity, payments will not be less than the greater of the employee's accumulated contributions plus interest or an annuity for five years.

3. **Death and Disability Benefits.** If an active employee dies at age 55 or older, a death benefit equal to the value of the employee's accumulated pension benefits is paid to the employee's beneficiary.

Active employees who become totally disabled receive annual disability benefits that are equal to the normal retirement benefits they have accumulated as of the time they become disabled.

Disability benefits are paid until normal retirement age at which time disabled participants begin receiving normal retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as at the time they became disabled.

153. Amend paragraph 960-325-25-1 as follows:

Plan Accounting—Defined Benefit Pension Plans— Investments—Other

Recognition

960-325-25-1 The accrual basis requires that purchases (and sales) of securities be recorded on a trade-date basis. However, if the settlement date is after the **reporting date**, accounting on a settlement-date basis is acceptable if both of the following conditions exist:

- a. The fair value of securities purchased (or sold) just before the reporting date does not change significantly from the trade date to the reporting date.
- b. The purchases (or sales) do not significantly affect the composition of the plan's assets available for **{remove glossary link to 1st definition and add glossary link to 3rd definition}**benefits**{remove glossary link to 1st definition and add glossary link to 3rd definition}**.

154. Amend paragraph 960-360-35-2 as follows:

Plan Accounting—Defined Benefit Pension Plans—Property, Plant, and Equipment

Subsequent Measurement

960-360-35-2 Expenditures for operating assets are in the nature of advance payments for future administrative services. In that respect they differ from investments that are expected to generate future cash flows that will be used to provide **{remove glossary link to 1st definition and add glossary link to 3rd definition}**benefits**{remove glossary link to 1st definition and add glossary link to 3rd definition}**.

155. Amend paragraph 962-10-05-1 as follows:

Plan Accounting—Defined Contribution Pension Plans—Overall

Overview and Background

962-10-05-1 The Codification contains several Topics for the accounting and reporting by a plan (as opposed to an employer) due to the differing accounting treatment for various forms of employee benefit plans. The Compensation Topics address the accounting and reporting by the employer. The Plan Accounting Topics include:

- a. Plan Accounting—Defined Benefit Pension Plans, Topic 960
- b. Plan Accounting—Defined Contribution Pension Plans, (this Topic)
- c. Plan Accounting—Health and Welfare Benefit Plans, Topic 965.

Additionally, Topic 715 addresses financial accounting and reporting for an employer that offers pension, other postretirement, and certain special or contractual termination **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** to its employees.

156. Amend paragraph 962-10-10-1 as follows:

Objectives

962-10-10-1 The primary objective of a defined contribution plan's financial statements is to provide information that is useful in assessing the plan's present and future ability to pay **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** when they are due. In a **defined contribution plan**, the plan's net assets available to pay benefits equal the sum of participants' individual account balances. Accordingly, benefits that can be paid

by the plan when they are due relate to the value of the assets that may currently be made available to the individual participants.

157. Amend paragraph 962-10-15-2, as follows:

Scope and Scope Exceptions

> Entities

962-10-15-2 The guidance in this Topic applies to all entities that are employee benefit plans that provide **{add glossary link to 3rd definition}benefits{add glossary link to 3rd definition}** based on amounts contributed to an employee's individual account.

158. Amend paragraph 962-40-50-1 as follows:

Plan Accounting—Defined Contribution Pension Plans—Terminating Plans

Disclosure

962-40-50-1 When the decision has been made to terminate a plan or when a wasting trust (that is, a plan under which participants no longer accrue **{add glossary link to 3rd definition}benefits{add glossary link to 3rd definition}** but that will remain in existence as long as necessary to pay already accrued benefits) exists, the relevant circumstances shall be disclosed in all subsequent financial statements issued by the plan.

159. Amend paragraph 962-205-45-4 as follows:

Plan Accounting—Defined Contribution Pension Plans—Presentation of Financial Statements

Other Presentation Matters

> Other Components of Net Assets Available for Benefits

962-205-45-4 A plan may have liabilities (other than for **{add glossary link to 3rd definition}benefits{add glossary link to 3rd definition}**) that shall be accrued. Such liabilities may be for amounts owed for securities purchased, refund of excess contributions, income taxes payable by the plan, or other expenses (for example, third-party administrator fees). These liabilities shall be deducted to arrive at net assets available for benefits.

160. Amend paragraph 962-325-35-9 as follows:

Plan Accounting—Defined Contribution Pension Plans— Investments—Other

Subsequent Measurement

> Evaluation of Benefit Responsiveness

962-325-35-9 If a plan holds multiple contracts, each contract shall be evaluated individually for benefit responsiveness. If a plan invests in pooled funds that hold investment contracts, each contract in the pooled fund shall be evaluated individually for benefit responsiveness. However, if the pooled fund places any restrictions on access to funds for the payment of **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}**, the underlying investment contracts shall not be considered fully benefit-responsive.

161. Amend paragraph 962-325-55-2 as follows:

Implementation Guidance and Illustrations

962-325-55-2 The value is determined within the context of the objectives of financial statements for a **defined contribution plan**. The valuation must reflect the ability of the plan to pay **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** from the perspective of the participants. This value is then reflected on participants' statements to disclose the amount they can expect to receive when they exercise their rights to withdraw, borrow, or transfer funds under the terms of the plan.

162. Amend paragraph 965-10-05-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Overall

Overview and Background

965-10-05-1 The Codification contains several Topics for benefit plan accounting due to the differing accounting treatments for various forms of employee benefit plans. The Topics include:

- a. Plan Accounting—Defined Benefit Pension Plans, Topic 960
- b. Plan Accounting—Defined Contribution Pension Plans, Topic 962
- c. Plan Accounting—Health and Welfare Benefit Plans, (this Topic).

Additionally, Topic 715 addresses financial accounting and reporting for an employer that offers pension, other postretirement, and certain special or contractual termination **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** to its employees.

163. Amend paragraph 965-10-15-3 as follows:

Scope and Scope Exceptions

965-10-15-3 Paragraphs 965-205-45-6 through 45-9 and 965-205-50-2 through 50-4 apply to health and welfare benefit plans if a portion or all of the **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** under such plans are funded through a 401(h) feature in a defined benefit pension plan.

164. Amend paragraph 965-20-25-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Net Assets Available for Plan Benefits

Recognition

965-20-25-1 A plan may have liabilities (other than for **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}**) that should be accrued. Such liabilities may be for amounts owed for securities purchased, income taxes payable by the plan, or other expenses (for example, third-party administrator fees). These liabilities shall be deducted to arrive at net assets available for benefits.

165. Amend paragraph 965-30-25-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations

Recognition

> Benefit Payments

965-30-25-1 A health and welfare plan may process benefit payments directly or it may retain a third-party administrator (for example, an **administrative service arrangement**). In either case, a plan that is fully or partially self-funded is obligated for the related **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}**, as described in this Subtopic.

166. Amend paragraph 965-30-35-1 as follows:

Subsequent Measurement

> Components of Benefit Obligations

965-30-35-1 Benefit obligations for single-employer, multiple-employer, and multiemployer **defined benefit health and welfare plans** shall include the actuarial present value, as applicable, for all of the following:

- a. Claims payable, claims incurred but not reported, and premiums due to insurance entities. Claims incurred but not reported may be computed in the aggregate for active participants and retirees. Alternatively, if claims incurred but not reported are not calculated in the aggregate for active participants and retirees, such claims for retirees are recorded in the postretirement benefit obligation.
- b. **Accumulated eligibility credits** and postemployment **{add glossary link to 3rd definition}benefits{add glossary link to 3rd definition}**, net of amounts currently payable
- c. Postretirement benefits for the following groups of participants:
 1. Retired plan participants, including their beneficiaries and covered dependents, net of amounts currently payable and claims incurred but not reported (assuming such amounts are included in the aggregate computation described in [a]).
 2. Other plan participants fully eligible for benefits
 3. Plan participants not yet fully eligible for benefits.

167. Amend paragraph 965-30-45-5 as follows:

Other Presentation Matters

> Changes in Benefit Obligations

965-30-45-5 Changes in each of the three major classifications of benefit obligations (see paragraph 965-30-35-1) shall be presented in the body of the financial statements or in the notes to financial statements; the information may be presented in either a reconciliation or narrative format. Providing such information in the following categories will generally be sufficient:

- a. Claims payable, claims incurred but not reported , and premiums due to insurance entities
- b. **Accumulated eligibility credits** and postemployment **{add glossary link to 3rd definition}benefits{add glossary link to 3rd definition}**, net of amounts currently payable
- c. Postretirement benefits for the following:

1. Retired plan participants, including their beneficiaries and covered dependents, net amounts currently payable, and claims incurred but not reported
2. Other plan participants fully eligible for benefits
3. Plan participants not yet fully eligible for benefits.

168. Amend paragraph 965-30-50-2 as follows:

Disclosure

> Postemployment Benefits

965-30-50-2 If an obligation for postemployment **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** is not recognized in accordance with paragraphs 965-30-25-3 and 965-30-35-9 through 35-10 only because the amount cannot be reasonably estimated, the financial statements shall disclose that fact.

169. Amend existing and pending content in paragraph 965-40-35-2 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Terminating Plans

Subsequent Measurement

965-40-35-2 Benefit obligations shall be determined on a liquidation basis, and their value may differ from the actuarial present value of benefit obligations reported for an ongoing plan. Consideration shall be given upon termination to whether any or all **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** become vested.

Pending Content

For **terminating plans**, benefit obligations shall be determined using the liquidation basis of accounting (see Subtopic 205-30), and their carrying value may differ from the actuarial present value of benefit obligations reported for an ongoing plan. Consideration shall be given upon the determination that liquidation is imminent to whether any or all **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** become vested.

170. Amend paragraph 965-40-50-1 as follows:

Disclosure

965-40-50-1 When the decision has been made to terminate a plan or when a wasting trust (that is, a plan under which participants no longer accrue **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** but that will remain in existence as long as necessary to pay already accrued benefits) exists, the relevant circumstances shall be disclosed in all subsequent financial statements issued by the plan.

171. Amend paragraph 965-205-45-4 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Presentation of Financial Statements

Other Presentation Matters

965-205-45-4 Because a plan's obligation to provide **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}**is limited to the amounts accumulated in an individual's account, information regarding benefit obligations is not applicable.

172. Amend paragraph 965-205-50-1 as follows:

Disclosure

965-205-50-1 The plan's financial statements shall disclose other information as described in this Subtopic. Certain of the disclosures relate to plans with accumulated assets rather than those with trusts that act more as conduits for benefit payments or insurance premiums. Separate disclosures may be made to the extent that the plan provides both health and other welfare **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}**. The disclosures shall include, if applicable, all of the following:

[The remainder of this paragraph is not included because it is unchanged.]

173. Amend paragraph 965-205-55-3 as follows:

Implementation Guidance and Illustrations

965-205-55-3 The plan in this Example pays all **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}** directly from plan

assets. It is assumed that the plan provides health benefits and life insurance coverage to both active and retired participants. This Example also assumes that the plan provides long-term disability benefits and limited coverage during periods of unemployment based on **accumulated eligibility credits**.

174. Amend paragraph 965-325-35-6 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Investments—Other

Subsequent Measurement

> Investment Contracts

> > Evaluation of Benefit Responsiveness

965-325-35-6 If a plan holds multiple contracts, each contract shall be evaluated individually for benefit responsiveness. If a plan invests in pooled funds that hold investment contracts, each contract in the pooled fund shall be evaluated individually for benefit responsiveness. However, if the pooled fund places any restrictions on access to funds for the payment of **{add glossary link to 3rd definition}**benefits**{add glossary link to 3rd definition}**, the underlying investment contracts would not be considered fully benefit-responsive. Contracts that provide for prospective interest adjustments may still be fully benefit-responsive provided that the terms of the contracts specify that the crediting interest rate cannot be less than zero.

Contributory Plan

175. The Master Glossary contains three definitions of the term *contributory plan*. The first definition (Definition 1) originates from Statement 35, the second definition (Definition 2) originates from Statement 106, and the third definition (Definition 3) originates from Statement 87.

176. Definitions 1, 2, and 3 have substantially the same meaning. However, Definition 2 is the most comprehensive and encompasses both Definitions 1 and 3. The Board thus concluded that Definitions 1 and 3 should be superseded to eliminate the redundancy of three definitions of the term *contributory plan*. This Update replaces all links to Definitions 1 and 3 with links to Definition 2 of *contributory plan* in Subtopic 715-30 and Subtopic 960-205. In addition, the term *contributory plan* appears in paragraph 965-10-05-4 but is not linked. This paragraph originates from AICPA Statement of Position 92-6, *Accounting and Reporting by Health and Welfare Benefit Plans*, which states that the reader

should use terminology from FASB Statement No. 112, *Employers' Accounting for Postemployment Benefits*, and Statement 106. Therefore, the Board concluded that the term should be linked to this paragraph.

177. Supersede the following Master Glossary terms as follows:

~~Contributory Plan (Definition 1)~~

~~A pension plan under which participants bear part of the cost.~~

~~Contributory Plan (Definition 3)~~

~~A pension plan under which employees contribute part of the cost. In some contributory plans, employees wishing to be covered must contribute; in other contributory plans, employee contributions result in increased benefits.~~

178. Amend paragraph 715-30-05-8 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Overview and Background

715-30-05-8 The following terms are widely used when addressing pensions, yet are not included in the text of the standards: **Actuarial Funding Method, Actuarial Gain or Loss, Allocated Contract, Benefit Approach, Cost-Compensation Approach, {remove glossary link to 3rd definition and add glossary link to 2nd definition}Contributory Plan{remove glossary link to 3rd definition and add glossary link to 2nd definition}, Cost Approach, Funding Method, Funding Policy, Implicit Approach to Assumptions, Plan Assets Available for Benefits, Sponsor, and Unallocated Contract.**

179. Amend paragraph 960-205-50-1(d) as follows:

Disclosure

960-205-50-1 The financial statements shall include the following disclosures, if applicable:

- d. The **funding policy** and any changes in such policy during the plan year. If significant costs of plan administration are being absorbed by the employer(s), that fact shall be disclosed. For a **{remove glossary link to 1st definition and add glossary link to 2nd definition}contributory plan{remove glossary link to 1st definition and add glossary link to 2nd definition}**, the disclosure shall state the

method of determining participants' contributions. Plans subject to the Employee Retirement Income Security Act shall disclose whether the minimum funding requirements of the Act have been met. If a minimum funding waiver has been granted by the Internal Revenue Service (IRS) or if a request for a waiver is pending before the IRS, that fact shall be disclosed.

180. Amend paragraph 965-10-05-4 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Overall Overview and Background

> Characteristics of Plans

965-10-05-4 Plan participants may be active or terminated employees (including retirees), as well as covered dependents and beneficiaries, of a single employer or group of employers. Employer contributions may be voluntary or required under the terms of a collective bargaining agreement negotiated with one or more labor organizations. Plans may require contributions from employers and participants (**{add glossary link to 2nd definition}**)contributory plans(**add glossary link to 2nd definition}**) or from employers only (noncontributory plans). During periods of unemployment, a noncontributory plan may require contributions by participants to maintain their eligibility for benefits. Benefits may be provided in any of the following manners:

- a. Through insurance contracts paid for by the plan (an insured plan)
- b. From net assets accumulated in a trust established by the plan (a self-funded plan).

Cost Approach

181. The second definition (Definition 2) of the term *cost approach* originates from Statement 87. Only the definition of another term, *benefit approach*, and Subtopic 715-30 link to Definition 2 of *cost approach*. In addition, the cost approach is not an allowed approach to pension benefit valuation; Statement 87 only included a discussion of the cost approach to explain why the benefit approach was selected. As a result, the Board decided to supersede Definition 2 of *cost approach*, amend the definition of *benefit approach* to remove the link, and remove a reference to the cost approach in Subtopic 715-30. The first definition of *cost approach*, which is unrelated, remains unchanged.

182. Amend the following Master Glossary term as follows:

Benefit Approach

~~One of two groups of basic approaches~~ A group of basic approaches to attributing pension benefits or costs to periods of employee service.

Approaches in this group assign a distinct unit of benefit to each year of credited service. The actuarial present value of that unit of benefit is computed separately and determines the cost assigned to that year. The accumulated benefits approach, benefit-compensation approach, and benefit-years-of-service approach are benefit approaches.

~~See **Cost Approach** for the other group of basic approaches to attributing pension benefits.~~

183. Supersede the following Master Glossary term as follows:

Cost Approach

~~One of the two groups of basic approaches to attributing pension benefits or costs to periods of service. Approaches in this group assign net pension costs to periods as level amounts or constant percentages of compensation (that is, a cost-compensation approach).~~

~~See **Benefit Approach** for the other group of basic approaches to attributing pension benefits.~~

184. Amend paragraph 715-30-05-8 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Overview and Background

715-30-05-8 The following terms are widely used when addressing pensions, yet are not included in the text of the standards: **Actuarial Funding Method, Actuarial Gain or Loss, Allocated Contract, Benefit Approach, Cost-Compensation Approach, Contributory Plan, ~~Cost Approach~~, Funding Method, Funding Policy, Implicit Approach to Assumptions, Plan Assets Available for Benefits, Sponsor, and Unallocated Contract.**

Defined Benefit Plan

185. The Master Glossary contains five terms related to defined benefit plans: *defined benefit plan*, *defined benefit health and welfare plans*, *defined benefit pension plan* (Definition 1), *defined benefit pension plan* (Definition 2), and

defined benefit postretirement plan. To resolve this redundancy, the Board decided to combine these five related definitions into a single amended definition of *defined benefit plan*. This amended definition retains the general definition of a defined benefit plan and incorporates elements specific to defined benefit pension plans, defined benefit postretirement plans, and defined benefit health and welfare plans.

186. This Update replaces all links to *defined benefit health and welfare plans*, *defined benefit pension plan* (Definition 1), *defined benefit pension plan* (Definition 2), and *defined benefit postretirement plan* with links to the amended definition of *defined benefit plan* in Subtopic 715-30, Subtopic 715-60, Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement, Subtopic 960-10, Subtopic 960-20, Subtopic 960-30, Subtopic 960-40, Plan Accounting—Defined Benefit Pension Plans—Terminating Plans, Subtopic 960-205, Subtopic 960-310, Plan Accounting—Defined Benefit Pension Plans—Receivables, Subtopic 960-325, Subtopic 960-360, Subtopic 965-10, Plan Accounting—Health and Welfare Benefit Plans—Overall, Subtopic 965-30, Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations, and Subtopic 965-205, Plan Accounting—Health and Welfare Benefit Plans—Presentation of Financial Statements. This Update supersedes the terms *defined benefit health and welfare plans*, *defined benefit pension plan* (Definition 1), *defined benefit pension plan* (Definition 2), and *defined benefit postretirement plan* from the Master Glossary.

187. Amend the following Master Glossary term as follows:

Defined Benefit Plan

A defined benefit plan provides participants with a determinable benefit based on a formula provided for in the plan.

- a. Defined benefit health and welfare plans—Defined benefit health and welfare plans specify a determinable benefit, which may be in the form of a reimbursement to the covered plan participant or a direct payment to providers or third-party insurers for the cost of specified services. Such plans may also include benefits that are payable as a lump sum, such as death benefits. The level of benefits may be defined or limited based on factors such as age, years of service, and salary. Contributions may be determined by the plan's actuary or be based on premiums, actual claims paid, hours worked, or other factors determined by the plan sponsor. Even when a plan is funded pursuant to agreements that specify a fixed rate of employer contributions (for example, a collectively bargained multiemployer plan), such a plan may nevertheless be a defined benefit health and welfare plan if its substance is to provide a defined benefit.
- b. Defined benefit pension plan—A pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more

factors such as age, years of service, or compensation. Any pension plan that is not a **defined contribution** pension plan is, for purposes of Subtopic 715-30, a defined benefit pension plan.

- c. Defined benefit postretirement plan—A plan that defines postretirement benefits in terms of monetary amounts (for example, \$100,000 of life insurance) or benefit coverage to be provided (for example, up to \$200 per day for hospitalization, or 80 percent of the cost of specified surgical procedures). Any postretirement benefit plan that is not a defined contribution postretirement plan is, for purposes of Subtopic 715-60, a defined benefit postretirement plan. (Specified monetary amounts and benefit coverage are collectively referred to as benefits.)

188. Supersede the following Master Glossary terms as follows:

Defined Benefit Health and Welfare Plans

~~Defined benefit health and welfare plans specify a determinable benefit, which may be in the form of a reimbursement to the covered plan participant or a direct payment to providers or third party insurers for the cost of specified services. Such plans may also include benefits that are payable as a lump sum, such as death benefits. The level of benefits may be defined or limited based on factors such as age, years of service, and salary. Contributions may be determined by the plan's actuary or be based on premiums, actual claims paid, hours worked, or other factors determined by the plan sponsor. Even when a plan is funded pursuant to agreements that specify a fixed rate of employer contributions (for example, a collectively bargained multiemployer plan), such a plan may nevertheless be a defined benefit health and welfare plan if its substance is to provide a defined benefit.~~

Defined Benefit Pension Plan (Definition 1)

~~A pension plan that specifies a determinable pension benefit, usually based on factors such as age, years of service, and salary. This includes plans that may be funded pursuant to periodic agreements that specify a fixed rate of employer contributions (for example, a collectively bargained multiemployer plan). For example, this includes plans that prescribe a scale of benefits and experience indicates or it is expected that employer contributions are or will be periodically adjusted to enable such stated benefits to be maintained. Further, a plan that is subject to the Employee Retirement Income Security Act of 1974 and considered to be a defined benefit pension plan under the Act is a defined benefit pension plan.~~

Defined Benefit Pension Plan (Definition 2)

~~A pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service, or~~

compensation. Any pension plan that is not a **defined contribution** pension plan is, for purposes of Subtopic 715-30, a defined benefit pension plan.

Defined Benefit Postretirement Plan

~~A plan that defines postretirement benefits in terms of monetary amounts (for example, \$100,000 of life insurance) or benefit coverage to be provided (for example, up to \$200 per day for hospitalization, or 80 percent of the cost of specified surgical procedures). Any postretirement benefit plan that is not a **defined contribution** postretirement plan is, for purposes of Subtopic 715-60, a defined benefit postretirement plan. (Specified monetary amounts and benefit coverage are collectively referred to as benefits.)~~

189. Amend paragraphs 715-30-05-1 and 715-30-05-9 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Overview and Background

General

715-30-05-1 This Subtopic provides guidance on defined benefit pension accounting for an employer that offers **pension benefits** to its employees. This Subtopic focuses on an employer's accounting for a single-employer ~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~defined benefit pension plan~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~.

Settlements, Curtailments, and Certain Termination Benefits

715-30-05-9 The Settlements, Curtailments, and Certain Termination Benefits Subsections establish standards for an employer's accounting for **settlement** of defined benefit pension obligations, for **curtailment** of a ~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~defined benefit pension plan~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~, and for certain termination benefits, and define the events that require adjustments to assets and liabilities and that require certain amounts previously recognized in accumulated other comprehensive income to be recognized in earnings. The Settlements, Curtailments, and Certain Termination Benefits Subsections provide guidance that results in the net **gain or loss** and **prior service cost**, which were previously recognized in accumulated other comprehensive income, being recognized in income in the period when all of the following conditions are met:

- a. All pension obligations are settled.

- b. Defined benefits are no longer accrued under the plan.
- c. The plan is not replaced by another defined benefit plan.
- d. No **plan assets** remain.
- e. The employees are terminated.
- f. The plan ceases to exist as an entity.

190. Amend paragraph 715-30-15-3 as follows:

Scope and Scope Exceptions

> Transactions

715-30-15-3 The guidance in this Subtopic applies to ~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~defined benefit pension plans~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~, including but not limited to the following types of arrangements:

- a. **Cash balance plans**
- b. **Benefits** provided in the event of a voluntary or involuntary severance of employment (also called **termination indemnities**) if such an arrangement is in substance a pension plan (for example, if the benefits are paid for virtually all terminations).

191. Amend paragraph 715-30-25-6 as follows:

Recognition

715-30-25-6 An employer that sponsors two or more separate ~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~defined benefit pension plans~~{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}~~ shall determine net periodic pension cost, liabilities, and assets by separately applying the provisions of this Subtopic to each plan. In particular, unless an employer clearly has a right to use the assets of one plan to pay **benefits** of another, a liability required to be recognized pursuant to paragraph 715-30-25-1 for one plan shall not be reduced or eliminated because the employer has recognized an asset for another plan that has assets in excess of its projected benefit obligation.

192. Amend paragraphs 715-30-35-4 and 715-30-35-90 as follows:

Subsequent Measurement

General

715-30-35-4 All of the following components shall be included in the net pension cost recognized for a period by an employer sponsoring a **{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plan**{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}**:

- a. **Service cost**
- b. **Interest cost**
- c. **Actual return on plan assets**, if any
- d. **Amortization** of any **prior service cost** or credit included in accumulated other comprehensive income
- e. **Gain or loss** (including the effects of changes in **assumptions**), which includes, to the extent recognized (see paragraph 715-30-35-26), amortization of the net gain or loss included in accumulated other comprehensive income
- f. Amortization of any net transition asset or obligation existing at the date of initial application of this Subtopic and remaining in accumulated other comprehensive income.

Settlements, Curtailments, and Certain Termination Benefits

715-30-35-90 The following circumstances identify the fact pattern to which the required accounting would apply. An employer sponsors a **{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plan**{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}**. The employer settles its pension obligation through the purchase of insurance annuity contracts from an insurance entity. The employer may or may not terminate the defined benefit pension plan. The employer appropriately applies the guidance in this Subsection. Subsequently, the insurance entity becomes insolvent and is unable to meet all of its obligations under the annuity contracts. The employer decides to make up some portion or all of any deficiency in annuity payments to the retirees.

193. Amend paragraph 715-30-55-46 as follows:

Implementation Guidance and Illustrations

715-30-55-46 In determining the periods for amortization of prior service cost included in accumulated other comprehensive income, minimum amortization of net gain or loss included in accumulated other comprehensive income, or amortization of the transition asset or obligation remaining in accumulated other

comprehensive income, an employer shall not include the service periods of employees who are expected to receive only a return of their contributions (plus interest, if applicable) to a contributory **{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plan**{remove glossary link to 2nd definition of defined benefit pension plan and add glossary link to defined benefit plan}** in determining the future service periods of employees expected to receive benefits under that pension plan. Only the future service periods of those employees who are expected to receive an employer-provided benefit shall be included.

194. Amend paragraph 715-60-05-2 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Overview and Background

715-60-05-2 The General Subsections provide guidance on an employer's accounting and reporting for a **{remove glossary link to defined benefit postretirement plan and add glossary link to defined benefit plan}**defined benefit postretirement benefit plan**{remove glossary link to defined benefit postretirement plan and add glossary link to defined benefit plan}**, that is, a **single-employer plan** that defines the nonpension **postretirement benefits** to be provided to **retirees**. This Subtopic refers to these **benefits** as postretirement benefits and to these **plans** as postretirement plans. For purposes of this Subtopic, a postretirement benefit plan is an arrangement that is mutually understood by an employer and its employees whereby an employer undertakes to provide its current and former employees with benefits after they retire in exchange for the employees' services over a specified period of time, upon attaining a specified age while in service, or both. Benefits may commence immediately upon termination of service or may be deferred until retired employees attain a specified age.

195. Amend paragraph 715-60-35-9 as follows:

Subsequent Measurement

715-60-35-9 Net periodic postretirement benefit cost comprises several components that reflect different aspects of the employer's financial arrangements. All of the following components shall be included in the net periodic postretirement benefit cost recognized by an employer sponsoring a **{remove glossary link to defined benefit postretirement plan and add glossary link to defined benefit plan}**defined benefit postretirement plan**{remove glossary link to defined benefit postretirement plan and add glossary link to defined benefit plan}**:

- a. **Service cost** (see the following paragraph).
- b. **Interest cost** (see paragraph 715-60-35-11). The interest cost component of postretirement benefit cost shall not be considered interest for purposes of applying Subtopic 835-20.
- c. **Actual return on plan assets**, if any (see paragraphs 715-60-35-23 through 35-36)
- d. **Amortization** of any **prior service cost** or credit included in accumulated other comprehensive income to the extent required by paragraphs 715-60-35-13 through 35-20.
- e. **Gain or loss** (including the effects of changes in assumptions) to the extent recognized, which includes amortization of the net gain or loss included in accumulated other comprehensive income (see paragraphs 715-60-35-23 through 35-36).
- f. Amortization of any obligation or asset existing at the date of initial application of this Subtopic, hereinafter referred to as the **transition obligation** or **transition asset** remaining in accumulated other comprehensive income (see paragraphs 715-60-35-38 through 35-40).

196. Amend paragraph 715-60-60-1 as follows:

Relationships

> Business Combinations

715-60-60-1 For guidance on the accounting when an employer is acquired in a business combination and that employer sponsors a single-employer **{remove glossary link to defined benefit postretirement plan and add glossary link to defined benefit plan}**defined benefit postretirement plan**{remove glossary link to defined benefit postretirement plan and add glossary link to defined benefit plan}**, see paragraph 805-20-25-25.

197. Amend paragraph 960-10-05-3 as follows:

Plan Accounting—Defined Benefit Pension Plans—Overall

Overview and Background

960-10-05-3 The Overall Subtopic provides scope-related guidance for this Topic and an overview of accounting and reporting for **{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plans**{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**.

198. Amend paragraph 960-20-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Accumulated Plan Benefits

Overview and Background

960-20-05-1 This Subtopic provides guidance on **accumulated plan benefits** for {remove glossary link to the 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}defined benefit pension plans{remove glossary link to the 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}.

199. Amend paragraph 960-20-45-5 as follows:

Other Presentation Matters

> > Retiree Health Benefits

960-20-45-5 Information regarding **accumulated plan benefits** shall relate only to pension obligations. Even in situations in which separate financial statements are not prepared for a related health and welfare benefit plan, obligations related to retiree health benefits provided pursuant to Section 401(h) of the Internal Revenue Code shall not be reported in the statement of accumulated plan benefits of the {remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}defined benefit pension plan{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan} financial statements.

200. Amend paragraph 960-30-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Net Assets Available for Plan Benefits

Overview and Background

960-30-05-1 This Subtopic provides guidance on net assets available for plan benefits for {remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}defined benefit pension plans{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}.

201. Amend paragraph 960-30-45-5 as follows:

Other Presentation Matters

960-30-45-5 The 401(h) account assets less liabilities (net assets of the 401(h) account) are required to be shown in **{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plan**{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}** financial statements as a single line item on the face of the statements (as illustrated in Example 2 (see paragraph 960-205-55-2).

202. Amend paragraph 960-40-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Terminating Plans

Overview and Background

960-40-05-1 This Subtopic provides guidance for **{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plans**{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}** that are terminating plans.

203. Amend paragraph 960-205-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Presentation of Financial Statements

Overview and Background

960-205-05-1 This Subtopic provides guidance on the presentation of financial statements for **{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plans**{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**.

204. Amend paragraph 960-205-45-2 as follows:

Other Presentation Matters

960-205-45-2 Example 1 (see paragraph 960-205-55-1) illustrates annual financial statements of a **{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**defined benefit pension plan**{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}**.

205. Amend paragraph 960-205-55-1 as follows:

Implementation Guidance and Illustrations

> Illustrations

> > Example 1: Illustrative Annual Financial Statements of Defined Benefit Pension Plan

960-205-55-1 [Note: Only the section “C&H Company Pension Plan—Notes to Financial Statements—A. Description of Plan” is shown here because that is the only part of this paragraph that has been amended.]

C&H COMPANY PENSION PLAN

Notes to Financial Statements

[Note: The notes are for the accompanying illustrative financial statements that use an end-of-year benefit information date. Modifications necessary to accompany the illustrative financial statements that use a beginning-of-year benefit information date are bracketed.]

A. Description of Plan

The following brief description of the C&H Company Pension Plan (Plan) is provided for general information purposes only.

Participants should see the Plan agreement for more complete information.

1. General. The Plan is a **{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}defined benefit pension plan{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}** covering substantially all employees of C&H Company (Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974.
2. **Pension Benefits. Employees** with 10 or more years of **service** are entitled to annual pension **benefits** beginning at normal retirement age (65) equal to 1 1/2% of their final 5-year average annual compensation for each year of service.

The Plan permits early retirement at ages 55-64. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the Company's contributions.

Employees may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or termination, or they may elect to receive their benefits as a life annuity payable monthly from retirement.

For each employee electing a life annuity, payments will not be less than the greater of the employee's accumulated contributions plus interest or an annuity for five years.

3. **Death and Disability Benefits.** If an active employee dies at age 55 or older, a death benefit equal to the value of the employee's accumulated pension benefits is paid to the employee's beneficiary.

Active employees who become totally disabled receive annual disability benefits that are equal to the normal retirement benefits they have accumulated as of the time they become disabled.

Disability benefits are paid until normal retirement age at which time disabled participants begin receiving normal retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as at the time they became disabled.

206. Amend paragraph 960-310-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Receivables

Overview and Background

960-310-05-1 This Subtopic provides guidance on accounting for receivables for ~~{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}~~defined benefit pension plans~~{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}~~.

207. Amend paragraph 960-325-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Investments—Other

Overview and Background

960-325-05-1 This Subtopic provides guidance on investments and insurance contracts for {remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}defined benefit pension plans{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}.

208. Amend paragraph 960-360-05-1 as follows:

Plan Accounting—Defined Benefit Pension Plans—Property, Plant, and Equipment

Overview and Background

960-360-05-1 This Subtopic provides guidance on accounting for property, plant, and equipment for {remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}defined benefit pension plans{remove glossary link to 1st definition of defined benefit pension plan and add glossary link to defined benefit plan}.

209. Amend paragraph 965-10-15-2 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Overall

Scope and Scope Exceptions

> Entities

965-10-15-2 The guidance in this Topic applies to all entities that are either {remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan}defined benefit{remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan} or defined contribution health and welfare benefit plans (referred to as **health and welfare benefit plans**).

210. Amend paragraph 965-30-35-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations

Subsequent Measurement

> Components of Benefit Obligations

965-30-35-1 Benefit obligations for single-employer, multiple-employer, and multiemployer {remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan}defined benefit health

and welfare plans{remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan} shall include the actuarial present value, as applicable, for all of the following:

- a. Claims payable, claims incurred but not reported, and premiums due to insurance entities. Claims incurred but not reported may be computed in the aggregate for active participants and retirees. Alternatively, if claims incurred but not reported are not calculated in the aggregate for active participants and retirees, such claims for retirees are recorded in the postretirement benefit obligation.
- b. **Accumulated eligibility credits** and postemployment benefits, net of amounts currently payable
- c. Postretirement benefits for the following groups of participants:
 1. Retired plan participants, including their beneficiaries and covered dependents, net of amounts currently payable and claims incurred but not reported (assuming such amounts are included in the aggregate computation described in [a]).
 2. Other plan participants fully eligible for benefits
 3. Plan participants not yet fully eligible for benefits.

211. Amend paragraph 965-205-10-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Presentation of Financial Statements

Objectives

> Defined Benefit Health and Welfare Plans

965-205-10-1 The objective of financial reporting by {remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan}defined benefit health and welfare plans{remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan} is the same as that of defined benefit pension plans; both types of plans provide a determinable benefit. Accordingly, the primary objective of the financial statements of a defined benefit health and welfare plan is to provide financial information that is useful in assessing the plan's present and future ability to pay its benefit obligations when due. To accomplish that objective, a plan's financial statements shall provide information about all of the following:

- a. Plan resources and the manner in which the stewardship responsibility for those resources has been discharged
- b. Benefit obligations
- c. The results of transactions and events that affect the information about those resources and obligations

- d. Other factors necessary for users to understand the information provided.

212. Amend paragraph 965-205-45-1 as follows:

Other Presentation Matters

> Defined Benefit Health and Welfare Plans

965-205-45-1 The financial statements of a **{remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan}defined benefit health and welfare plan{remove glossary link to defined benefit health and welfare plans and add glossary link to defined benefit plan}** prepared in accordance with generally accepted accounting principles (GAAP) shall be prepared on the accrual basis of accounting and include all of the following:

- a. A statement of net assets available for benefits as of the end of the plan year (see paragraphs 965-20-45-1 through 45-2)
- b. A statement of changes in net assets available for benefits for the year then ended (see paragraphs 965-20-45-3 through 45-4)
- c. Information regarding the plan's benefit obligations as of the end of the plan year (see Subtopic 965-30)
- d. Information regarding the effects, if significant, of certain factors affecting the year-to-year change in the plan's benefit obligations (see paragraphs 965-30-45-4 through 45-8).

213. Amend paragraph 965-325-05-2 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Investments—Other

Overview and Background

965-325-05-2 **{add glossary link}**Defined benefit plans**{add glossary link}** provide participants with a determinable benefit based on a formula provided for in the plans, whereas defined contribution plans provide benefits based on amounts contributed to an employee's individual account plus or minus all of the following:

- a. Forfeitures
- b. Investment experience
- c. Administrative expenses.

214. Amend paragraph 980-715-55-7 as follows:

Regulated Operations—Compensation—Retirement Benefits

Implementation Guidance and Illustrations

980-715-55-7 Because a regulator cannot eliminate a liability that was not imposed by its actions, the need to recognize the underfunded status of a {add glossary link}defined benefit pension plan{add glossary link} as a liability under paragraphs 715-30-25-1 through 25-2 is unaffected by regulation.

Defined Contribution Plan

215. The Master Glossary contains three terms related to defined contribution plans: *defined contribution plan*, *defined contribution postretirement plan*, and *defined contribution health and welfare plans*. To resolve this redundancy, the Board combined these three related definitions into a single amended definition of *defined contribution plan*. This definition retains the general definition of a defined contribution plan and incorporates elements specific to defined contribution postretirement plans and defined contribution health and welfare plans.

216. This Update replaces all links to *defined contribution health and welfare plans* and *defined contribution postretirement plan* with links to the amended definition of *defined contribution plan* in Subtopic 715-70, Compensation—Retirement Benefits—Defined Contribution Plans, Subtopic 965-10, and Subtopic 965-205. This Update supersedes the terms *defined contribution health and welfare plans* and *defined contribution postretirement plan* from the Master Glossary.

217. In addition, paragraph 965-325-05-2 uses the term *defined contribution plan* and originates from AICPA Statement of Position 94-4, *Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined-Contribution Pension Plans*. Although that paragraph does not share a source with any of the three terms, the use of the term is consistent with its definition. Therefore, the Board decided to link the term to paragraph 965-325-05-2.

218. Amend the following Master Glossary term as follows:

Defined Contribution Plan

A plan that provides an individual account for each participant and provides benefits that are based on all of the following: ~~a. Amounts~~ amounts contributed to the participant's account by the employer or ~~employee~~ employee; ~~b. Investment investment~~ experience ~~experience~~; and ~~c. Any~~ any forfeitures allocated to the account, less any administrative expenses charged to the plan.

- a. Defined contribution health and welfare plans—Defined contribution health and welfare plans maintain an individual account for each plan

participant. They have terms that specify the means of determining the contributions to participants' accounts, rather than the amount of benefits the participants are to receive. The benefits a plan participant will receive are limited to the amount contributed to the participant's account, investment experience, expenses, and any forfeitures allocated to the participant's account. These plans also include flexible spending arrangements.

- b. Defined contribution postretirement plan—A plan that provides postretirement benefits in return for services rendered, provides an individual account for each plan participant, and specifies how contributions to the individual's account are to be determined rather than specifies the amount of benefits the individual is to receive. Under a defined contribution postretirement plan, the benefits a plan participant will receive depend solely on the amount contributed to the plan participant's account, the returns earned on investments of those contributions, and the forfeitures of other plan participants' benefits that may be allocated to that plan participant's account.

219. Supersede the following Master Glossary terms as follows:

Defined Contribution Health and Welfare Plans

~~Defined contribution health and welfare plans maintain an individual account for each plan participant. They have terms that specify the means of determining the contributions to participants' accounts, rather than the amount of benefits the participants are to receive. The benefits a plan participant will receive are limited to the amount contributed to the participant's account, investment experience, expenses, and any forfeitures allocated to the participant's account. These plans also include flexible spending arrangements.~~

Defined Contribution Postretirement Plan

~~A plan that provides postretirement benefits in return for services rendered, provides an individual account for each plan participant, and specifies how contributions to the individual's account are to be determined rather than specifies the amount of benefits the individual is to receive. Under a defined contribution postretirement plan, the benefits a plan participant will receive depend solely on the amount contributed to the plan participant's account, the returns earned on investments of those contributions, and the forfeitures of other plan participants' benefits that may be allocated to that plan participant's account.~~

220. Amend paragraph 715-70-50-1 as follows:

Compensation—Retirement Benefits—Defined Contribution Plans

Disclosure

715-70-50-1 An employer shall disclose the amount of cost recognized for defined contribution pension plans and for other **{remove glossary link to defined contribution postretirement benefit plan and add glossary link to defined contribution plan}**defined contribution postretirement benefit plans**{remove glossary link to defined contribution postretirement benefit plan and add glossary link to defined contribution plan}** for all periods presented separately from the amount of cost recognized for defined benefit plans. The disclosures shall include a description of the nature and effect of any significant changes during the period affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture.

221. Amend paragraph 965-10-15-2 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Overall

Scope and Scope Exceptions

> Entities

965-10-15-2 The guidance in this Topic applies to all entities that are either defined benefit or **{remove glossary link to defined contribution health and welfare plans and add glossary link to defined contribution plan}**defined contribution health and welfare benefit plans**{remove glossary link to defined contribution health and welfare plans and add glossary link to defined contribution plan}** (referred to as health and welfare benefit plans).

222. Amend paragraph 965-205-10-2 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Presentation of Financial Statements

Objectives

> Defined Contribution Health and Welfare Plans

965-205-10-2 The objective of financial reporting by a **{remove glossary link to defined contribution health and welfare plans and add glossary link to defined contribution plan}**defined contribution health and welfare plan**{remove glossary link to defined contribution health and welfare plans and add glossary link to defined contribution plan}** is to provide financial

information that is useful in assessing the plan's present and future ability to pay its benefits. To accomplish that objective, a plan's financial statements shall provide information about all of the following:

- a. Plan resources and the manner in which the stewardship responsibility for those resources has been discharged
- b. The results of transactions and events that affect the information about those resources
- c. Other factors necessary for users to understand the information provided. For example vacation, holiday, and legal are typical plans whose benefits are limited to the balance in the participant's accounts.

223. Amend paragraph 965-205-45-3 as follows:

Other Presentation Matters

> Defined Contribution Health and Welfare Plans

965-205-45-3 The financial statements of a **{remove glossary link to defined contribution health and welfare plans and add glossary link to defined contribution plan}defined contribution health and welfare plan{remove glossary link to defined contribution health and welfare plans and add glossary link to defined contribution plan}** prepared in accordance with GAAP shall be prepared on the accrual basis of accounting and include both of the following:

- a. A statement of net assets available for benefits of the plan as of the end of the plan year (see Subtopic 965-30)
- b. A statement of changes in net assets available for benefits of the plan for the year then ended (see paragraphs 965-20-45-3 through 45-4).

224. Amend paragraph 965-325-05-2 as follows:

Plan Accounting—Health and Welfare Benefit Plans— Investments—Other

Overview and Background

965-325-05-2 Defined benefit plans provide participants with a determinable benefit based on a formula provided for in the plans, whereas **{add glossary link}defined contribution plans{add glossary link}** provide benefits based on amounts contributed to an employee's individual account plus or minus all of the following:

- a. Forfeitures
- b. Investment experience
- c. Administrative expenses.

Discount Rate and Discount Rates

225. The Master Glossary contains two terms related to discount rates: *discount rate* and *discount rates*. The term *discount rate* originates from Statement 87, and the term *discount rates* originates from Statement 106.

226. The meaning of the two terms is substantially the same. Although the definition of *discount rates* is more comprehensive, the use of the singular term *discount rate* was considered more appropriate. Therefore, the Board concluded that the term *discount rate* should be amended to include the definition of *discount rates* so that the amended term refers to pension obligation as well as postretirement benefit obligation. The term *discount rates* should be superseded. This Update replaces all links to *discount rates* with links to the amended *discount rate* in Subtopic 715-60.

227. Amend the following Master Glossary term as follows:

Discount Rate

~~The interest rate used to adjust for the time value of money. See **Actuarial Present Value**.~~ A rate or rates used to reflect the time value of money. Discount rates are used in determining the present value as of the measurement date of future cash flows currently expected to be required to satisfy the pension obligation or other postretirement benefit obligation. See {remove glossary link to 2nd definition and add glossary link to 1st definition as per paragraphs 105 through 109}Actuarial Present Value{remove glossary link to 2nd definition and add glossary link to 1st definition as per paragraphs 105 through 109}.

228. Supersede the following Master Glossary term as follows:

Discount Rates

~~The rates used to reflect the time value of money. Discount rates are used in determining the present value as of the measurement date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. See **Actuarial Present Value**.~~

229. Amend paragraph 715-30-35-42 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

> Assumptions

715-30-35-42 This Subtopic requires an **explicit approach to assumptions**. That is, each significant assumption used shall reflect the best estimate solely with respect to that individual assumption. All assumptions shall presume that the plan will continue in effect in the absence of evidence that it will not continue. Actuarial assumptions reflect the time value of money (**{remove glossary link}discount rate{remove glossary link}**) and the probability of payment (assumptions as to mortality, turnover, early retirement, and so forth).

230. Amend paragraph 715-60-35-11 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Subsequent Measurement

> > Interest Cost

715-60-35-11 Interest cost is the interest on the accumulated postretirement benefit obligation, which is a discounted amount. Measuring the accumulated postretirement benefit obligation as a present value requires accrual of an interest cost at rates equal to the assumed **{remove glossary link to discount rates and add glossary link to discount rate}discount rates{remove glossary link to discount rates and add glossary link to discount rate}**.

231. Amend paragraph 715-60-55-4 as follows:

Implementation Guidance and Illustrations

> > Discount Rates

715-60-55-4 The assumed **{remove glossary link to discount rates and add glossary link to discount rate}discount rates{remove glossary link to discount rates and add glossary link to discount rate}** used to measure an employer's postretirement benefit obligation may be the same rates used to measure its pension benefit obligation under Subtopic 715-30 or they may not be for various reasons. Differences could occur between the discount rates used to measure the pension benefit obligation and the discount rates used to measure the postretirement benefit obligation. For example, the expected timing of postretirement benefit payments may differ from the expected timing of pension benefit payments. Those differences could occur particularly if the participants in each plan are different. In addition, rates implicit in current prices of annuity contracts might be used to measure the pension benefit obligation, and no similar contracts may be available to settle the postretirement benefit obligation (see paragraphs 715-20-55-1 through 55-2).

Enhanced-Crediting-Rate Bonus

232. The Master Glossary contains two terms associated with the same definition: *enhanced-crediting-rate bonus* and *enhanced-yield bonus*. *Enhanced-crediting-rate bonus* originates from AICPA Statement of Position 03-1, *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*, whereas *enhanced-yield bonus* originates from AICPA Statement of Position 05-1, *Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts*. The definition of *enhanced-crediting-rate bonus* is a reference to *enhanced-yield bonus*. Both terms can be used interchangeably, but *enhanced-crediting-rate bonus* is more commonly used. Therefore, the Board decided to supersede *enhanced-yield bonus* with the term *enhanced-crediting-rate bonus* throughout the Codification and amend the term *enhanced-crediting-rate bonus*.

233. In Subtopic 944-20, Financial Services—Insurance—Insurance Activities, the term *enhanced-crediting-rate bonus* is used but it is not linked to the Master Glossary definition. The term appears in paragraph 944-20-05-32, which also originates from AICPA SOP 03-1. Additionally, the phrase *enhanced crediting rate sales inducement* is used in paragraph 944-40-55-13, and this phrase is interchangeable with the term *enhanced-crediting-rate bonus*. The source for paragraph 944-40-55-13 is also AICPA SOP 03-1. Therefore, the Board decided to link the term in both paragraphs.

234. Supersede the following Master Glossary term:

~~Enhanced Yield Bonus~~

~~A sales inducement in which the insurance entity offers customers a crediting rate for a stated period in excess of that currently being offered for other similar contracts.~~

235. Amend the following Master Glossary terms as follows:

Enhanced-Crediting-Rate Bonus

See ~~Enhanced Yield Bonus~~. A sales inducement in which the insurance entity offers customers a crediting rate for a stated period in excess of that currently being offered for other similar contracts.

Sales Inducements

Contractually obligated inducements that are identified explicitly in a contract and are in excess of current market conditions. A sales inducement to a contract holder enhances the investment yield to the contract holder. The three main

types of sales inducements are an **immediate bonus**, a **persistence bonus**, and an **enhanced-yield bonus** enhanced-crediting-rate bonus.

236. Amend paragraph 944-20-05-32 as follows:

Financial Services—Insurance—Insurance Activities

Overview and Background

Long-Duration Contracts

> > Sales Inducements to Contract Holders

944-20-05-32 Sales inducements to contract holders may be offered with fixed and variable life insurance and annuity contracts. Sales inducements to contract holders typically can be characterized as one of the following types:

- a. Immediate bonuses. In the case of the **immediate bonus**, the insurance entity is obligated to credit to the contract holder's account the sales inducement as a result of signing the contract. The contract holder account balance is increased for the full amount of the immediate bonus on the date that the bonus is contractually granted.
- b. Persistence bonuses. A **persistence bonus** is credited to the contract holder account balance at the end of a specified period if the contract remains in force at that date.
- c. **{add glossary link}**Enhanced-crediting-rate bonuses**{add glossary link}**. In an enhanced crediting rate sales inducement, the insurance entity offers customers a crediting rate for a stated period in excess of that currently being offered by the entity for other similar contracts. Pursuant to the contract, the enhanced crediting rate is applicable for a limited period of time, after which the rate is reset under the contractual provisions, typically at the discretion of the insurance entity.

237. Amend paragraph 944-40-55-13 as follows:

Financial Services—Insurance—Claim Costs and Liabilities for Future Policy Benefits

Implementation Guidance and Illustrations

Long-Duration Contracts

> > > Enhanced Crediting Rate Bonuses

944-40-55-13 As defined in this Subtopic, in an ~~enhanced crediting rate sales inducement~~ **enhanced-crediting-rate bonus**, the insurance entity offers customers a crediting rate for a stated period in excess of that currently being offered by the entity for other similar contracts. The liability for an ~~enhanced crediting rate sales inducement~~ **enhanced-crediting-rate bonus** should be accrued ratably over the bonus crediting period. If the criteria in paragraphs 944-30-25-6 through 25-7 are met, an asset should be established for the same amount.

Exchange

238. The Master Glossary contains two definitions of the term *exchange*. The first definition (Definition 1) originates from APB Opinion No. 29, *Accounting for Nonmonetary Transactions*, and the second definition (Definition 2) originates from AICPA Statement of Position 04-2, *Accounting for Real Estate Time-Sharing Transactions*.

239. Definition 2 is used primarily in Subtopic 978-605, Real Estate—Time-Sharing Activities—Revenue Recognition. This Subtopic is expected to be superseded when the FASB’s revenue recognition project is finalized. Therefore, the Board decided to incorporate Definition 2 of *exchange* into Subtopic 978-10, Real Estate—Time-Sharing Activities—Overall, and supersede Definition 2. Definition 1 remains unchanged.

240. Supersede the following Master Glossary term as follows:

Exchange (Definition 2)

~~The trading, by a purchaser of a time sharing interval, of that time sharing interval for a given year for another time interval, another location, or another kind of privilege of ownership. Such trading is often effected through the buyer’s membership in an exchange entity. Many developers also offer an internal exchange program. Buyers typically pay a fee for exchange privileges.~~

241. Amend paragraph 978-10-05-6 as follows:

Real Estate—Time-Sharing Activities—Overall

Overview and Background

978-10-05-6 The time-sharing industry has introduced a variety of transaction structures to differentiate its products and enhance sales volumes. For example, buyers often have the right to ~~{remove glossary link}exchange{remove glossary link}~~ periodic use of their time-sharing intervals for use of other time-sharing intervals or for various consumer products, frequently through a third-party exchange entity. In this context, an *exchange* is the trading, by a purchaser

of a time-sharing interval, of that time-sharing interval for a given year for another time interval, another location, or another kind of privilege of ownership. Such trading is often effected through the buyer's membership in an exchange entity. Many developers also offer an internal exchange program. Buyers typically pay a fee for exchange privileges. Time-sharing transactions include the sale of **fixed time** and **floating time, points** (which may be redeemed so that a buyer may occupy a specific property), vacation clubs, and fractional interests; the use of time-sharing special-purpose entities to hold title to real estate; and the provision of the right to use real estate for a specified period.

242. Amend **paragraph** 978-605-25-3 as follows:

Real Estate—Time-Sharing Activities—Revenue Recognition

Recognition

978-605-25-3 If the seller, an affiliate of the seller, or other related party operates a **points** program, **vacation club**, ~~{remove glossary link}~~**exchange**~~{remove glossary link}~~ program, **affinity program**, or similar program, the operation of the program constitutes continuing involvement by the seller. The terms affiliate and related party have the same meaning here as in Topic 850. The seller shall evaluate whether it receives compensation at prevailing market rates for that service. If the seller provides the service without compensation or at compensation less than prevailing market rates for the service required or on terms not usual for the service to be rendered, compensation shall be imputed when the sale is recorded (by reducing the **sales value of the interval**) and profit shall be appropriately recorded under the guidance on continuing involvement in Subtopic 360-20 (see paragraph 978-310-35-2; see also paragraph 978-605-55-2).

243. Amend paragraph 978-605-30-6 as follows:

Initial Measurement

978-605-30-6 A cash incentive is either cash or an incentive provided to a buyer that the buyer would otherwise be required to pay, such as required first-year maintenance fees to an owners association or required closing costs on a time-sharing interval. A noncash incentive is an incentive provided to a buyer that the buyer could elect to purchase, such as a first-year membership in an optional ~~{remove glossary link}~~**exchange**~~{remove glossary link}~~ program, amusement park tickets, or a voucher that can be used to obtain airline tickets from an airline at no charge. If a seller provides, at no charge, a noncash incentive, such as an airline voucher, to a buyer in order to consummate a time-sharing transaction, the seller shall reduce the stated sales price of the time-sharing interval by the fair value of the voucher and record the fair value of the voucher as a separate revenue item. Alternatively, if a seller sells a time-sharing interval together with a

membership in an exchange program and provides the first-year membership at no charge to the buyer, the fair value of the exchange program fees shall be treated as a cash incentive because those fees would be required to be paid. Therefore, the stated sales price of the time-sharing interval shall be reduced by the fair value of the fees and that fair value shall be treated as a reduction in the seller's cost of the fees (rather than as a separate revenue item).

244. Amend paragraph 978-605-55-16 as follows:

Implementation Guidance and Illustrations

978-605-55-16 Sometimes a developer offers to pay an interval purchaser's owners association maintenance fee for a fixed period of time as a sales **incentive**. Sometimes a developer operates an internal **{remove glossary link}exchange{remove glossary link}** program whereby a time-share buyer can exchange his or her interval for a given year for another **unit** or week (or both) in the developer's network of time-sharing properties. Under paragraph 360-20-40-43, if the seller provides the exchange service at less than prevailing market rates for the service, compensation shall be imputed when the sale is recognized and recognized as revenue as the exchange services are performed. The fees of independent time-sharing exchange entities should be considered in determining prevailing market rates, but it should be recognized that the services of an independent exchange entity may be more complex than the services of an internal exchange program.

Expected Long-Term Rate of Return on Plan Assets

245. The Master Glossary contains two definitions of the term *expected long-term rate of return on plan assets*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

246. Definitions 1 and 2 are substantially the same, and therefore the Board decided to supersede Definition 2 to resolve this redundancy. This Update replaces all links to Definition 2 with links to Definition 1 of *expected long-term rate of return on plan assets* in Subtopic 715-30.

247. Supersede the following Master Glossary term as follows:

Expected Long-Term Rate of Return on Plan Assets (Definition 2)

~~An assumption as to the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation.~~

248. Amend paragraph 715-30-35-47 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

> > Expected Long-Term Rate of Return

715-30-35-47 The {remove glossary link to 2nd definition and add glossary link to 1st definition}expected long-term rate of return on plan assets{remove glossary link to 2nd definition and add glossary link to 1st definition} shall reflect the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. In estimating that rate, appropriate consideration shall be given to the returns being earned by the plan assets in the **fund** and the rates of return expected to be available for reinvestment. The expected long-term rate of return on plan assets is used (with the market-related value of assets) to compute the expected return on assets. In the context of its use in this paragraph, funds to be invested refers only to the reinvestment of returns on existing plan assets.

249. Amend paragraph 715-30-55-40 as follows:

Implementation Guidance and Illustrations

715-30-55-40 The definition of market-related value of plan assets contemplates the use of systematic and rational methodology that reflects only the changes in fair value of plan assets between various dates. An example of an unacceptable method for determining the market-related value of plan assets follows. It is not acceptable because it introduces a factor (see layer [b]) that can be unrelated to the change in the fair value of plan assets. This example of an unacceptable market-related value of plan assets is determined with a total return-on-plan asset component consisting of three layers:

- a. An expected return-on-plan asset component based on the beginning-of-year market-related value of plan assets, cash flow during the year, and the {remove glossary link to 2nd definition and add glossary link to 1st definition}expected long-term rate of return on plan assets{remove glossary link to 2nd definition and add glossary link to 1st definition}
- b. An amount equal to the change in the accumulated benefit obligation that resulted from any change during the year in the assumed discount rates used to determine the accumulated benefit obligation (The amount is reduced pro rata if plan assets are less than the accumulated benefit obligation.)

- c. A variance component equal to a percentage (for example, 20 percent if a 5-year-averaging period is used) of the difference between the **actual return on plan assets** based on the fair values of those plan assets and the expected return on plan assets derived from component layers (a) and (b).

Expected Return on Plan Assets

250. The Master Glossary contains two definitions of the term *expected return on plan assets*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

251. Definitions 1 and 2 are nearly identical, differing by the addition of the word *plan* in Definition 1. The Board therefore decided to supersede Definition 2 and replace all links to Definition 2 with links to Definition 1 of *expected return on plan assets* in Subtopic 715-30 and in the Master Glossary term *return on plan assets*.

252. Amend the following Master Glossary term as follows:

Return on Plan Assets

See **Actual Return on Plan Assets** and {remove glossary link to 2nd definition and add glossary link to 1st definition} **Expected Return on Plan Assets**{remove glossary link to 2nd definition and add glossary link to 1st definition}.

253. Supersede the following Master Glossary term as follows:

~~Expected Return on Plan Assets (Definition 2)~~

~~An amount calculated as a basis for determining the extent of delayed recognition of the effects of changes in the fair value of assets. The expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market related value of plan assets.~~

254. Amend paragraph 715-30-35-22 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

715-30-35-22 Asset gains and losses are differences between the actual return on plan assets during a period and the {remove glossary link to 2nd definition and add glossary link to 1st definition} **expected return on plan assets**{remove glossary link to 2nd definition and add glossary link to 1st

definition} for that period. Asset gains and losses include both changes reflected in the **market-related value of plan assets** and changes not yet reflected in the market-related value (that is, the difference between the fair value of assets and the market-related value). Gains or losses on transferable securities issued by the employer and included in plan assets are also included in asset gains and losses. Asset gains and losses not yet reflected in market-related value are not required to be amortized under paragraphs 715-30-35-24 through 35-25.

255. Amend paragraphs 715-30-55-3 and 715-30-55-160 as follows:

Implementation Guidance and Illustrations

General

> > Net Periodic Pension Cost

715-30-55-3 Paragraph 715-30-35-4 provides that **net periodic pension cost** is an aggregation of various pension cost components, some of which are expenses or losses (which increase net periodic pension cost) and some of which are revenues or gains (which decrease net periodic pension cost). It is possible for the revenue or gain components to exceed the expense or **loss** components, resulting in net periodic pension income. For example, a pension plan may have an **{remove glossary link to 2nd definition and add glossary link to 1st definition}**expected return on plan assets**{remove glossary link to 2nd definition and add glossary link to 1st definition}** or **amortization** of a transition asset remaining in accumulated other comprehensive income that exceeds the other net periodic pension cost components.

Settlements, Curtailments, and Certain Termination Benefits

> > Settlement Measurement Issues

715-30-55-160 A pension plan may use a **market-related value of plan assets** other than fair value for purposes of determining the **{remove glossary link to 2nd definition and add glossary link to 1st definition}**expected return on plan assets**{remove glossary link to 2nd definition and add glossary link to 1st definition}** under the guidance in paragraph 715-30-35-51. That basis shall not be used in determining the maximum gain or loss subject to pro rata recognition in earnings when a pension benefit obligation is settled. The fair value of plan assets as of the date of settlement shall be used.

Explicit Approach to Assumptions

256. The Master Glossary contains two definitions of the term *explicit approach to assumptions*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

257. Definitions 1 and 2 are the same, except Definition 2 provides a link to the related Master Glossary term *implicit approach to assumptions*. Therefore, the Board decided to supersede Definition 1 and replace all links to Definition 1 with links to Definition 2 of *explicit approach to assumptions* in Subtopic 715-60.

258. Supersede the following Master Glossary term as follows:

Explicit Approach to Assumptions (Definition 1)

~~An approach under which each significant assumption used reflects the best estimate of the plan's future experience solely with respect to that assumption.~~

259. Amend paragraph 715-60-35-71 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Subsequent Measurement

> > Assumptions

715-60-35-71 Measuring the net periodic postretirement benefit cost and accumulated postretirement benefit obligation based on best estimates is superior to implying, by a failure to accrue, that no cost or obligation exists before the payment of benefits. This Subtopic requires the use of **{remove glossary link to 1st definition of explicit approach to assumptions and add glossary link to 2nd definition of explicit approach to assumptions}****explicit assumptions{remove glossary link to 1st definition of explicit approach to assumptions and add glossary link to 2nd definition of explicit approach to assumptions}**, each of which individually represents the best estimate of a particular future event, to measure the expected postretirement benefit obligation. A portion of that expected postretirement benefit obligation is attributed to each period of an employee's service associated with earning the postretirement benefits, and that amount is accrued as service cost for that period.

Front-End Sales Load

260. The Master Glossary contains two terms associated with the same definition: *front-end sales load* and *front-end sales fee*. Both terms originate from AICPA Audit and Accounting Guide, *Investment Companies*. The definition of the term *front-end sales load* is a reference to *front-end sales fee*, and the terms are used interchangeably in practice. Additionally, the term *front-end load* that is used in Topic 946 is more technically sound than *front-end sales load* and *front-end sales fee*. Therefore, the Board decided to rename the term *front-end sales fee* to the more generic term *front-end load* and supersede the term *front-end sales load*. There are two places in the Codification where the term *front-end load* was used, and the Board decided to create links to those paragraphs.

261. Supersede the following Master Glossary term as follows:

~~Front-End Sales Load~~

See ~~Front-End Sales Fee~~.

262. Amend the following Master Glossary term as follows:

Front-End Load ~~Sales Fee~~

A sales commission or charge payable at the time of purchase of mutual fund shares.

263. Amend paragraph 946-10-05-5 as follows:

Financial Services—Investment Companies—Overall

Overview and Background

946-10-05-5 Multiple-class funds issue more than one class of shares. Each class of shares typically has a different kind of sales charge, such as a **{add glossary link}front-end load{add glossary link} contingent-deferred sales load, 12b-1** fee (referring to Rule 12b-1 in Chapter 17 of the Code of Federal Regulations, which implements the Investment Company Act of 1940), or combinations thereof. Multiple-class funds may charge different classes of shares for specific or incremental expenses, such as transfer-agent, registration, and printing expenses related to each class.

264. Amend paragraph 946-20-05-1D as follows:

Financial Services—Investment Companies—Investment Company Activities

Overview and Background

946-20-05-1D Multiple-class funds issue more than one class of shares. Each class of shares typically has a different kind of sales charge, such as a [{add glossary link}](#)front-end load[{add glossary link}](#), **contingent-deferred sales load**, **12b-1** fee (referring to Rule 12b-1 in Chapter 17 of the Code of Federal Regulations, which implements the Investment Company Act of 1940), or combinations thereof. Multiple-class funds may charge different classes of shares for specific or incremental expenses, such as transfer-agent, registration, and printing expenses related to each class.

265. Amend paragraph 946-605-25-8 as follows:

Financial Services—Investment Companies—Revenue Recognition

Recognition

> Distribution Fees and Costs for Mutual Funds with No Front-End Sales Fee-Load

946-605-25-8 Distributors of mutual funds that do not have a ~~front-end sales fee~~ **front-end load** receive fees that are designed to compensate them for the distribution of fund shares. The fees are sometimes received over a specified future period. The cost deferral method shall be used, that is, the fees shall be recognized when received, the deferred incremental direct costs shall be amortized, and the indirect costs shall be expensed when incurred.

Funding Policy

266. The Master Glossary contains three definitions of the term *funding policy*. The first definition (Definition 1) originates from Statement 35, the second definition (Definition 2) originates from Statement 87, and the third definition (Definition 3) originates from Statement 106.

267. Definitions 1 and 2 are identical and are specific to pension plans. Definition 3 is substantially the same as Definitions 1 and 2 but is specific to postretirement benefit plans. The Board decided to supersede Definitions 1 and 2 and amend Definition 3 to refer to pension plans as well as postretirement benefit plans. This Update replaces all links to Definitions 1 and 2 with links to the amended Definition 3 of *funding policy* in Subtopics 715-30, 960-205, and 960-310.

268. Amend the following Master Glossary term as follows:

Funding Policy (Definition 3)

The program regarding the amounts and timing of contributions by the employers, plan participants, and any other sources (for example, state subsidies or federal grants) to provide the benefits a pension plan or other postretirement benefit plan specifies.

269. Supersede the following Master Glossary terms as follows:

Funding Policy (Definition 1)

~~The program regarding the amounts and timing of contributions by the employer(s), participants, and any other sources (for example, state subsidies or federal grants) to provide the benefits a pension plan specifies.~~

Funding Policy (Definition 2)

~~The program regarding the amounts and timing of contributions by the employer(s), participants, and any other sources (for example, state subsidies or federal grants) to provide the benefits a pension plan specifies.~~

270. Amend paragraph 715-30-05-8 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Overview and Background

715-30-05-8 The following terms are widely used when addressing pensions, yet are not included in the text of the standards: **Actuarial Funding Method, Actuarial Gain or Loss, Allocated Contract, Benefit Approach, Cost-Compensation Approach, Contributory Plan, Cost Approach, Funding Method, {remove glossary link to 2nd definition and add glossary link to 3rd definition}Funding Policy{remove glossary link to 2nd definition and add glossary link to 3rd definition}, Implicit Approach to Assumptions, Plan Assets Available for Benefits, Sponsor, and Unallocated Contract.**

271. Amend paragraph 960-205-50-1(d) as follows:

Plan Accounting—Defined Benefit Pension Plans—Presentation of Financial Statements

Disclosure

960-205-50-1 The financial statements shall include the following disclosures, if applicable:

- d. The **{remove glossary link to 1st definition and add glossary link to 3rd definition}funding policy{remove glossary link to 1st definition and add glossary link to 3rd definition}** and any changes in such policy during the plan year. If significant costs of plan administration are being absorbed by the employer(s), that fact shall be disclosed. For a **contributory plan**, the disclosure shall state the method of determining participants' contributions. Plans subject to the Employee Retirement Income Security Act shall disclose whether the minimum funding requirements of the Act have been met. If a minimum funding waiver has been granted by the Internal Revenue Service (IRS) or if a request for a waiver is pending before the IRS, that fact shall be disclosed.

272. Amend paragraph 960-205-55-1 as follows:

Implementation Guidance and Illustrations

> Illustrations

> > Example 1: Illustrative Annual Financial Statements of Defined Benefit Pension Plan

960-205-55-1 [Note: Only the section “C&H Company Pension Plan—Notes to Financial Statements—C. Funding Policy” is shown here because that is the only part of this paragraph that has been amended.]

C&H COMPANY PENSION PLAN

Notes to Financial Statements

- C. **{remove glossary link to 1st definition and add glossary link to 3rd definition}Funding Policy{remove glossary link to 1st definition and add glossary link to 3rd definition}**

As a condition of participation, employees are required to contribute 3% of their salary to the Plan. Present employees' accumulated contributions at December 31, 1981 [1980], were \$2,575,000 [\$2,325,000], including interest credited at an interest rate of 5% compounded annually. The Company's funding policy is to make annual contributions to the Plan in amounts that are estimated to remain a constant percentage of employees' compensation each year (approximately 5% for 1981 [and 1980]), such that, when combined with employees' contributions, all employees' benefits will be fully provided for by the time they retire. Beginning in 1982, the Company's contribution is expected to increase to approximately 6% to provide for the increase in benefits attributable to the Plan amendment effective July 1, 1981 (Note G). The Company's contributions for 1981 [and 1980] exceeded

the minimum funding requirements of the Employee Retirement Income Security Act.

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in the Employee Retirement Income Security Act.

273. Amend paragraph 960-310-25-2 as follows:

Plan Accounting—Defined Benefit Pension Plans— Receivables

Recognition

960-310-25-2 Amounts due include those pursuant to formal commitments as well as legal or contractual requirements. With respect to an employer's contributions, evidence of a formal commitment may include any of the following:

- a. A resolution by the employer's governing body approving a specified contribution
- b. A consistent pattern of making payments after the plan's year-end pursuant to an established **{remove glossary link to 1st definition and add glossary link to 3rd definition}** funding policy **{remove glossary link to 1st definition and add glossary link to 3rd definition}** that attributes such subsequent payments to the preceding plan year
- c. A deduction of a contribution for federal tax purposes for periods ending on or before the reporting date
- d. The employer's recognition as of the reporting date of a contribution payable to the plan. The existence of accrued pension costs does not, by itself, provide sufficient support for recognition of a contribution receivable. For various reasons, amounts recorded as accrued pension costs by an employer may differ from amounts formally committed to the plan. For example, the method used for measurement of periodic pension costs for the employer's financial statements may differ from the method used for determining the amount and incidence of employer contributions.

Gain or Loss

274. The Master Glossary contains two definitions of the term *gain or loss*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

275. Definitions 1 and 2 are substantially the same, but Definition 1 is specific to postretirement benefit plans, and Definition 2 is specific to pension plans. To

eliminate this redundancy, the Board concluded that Definition 2 should be superseded and Definition 1 should be amended to include both postretirement benefit plan and pension plan terminology. This Update replaces all links to Definition 2 with links to the amended Definition 1 of *gain or loss* in Subtopic 715-30, the definition of the Master Glossary term *loss*, and the definition of the Master Glossary term *actuarial gain or loss*.

276. Amend the following Master Glossary terms as follows:

Actuarial Gain or Loss

See {remove glossary link to 2nd definition and add glossary link to 1st definition}Gain or Loss{remove glossary link to 2nd definition and add glossary link to 1st definition}.

Gain or Loss (Definition 1)

A change in the value of either the ~~accumulated postretirement~~ benefit obligation (projected benefit obligation for pension plans or accumulated postretirement benefit obligation for other postretirement benefit plans) or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption, or the consequence of a decision to temporarily deviate from the ~~other postretirement benefit~~ substantive plan. Gains or losses that are not recognized in net periodic pension cost or net periodic postretirement benefit cost when they arise are recognized in other comprehensive income. Those gains or losses are subsequently recognized as a component of net periodic pension cost or net periodic postretirement benefit cost based on the recognition and amortization provisions of Subtopic 715-30 or Subtopic 715-60.

Loss

See {remove glossary link to 2nd definition and add glossary link to 1st definition}Gain or Loss{remove glossary link to 2nd definition and add glossary link to 1st definition}.

277. Supersede the following Master Glossary term as follows:

Gain or Loss (Definition 2)

~~A change in the value of either the projected benefit obligation or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption. Gains and losses that are not recognized in net periodic~~

~~pension cost when they arise are recognized in other comprehensive income. These gains or losses are subsequently recognized as a component of net periodic pension cost based on the amortization provisions of Subtopic 715-30.~~

278. Amend paragraph 715-30-05-9 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Overview and Background

Settlements, Curtailments, and Certain Termination Benefits

715-30-05-9 The Settlements, Curtailments, and Certain Termination Benefits Subsections establish standards for an employer's accounting for **settlement of defined benefit pension obligations**, for **curtailment of a defined benefit pension plan**, and for certain termination benefits, and define the events that require adjustments to assets and liabilities and that require certain amounts previously recognized in accumulated other comprehensive income to be recognized in earnings. The Settlements, Curtailments, and Certain Termination Benefits Subsections provide guidance that results in the net **{remove link to 2nd definition and add glossary link to 1st definition}gain or loss{remove link to 2nd definition and add glossary link to 1st definition}** and **prior service cost**, which were previously recognized in accumulated other comprehensive income, being recognized in income in the period when all of the following conditions are met:

- a. All pension obligations are settled.
- b. Defined benefits are no longer accrued under the plan.
- c. The plan is not replaced by another defined benefit plan.
- d. No **plan assets** remain.
- e. The employees are terminated.
- f. The plan ceases to exist as an entity.

279. Amend paragraphs 715-30-35-75 and 715-30-35-79 as follows:

Subsequent Measurement

Settlements, Curtailments, and Certain Termination Benefits

715-30-35-75 This Subsection does not establish a proper sequence of events to follow in measuring the effects of a settlement and a curtailment that are to be recognized at the same time. Although the sequence selected can affect the determination of the aggregate **{remove glossary link to 2nd definition and add**

glossary link to 1st definition}gain or loss{remove glossary link to 2nd definition and add glossary link to 1st definition} recognized, the selection of the event to be measured first (settlement or curtailment) is an arbitrary decision and neither order is demonstrably superior to the other. However, an employer shall consistently apply the same sequence of events in determining the effects of all settlements and curtailments that are to be recognized at the same time.

> Settlements

715-30-35-79 The maximum gain or loss subject to recognition in earnings when a pension obligation is settled is the net **{remove glossary link}gain or loss{remove glossary link}** remaining in accumulated other comprehensive income plus any transition asset remaining in accumulated other comprehensive income from initial application of this Subtopic. That maximum amount includes any gain or **loss** first measured at the time of settlement. The maximum amount shall be recognized in earnings if the entire **projected benefit obligation** is settled. If only part of the projected benefit obligation is settled, the employer shall recognize in earnings a pro rata portion of the maximum amount equal to the percentage reduction in the projected benefit obligation. If the purchase of a **participating annuity contract** constitutes a settlement under the guidance in paragraphs 715-30-35-85 through 35-89, the maximum gain (but not the maximum loss) shall be reduced by the cost of the **participation right** before determining the amount to be recognized in earnings.

280. Amend paragraph 715-30-55-6 as follows:

Implementation Guidance and Illustrations

715-30-55-6 An employer may withdraw excess plan assets (cash) from a pension plan, not be required to settle a pension benefit obligation as part of an asset reversion transaction, and, as provided for in paragraph 715-30-55-145, no net **{remove glossary link to 2nd definition and add glossary link to 1st definition}gain or loss{remove glossary link to 2nd definition and add glossary link to 1st definition}** included in accumulated other comprehensive income would be immediately recognized in earnings. However, the withdrawal of excess plan assets shall be recorded as a negative contribution. That is, the employer shall record a debit to cash and a credit to the net pension asset or liability, as appropriate.

281. Amend paragraph 715-30-60-8 as follows:

Relationships

> Nonmonetary Transactions

715-30-60-8 For the requirements related to ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~gain or loss~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~ recognition for the spinoff of pension-related assets or obligations transferred in a spinoff of nonmonetary assets to owners of an entity, see Subtopic 845-10.

Land Development Costs

282. The Master Glossary contains two terms associated with the same definition: *land development costs* and *land improvement costs*. The term *land improvement costs* originates from AICPA Audit and Accounting Guide, *Agricultural Producers and Agricultural Cooperatives (2008)*, and is not used outside the Master Glossary. The term *land development costs* has no listed source in the Codification and is not linked in the Codification. The Board received feedback that the term *land development costs* is more commonly used in practice than *land improvement costs*. Therefore, the Board decided to supersede the definition of *land development costs* with the definition of *land improvement costs*. This Update replaces all links within the Master Glossary to *land improvement costs* with links to *land development costs*.

283. Supersede the Master Glossary term as follows:

Land Improvement Costs

~~Land improvement and development costs generally fall within two broad classifications, permanent and limited life, described as follows:~~

- ~~a. Permanent land development costs include the costs of initial land surveys, titles, initial clearing, and initial leveling.~~
- ~~b. Limited life land development costs are those that will lose value as time passes or as the land and its improvements are used. Costs identified as limited life improvements include water distribution systems, fencing, and drainage tile. The useful lives of those improvements are reasonably determinable.~~

284. Amend the following Master Glossary terms as follows:

Land Development Costs

See **Land Improvement Costs**. Land improvement and development costs generally fall within two broad classifications, permanent and limited-life, described as follows:

- a. Permanent land development costs include the costs of initial land surveys, titles, initial clearing, and initial leveling.

- b. Limited-life land development costs are those that will lose value as time passes or as the land and its improvements are used. Costs identified as limited-life improvements include water distribution systems, fencing, and drainage tile. The useful lives of those improvements are reasonably determinable.

Limited-Life Land Development Costs

See ~~Land Improvement Costs~~, Land Development Costs.

Permanent Land Development Costs

See ~~Land Improvement Costs~~, Land Development Costs.

Market Condition and Market Conditions

285. The Master Glossary contains two terms related to market conditions: *market condition* and *market conditions*. The term *market condition* originates from Statement 123(R), and the term *market conditions* originates from EITF Issue No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*.

286. These two terms have substantially the same meaning. However, the definition of *market condition* is more comprehensive than the definition of *market conditions*. As a result, the Board decided to supersede the term *market conditions* and replace all links to *market conditions* with links to *market condition* in Subtopic 505-50.

287. Supersede the following Master Glossary term as follows:

Market Conditions

~~Conditions that relate to achievement of a specified market target, for example, attaining a specified stock price or specified amount of intrinsic value of a stock option.~~

288. Amend paragraph 505-50-05-4 as follows:

Equity—Equity-Based Payments to Non-Employees

Overview and Background

505-50-05-4 While certain transactions that involve the contemporaneous exchange of equity instruments for goods or services do not create practice issues, others are more complex in that the exchange spans several periods and the issuance of the equity instruments is contingent on service or delivery of goods that must be completed by the grantee in order to vest in the equity instrument. Additionally, sometimes a fully vested, nonforfeitable equity instrument issued to a grantee contains terms that may vary based on the achievement of a **performance condition** or certain ~~{remove glossary link to market conditions and add glossary link to market condition}~~**market conditions**~~{remove glossary link to market conditions and add glossary link to market condition}~~. Performance conditions are those conditions that relate to the achievement of a specified performance target, such as attaining a specified level of sales, as contrasted with market conditions, which relate to the achievement of a specified market target such as attaining a specified stock price or amount of intrinsic value.

289. Amend paragraphs 505-50-30-3 and 505-50-30-22 as follows:

Initial Measurement

505-50-30-3 Throughout this Subtopic, the term *equity instruments* is meant to include both the equity instruments that are provided for in the arrangement with the counterparty and any embedded or freestanding issuer commitments to change the quantity or terms thereof based on **counterparty performance conditions** or ~~{remove glossary link to market conditions and add glossary link to market condition}~~**market conditions**~~{remove glossary link to market conditions and add glossary link to market condition}~~.

> > > If the Quantity or Any of the Terms of the Equity Instruments Are Not Known up Front

505-50-30-22 When measuring the equity instrument before the measurement date because of a need to recognize the cost of a transaction under GAAP, the quantity or any of the terms of the equity instruments may not be known up front. The following guidance addresses these situations and establishes the measurement requirements if the quantity or terms of the equity instruments are dependent on any of the following:

- a. ~~{remove glossary link}~~**Market conditions**~~{remove glossary link}~~
- b. **Counterparty performance conditions**
- c. Combination of market conditions and counterparty performance conditions.

290. Amend paragraph 505-50-35-4 as follows:

Subsequent Measurement

> > Grantor Accounting

505-50-35-4 Grantor accounting guidance is provided for arrangements with:

- a. Only **{remove glossary link to market conditions and add glossary link to market condition}market conditions{remove glossary link to market conditions and add glossary link to market condition}**
- b. Only **counterparty performance conditions**
- c. Both market conditions and counterparty performance conditions
- d. Acceleration of exercisability conditions.

291. Amend paragraph 505-50-55-11 as follows:

Implementation Guidance and Illustrations

> > Example 3: Arrangement Contains a Market Condition

505-50-55-11 Paragraphs 505-50-30-28 and 505-50-30-31 provide guidance on accounting for transactions with market conditions, including transactions that also contain performance conditions. The following Cases illustrate how to apply the guidance regarding the date the equity instruments are to be measured to a transaction that contains a market condition:

- a. Transaction with only a **{remove glossary link to market conditions and add glossary link to market condition}market condition{remove glossary link to market conditions and add glossary link to market condition}** (Case A)
- b. Transaction with both a market condition and **counterparty performance condition** (Case B).

Market-Related Value of Plan Assets

292. The Master Glossary contains two definitions of the term *market-related value of plan assets*. The first definition (Definition 1) originates from FASB Special Report, *A Guide to Implementation of Statement 87 on Employers' Accounting for Pensions: Questions and Answers*, and the second definition (Definition 2) originates from Statement 106.

293. Definitions 1 and 2 are substantially the same, but Definition 1 refers to the criteria for a method of calculating market-related value to be considered systematic and rational. Therefore, the Board concluded that Definition 2 should be superseded and all links to Definition 2 should be replaced with links to Definition 1 of *market-related value of plan assets* in Subtopic 715-60.

294. Supersede the following Master Glossary term as follows:

~~Market-Related Value of Plan Assets (Definition 2)~~

~~A balance used to calculate the expected return on plan assets. The market-related value of plan assets shall be either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. Different methods of calculating market related value may be used for different classes of assets (for example, an employer might use fair value for bonds and a five year moving average value for equities), but the manner of determining market related value shall be applied consistently from year to year for each class of plan assets.~~

295. Amend paragraph 715-60-35-26 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Subsequent Measurement

715-60-35-26 The **expected return on plan assets** shall be determined based on the **expected long-term rate of return on plan assets** (see paragraphs 715-60-35-84 through 35-87) and the ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~**market-related value of plan assets**~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~. If the fund holding plan assets is a taxable entity, the expected long-term rate of return on plan assets is net of estimated income taxes.

Modification

296. The Master Glossary contains two definitions of the term *modification*. The first definition (Definition 1) originates from Statement 123(R), and the second definition (Definition 2) originates from SOP 04-2. Definition 2 is linked only once within the Codification, while Definition 1 is more widely used. To eliminate the redundancy of two definitions of *modification*, the Board decided to remove Definition 2 and its link in Subtopic 978-310, Real Estate—Time-Sharing Activities—Receivables. Definition 2 has been incorporated into Subtopic 978-310; Definition 1 remains unchanged.

297. Supersede the following Master Glossary term as follows:

Modification (Definition 2)

~~A change in the terms of the financing agreement between buyer and seller, typically to accommodate a situation in which the buyer is unable to meet his or her original contractual payment obligations.~~

298. Amend paragraph 978-310-35-4 as follows:

Real Estate—Time-Sharing Activities—Receivables

Subsequent Measurement

978-310-35-4 A note receivable ~~{remove glossary link}modification{remove glossary link}, deferment, or downgrade~~ represents a troubled debt restructuring involving a change to only the modification of the terms of a note receivable, typically to accommodate a situation in which the debtor (time-share buyer) is unable to meet the original contractual payment obligations. Therefore, the creditor (time-share seller) shall account for a note receivable, modification, deferment, or downgrade ~~these transactions~~ in accordance with Topic 310. Any reductions in the recorded investment in a note receivable resulting from the application of that Topic shall be charged against the allowance for uncollectibles, because the estimated losses were recorded against revenue at the time the time-share sale was recognized or were recorded subsequently against revenue as a change in estimate. Incremental, direct costs associated with uncollectibility, such as costs of collection programs, shall be charged to expense as incurred.

Multiple-Employer Plan

299. The Master Glossary contains two definitions of the term *multiple-employer plan*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

300. Definitions 1 and 2 are substantially the same, although Definition 1 is specific to postretirement benefits plans, and Definition 2 is specific to pension plans. Therefore, the Board concluded that Definition 2 should be superseded and Definition 1 should be amended to include pension plans as well as postretirement benefit plans. This Update replaces all links to Definition 2 with links to the amended Definition 1 of *multiple-employer plan* in Subtopic 715-30.

301. Amend the following Master Glossary term as follows:

Multiple-Employer Plan (Definition 1)

A pension plan or other postretirement benefit plan maintained by more than one employer but not treated as a multiemployer plan. Multiple-employer plans are generally not collectively bargained and are intended to allow participating employers, commonly in the same industry, to pool their plan assets for investment purposes and to reduce the cost of plan administration. A multiple-employer plan maintains separate accounts for each employer so that contributions provide benefits only for employees of the contributing employer. Multiple-employer plans may have features that allow participating employers to

have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer.

302. Supersede the following Master Glossary term as follows:

Multiple-Employer Plan (Definition 2)

~~A pension plan maintained by more than one employer but not treated as a multiemployer plan. Multiple employer plans are not as prevalent as single-employer and multiemployer plans, but some of the ones that do exist are large and involve many employers. Multiple employer plans are generally not collectively bargained and are intended to allow participating employers, commonly in the same industry, to pool their assets for investment purposes and reduce the costs of plan administration. A multiple employer plan maintains separate accounts for each employer so that contributions provide benefits only for employees of the contributing employer. Some multiple employer plans have features that allow participating employers to have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer.~~

303. Amend paragraph 715-30-35-70 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

> Multiple-Employer Plans

715-30-35-70 Some pension plans to which two or more unrelated employers contribute are not multiemployer plans. Rather, they are in substance aggregations of **single-employer plans** combined to allow participating employers to pool their assets for investment purposes and to reduce the costs of plan administration. Those ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~**multiple-employer plans**~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~ ordinarily do not involve collective-bargaining agreements. They may also have features that allow participating employers to have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer. Such plans shall be considered single-employer plans rather than multiemployer plans for purposes of this Subtopic, and each employer's accounting shall be based on its respective interest in the plan.

304. Amend paragraph 715-30-55-62 as follows:

Implementation Guidance and Illustrations

> > Multiemployer, Multiple-Employer, and Single-Employer Plans

715-30-55-62 Subtopic 715-80 provides guidance on multiemployer plans. Paragraph 715-30-35-70 provides guidance on **{remove glossary link to 2nd definition and add glossary link to 1st definition}multiple-employer plans{remove glossary link to 2nd definition and add glossary link to 1st definition}** that distinguishes multiemployer from multiple-employer plans and requires that multiple-employer plans be viewed as in-substance aggregations of **single-employer plans**. The following example illustrates the guidance in that paragraph.

Net Realizable Value

305. The Master Glossary contains two definitions of the term *net realizable value*. The first definition (Definition 1) does not have a source, and the second definition (Definition 2) originates from SOP 85-3.

306. Definition 1 is linked only within the second definition of the term *market* in the Master Glossary, while Definition 2 is specific to the valuation of inventories. To eliminate the redundancy of two definitions of *net realizable value*, the Board decided to supersede Definition 1 and amend Definition 2 to make the definition more broadly applicable. This Update replaces the link to Definition 1 in the second definition of *market* with a link to the amended Definition 2 of *net realizable value*.

307. Amend the following Master Glossary terms as follows:

Market (Definition 2)

As used in the phrase lower of cost or market, the term market means current replacement cost (by purchase or by reproduction, as the case may be) provided that it meets both of the following conditions:

- a. Market shall not exceed the **{remove glossary link to 1st definition and add glossary link to 2nd definition}net realizable value{remove glossary link to 1st definition and add glossary link to 2nd definition}**
- b. Market shall not be less than net realizable value reduced by an allowance for an approximately normal profit margin.

Net Realizable Value (Definition 2)

~~Valuation of inventories at estimated~~ Estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

308. Supersede the following Master Glossary term as follows:

~~**Net Realizable Value (Definition 1)**~~

~~Estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal.~~

Participant

309. The Master Glossary contains two definitions of *participant*. The first definition (Definition 1) originates from Statement 35, and the second definition (Definition 2) originates from Statement 87.

310. Definitions 1 and 2 are nearly identical and both relate to pension plans. As a result, the Board decided to supersede Definition 1 and replace all links to Definition 1 with links to Definition 2, the more recent definition, of *participant* in Subtopic 960-20. In addition, the Board decided to amend Definition 2 to include accumulated plan benefits.

311. Amend the following Master Glossary term as follows:

Participant (Definition 2)

Any employee or former employee, or any member or former member of a trade or other employee association, or the beneficiaries of those individuals, for whom there are pension plan benefits or other accumulated plan benefits.

312. Supersede the following Master Glossary term as follows:

~~**Participant (Definition 1)**~~

~~Any employee or former employee, or any member or former member of a trade or other employee association, or the beneficiaries of those individuals, for whom there are accumulated plan benefits.~~

313. Amend paragraphs 960-20-35-2 and 960-20-35-17 as follows:

Plan Accounting—Defined Benefit Pension Plans— Accumulated Plan Benefits

Subsequent Measurement

960-20-35-2 For plans below a certain size, that alternative may be preferable to selection of certain assumptions (for example, mortality rates) appropriate for the ~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~ participant ~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~ group because the validity of actuarial assumptions is dependent on the law of large numbers. The use of insurance entity premium rates might also reduce for some plans the cost of implementing this Subtopic.

960-20-35-17 Thus, rolling back to the beginning of the year or projecting to the end of the year detailed **employee service**-related data as of a date within the year may be acceptable in approximating beginning- or end-of-year **benefit information**. It is expected that only in unusual circumstances will projecting the data collected during a triennial valuation to a **benefit information date** in a subsequent year satisfy the criterion of providing results that are substantially the same as those that would be obtained using data as of that later date. An example of such unusual circumstances might be a small plan with a stable ~~{remove glossary link}~~ participant ~~{remove glossary link}~~ population.

Payout Phase

314. The Master Glossary contains two terms associated with the same definition: *payout phase* and *annuitization phase*. The term *annuitization phase* originates from AICPA Statement of Position 03-01, *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*. The definition of the term *payout phase* has no source listed in the Codification and is a reference to *annuitization phase*. The term *annuitization phase* is used and linked within the Codification, while the term *payout phase* is not. However, the Board received feedback that, while interchangeable, the term *payout phase* is more commonly used in practice. Therefore, the Board decided to supersede the term *annuitization phase* and amend the definition of *payout phase* to be consistent with the previous definition of *annuitization phase*. The Board also decided to replace the term *annuitization phase* with the term *payout phase* throughout the Codification.

315. The term *payout phase* is also used in paragraph 815-15-55-57; this paragraph originates from Statement 133 Implementation Issue B25, “Embedded Derivatives: Deferred Variable Annuity Contracts with Payment Alternatives at the End of the Accumulation Period.” Although the paragraph does not have the same source as the term’s definition, its use is consistent with the term’s definition in AICPA SOP 03-1. Because the term’s use is consistent with its definition, the Board concluded that the term should be linked to paragraph 815-15-55-57.

316. Supersede the following Master Glossary term as follows:

Annuitization Phase

~~The period during which the contract holder is receiving periodic payments from an annuity, also referred to as the **payout phase**.~~

317. Amend the following Master Glossary term as follows:

Payout Phase

See ~~Annuitization Phase~~.—The period during which the contract holder is receiving periodic payments from an annuity, also referred to as the annuitization phase.

318. Amend paragraph 815-15-55-57 as follows:

Derivatives and Hedging—Embedded Derivatives

Implementation Guidance and Illustrations

> > > Payment Alternatives for Variable Annuity Contracts

815-15-55-57 There are various types of annuity payment options offered by insurance entities to policyholders. This guidance addresses four common payment alternatives. The first three are payment alternatives offered during the accumulation phase of the contract, while the fourth involves guaranteed minimum periodic annuity payments in the contract's **{add glossary link}**payout phase**{add glossary link}**.

319. Amend paragraphs 944-30-35-10, 944-30-35-18, 944-30-35-28, and 944-30-35-38 as follows:

Financial Services—Insurance—Acquisition Costs

Subsequent Measurement

Long-Duration Contracts

> > Contracts that Provide Annuitization Benefits

944-30-35-10 The estimated gross profits used for the amortization of deferred acquisition costs shall be adjusted to reflect the recognition of the liability determined in accordance with paragraphs 944-40-35-12 through 35-13.

Capitalized acquisition costs shall continue to be amortized over the present value of estimated gross profits, as adjusted, over the expected life of the book of contracts. For purposes of amortization of deferred acquisition costs, the life of the book of contracts excludes the ~~annuitization phase~~ payout phase.

> Sale Inducements

944-30-35-18 Sales inducements deferred under paragraph 944-30-25-7 shall be amortized using the same methodology and assumptions used to amortize capitalized acquisition costs. The ~~annuitization phase~~ payout phase is viewed as a separate contract under this Topic and shall not be combined with the **accumulation phase** for amortization of deferred sales inducements.

Internal Replacement Transactions

> Overall

944-30-35-28 The ~~annuitization phase~~ payout phase of a contract is separate and distinct from and shall not be accounted for as a continuation of the **accumulation phase**, even if annuitization is in accordance with terms fixed in the original contract.

> > Contracts that Are Substantially Unchanged

944-30-35-38 An internal replacement that is determined to result in a replacement contract that is substantially unchanged from the replaced contract shall be accounted for as a continuation of the replaced contract. However, even if both accumulation and ~~annuitization phase~~ payout phase contracts are **investment contracts** involving no life contingencies, the ~~annuitization phase~~ payout phase of a contract is separate and distinct from and cannot be accounted for as a continuation of the accumulation phase of the contract. For a short-duration contract, renewal results in a separate and distinct contract that cannot be accounted for as a continuation of the previous contract. Example 1 (see paragraph 944-30-55-12) illustrates the application of this guidance.

320. Amend paragraph 944-40-30-26 as follows:

Financial Services—Insurance—Claim Costs and Liabilities for Future Policy Benefits

Initial Measurement

Long-Duration Contracts

> > Universal Life-Type Contracts with Annuitization Benefits

944-40-30-26 The additional liability required under paragraph 944-40-25-27 shall be measured initially based on the benefit ratio determined by the following numerator and denominator:

- a. Numerator. The present value of expected annuitization payments to be made and related incremental **claim adjustment expenses**, discounted at estimated investment yields expected to be earned during the ~~annuitization phase~~ **payout phase** of the contract, minus the expected accrued account balance at the expected annuitization date (the excess payments).
- b. Denominator. The present value of total expected assessments during the **accumulation phase** of the contract.

Total expected assessments are the aggregate of all charges, including those for administration, mortality, expense, and surrender, regardless of how characterized.

Pension Benefits

321. The Master Glossary contains two definitions of the term *pension benefits*. The first definition (Definition 1) originates from Statement 35, and the second definition (Definition 2) originates from Statement 87.

322. Definitions 1 and 2 both relate to pension plans and are substantially the same, but Definition 2 is more detailed. Therefore, to eliminate this redundancy, the Board concluded that Definition 1 should be superseded and all links to Definition 1 should be replaced with links to Definition 2 of *pension benefits* in Subtopic 960-10, Subtopic 960-20, Subtopic 960-30, and Subtopic 960-205.

323. Supersede the following Master Glossary term as follows:

~~Pension Benefits (Definition 1)~~

~~Periodic (usually monthly) payments made to a person who has retired from employment.~~

324. Amend paragraphs 960-10-15-2 as follows:

Plan Accounting—Defined Benefit Pension Plans—Overall

Scope and Scope Exceptions

> Entities

960-10-15-2 The guidance in this Topic applies to the following entities:

- a. All ongoing plans, funded or unfunded, that provide **{remove glossary link to 1st definition and add glossary link to 2nd definition}** pension benefits**{remove glossary link to 1st definition and add glossary link to 2nd definition}** for the employees of one or more employers or for the members of a trade or other **employee** association, including the following:
 1. Subparagraph not used
 2. Plans that are subject to the provisions of the Employee Retirement Income Security Act
 3. Plans that are not subject to the provisions of the Employee Retirement Income Security Act
 4. Plans that have no intermediary **funding agency** or plans that may be financed through any of the following:
 - i. One or more trust funds
 - ii. One or more contracts with insurance entities
 - iii. A combination thereof.
- b. Plans maintained outside the United States that are similar to plans maintained in the United States if financial statements of such plans are intended to conform with U.S. generally accepted accounting principles (GAAP).

325. Amend paragraph 960-20-35-11 as follows:

Plan Accounting—Defined Benefit Pension Plans—Accumulated Plan Benefits

Subsequent Measurement

960-20-35-11 **{remove glossary link to 1st definition and add glossary link to 2nd definition}** Pension benefits**{remove glossary link to 1st definition and add glossary link to 2nd definition}** are not paid unless employees live to retirement, and they cease upon death unless there is a coannuitant, as in the case of a joint and survivor option. Therefore, accumulated plan benefits shall be adjusted to reflect participants' longevity.

326. Amend paragraph 960-30-45-4 as follows:

Plan Accounting—Defined Benefit Pension Plans—Net Assets Available for Plan Benefits

Other Presentation Matters

> **401(h) Accounts**

960-30-45-4 Because 401(h) net assets may not be used to satisfy pension obligations, the total of net assets available for **{remove glossary link to 1st definition and add glossary link to 2nd definition}** pension benefits **{remove glossary link to 1st definition and add glossary link to 2nd definition}** shall not include assets held in a **401(h) account** related to obligations of the health and welfare benefit plan.

327. Amend paragraph 960-205-50-5 as follows:

Plan Accounting—Defined Benefit Pension Plans— Presentation of Financial Statements

Disclosure

960-205-50-5 Because the Employee Retirement Income Security Act requires 401(h) accounts to be reported as assets of the pension plan, a reconciliation of the net assets reported in the financial statements to those reported in Form 5500 is required. The reconciliation shall be accompanied by a discussion of the 401(h) account, explaining clearly that the assets in the 401(h) account are not available to pay **{remove glossary link to 1st definition and add glossary link to 2nd definition}** pension benefits **{remove glossary link to 1st definition and add glossary link to 2nd definition}**.

328. Amend paragraph 960-205-55-1 as follows:

Implementation Guidance and Illustrations

> Illustrations

>> Example 1: Illustrative Annual Financial Statements of Defined Benefit Pension Plan

960-205-55-1 [Note: Only the section “C&H Company Pension Plan—Notes to Financial Statements—A. Description of Plan” is shown here because that is the only part of this paragraph that has been amended.]

C&H COMPANY PENSION PLAN

Notes to Financial Statements

[Note: The notes are for the accompanying illustrative financial statements that use an end-of-year benefit information date. Modifications necessary to accompany the illustrative financial statements that use a beginning-of-year benefit information date are bracketed.]

A. Description of Plan

The following brief description of the C&H Company Pension Plan (Plan) is provided for general information purposes only.

Participants should see the Plan agreement for more complete information.

1. General. The Plan is a **defined benefit pension plan** covering substantially all employees of C&H Company (Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974.
2. **{remove glossary link to 1st definition and add glossary link to 2nd definition}Pension Benefits{remove glossary link to 1st definition and add glossary link to 2nd definition}. Employees with 10 or more years of **service** are entitled to annual pension **benefits** beginning at normal retirement age (65) equal to 1 1/2% of their final 5-year average annual compensation for each year of service.**

The Plan permits early retirement at ages 55-64. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the Company's contributions.

Employees may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or termination, or they may elect to receive their benefits as a life annuity payable monthly from retirement.

For each employee electing a life annuity, payments will not be less than the greater of the employee's accumulated contributions plus interest or an annuity for five years.

3. Death and Disability Benefits. If an active employee dies at age 55 or older, a death benefit equal to the value of the employee's accumulated pension benefits is paid to the employee's beneficiary.

Active employees who become totally disabled receive annual disability benefits that are equal to the normal retirement benefits they have accumulated as of the time they become disabled.

Disability benefits are paid until normal retirement age at which time disabled participants begin receiving normal retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as at the time they became disabled.

Phase

329. The Master Glossary contains two definitions of the term *phase*. The first definition (Definition 1) originates from FASB Statement No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects*, and the second definition (Definition 2) originates from SOP 04-2.

330. Definition 2 is specific to time-sharing and appears throughout Topic 978, Real Estate—Time-Sharing Activities, while Definition 1 is linked only twice in Subtopic 970-340, Real Estate—General—Other Assets and Deferred Costs, and Subtopic 970-360, Real Estate—General—Property, Plant, and Equipment. Therefore, the Board decided to incorporate Definition 1 into Definition 2 to create a general definition that can be used in both Topics 970 and 978.

331. Supersede the following Master Glossary term as follows:

Phase (Definition 1)

~~A parcel on which units are to be constructed concurrently.~~

332. Amend the following Master Glossary term as follows:

Phase (Definition 2)

A contractually or physically distinguishable portion of a ~~real estate time-sharing project (including time-sharing projects)~~. That portion is distinguishable from other portions based on shared characteristics such as:

- a. Units a developer has declared or legally registered to be for sale
- b. Units linked to an owners association
- c. Units to be constructed during a particular time period
- d. How a developer plans to build the real estate ~~time-sharing~~ project.

333. Amend paragraph 970-340-25-10 as follows:

Real Estate—General—Other Assets and Deferred Costs

Recognition

Real Estate Project Costs

970-340-25-10 Costs of amenities shall be allocated among land parcels benefited and for which development is probable. A land parcel may be

considered to be an individual lot or unit, an amenity, or a **{remove glossary link to 1st definition and add glossary link to 2nd definition}phase{remove glossary link to 1st definition and add glossary link to 2nd definition}**. The fair value of a parcel is affected by its physical characteristics, its highest and best use, and the time and cost required for the buyer to make such use of the property considering access, development plans, zoning restrictions, and market absorption factors.

334. Amend paragraph 970-360-30-1 as follows:

Real Estate—General—Property, Plant, and Equipment

Initial Measurement

Real Estate Project Costs

> Allocation of Capitalized Costs

970-360-30-1 The capitalized costs of real estate projects shall be assigned to individual components of the project based on specific identification. If specific identification is not practicable, capitalized costs shall be allocated as follows:

- a. Land cost and all other **common costs**, including the costs of **amenities** to be allocated as common costs per paragraphs 970-340-25-9 through 25-11 (before construction), shall be allocated to each land parcel benefited. Allocation shall be based on the **relative fair value before construction**.
- b. Construction costs shall be allocated to individual units in the **{remove glossary link to 1st definition and add glossary link to 2nd definition}phase{remove glossary link to 1st definition and add glossary link to 2nd definition}** on the basis of relative sales value of each unit.

If allocation based on relative value also is impracticable, capitalized costs shall be allocated based on area methods (for example, square footage) or other value methods as appropriate under the circumstances.

Plan

335. The Master Glossary contains two definitions of the term *plan*. The first definition (Definition 1) originates from AICPA Statement of Position 90-7, *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*, and the second definition (Definition 2) originates from Statement 106.

336. Definitions 1 and 2 are unrelated and therefore both must remain. To resolve the redundancy of two definitions of the term *plan*, the Board decided to replace Definition 1 of *plan* with the term *plan of reorganization* in Subtopic 852-10, Reorganizations—Overall. Definition 1 has also been amended to remove a reference to “plan of reorganization.” Definition 2 remains unchanged.

337. Amend the following Master Glossary term as follows:

Plan of Reorganization (Definition 1)

An agreement formulated in **Chapter 11** proceedings under the supervision of the **Bankruptcy Court** that enables the debtor to continue in business. The plan, once confirmed, may affect the rights of undersecured creditors, secured creditors, and stockholders as well as those of unsecured creditors. Before a plan is confirmed by the Bankruptcy Court, it must comply with general provisions of the **Bankruptcy Code**. Those provisions mandate, for example, that the plan is feasible, the plan is in the best interest of the creditors, and, if an impaired class does not accept the plan, the plan must be determined to be fair and equitable before it can be confirmed. ~~Sometimes referred to as a plan of reorganization.~~

338. Amend paragraph 852-10-05-3 as follows:

Reorganizations—Overall

Overview and Background

852-10-05-3 An entity enters reorganization under **Chapter 11** by filing a **petition** with the Bankruptcy Court, an adjunct of the United States District Courts. The filing of the petition starts the **reorganization proceeding**. The goal of the proceeding is to maximize recovery by creditors and shareholders by preserving it as a viable entity with a going concern value. For that purpose, the entity prepares a **plan of reorganization** ~~of reorganization~~ intended to be confirmed by the court. The plan provides for treatment of all the assets and liabilities of the debtor, which might result in forgiveness of indebtedness. For the plan to be confirmed and the reorganization proceedings thereby concluded, the consideration to be received by parties in interest under the plan must exceed the consideration they would otherwise receive on liquidation of the entity under Chapter 7 of the Bankruptcy Code. The court may confirm a plan even if some classes of creditors or some of the stockholders have not accepted it, provided that it meets standards of fairness required by Chapter 11 to the dissenting class of creditors or the dissenting stockholders.

339. Amend paragraph 852-10-45-4 as follows:

Other Presentation Matters

> > Balance Sheet

852-10-45-4 The balance sheet of an entity in Chapter 11 shall distinguish **prepetition liabilities** subject to compromise from those that are not (such as fully secured liabilities that are expected not to be compromised) and **postpetition liabilities**. Liabilities that may be affected by the plan shall be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. If there is uncertainty about whether a **secured claim** is unsecured, or will be impaired under the **plan of reorganization**, the entire amount of the **claim** shall be included with **prepetition claims** subject to compromise; such a claim shall not be reclassified unless it is subsequently determined that the claim is not subject to compromise.

Plan Amendment

340. The Master Glossary contains two definitions of the term of *plan amendment*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

341. Definitions 1 and 2 are similar, but Definition 1 does not refer to the initiation of a new plan. Therefore, the Board decided to amend Definition 1 to include initiation of a new plan, supersede Definition 2, and replace all links to Definition 2 with links to Definition 1 of *plan amendment* in Subtopic 715-30.

342. Amend the following Master Glossary term as follows:

Plan Amendment (Definition 1)

A change in the existing terms of a plan or the initiation of a new plan. A plan amendment may increase benefits (a positive plan amendment), or reduce or eliminate benefits (a negative plan amendment), including those benefits attributed to years of service already rendered.

343. Supersede the following Master Glossary term as follows:

~~**Plan Amendment (Definition 2)**~~

~~A change in the terms of an existing plan or the initiation of a new plan. A plan amendment may increase benefits, including those attributed to years of service already rendered.~~

344. Amend paragraphs 715-30-35-10 and 715-30-35-91 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

General

> > Prior Service Costs

715-30-35-10 {remove glossary link to 2nd definition and add glossary link to 1st definition} **Plan amendments**{remove glossary link to 2nd definition and add glossary link to 1st definition} (including initiation of a plan) often include provisions that grant increased benefits based on services rendered in prior periods. Because plan amendments are granted with the expectation that the employer will realize economic benefits in future periods, this Subtopic does not require the cost of providing such retroactive benefits (that is, prior service cost) to be included in net periodic pension cost entirely in the year of the amendment, absent the conditions addressed in paragraph 715-30-35-16, but provides for recognition during the future service periods of those employees active at the date of the amendment who are expected to receive benefits under the plan.

Settlements, Curtailments, and Certain Termination Benefits

715-30-35-91 The employer shall recognize a loss in the circumstances described in the preceding paragraph at the time the deficiency is assumed by the employer if any gain was recognized on the original settlement. The loss recognized would be the lesser of any gain recognized on the original settlement or the amount of the benefit obligation assumed by the employer. The excess of the obligation assumed by the employer over the loss recognized shall be accounted for as a {remove glossary link to 2nd definition and add glossary link to 1st definition}**plan amendment**{remove glossary link to 2nd definition and add glossary link to 1st definition} or plan initiation in accordance with paragraphs 715-30-35-10 through 35-17. Subsequent accounting shall be in accordance with the provisions of this Subtopic.

345. Amend paragraphs 715-30-55-18 and 715-30-55-132 as follows:

Implementation Guidance and Illustrations

General

715-30-55-18 However, a history of retroactive **{add glossary link to 1st definition}** plan amendments **{add glossary link to 1st definition}** is not enough, in isolation, to establish a substantive commitment. Absent other evidence of a substantive commitment, such a history should be considered in determining the appropriate amortization periods for **prior service cost** as discussed in paragraph 715-30-35-14. An employer's accounting for its pension plan should not anticipate a retroactive **{remove glossary link}** plan amendment **{remove glossary link}** that is not part of a series of retroactive plan amendments necessary to effect a substantive commitment to have a formula greater than its written form.

Settlements, Curtailments, and Certain Termination Benefits

715-30-55-132 An employer may terminate its pension plan, settle a pension benefit obligation, withdraw excess **plan assets**, and establish a successor pension plan that has the same pension benefit formula. In this situation, a settlement occurs but a curtailment does not. Although employees no longer accrue pension benefits under the terminated pension plan, they do accrue pension benefits under the successor pension plan. From an accounting viewpoint, those two pension plans are viewed as one pension plan because, in substance, the pension plan has not been terminated. The only transactions requiring accounting recognition in the employer's financial statements are the settlement and the withdrawal of excess plan assets. See paragraphs 715-30-35-74 through 35-78 for guidance on whether a settlement or curtailment has occurred if defined benefits continue to be provided for future services. If the successor pension plan provides (reduced) increased pension benefits for all years of employees' future **service**, that change in the benefit formula is accounted for as a (negative) pension **{remove glossary link to 2nd definition and add glossary link to 1st definition}** plan amendment **{remove glossary link to 2nd definition and add glossary link to 1st definition}**. See paragraph 715-30-55-54 for guidance on negative plan amendments.

Plan Termination

346. The Master Glossary contains two definitions of the term *plan termination*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

347. Definitions 1 and 2 are substantially the same; however, Definition 2 refers to the purchase of annuities, which Definition 1 does not. Definition 1 is also specific to postretirement benefit plans, while Definition 2 is specific to pension plans. The Board therefore decided to supersede Definition 2 and amend Definition 1 to create a broader definition by referencing annuities and pension plans. This Update replaces all links to Definition 2 with links to the amended Definition 1 of *plan termination* in Subtopic 715-30.

348. Amend the following Master Glossary term as follows:

Plan Termination (Definition 1)

An event in which the pension plan or postretirement benefit plan ceases to exist and all benefits are settled by the purchase of insurance contracts (for example, annuities), or by other means. The plan may or may not be replaced by another plan. A plan termination with a replacement plan may or may not be in substance a plan termination for accounting purposes.

349. Supersede the following Master Glossary term as follows:

~~**Plan Termination (Definition 2)**~~

~~An event in which the pension plan ceases to exist and all benefits are settled by purchase of annuities or other means. The plan may or may not be replaced by another plan. A plan termination with a replacement plan may or may not be in substance a plan termination for accounting purposes.~~

350. Amend paragraph 715-30-35-21 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

715-30-35-21 Gains and losses that are not recognized immediately as a component of net periodic pension cost shall be recognized as increases or decreases in other comprehensive income as they arise. Accounting for **{remove glossary link to 2nd definition and add glossary link to 1st definition}**plan terminations**{remove glossary link to 2nd definition and add glossary link to 1st definition}** and **curtailments** and other circumstances in which recognition of gains and losses as a component of net periodic pension cost might not be delayed is addressed in the Settlements, Curtailments, and Certain Termination Benefits Terminations Subsection of this Section.

351. Amend paragraphs 715-30-55-5 and 715-30-55-133 as follows:

Implementation Guidance and Illustrations

General

715-30-55-5 The overall temporary difference discussed in the preceding paragraph will reverse in one of two ways. First, at some future time the pension plan may not be so overfunded because of poor investment performance or because of increases in the obligation due to a decline in interest rates, additional pension benefits earned for future years of **service**, or amendments to the pension plan that increase pension benefits. In this case, net periodic pension cost for future years would eventually exceed amounts funded in those years. Second, if the pension plan remains overfunded and continually generates investment returns in excess of increases in the pension obligation, the employer may terminate the pension plan to recapture excess assets. In this case, the gain for accounting purposes from the pension ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~plan termination~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~ would be less than the taxable amount resulting from that event. Although the reversal of the temporary difference may be far in the future and may be somewhat under the employer's control, there is a temporary difference for which deferred taxes should be provided.

Settlements, Curtailments, and Certain Termination Benefits

715-30-55-133 A settlement of the pension benefit obligation as part of a pension ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~plan termination~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~ (with no successor pension plan) may occur in a financial reporting period that differs from the period in which the effects of the curtailment resulting from the pension plan termination ordinarily would be recognized. The effects of the settlement and the effects of the curtailment that result from a pension plan termination shall be recognized in accordance with paragraphs 715-30-35-79 through 35-82 and 715-30-35-92 through 35-94, respectively, which may result in the effects of those events being recognized in different periods. See Example 8 (paragraph 715-30-55-236) for an illustration of a termination and a settlement recognized in different periods.

Prior Service Cost

352. The Master Glossary contains two definitions of the term *prior service cost*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

353. Definitions 1 and 2 are substantially the same. The Board decided that Definition 1 should be superseded and that Definition 2 should be amended to remove a reference to pensions. Definition 2 is less focused on benefit improvements. This Update replaces all links to Definition 1 with links to the amended Definition 2 of *prior service cost* in Subtopic 715-60.

354. Amend the following Master Glossary term as follows:

Prior Service Cost (Definition 2)

The cost of retroactive benefits granted in a plan amendment. Retroactive benefits are benefits granted in a plan amendment (or initiation) that are attributed by the ~~pension~~ benefit formula to employee services rendered in periods before the amendment.

355. Supersede the following Master Glossary term, with no link to a transition paragraph, as follows:

~~**Prior Service Cost (Definition 1)**~~

~~The cost of benefit improvements attributable to plan participants' prior service pursuant to a plan amendment or a plan initiation that provides benefits in exchange for plan participants' prior service.~~

356. Amend paragraphs 715-60-35-9, 715-60-35-140, and 715-60-35-163 as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Subsequent Measurement

General

715-60-35-9 Net periodic postretirement benefit cost comprises several components that reflect different aspects of the employer's financial arrangements. All of the following components shall be included in the net periodic postretirement benefit cost recognized by an employer sponsoring a **defined benefit postretirement plan**:

- a. **Service cost** (see the following paragraph).

- b. **Interest cost** (see paragraph 715-60-35-11). The interest cost component of postretirement benefit cost shall not be considered interest for purposes of applying Subtopic 835-20.
- c. **Actual return on plan assets**, if any (see paragraphs 715-60-35-23 through 35-36)
- d. **Amortization** of any **{remove glossary link to 1st definition and add glossary link to 2nd definition}**prior service cost**{remove glossary link to 1st definition and add glossary link to 2nd definition}** or credit included in accumulated other comprehensive income to the extent required by paragraphs 715-60-35-13 through 35-20.
- e. **Gain or loss** (including the effects of changes in assumptions) to the extent recognized, which includes amortization of the net gain or loss included in accumulated other comprehensive income (see paragraphs 715-60-35-23 through 35-36).
- f. Amortization of any obligation or asset existing at the date of initial application of this Subtopic, hereinafter referred to as the **transition obligation** or **transition asset** remaining in accumulated other comprehensive income (see paragraphs 715-60-35-38 through 35-40).

Medicare Prescription Drug, Improvement, and Modernization Act

715-60-35-140 If prescription drug benefits currently available under an existing plan are deemed not actuarially equivalent as of the date of enactment of the Act, but the plan is subsequently amended to provide actuarially equivalent benefits, the direct effect of the plan amendment on the accumulated postretirement benefit obligation (that is, the effect of only the change in prescription drug coverage) and the effect on the accumulated postretirement benefit obligation from any resulting subsidy to which the employer is expected to be entitled as a result of the amendment shall be combined. If that combined effect reduces the accumulated postretirement benefit obligation, it is deemed to be an actuarial experience gain pursuant to paragraph 715-60-35-23. If the combined effect increases the accumulated postretirement benefit obligation, it is deemed to be **{remove glossary link to 1st definition and add glossary link to 2nd definition}**prior service cost**{remove glossary link to 1st definition and add glossary link to 2nd definition}** that shall be accounted for pursuant to paragraphs 715-60-35-13 through 35-19.

Settlements, Curtailments, and Certain Termination Benefits

715-60-35-163 Accordingly, these Subsections require recognition in net periodic postretirement benefit cost of any related **{remove glossary link to 1st definition and add glossary link to 2nd definition}**prior service cost**{remove glossary link to 1st definition and add glossary link to 2nd definition}** included in accumulated other comprehensive income.

357. Amend paragraphs 715-60-55-20 and 715-60-55-106 as follows:

Implementation Guidance and Illustrations

General

715-60-55-20 It is important to distinguish between a reduction in the accumulated postretirement benefit obligation caused by a negative plan amendment and a reduction caused by a curtailment. Unless the plan is being terminated, a reduction in the accumulated postretirement benefit obligation caused by a negative plan amendment that exceeds any **transition obligation** or **{remove glossary link to 1st definition and add glossary link to 2nd definition}prior service cost{remove glossary link to 1st definition and add glossary link to 2nd definition}** included in accumulated other comprehensive income is not immediately recognized as a reduction of current postretirement benefit costs.

Settlements, Curtailments, and Certain Termination Benefits

> > Curtailments

715-60-55-106 This Subtopic requires recognition in **net periodic postretirement benefit cost** of any related **{remove glossary link to 1st definition and add glossary link to 2nd definition}prior service cost{remove glossary link to 1st definition and add glossary link to 2nd definition}** or **transition obligation** included in accumulated other comprehensive income.

Repurchase Agreement

358. The Master Glossary contains two definitions of the term *repurchase agreement*. The first definition (Definition 1) originates from FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and the second definition (Definition 2) originates from FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*.

359. The Board decided that Definition 2 should be renamed *repurchase agreement accounted for as a collateralized borrowing* because the definition of that term is limited to repurchase agreements accounted for as collateralized borrowings and is used in Topic 210-20, Balance Sheet—Offsetting, for accounting and disclosure requirements related to balance sheet offsetting. Definition 1 remains unchanged. Links to Definition 2 in Subtopics 940-320 and 940-405 have been replaced with links to Definition 1.

360. Amend the following Master Glossary term as follows:

**Repurchase Agreement Accounted for as a Collateralized Borrowing
(Definition 2)**

A repurchase agreement (repo) refers to a transaction ~~that is accounted for as a collateralized borrowing~~ in which a seller-borrower of securities sells those securities to a buyer-lender with an agreement to repurchase them at a stated price plus interest at a specified date or in specified circumstances. A repurchase agreement accounted for as a collateralized borrowing is a repo that does not qualify for sale accounting under Topic 860. The payable under a repurchase agreement accounted for as a collateralized borrowing refers to the amount of the seller-borrower's obligation recognized for the future repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a reverse repo.

361. Amend paragraph 210-20-05-3 as follows:

Balance Sheet—Offsetting

Overview and Background

> Repurchase and Reverse Repurchase Agreements

210-20-05-3 As defined, **repurchase agreements accounted for as collateralized borrowings** and **reverse repurchase agreements** represent collateralized borrowing and lending transactions. These transactions may involve a master netting agreement between the parties. This Subtopic addresses offsetting for such borrowing and lending transactions.

362. Amend paragraph 210-20-45-11 as follows:

Other Presentation Matters

> Repurchase and Reverse Repurchase Agreements

210-20-45-11 Notwithstanding the condition in paragraph 210-20-45-1(c), an entity may, but is not required to, offset amounts recognized as payables under **repurchase agreements accounted for as collateralized borrowings** and amounts recognized as receivables under **reverse repurchase agreements** if all of the following conditions are met:

[Because the remainder of this paragraph is unchanged, it is not shown here.]

363. Amend paragraph 210-20-50-1 as follows:

Disclosure

> Offsetting of Derivatives, Repurchase Agreements, and Securities Lending Transactions

210-20-50-1 The disclosure requirements in paragraphs 210-20-50-2 through 50-5 apply to both of the following:

- a. Subparagraph superseded by Accounting Standards Update No. 2013-01
- b. Subparagraph superseded by Accounting Standards Update No. 2013-01
- c. Recognized **derivative instruments** accounted for in accordance with Topic 815, including bifurcated embedded derivatives, **repurchase agreements accounted for as collateralized borrowings** and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset in accordance with either Section 210-20-45 or Section 815-10-45
- d. Recognized derivative instruments accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with either Section 210-20-45 or Section 815-10-45.

364. Amend paragraph 940-320-05-3 as follows:

Financial Services—Brokers and Dealers—Investments—Debt and Equity Securities

Overview and Background

Proprietary Trading Securities

940-320-05-3 The Proprietary Trading Securities Subsections provide guidance on accounting for **proprietary transactions**. A broker-dealer may buy and sell securities for its own account. Broker-dealers frequently enter into matched-stock borrow and loan transactions as a finder or conduit, or enter into **{remove**

glossary link to 2nd definition of repurchase agreement and add glossary link to 1st definition}repurchase{remove glossary link to 2nd definition of repurchase agreement and add glossary link to 1st definition} and reverse repurchase transaction agreements as part of a matched-book trading strategy. Further, complex trading strategies often involve numerous long and short positions in different products, so that those positions reflect a trading position that is different from its individual components (for example, **box spreads, conversions, and reversals).**

365. Amend paragraph 940-405-45-1 as follows:

Financial Services—Brokers and Dealers—Liabilities

Other Presentation Matters

940-405-45-1 Stock-loan and {remove glossary link to 2nd definition of repurchase agreement and add glossary link to 1st definition}repurchase transactions{remove glossary link to 2nd definition of repurchase agreement and add glossary link to 1st definition} may be entered into for the purpose of financing positions (such as in lieu of a bank loan). Topic 860 provides general guidance on such transactions. If such transactions are accounted for as financing transactions, the rebate or interest expense shall be reflected in the income statement as an expense separate and apart from any trading gains or losses.

Service

366. The Master Glossary contains two definitions of the term *service*. The first definition (Definition 1) originates from Statement 35, and the second definition (Definition 2) originates from Statement 87.

367. Definitions 1 and 2 both relate to pension plans, but Definition 2 is more comprehensive and recently updated than Definition 1. As a result, the Board decided to supersede Definition 1 and decided that all links to Definition 1 should be replaced with links to Definition 2 of *service* in Subtopics 960-10, 960-20, 960-205, and 960-310.

368. Supersede the following Master Glossary term as follows:

~~Service (Definition 1)~~

~~Periods of employment taken into consideration under a pension plan.~~

369. Amend paragraph 960-10-05-4 as follows:

Plan Accounting—Defined Benefit Pension Plans—Overall

Overview and Background

960-10-05-4 Defined benefit pension plans provide a promise to pay to participants specified benefits that are determinable and are based on such factors as age, years of **{remove glossary link to 1st definition and add glossary link to 2nd definition}**service**{remove glossary link to 1st definition and add glossary link to 2nd definition}**, and compensation. A plan's net assets are the existing means by which it may provide benefits, therefore, **net asset information** is necessary in assessing a plan's ability to pay benefits when due.

370. Amend paragraph 960-20-25-1 as follows:

Plan Accounting—Defined Benefit Pension Plans— Accumulated Plan Benefits

Recognition

> Application of Plan Provisions

960-20-25-1 Benefit information shall relate to the **benefits** reasonably expected to be paid in exchange for **employees' {remove glossary link to 1st definition and add glossary link to 2nd definition}service{remove glossary link to 1st definition and add glossary link to 2nd definition}** to the **benefit information date**.

371. Amend paragraphs 960-20-35-12 and 960-20-35-17 as follows:

Subsequent Measurement

960-20-35-12 For reasons other than death or disability, employees may cease rendering **{remove glossary link to 1st definition and add glossary link to 2nd definition}service{remove glossary link to 1st definition and add glossary link to 2nd definition}**. If they do so before their pension benefits become fully vested, some or all of those benefits (depending on the plan's vesting provision) are forfeited.

960-20-35-17 Thus, rolling back to the beginning of the year or projecting to the end of the year detailed **employee {remove glossary link}service{remove glossary link}**-related data as of a date within the year may be acceptable in

approximating beginning- or end-of-year **benefit information**. It is expected that only in unusual circumstances will projecting the data collected during a triennial valuation to a **benefit information date** in a subsequent year satisfy the criterion of providing results that are substantially the same as those that would be obtained using data as of that latter date. An example of such unusual circumstances might be a small plan with a stable **participant** population.

372. Amend paragraphs 960-20-55-1 as follows:

Implementation Guidance and Illustrations

> Implementation Guidance

> > Determining Benefit Information

960-20-55-1 For purposes of illustration, the following discussion is in terms of an individual **employee**. In practice, such **benefits** would be recognized on an aggregate rather than individual basis because it is usually not possible to predict whether and when an individual employee will become disabled (or elect early retirement, die in active ~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~service~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~), and so forth). It is, however, possible to estimate the disability (or early retirement, death, and so forth) benefits expected to become payable for a group of employees through the application of appropriate probability factors. The basic principle, however, is the same whether the computations are performed on an aggregate or an individual basis.

373. Amend paragraph 960-205-50-1(h) as follows:

Plan Accounting—Defined Benefit Pension Plans— Presentation of Financial Statements

Disclosure

960-205-50-1 The financial statements shall include the following disclosures, if applicable:

- h. Unusual or infrequent events or transactions occurring after the latest benefit information date but before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25) that might significantly affect the usefulness of the financial statements in an assessment of the plan's present and future ability to pay benefits. For example, a plan amendment adopted after the latest benefit information

date that significantly increases future benefits that are attributable to employees' {remove glossary link to 1st definition and add glossary link to 2nd definition}service{remove glossary link to 1st definition and add glossary link to 2nd definition} rendered before that date shall be disclosed. If reasonably determinable, the effects of such events or transactions shall be disclosed. If such effects are not quantified, the reasons why they are not reasonably determinable shall be disclosed. This guidance does not contemplate disclosure of normal changes after the benefit information date, such as benefits attributable to service rendered after that date.

374. Amend paragraph 960-205-55-1 as follows:

Implementation Guidance and Illustrations

> Illustrations

> > Example 1: Illustrative Annual Financial Statements of Defined Benefit Pension Plan

960-205-55-1 [Note: Only the section “C&H Company Pension Plan—Notes to Financial Statements—A. Description of Plan” is shown here because that is the only part of this paragraph that has been amended.]

C&H COMPANY PENSION PLAN

Notes to Financial Statements

[Note: The notes are for the accompanying illustrative financial statements that use an end-of-year benefit information date. Modifications necessary to accompany the illustrative financial statements that use a beginning-of-year benefit information date are bracketed.]

A. Description of Plan

The following brief description of the C&H Company Pension Plan (Plan) is provided for general information purposes only.

Participants should see the Plan agreement for more complete information.

1. General. The Plan is a **defined benefit pension plan** covering substantially all employees of C&H Company (Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974.
2. **Pension Benefits. Employees** with 10 or more years of {remove glossary link to 1st definition and add glossary link to 2nd definition}service{remove glossary link to 1st definition and

add glossary link to 2nd definition} are entitled to annual pension **benefits** beginning at normal retirement age (65) equal to 1 1/2% of their final 5-year average annual compensation for each year of service.

The Plan permits early retirement at ages 55-64. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the Company's contributions.

Employees may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or termination, or they may elect to receive their benefits as a life annuity payable monthly from retirement.

For each employee electing a life annuity, payments will not be less than the greater of the employee's accumulated contributions plus interest or an annuity for five years.

3. **Death and Disability Benefits.** If an active employee dies at age 55 or older, a death benefit equal to the value of the employee's accumulated pension benefits is paid to the employee's beneficiary.

Active employees who become totally disabled receive annual disability benefits that are equal to the normal retirement benefits they have accumulated as of the time they become disabled.

Disability benefits are paid until normal retirement age at which time disabled participants begin receiving normal retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as at the time they became disabled.

375. Amend paragraph 960-310-25-4 as follows:

Plan Accounting—Defined Benefit Pension Plans— Receivables

Recognition

> Unfunded Prior Service Costs

960-310-25-4 Unfunded **prior service costs** are not receivables of the plan because at the reporting date those amounts are not due from the employer(s). The employer(s) may or may not intend to eventually contribute amounts sufficient to eliminate the unfunded prior ~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~service~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~ costs. Until such payments are formally committed to the plan, unfunded prior service costs do not constitute a recordable resource of the plan. For similar reasons, any existing excess of the **actuarial present value of accumulated plan benefits** over the **net assets available for benefits** (excluding contributions receivable) is not a plan asset unless at the reporting date that amount is legally, contractually, or pursuant to a formal commitment due the plan.

Single-Employer Plan

376. The Master Glossary has two definitions of the term *single-employer plan*. The first definition (Definition 1) originates from Statement 106, and the second definition (Definition 2) originates from Statement 87.

377. Definitions 1 and 2 are substantially the same, although Definition 1 is specific to postretirement benefits plans and Definition 2 is specific to pension plans. Therefore, to resolve this redundancy and create a comprehensive definition, the Board concluded that Definition 2 should be superseded and that Definition 1 should be amended to include pension plans as well as postretirement benefit plans. This Update replaces all links to Definition 2 with links to the amended Definition 1 of *single-employer plan* in Subtopics 715-30 and 715-80, Compensation—Retirement Benefits—Multiemployer Plans.

378. Amend the following Master Glossary term as follows:

Single-Employer Plan (Definition 1)

A pension plan or other postretirement benefit plan that is maintained by one employer. The term also may be used to describe a plan that is maintained by related parties such as a parent and its subsidiaries.

379. Supersede the following Master Glossary term as follows:

Single-Employer Plan (Definition 2)

~~A pension plan that is maintained by one employer. The term also may be used to describe a plan that is maintained by related parties such as a parent and its subsidiaries.~~

380. Amend paragraph 715-30-35-70, with no link to a transition paragraph, as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Subsequent Measurement

> Multiple-Employer Plans

715-30-35-70 Some pension plans to which two or more unrelated employers contribute are not multiemployer plans. Rather, they are in substance aggregations of ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~single-employer plans~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~ combined to allow participating employers to pool their assets for investment purposes and to reduce the costs of plan administration. Those **multiple-employer plans** ordinarily do not involve collective-bargaining agreements. They may also have features that allow participating employers to have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer. Such plans shall be considered single-employer plans rather than multiemployer plans for purposes of this Subtopic, and each employer's accounting shall be based on its respective interest in the plan.

381. Amend paragraph 715-30-55-62 as follows:

Implementation Guidance and Illustrations

> > Multiemployer, Multiple-Employer, and Single-Employer Plans

715-30-55-62 Subtopic 715-80 provides guidance on multiemployer plans. Paragraph 715-30-35-70 provides guidance on **multiple-employer plans** that distinguishes multiemployer from multiple-employer plans and requires that multiple-employer plans be viewed as in-substance aggregations of ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~single-employer plans~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~. The following example illustrates the guidance in that paragraph.

382. Amend paragraph 715-80-50-4 as follows:

Compensation—Retirement Benefits—Multiemployer Plans

Disclosure

715-80-50-4 An employer that participates in a multiemployer plan that provides **pension benefits** shall provide a narrative description both of the general nature of the multiemployer plans that provide pension benefits and of the employer's participation in the plans that would indicate how the risks of participating in these plans are different from ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~single-employer plans~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~.

Sponsor

383. The Master Glossary contains three definitions of the term *sponsor*. The first definition (Definition 1) originates from Statement 35, and the third definition (Definition 3) originates from Statement 87. The second definition (Definition 2) relates to consolidations and is not addressed by this Update.

384. Definitions 1 and 3 are nearly identical; they differ only in that Definition 1 uses the word *organization*, while Definition 3 uses the word *entity*. As a result, the Board decided that Definition 1 should be superseded and all links to Definition 1 replaced with links to Definition 3, the most recent definition, of *sponsor* in Subtopics 960-20, 960-30, and 960-205. In addition, *sponsor* is used in Topic 962, *Plan Accounting—Defined Contribution Pension Plans*, and its use is consistent with its meaning in Topic 960. Therefore, the Board also decided to link the term throughout Topic 962.

385. Supersede the following Master Glossary term as follows:

Sponsor (Definition 1)

~~In the case of a pension plan established or maintained by a single employer, the employer; in the case of a plan established or maintained by an employee organization, the employee organization; in the case of a plan established or maintained jointly by two or more employers or by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other group of representatives of the parties that have established or that maintain the pension plan.~~

386. Amend paragraph 960-20-35-1 as follows:

Plan Accounting—Defined Benefit Pension Plans— Accumulated Plan Benefits

Subsequent Measurement

> Assumptions Used in Determining Benefit Information

960-20-35-1 An assumption of an ongoing plan shall underlie the other assumptions used in determining the **actuarial present value of accumulated plan benefits**. Every other significant assumption used in that determination and disclosed pursuant to paragraph 960-20-50-8 shall reflect the best estimate of the plan's future experience solely with respect to that individual assumption. As to certain assumptions, all of the following shall apply:

- a. Assumed rates of return shall reflect the expected rates of return during the periods for which payment of benefits is deferred and shall be consistent with returns realistically achievable on the types of assets held by the plan and the plan's investment policy. To the extent that assumed rates of return are based on values of existing plan assets, the values used in determining assumed rates of return shall be the values presented in the plan's financial statements pursuant to the requirements of the Plan Accounting—Defined Benefit Pension Plans Topic.
- b. Expected rates of inflation assumed in estimating automatic cost-of-living adjustments shall be consistent with the assumed rates of return.
- c. Administrative expenses expected to be paid by the plan (not those paid by the {remove glossary link to 1st definition and add glossary link to 3rd definition}sponsor{remove glossary link to 1st definition and add glossary link to 3rd definition}) that are associated with providing accumulated plan benefits shall be reflected either by appropriately adjusting the assumed rates of return or by assigning those expenses to future periods and discounting them to the benefit information date.

387. Amend paragraph 960-30-45-2(d) as follows:

Plan Accounting—Defined Benefit Pension Plans—Net Assets Available for Plan Benefits

Other Presentation Matters

960-30-45-2 Minimum disclosure shall include all of the following:

- d. Contributions from participants, including those transmitted by the {remove glossary link to 1st definition and add glossary link to 3rd definition}sponsor{remove glossary link to 1st definition and add glossary link to 3rd definition}.

388. Amend paragraph 960-205-50-1(g) as follows:

Plan Accounting—Defined Benefit Pension Plans— Presentation of Financial Statements

Disclosure

960-205-50-1 The financial statements shall include the following disclosures, if applicable:

- g. Significant real estate or other transactions in which the plan and any of the following parties are jointly involved:
 1. The {remove glossary link to 1st definition and add glossary link to 3rd definition}sponsor{remove glossary link to 1st definition and add glossary link to 3rd definition}
 2. The employer(s)
 3. The **employee** organization(s).

389. Amend paragraph 960-205-55-2 as follows:

Implementation Guidance and Illustrations

> > Example 2: Illustrative Defined Benefit Pension Plan Financial Statements and Related 401(h) Account Disclosures

960-205-55-2 [Note: Only the section “Notes to Financial Statements—A. 401(h) Account” is shown here because that is the only part of this paragraph that has been amended.]

Notes to Financial Statements

A. 401 (h) Account

Effective January 1, 19X0, the Plan was amended to include a medical-benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligations for retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code. A **separate account** has been established and maintained in the Plan for the net assets related to the medical-benefit component (401(h) account). In accordance with Internal Revenue Code Section 401(h), the Plan’s investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Any assets transferred to the 401(h) account from the defined benefit pension plan in a qualified transfer of excess pension plan assets (and any income allocable thereto) that are not used during the plan year must be transferred out of the

account to the pension plan. The related obligations for health benefits are not included in this Plan's obligations in the statement of accumulated plan benefits but are reflected as obligations in the financial statements of the health and welfare benefit plan. Plan participants do not contribute to the 401(h) account. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the Plan ~~{remove glossary link to 1st definition and add glossary link to 3rd definition}~~Sponsor~~{remove glossary link to 1st definition and add glossary link to 3rd definition}~~. Certain of the Plan's net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with Internal Revenue Code Section 401(h).

390. Amend paragraph 962-10-05-7 as follows:

Plan Accounting—Defined Contribution Pension Plans—Overall

Overview and Background

962-10-05-7 The primary users of a defined contribution plan's financial statements include all of the following:

- a. Plan ~~{add glossary link to 3rd definition}~~sponsor(s)~~{add glossary link to 3rd definition}~~
- b. Plan participants
- c. The following governmental regulators:
 1. The U.S. Department of Labor
 2. The Internal Revenue Service (IRS)
 3. The Securities and Exchange Commission (SEC).

391. Amend paragraph 962-205-45-7(d) as follows:

Plan Accounting—Defined Contribution Pension Plans—Presentation of Financial Statements

Other Presentation Matters

962-205-45-7 Information regarding changes in net assets available for benefits is intended to present the effects of significant changes in net assets during the year and shall present, at a minimum, all of the following:

- d. Contributions from participants, including those transmitted by the {add glossary link to 3rd definition} sponsor {add glossary link to 3rd definition}.

392. Amend paragraph 962-325-55-15 as follows:

Plan Accounting—Defined Contribution Pension Plans—Investments—Other

Implementation Guidance and Illustrations

962-325-55-15 If the contract provided only an option for the {add glossary link to 3rd definition} sponsor {add glossary link to 3rd definition} to sell the bond to the issuer, rather than an obligation to do so, reflecting net assets available for benefits at contract value for this investment contract would also apply.

Terminating Plan

393. The Master Glossary contains two definitions of the term *terminating plan*. The first definition (Definition 1) originates from AICPA Audit and Accounting Guide, *Employee Benefit Plans* (2008), and the second definition (Definition 2) originates from SOP 92-6.

394. Definitions 1 and 2 are very similar, but Definition 2 is specific to health and welfare benefit plans, while Definition 1 applies to all plans. To resolve this redundancy, the Board concluded that Definition 2 should be superseded and all links to Definition 2 replaced with links to the broader Definition 1 of *terminating plan* in Subtopic 965-40, Plan Accounting—Health and Welfare Benefit Plans—Terminating Plans.

395. Supersede the following Master Glossary term as follows:

Terminating Plan (Definition 2)

~~A terminating plan includes all health and welfare benefit plans about which a termination decision has been made regardless of whether the terminating plan will be replaced.~~

396. Amend paragraph 965-40-05-1 as follows:

Plan Accounting—Health and Welfare Benefit Plans—Terminating Plans

Overview and Background

965-40-05-1 This Subtopic provides guidance for **health and welfare benefit plans** that are **{remove glossary link to 2nd definition and add glossary link to 1st definition}terminating plans{remove glossary link to 2nd definition and add glossary link to 1st definition}**.

397. Amend paragraph 965-40-35-1 as follows:

Subsequent Measurement

965-40-35-1 For **{remove glossary link to 2nd definition and add glossary link to 1st definition}terminating plan{remove glossary link to 2nd definition and add glossary link to 1st definition}** assets, changing to the liquidation basis will usually cause little or no change in values, most of which are fair values. Assets that may not be carried at fair values include all of the following:

- a. Operating assets
- b. Insurance and certain investment contracts carried at contract values
- c. Subparagraph superseded by Accounting Standards Update No. 2012-04.

Unallocated Contract

398. The Master Glossary contains two definitions of the term *unallocated contract*. The first definition (Definition 1) originates from Statement 35, and the second definition (Definition 2) originates from Statement 87.

399. Definitions 1 and 2 are substantially the same; Definition 2 is linked within Subtopic 715-30, while Definition 1 is linked only within the definition of Master Glossary term *contract value*. Therefore, the Board decided that Definition 1 should be superseded and that the link to Definition 1 within the definition of *contract value* should be replaced with a link to Definition 2, the more recent definition, of *unallocated contract*.

400. Amend the following Master Glossary term as follows:

Contract Value

The value of an **{remove glossary link to 1st definition and add glossary link to 2nd definition}unallocated contract{remove glossary link to 1st definition and add glossary link to 2nd definition}** that is determined by the insurance entity in accordance with the terms of the contract.

401. Supersede the following Master Glossary term as follows:

Unallocated Contract (Definition 1)

~~A contract with an insurance entity under which related payments to the insurance entity are accumulated in an unallocated fund to be used to meet benefit payments when employees retire, either directly or through the purchase of annuities. Funds in an unallocated contract may also be withdrawn and otherwise invested.~~

Undivided Interest

402. The Master Glossary contains two definitions of the term *undivided interest*. The first definition (Definition 1) originates from AICPA Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*, and the second definition (Definition 2) originates from SOP 04-2.

403. Definition 1 is a real-estate-specific term that appears throughout the Codification, while Definition 2 is only linked in the definition of the Master Glossary term *time-sharing*. As such, the Board decided to supersede Definition 2 and amend the definition of *time-sharing* to include this information. This change only amends the definition of *time-sharing* and does not result in the amendment of any Subtopics; Definition 1 remains unchanged.

404. Amend the following Master Glossary term as follows:

Time-Sharing

An arrangement in which a seller sells or conveys the right to occupy a dwelling unit for specified periods in the future. Forms of time-sharing arrangements include but are not limited to fixed and floating time, interval ownership, ~~{remove glossary link}~~**undivided interests**~~{remove glossary link}~~, points programs, vacation clubs, right-to-use arrangements such as **tenancy-for-years** arrangements, and arrangements involving special-purpose entities. In this context, an undivided interest is a time-sharing arrangement that involves a tenant-in-common interest in a condominium unit or entire improved property, and in which the interest holder is assigned a specific period (generally, a specific week). The interest holder is also assigned a specific unit if the undivided interest is in the entire improved property.

405. Supersede the following Master Glossary term as follows:

Undivided Interest (Definition 2)

~~A time-sharing arrangement that involves a tenant-in-common interest in a condominium unit or entire improved property, and in which the interest holder is assigned a specific period (generally, a specific week). The interest holder is also assigned a specific unit if the undivided interest is in the entire improved property.~~

Vested Benefits

406. The Master Glossary contains two definitions of the term *vested benefits*. The first definition (Definition 1) originates from Statement 35, and the second definition (Definition 2) originates from Statement 87.

407. Definitions 1 and 2 have similar meanings and both relate to pension plans, but Definition 2 is more recent and comprehensive. To eliminate this redundancy, the Board concluded that Definition 1 should be superseded and all links to Definition 1 should be replaced with links to Definition 2 of *vested benefits* in Subtopic 960-20 and Subtopic 960-205.

408. Supersede the following Master Glossary term as follows:

~~Vested Benefits (Definition 1)~~

~~Benefits that are not contingent on an employee's future service.~~

409. Amend paragraph 960-20-25-2 as follows:

Plan Accounting—Defined Benefit Pension Plans— Accumulated Plan Benefits

Recognition

960-20-25-2 The following best represent the benefits attributable to service already rendered:

- a. ~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~**Vested benefits**~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~
- b. Nonvested benefits expected to become vested, determined primarily in accordance with the benefit accrual provision
- c. Employees' history of pay and service to the benefit information date.

410. Amend paragraph 960-20-45-3 as follows:

Other Presentation Matters

> Actuarial Present Value of Accumulated Plan Benefits

960-20-45-3 The total actuarial present value of accumulated plan benefits as of the **benefit information date** shall be segmented into at least the following categories:

- a. **{remove glossary link to 1st definition and add glossary link to 2nd definition}Vested benefits{remove glossary link to 1st definition and add glossary link to 2nd definition}** of participants currently receiving payments, including **benefits** due and payable as of the benefit information date
- b. Other vested benefits
- c. Nonvested benefits.

411. Amend paragraph 960-20-55-2 as follows:

Implementation Guidance and Illustrations

960-20-55-2 For certain types of benefits, the amount attributable to each year of service cannot be directly determined from the plan's provisions. The manner in which such benefits should be considered to accumulate depends on whether the benefit is includable in **{remove glossary link to 1st definition and add glossary link to 2nd definition}vested benefits{remove glossary link to 1st definition and add glossary link to 2nd definition}**.

412. Amend paragraph 960-205-55-1 as follows:

Plan Accounting—Defined Benefit Pension Plans— Presentation of Financial Statements

Implementation Guidance and Illustrations

> Illustrations

> > Example 1: Illustrative Annual Financial Statements of Defined Benefit Pension Plan

960-205-55-1 [Note: Only the section “C&H Company Pension Plan—Notes to Financial Statements—D. Plan Termination” is shown here because that is the only part of this paragraph that has been amended.]

C&H COMPANY PENSION PLAN

Notes to Financial Statements

D. Plan Termination

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by the Employee Retirement Income Security Act and its related regulations, generally to provide the following benefits in the order indicated:

- a. Benefits attributable to employee contributions, taking into account those paid out before termination.
- b. Annuity benefits former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.
- c. Other **{remove glossary link to 1st definition and add glossary link to 2nd definition}**vested benefits**{remove glossary link to 1st definition and add glossary link to 2nd definition}** insured by the Pension Benefit Guaranty Corporation (a U.S. governmental agency) up to the applicable limitations (discussed below).
- d. All other vested benefits (that is, vested benefits not insured by the Pension Benefit Guaranty Corporation).
- e. All nonvested benefits.

[Because the remainder of this paragraph is unchanged, it is not shown here.]

Section D—Other Technical Corrections Related to Glossary Terms

Introduction

413. The following table summarizes the amendments to the Codification in this section. The amendments are presented in alphabetical order by Master Glossary term and numerical order by Subtopic. The table lists the definitions of the terms, describes the changes to each term or Subtopic, and provides the definition for the terms. **These amendments are not expected to result in substantive changes to the application of existing guidance; therefore, transition guidance is not provided.**

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Dealer Market	<p>A market in which dealers stand ready to trade (either buy or sell for their own account), thereby providing liquidity by using their capital to hold an inventory of the items for which they make a market. Typically, bid and ask prices (representing the price at which the dealer is willing to buy and the price at which the dealer is willing to sell, respectively) are more readily available than closing prices. Over-the-counter markets (for which prices are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by Pink Sheets LLC) are dealer markets. For example, the market for U.S. Treasury securities is a dealer market. Dealer markets also exist for</p>	820-10	<ul style="list-style-type: none"> Amend the definition to reflect the name change of Pink Sheets LLC to OTC Markets Group Inc. in 2010. 	<p>A market in which dealers stand ready to trade (either buy or sell for their own account), thereby providing liquidity by using their capital to hold an inventory of the items for which they make a market. Typically, bid and ask prices (representing the price at which the dealer is willing to buy and the price at which the dealer is willing to sell, respectively) are more readily available than closing prices. Over-the-counter markets (for which prices are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by Pink Sheets LLC <u>OTC Markets Group Inc.</u>) are dealer markets. For example, the market for U.S. Treasury securities is a dealer market. Dealer</p>	415

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term is Linked	Description of Changes	Definition	Related Paragraphs in Update
Readily Determinable Fair Value	<p>some other assets and liabilities, including other financial instruments, commodities, and physical assets (for example, used equipment).</p> <p>An equity security has a readily determinable fair value if it meets any of the following conditions:</p> <ol style="list-style-type: none"> a. The fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or in the over-the-counter market, 	320-10, 820-10, 944-40, 944-325, 944-470, 958-320, 958-325	<ul style="list-style-type: none"> • Amend the definition to reflect the name change of Pink Sheets LLC to OTC Markets Group Inc. in 2010. • Amend paragraphs 820-10-15-5 and 958-320-25-2 to reflect the name change of Pink Sheets LLC to OTC Markets Group Inc. in 2010. 	<p>markets also exist for some other assets and liabilities, including other financial instruments, commodities, and physical assets (for example, used equipment).</p> <p>An equity security has a readily determinable fair value if it meets any of the following conditions:</p> <ol style="list-style-type: none"> a. The fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or in the over-the-counter market, 	416-418

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term is Linked	Description of Changes	Definition	Related Paragraphs in Update
	<p>provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by Pink Sheets LLC. Restricted stock meets that definition if the restriction terminates within one year.</p> <p>b. The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to above.</p>			<p>provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by Pink Sheets <u>OTC Markets Group LLC</u>. Restricted stock meets that definition if the restriction terminates within one year.</p> <p>b. The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S.</p>	

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Reverse Repurchase Agreement	<p>c. The fair value of an investment in a mutual fund is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.</p>	210-20, 940-320	<ul style="list-style-type: none"> Rename the term <i>Reverse Repurchase Agreement</i> to <i>Reverse Repurchase Agreement Accounted for as Collateralized Borrowing</i>. Remove glossary link to Master Glossary term in 940-320, 	<p>markets referred to above.</p> <p>c. The fair value of an investment in a mutual fund is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.</p>	419-423

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Termination	<p>amount due from the seller-borrower for the repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a repo.</p>	944-20, 944-30, 944-40, 944-805	<p>Financial Services— Brokers and Dealers— Investments— Debt and Equity Securities.</p>	<p>reverse repurchase agreement accounted for as a <u>collateralized borrowing</u> refers to the amount due from the seller-borrower for the repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a repo.</p>	424

Master Glossary Term	Master Glossary Definition	Codification Subtopic(s) in Which Term Is Linked	Description of Changes	Definition	Related Paragraphs in Update
Transferred Financial Assets	<p>benefits or term-life benefits.</p> <p>Any of the following:</p> <ol style="list-style-type: none"> An entire financial asset A group of entire financial assets A participating interest in an entire financial asset. 	860-10, 860-20	<ul style="list-style-type: none"> Amend the definition to clarify that transfers of any of the assets listed constitute transferred financial assets. 	<p>benefits or term-life benefits.</p> <p>Transfers of <u>any</u> Any of the following:</p> <ol style="list-style-type: none"> An entire financial asset A group of entire financial assets A participating interest in an entire financial asset. 	425

414. This section contains other amendments to the Codification resulting from technical corrections related to glossary terms. For clarity and ease of understanding, each amendment is explained in this section of the Accounting Standards Update.

Dealer Market

415. Amend the following Master Glossary terms to reflect the name change of *Pink Sheets LLC* to *OTC Markets Group Inc.* in 2010 as follows:

Dealer Market

A market in which dealers stand ready to trade (either buy or sell for their own account), thereby providing liquidity by using their capital to hold an inventory of the items for which they make a market. Typically, bid and ask prices (representing the price at which the dealer is willing to buy and the price at which the dealer is willing to sell, respectively) are more readily available than closing prices. Over-the-counter markets (for which prices are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by ~~Pink Sheets LLC~~ OTC Markets Group Inc.) are dealer markets. For example, the market for U.S. Treasury securities is a dealer market. Dealer markets also exist for some other assets and liabilities, including other financial instruments, commodities, and physical assets (for example, used equipment).

Readily Determinable Fair Value

416. Amend the following Master Glossary terms to reflect the name change of *Pink Sheets LLC* to *OTC Markets Group Inc.* in 2010 as follows:

Readily Determinable Fair Value

An equity security has a readily determinable fair value if it meets any of the following conditions:

- a. The fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by ~~Pink Sheets LLC~~ OTC Markets Group Inc. Restricted stock meets that definition if the restriction terminates within one year.
- b. The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to above.

- c. The fair value of an investment in a mutual fund is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.

417. Amend paragraph 820-10-15-5 to reflect the name change of *Pink Sheets LLC* to *OTC Markets Group Inc.* in 2010 as follows:

Fair Value Measurement—Overall

Scope and Scope Exceptions

820-10-15-5 The definition of *readily determinable fair value* indicates that an equity security would have a readily determinable fair value if any one of three conditions is met. One of those conditions is that sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by ~~Pink Sheets LLC~~ OTC Markets Group Inc. The definition notes that restricted stock meets that definition if the restriction expires within one year. If an investment otherwise would have a readily determinable fair value, except that the investment has a restriction expiring in more than one year, the reporting entity shall not apply paragraphs 820-10-35-59 through 35-62 and 820-10-50-6A to the investment.

418. Amend paragraph 958-320-25-2 to reflect the name change of *Pink Sheets LLC* to *OTC Markets Group Inc.* in 2010 as follows:

Not-for-Profit Entities—Investments—Debt and Equity Securities

Recognition

958-320-25-2 For purposes of this Subtopic, the **fair value** of an equity security is readily determinable if any one of the following three criteria is met:

- a. Sales prices or bid-and-asked quotations for the security are currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by ~~Pink Sheets LLC~~ OTC Markets Group Inc. Restricted stock meets that definition if the restriction terminates within one year.

- b. For an equity security traded only in a foreign market, that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to in this paragraph.
- c. For an investment in a mutual fund, the fair value per share (unit) is determined and published and is the basis for current transactions.

Reverse Repurchase Agreement Accounted for as a Collateralized Borrowing

419. The Master Glossary contains the term *reverse repurchase agreement*, which originates from FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements* (FIN 41). FIN 41 also defined repurchase agreement. As described in Section C of this Update, the Board decided that the latter term should be changed to *repurchase agreement accounted for as a collateralized borrowing* because the definition of that term is limited to repurchase agreements accounted for as collateralized borrowings and is used in Subtopic 210-20, Balance Sheet—Offsetting, for accounting and disclosure requirements related to balance sheet offsetting. To be consistent, the Board also decided to change the term *reverse repurchase agreement* to *reverse repurchase agreement accounted for as a collateralized borrowing* for its use in Subtopic 210-20. Because the term was also erroneously linked to Topic 940, Financial Services—Brokers and Dealers, the Board decided to remove the term’s links from this Topic.

420. Amend the Master Glossary term as follows:

Reverse Repurchase Agreement Accounted for as a Collateralized Borrowing

A reverse repurchase agreement accounted for as a collateralized borrowing (also known as a reverse repo) refers to a transaction that is accounted for as a collateralized lending in which a buyer-lender buys securities with an agreement to resell them to the seller-borrower at a stated price plus interest at a specified date or in specified circumstances. The receivable under a reverse repurchase agreement accounted for as a collateralized borrowing refers to the amount due from the seller-borrower for the repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a repo.

421. Amend paragraph 210-20-05-3 as follows:

Balance Sheet—Offsetting

Overview and Background

> Repurchase and Reverse Repurchase Agreements

210-20-05-3 As defined, **repurchase agreements** and **reverse repurchase agreements** accounted for as collateralized borrowings represent collateralized borrowing and lending transactions. These transactions may involve a master netting agreement between the parties. This Subtopic addresses offsetting for such borrowing and lending transactions.

422. Amend paragraph 210-20-45-11 as follows:

Other Presentation Matters

> Repurchase and Reverse Repurchase Agreements

210-20-45-11 Notwithstanding the condition in paragraph 210-20-45-1(c), an entity may, but is not required to, offset amounts recognized as payables under **repurchase agreements** and amounts recognized as receivables under **reverse repurchase agreements** accounted for as collateralized borrowings if all of the following conditions are met:

[Because the remainder of this paragraph is unchanged, it is not shown here.]

423. Amend paragraph 940-320-05-3 as follows:

Financial Services—Brokers and Dealers—Investments— Debt and Equity Securities

Overview and Background

Proprietary Trading Securities

940-320-05-3 The Proprietary Trading Securities Subsections provide guidance on accounting for **proprietary transactions**. A broker-dealer may buy and sell securities for its own account. Broker-dealers frequently enter into matched-stock borrow and loan transactions as a finder or conduit, or enter into **repurchase** and **{remove glossary link}reverse repurchase{remove glossary link}** transaction agreements as part of a matched-book trading strategy. Further, complex trading strategies often involve numerous long and short positions in different products,

so that those positions reflect a trading position that is different from its individual components (for example, **box spreads**, conversions, and reversals).

Termination

424. The Master Glossary term *termination* links to two Master Glossary terms, *involuntary termination* and *voluntary termination*, that are not linked in the Codification and that this Update supersedes as described in paragraph 3. As a result, the Board decided to amend the following Master Glossary term to remove links to these terms, with no link to a transition paragraph, as follows:

Termination

In general, the failure to renew an insurance contract. **{remove glossary link}Involuntary terminations{remove glossary link}** include death, expirations, and maturities of contracts. **{remove glossary link}Voluntary terminations{remove glossary link}** of life insurance contracts include lapses with or without cash surrender value and contract modifications that reduce paid-up whole-life benefits or term-life benefits.

Transferred Financial Assets

425. Paragraph 8B of FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, states: "The requirements of paragraph 9 apply to transfers of an entire financial asset, transfers of a group of entire financial assets, and transfers of a participating interest in an entire financial asset (all of which are referred to collectively in this Statement as *transferred financial assets*)." Amend the following Master Glossary term to clarify its definition, with no link to a transition paragraph, as follows:

Transferred Financial Assets

Transfers of any Any of the following:

- a. An entire financial asset
- b. A group of entire financial assets
- c. A **participating interest** in an entire financial asset.

Amendments to Status Sections

426. Amend paragraph 210-20-00-1, by adding the following items to the table, as follows:

210-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Repurchase Agreement Accounted for as a Collateralized Borrowing (formerly Repurchase Agreement [2 nd def.])	Added	2014-06	03/14/2014
Repurchase Agreement (2 nd def.)	Superseded	2014-06	03/14/2014
Reverse Repurchase Agreement Accounted for as a Collateralized Borrowing (formerly Reverse Repurchase Agreement)	Added	2014-06	03/14/2014
Reverse Repurchase Agreement	Superseded	2014-06	03/14/2014
210-20-05-3	Amended	2014-06	03/14/2014
210-20-45-11	Amended	2014-06	03/14/2014
210-20-50-1	Amended	2014-06	03/14/2014

427. Amend paragraph 320-10-00-1, by adding the following items to the table, as follows:

320-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Cash Equivalents	Added	2014-06	03/14/2014
Readily Determinable Fair Value	Amended	2014-06	03/14/2014
320-10-45-12	Amended	2014-06	03/14/2014

428. Amend paragraph 330-10-00-1, by adding the following items to the table, as follows:

330-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Market (2nd def.)	Amended	2014-06	03/14/2014
Net Realizable Value (1st def.)	Superseded	2014-06	03/14/2014
Net Realizable Value (2nd def.)	Added	2014-06	03/14/2014

429. Amend paragraph 410-30-00-1, by adding the following items to the table, as follows:

410-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Orphan Share Potentially Responsible Party	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Participating Potentially Responsible Party	Added	2014-06	03/14/2014
Potentially Responsible Party	Added	2014-06	03/14/2014
Recalcitrant Potentially Responsible Party	Added	2014-06	03/14/2014
Unknown Potentially Responsible Party	Added	2014-06	03/14/2014
Unproven Potentially Responsible Party	Added	2014-06	03/14/2014
410-30-30-1	Amended	2014-06	03/14/2014
410-30-30-2	Amended	2014-06	03/14/2014

430. Amend paragraph 460-10-00-1, by adding the following items to the table, as follows:

460-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Direct Guarantee of Indebtedness	Added	2014-06	03/14/2014
Indirect Guarantee of Indebtedness	Amended	2014-06	03/14/2014

431. Amend paragraph 470-50-00-1, by adding the following items to the table, as follows:

470-50-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Reacquisition Price of Debt	Added	2014-06	03/14/2014
470-50-40-2	Amended	2014-06	03/14/2014

432. Amend paragraph 505-50-00-1, by adding the following items to the table, as follows:

505-50-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Market Condition	Added	2014-06	03/14/2014
Market Conditions	Superseded	2014-06	03/14/2014
505-50-05-4	Amended	2014-06	03/14/2014
505-50-30-3	Amended	2014-06	03/14/2014
505-50-30-22	Amended	2014-06	03/14/2014
505-50-35-4	Amended	2014-06	03/14/2014
505-50-55-11	Amended	2014-06	03/14/2014

433. Amend paragraph 715-20-00-1, by adding the following items to the table, as follows:

715-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Cash Equivalents	Added	2014-06	03/14/2014
715-20-50-1	Amended	2014-06	03/14/2014

434. Amend paragraph 715-30-00-1, by adding the following items to the table, as follows:

715-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Actuarial Gain or Loss	Amended	2014-06	03/14/2014
Amortization (1 st def.)	Added	2014-06	03/14/2014
Amortization (2 nd def.)	Superseded	2014-06	03/14/2014
Assumptions (1 st def.)	Added	2014-06	03/14/2014
Assumptions (2 nd def.)	Superseded	2014-06	03/14/2014
Attribution (1 st def.)	Added	2014-06	03/14/2014
Attribution (2 nd def.)	Superseded	2014-06	03/14/2014
Benefit Approach	Amended	2014-06	03/14/2014
Benefits (2 nd def.)	Superseded	2014-06	03/14/2014
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Contributory Plan (2 nd def.)	Added	2014-06	03/14/2014
Contributory Plan (3 rd def.)	Superseded	2014-06	03/14/2014
Cost Approach (2 nd def.)	Superseded	2014-06	03/14/2014
Defined Benefit Pension Plan (2 nd def.)	Superseded	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Contribution Plan	Amended	2014-06	03/14/2014
Discount Rate	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Expected Long-Term Rate of Return on Plan Assets (1st def.)	Added	2014-06	03/14/2014
Expected Long-Term Rate of Return on Plan Assets (2nd def.)	Superseded	2014-06	03/14/2014
Expected Return on Plan Assets (1st def.)	Added	2014-06	03/14/2014
Expected Return on Plan Assets (2nd def.)	Superseded	2014-06	03/14/2014
Funding Policy (2nd def.)	Superseded	2014-06	03/14/2014
Funding Policy (3rd def.)	Added	2014-06	03/14/2014
Gain or Loss (1st def.)	Added	2014-06	03/14/2014
Gain or Loss (2nd def.)	Superseded	2014-06	03/14/2014
Loss	Amended	2014-06	03/14/2014
Multiple-Employer Plan (1st def.)	Added	2014-06	03/14/2014
Multiple-Employer Plan (2nd def.)	Superseded	2014-06	03/14/2014
Participant (2nd def.)	Amended	2014-06	03/14/2014
Pension Fund	Added	2014-06	03/14/2014
Plan Amendment (1st def.)	Added	2014-06	03/14/2014
Plan Amendment (2nd def.)	Superseded	2014-06	03/14/2014
Plan Termination (1st def.)	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Plan Termination (2 nd def.)	Superseded	2014-06	03/14/2014
Prior Service Cost (2 nd def.)	Amended	2014-06	03/14/2014
Single-Employer Plan (1 st def.)	Added	2014-06	03/14/2014
Single-Employer Plan (2 nd def.)	Superseded	2014-06	03/14/2014
715-30-05-1	Amended	2014-06	03/14/2014
715-30-05-3	Amended	2014-06	03/14/2014
715-30-05-8	Amended	2014-06	03/14/2014
715-30-05-9	Amended	2014-06	03/14/2014
715-30-15-3	Amended	2014-06	03/14/2014
715-30-25-6	Amended	2014-06	03/14/2014
715-30-35-1A	Amended	2014-06	03/14/2014
715-30-35-4	Amended	2014-06	03/14/2014
715-30-35-7	Amended	2014-06	03/14/2014
715-30-35-10	Amended	2014-06	03/14/2014
715-30-35-18	Amended	2014-06	03/14/2014
715-30-35-21	Amended	2014-06	03/14/2014
715-30-35-22	Amended	2014-06	03/14/2014
715-30-35-42	Amended	2014-06	03/14/2014
715-30-35-47	Amended	2014-06	03/14/2014
715-30-35-70	Amended	2014-06	03/14/2014
715-30-35-75	Amended	2014-06	03/14/2014
715-30-35-76	Amended	2014-06	03/14/2014
715-30-35-79	Amended	2014-06	03/14/2014
715-30-35-90	Amended	2014-06	03/14/2014
715-30-35-91	Amended	2014-06	03/14/2014
715-30-45-1	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
715-30-55-3 through 55-7	Amended	2014-06	03/14/2014
715-30-55-18	Amended	2014-06	03/14/2014
715-30-55-40	Amended	2014-06	03/14/2014
715-30-55-46	Amended	2014-06	03/14/2014
715-30-55-62	Amended	2014-06	03/14/2014
715-30-55-128	Amended	2014-06	03/14/2014
715-30-55-132	Amended	2014-06	03/14/2014
715-30-55-133	Amended	2014-06	03/14/2014
715-30-55-160	Amended	2014-06	03/14/2014
715-30-55-176	Amended	2014-06	03/14/2014
715-30-55-188	Amended	2014-06	03/14/2014
715-30-60-1	Amended	2014-06	03/14/2014
715-30-60-8	Amended	2014-06	03/14/2014

435. Amend paragraph 715-60-00-1, by adding the following items to the table, as follows:

715-60-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Actuarial Present Value (1 st def.)	Added	2014-06	03/14/2014
Actuarial Present Value (2 nd def.)	Superseded	2014-06	03/14/2014
Amortization (1 st def.)	Amended	2014-06	03/14/2014
Assumptions (1 st def.)	Amended	2014-06	03/14/2014
Attribution (1 st def.)	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3rd def.)	Amended	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Postretirement Plan	Superseded	2014-06	03/14/2014
Defined Contribution Plan	Amended	2014-06	03/14/2014
Discount Rate	Added	2014-06	03/14/2014
Discount Rates	Superseded	2014-06	03/14/2014
Explicit Approach to Assumptions (1st def.)	Superseded	2014-06	03/14/2014
Explicit Approach to Assumptions (2nd def.)	Added	2014-06	03/14/2014
Funding Policy (3rd def.)	Amended	2014-06	03/14/2014
Gain or Loss (1st def.)	Amended	2014-06	03/14/2014
Market-Related Value of Plan Assets (1st def.)	Added	2014-06	03/14/2014
Market-Related Value of Plan Assets (2nd def.)	Superseded	2014-06	03/14/2014
Multiple-Employer Plan (1st def.)	Amended	2014-06	03/14/2014
Plan Amendment (1st def.)	Amended	2014-06	03/14/2014
Plan Termination (1st def.)	Amended	2014-06	03/14/2014
Prior Service Cost (1st def.)	Superseded	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Prior Service Cost (2 nd def.)	Added	2014-06	03/14/2014
Single-Employer Plan (1 st def.)	Amended	2014-06	03/14/2014
715-60-05-2	Amended	2014-06	03/14/2014
715-60-35-3	Amended	2014-06	03/14/2014
715-60-35-9	Amended	2014-06	03/14/2014
715-60-35-11	Amended	2014-06	03/14/2014
715-60-35-26	Amended	2014-06	03/14/2014
715-60-35-71	Amended	2014-06	03/14/2014
715-60-35-140	Amended	2014-06	03/14/2014
715-60-35-163	Amended	2014-06	03/14/2014
715-60-35-179	Amended	2014-06	03/14/2014
715-60-55-4	Amended	2014-06	03/14/2014
715-60-55-13	Amended	2014-06	03/14/2014
715-60-55-20	Amended	2014-06	03/14/2014
715-60-55-106	Amended	2014-06	03/14/2014
715-60-55-161	Amended	2014-06	03/14/2014
715-60-60-1	Amended	2014-06	03/14/2014

436. Amend paragraph 715-70-00-1, by adding the following items to the table, as follows:

715-70-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Defined Contribution Plan	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Defined Contribution Postretirement Plan	Superseded	2014-06	03/14/2014
715-70-50-1	Amended	2014-06	03/14/2014

437. Amend paragraph 715-80-00-1, by adding the following item to the table, as follows:

715-80-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Single-Employer Plan (1st def.)	Added	2014-06	03/14/2014
Single-Employer Plan (2nd def.)	Superseded	2014-06	03/14/2014
715-80-50-4	Amended	2014-06	03/14/2014

438. Amend paragraph 815-10-00-1, by adding the following items to the table, as follows:

815-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Spot Rate	Added	2014-06	03/14/2014
815-10-55-144	Amended	2014-06	03/14/2014

439. Amend paragraph 815-15-00-1, by adding the following item to the table, as follows:

815-15-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Payout Phase	Added	2014-06	03/14/2014
815-15-55-57	Amended	2014-06	03/14/2014

440. Amend paragraph 815-20-00-1, by adding the following items to the table, as follows:

815-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Spot Rate	Added	2014-06	03/14/2014
815-20-25-29	Amended	2014-06	03/14/2014
815-20-55-51	Amended	2014-06	03/14/2014

441. Amend paragraph 815-25-00-1 as follows:

815-25-00-1 ~~No updates have been made to this Subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Spot Rate	Added	2014-06	03/14/2014
815-25-55-65	Amended	2014-06	03/14/2014

442. Amend paragraph 815-30-00-1, by adding the following items to the table, as follows:

815-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Spot Rate	Added	2014-06	03/14/2014
815-30-55-15	Amended	2014-06	03/14/2014

443. Amend paragraph 815-35-00-1, by adding the following items to the table, as follows:

815-35-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Spot Rate	Added	2014-06	03/14/2014
815-35-35-5	Amended	2014-06	03/14/2014

444. Amend paragraph 820-10-00-1, by adding the following items to the table, as follows:

820-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Dealer Market	Amended	2014-06	03/14/2014
Readily Determinable Fair Value	Amended	2014-06	03/14/2014
820-10-15-5	Amended	2014-06	03/14/2014

445. Amend paragraph 830-230-00-1 as follows:

830-230-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Cash Equivalents	Added	2014-06	03/14/2014
830-230-45-1	Amended	2014-06	03/14/2014

446. Amend paragraph 852-10-00-1, by adding the following items to the table, as follows:

852-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Plan (1st def.)	Superseded	2014-06	03/14/2014
Plan of Reorganization (formerly Plan (1st def.))	Added	2014-06	03/14/2014
852-10-05-3	Amended	2014-06	03/14/2014
852-10-45-4	Amended	2014-06	03/14/2014

447. Amend paragraph 855-10-00-1, by adding the following items to the table, as follows:

855-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Conduit Debt Securities	Added	2014-06	03/14/2014
855-10-25-1A	Amended	2014-06	03/14/2014

448. Amend paragraph 860-10-00-1, by adding the following item to the table, as follows:

860-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Transferred Financial Assets	Amended	2014-06	03/14/2014

449. Amend paragraph 860-20-00-1, by adding the following item to the table, as follows:

860-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Transferred Financial Assets	Amended	2014-06	03/14/2014

450. Add paragraph 905-10-00-1 as follows:

905-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
905-10-05-1	Amended	2014-06	03/14/2014
905-10-05-6	Amended	2014-06	03/14/2014
905-10-05-13	Amended	2014-06	03/14/2014
905-10-15-3	Amended	2014-06	03/14/2014
905-10-15-6	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
905-10-15-7	Amended	2014-06	03/14/2014
905-10-15-9	Amended	2014-06	03/14/2014
905-10-15-10	Amended	2014-06	03/14/2014

451. Add paragraph 905-205-00-1 as follows:

905-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Added	2014-06	03/14/2014
905-205-05-1	Amended	2014-06	03/14/2014
905-205-05-2	Amended	2014-06	03/14/2014
905-205-15-2	Amended	2014-06	03/14/2014
905-205-45-1	Amended	2014-06	03/14/2014

452. Add paragraph 905-310-00-1 as follows:

905-310-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Net Realizable Value (2nd def.)	Amended	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
905-310-05-1	Amended	2014-06	03/14/2014
905-310-05-2	Amended	2014-06	03/14/2014
905-310-15-2	Amended	2014-06	03/14/2014
905-310-25-1	Amended	2014-06	03/14/2014

453. Add paragraph 905-325-00-1 as follows:

905-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
Written Notice of Allocation	Added	2014-06	03/14/2014
905-325-05-1 through 05-4	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
905-325-15-2	Amended	2014-06	03/14/2014
905-325-15-3	Amended	2014-06	03/14/2014
905-325-25-1	Amended	2014-06	03/14/2014
905-325-30-1	Amended	2014-06	03/14/2014
905-325-30-2	Amended	2014-06	03/14/2014

454. Amend paragraph 905-330-00-1 as follows:

905-330-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Net Realizable Value (2nd def.)	Amended	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
905-330-05-1	Amended	2014-06	03/14/2014
905-330-05-4	Amended	2014-06	03/14/2014
905-330-05-5	Amended	2014-06	03/14/2014
905-330-15-2	Amended	2014-06	03/14/2014
905-330-15-3	Amended	2014-06	03/14/2014
905-330-25-1	Amended	2014-06	03/14/2014
905-330-30-3	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
905-330-40-1	Amended	2014-06	03/14/2014

455. Amend paragraph 905-360-00-1 as follows:

905-360-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Land Development Costs	Added	2014-06	03/14/2014
Land Improvement Costs	Superseded	2014-06	03/14/2014
Limited Life Land Development Costs	Amended	2014-06	03/14/2014
Permanent Land Development Costs	Amended	2014-06	03/14/2014

456. Add paragraph 905-405-00-1 as follows:

905-405-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
905-405-05-1	Amended	2014-06	03/14/2014
905-405-05-2	Amended	2014-06	03/14/2014
905-405-15-2	Amended	2014-06	03/14/2014
905-405-25-1	Amended	2014-06	03/14/2014
905-405-30-1	Amended	2014-06	03/14/2014
905-405-30-3	Amended	2014-06	03/14/2014

457. Add paragraph 905-505-00-1 as follows:

905-505-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
Written Notice of Allocation	Added	2014-06	03/14/2014
905-505-05-1	Amended	2014-06	03/14/2014
905-505-05-2	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
905-505-15-2	Amended	2014-06	03/14/2014
905-505-45-1	Amended	2014-06	03/14/2014
905-505-45-3	Amended	2014-06	03/14/2014

458. Amend paragraph 905-605-00-1 as follows:

905-605-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
905-605-05-1	Amended	2014-06	03/14/2014
905-605-05-3	Amended	2014-06	03/14/2014
905-605-05-4	Amended	2014-06	03/14/2014
905-605-15-2	Amended	2014-06	03/14/2014
905-605-15-3	Amended	2014-06	03/14/2014
905-605-25-2	Amended	2014-06	03/14/2014
905-605-25-5	Amended	2014-06	03/14/2014
905-605-45-1	Amended	2014-06	03/14/2014

459. Add paragraph 905-705-00-1 as follows:

905-705-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Agricultural Cooperative	Added	2014-06	03/14/2014
Cooperatives	Superseded	2014-06	03/14/2014
Member of an Agricultural Cooperative	Added	2014-06	03/14/2014
Nonmember of an Agricultural Cooperative	Added	2014-06	03/14/2014
Patrons	Amended	2014-06	03/14/2014
905-705-05-1	Amended	2014-06	03/14/2014
905-705-05-2	Amended	2014-06	03/14/2014

460. Add paragraph 910-10-00-1 as follows:

910-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Lump-Sum Contract	Added	2014-06	03/14/2014
910-10-15-4	Amended	2014-06	03/14/2014

461. Amend paragraph 926-20-00-1, by adding the following items to the table, as follows:

926-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Spot Rate	Added	2014-06	03/14/2014
926-20-35-7	Amended	2014-06	03/14/2014

462. Amend paragraph 940-320-00-1, by adding the following items to the table, as follows:

940-320-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Repurchase Agreement (1st def.)	Added	2014-06	03/14/2014
Repurchase Agreement (2nd def.)	Superseded	2014-06	03/14/2014
Reverse Repurchase Agreement	Superseded	2014-06	03/14/2014
940-320-05-3	Amended	2014-06	03/14/2014

463. Amend paragraph 940-405-00-1 as follows:

940-405-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Repurchase Agreement (1st def.)	Added	2014-06	03/14/2014
Repurchase Agreement (2nd def.)	Superseded	2014-06	03/14/2014
940-405-45-1	Amended	2014-06	03/14/2014

464. Amend paragraph 944-20-00-1, by adding the following items to the table, as follows:

944-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Dividends to Policyholders	Added	2014-06	03/14/2014
Enhanced-Crediting-Rate Bonus	Added	2014-06	03/14/2014
Enhanced-Yield Bonus	Superseded	2014-06	03/14/2014
Involuntary Termination	Superseded	2014-06	03/14/2014
Sales Inducements	Amended	2014-06	03/14/2014
Termination	Amended	2014-06	03/14/2014
Voluntary Termination	Superseded	2014-06	03/14/2014
944-20-05-32	Amended	2014-06	03/14/2014
944-20-15-3	Amended	2014-06	03/14/2014

465. Amend paragraph 944-30-00-1, by adding the following items to the table, as follows:

944-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Annuity Phase	Superseded	2014-06	03/14/2014
Enhanced-Crediting-Rate Bonus	Added	2014-06	03/14/2014
Enhanced-Yield Bonus	Superseded	2014-06	03/14/2014
Involuntary Termination	Superseded	2014-06	03/14/2014
Payout Phase	Amended	2014-06	03/14/2014
Sales Inducements	Amended	2014-06	03/14/2014
Termination	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Voluntary Termination	Superseded	2014-06	03/14/2014
944-30-35-10	Amended	2014-06	03/14/2014
944-30-35-18	Amended	2014-06	03/14/2014
944-30-35-28	Amended	2014-06	03/14/2014
944-30-35-38	Amended	2014-06	03/14/2014

466. Amend paragraph 944-40-00-1, by adding the following items to the table, as follows:

944-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Annuity Phase	Superseded	2014-06	03/14/2014
Enhanced-Crediting-Rate Bonus	Added	2014-06	03/14/2014
Enhanced-Yield Bonus	Superseded	2014-06	03/14/2014
Involuntary Termination	Superseded	2014-06	03/14/2014
Payout Phase	Amended	2014-06	03/14/2014
Readily Determinable Fair Value	Amended	2014-06	03/14/2014
Sales Inducements	Amended	2014-06	03/14/2014
Termination	Amended	2014-06	03/14/2014
Voluntary Termination	Superseded	2014-06	03/14/2014
944-40-30-26	Amended	2014-06	03/14/2014
944-40-55-13	Amended	2014-06	03/14/2014

467. Amend paragraph 944-60-00-1, by adding the following items to the table, as follows:

944-60-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Dividends to Policyholders	Added	2014-06	03/14/2014
944-60-25-4	Amended	2014-06	03/14/2014
944-60-35-2	Amended	2014-06	03/14/2014

468. Add paragraph 944-325-00-1 as follows:

944-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Readily Determinable Fair Value	Amended	2014-06	03/14/2014

469. Add paragraph 944-405-00-1 as follows:

944-405-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Dividend to Policyholders	Added	2014-06	03/14/2014
944-405-05-2	Amended	2014-06	03/14/2014

470. Add paragraph 944-470-00-1 as follows:

944-470-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Readily Determinable Fair Value	Amended	2014-06	03/14/2014

471. Amend paragraph 944-805-00-1, by adding the following items to the table, as follows:

944-805-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Involuntary Termination	Superseded	2014-06	03/14/2014
Termination	Amended	2014-06	03/14/2014
Voluntary Termination	Superseded	2014-06	03/14/2014

472. Amend paragraph 946-10-00-1, by adding the following item to the table, as follows:

946-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Front-End Load	Added	2014-06	03/14/2014
946-10-05-5	Amended	2014-06	03/14/2014

473. Amend paragraph 946-20-00-1, by adding the following item to the table, as follows:

946-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Front-End Load	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
946-20-05-1D	Amended	2014-06	03/14/2014

474. Add paragraph 946-605-00-1 as follows:

946-605-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Front-End Load	Added	2014-06	03/14/2014
Front-End Sales Fee	Superseded	2014-06	03/14/2014
946-605-25-8	Amended	2014-06	03/14/2014

475. Amend paragraph 946-830-00-1, by adding the following items to the table, as follows:

946-830-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Spot Rate	Added	2014-06	03/14/2014
946-830-45-7	Amended	2014-06	03/14/2014

476. Amend paragraph 954-450-00-1, by adding the following items to the table, as follows:

954-450-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Stop-Loss Insurance	Added	2014-06	03/14/2014
954-450-25-1	Amended	2014-06	03/14/2014

477. Amend paragraph 954-720-00-1, by adding the following items to the table, as follows:

954-720-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Stop-Loss Insurance	Added	2014-06	03/14/2014
954-720-05-3	Amended	2014-06	03/14/2014
954-720-45-1	Amended	2014-06	03/14/2014
954-720-50-4	Amended	2014-06	03/14/2014

478. Amend paragraph 958-205-00-1, by adding the following items to the table, as follows:

958-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Natural Expense Classification	Added	2014-06	03/14/2014
Spending Rate	Added	2014-06	03/14/2014
958-205-45-6	Amended	2014-06	03/14/2014
958-205-45-27	Amended	2014-06	03/14/2014
958-205-55-12	Amended	2014-06	03/14/2014

479. Amend paragraph 958-210-00-1, by adding the following items to the table, as follows:

958-210-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Designated Net Assets	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
958-210-45-11	Amended	2014-06	03/14/2014

480. Amend paragraph 958-320-00-1, by adding the following items to the table, as follows:

958-320-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Readily Determinable Fair Value	Amended	2014-06	03/14/2014
Spending Rate	Added	2014-06	03/14/2014
958-320-25-2	Amended	2014-06	03/14/2014
958-320-45-9	Amended	2014-06	03/14/2014
958-320-55-5	Amended	2014-06	03/14/2014

481. Amend paragraph 958-325-00-1, by adding the following items to the table, as follows:

958-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Readily Determinable Fair Value	Amended	2014-06	03/14/2014

482. Amend paragraph 958-720-00-1, by adding the following items to the table, as follows:

958-720-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Natural Expense Classification	Added	2014-06	03/14/2014
958-720-45-15	Amended	2014-06	03/14/2014
958-720-45-16	Amended	2014-06	03/14/2014

483. Amend paragraph 960-10-00-1 as follows:

960-10-00-1 ~~No updates have been made to this Subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (1st def.)	Superseded	2014-06	03/14/2014
Benefits (3rd def.)	Added	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1st def.)	Superseded	2014-06	03/14/2014
Pension Benefits (1st def.)	Superseded	2014-06	03/14/2014
Pension Benefits (2nd def.)	Added	2014-06	03/14/2014
Service (1st def.)	Superseded	2014-06	03/14/2014
Service (2nd def.)	Added	2014-06	03/14/2014
960-10-05-1	Amended	2014-06	03/14/2014
960-10-05-3	Amended	2014-06	03/14/2014
960-10-05-4	Amended	2014-06	03/14/2014
960-10-15-2	Amended	2014-06	03/14/2014

484. Amend paragraph 960-20-00-1, by adding the following items to the table, as follows:

960-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (1 st def.)	Superseded	2014-06	03/14/2014
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1 st def.)	Superseded	2014-06	03/14/2014
Participant (1 st def.)	Superseded	2014-06	03/14/2014
Participant (2 nd def.)	Added	2014-06	03/14/2014
Pension Benefits (1 st def.)	Superseded	2014-06	03/14/2014
Pension Benefits (2 nd def.)	Added	2014-06	03/14/2014
Pension Fund	Added	2014-06	03/14/2014
Plan Assets (2 nd def.)	Added	2014-06	03/14/2014
Service (1 st def.)	Superseded	2014-06	03/14/2014
Service (2 nd def.)	Added	2014-06	03/14/2014
Sponsor (1 st def.)	Superseded	2014-06	03/14/2014
Sponsor (3 rd def.)	Added	2014-06	03/14/2014
Vested Benefits (1 st def.)	Superseded	2014-06	03/14/2014
Vested Benefits (2 nd def.)	Added	2014-06	03/14/2014
960-20-05-1	Amended	2014-06	03/14/2014
960-20-25-1	Amended	2014-06	03/14/2014
960-20-25-2	Amended	2014-06	03/14/2014
960-20-25-5	Amended	2014-06	03/14/2014
960-20-35-1 through 35-3	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
960-20-35-11	Amended	2014-06	03/14/2014
960-20-35-12	Amended	2014-06	03/14/2014
960-20-35-17	Amended	2014-06	03/14/2014
960-20-45-3	Amended	2014-06	03/14/2014
960-20-45-5	Amended	2014-06	03/14/2014
960-20-50-4	Amended	2014-06	03/14/2014
960-20-50-6	Amended	2014-06	03/14/2014
960-20-55-1	Amended	2014-06	03/14/2014
960-20-55-2	Amended	2014-06	03/14/2014

485. Add paragraph 960-30-00-1 as follows:

960-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (1 st def.)	Superseded	2014-06	03/14/2014
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1 st def.)	Superseded	2014-06	03/14/2014
Pension Benefits (1 st def.)	Superseded	2014-06	03/14/2014
Pension Benefits (2 nd def.)	Added	2014-06	03/14/2014
Plan Assets (2 nd def.)	Added	2014-06	03/14/2014
Sponsor (1 st def.)	Superseded	2014-06	03/14/2014
Sponsor (3 rd def.)	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
960-30-05-1	Amended	2014-06	03/14/2014
960-30-25-1	Amended	2014-06	03/14/2014
960-30-45-1	Amended	2014-06	03/14/2014
960-30-45-2	Amended	2014-06	03/14/2014
960-30-45-4	Amended	2014-06	03/14/2014
960-30-45-5	Amended	2014-06	03/14/2014
960-30-45-10	Amended	2014-06	03/14/2014

486. Amend paragraph 960-40-00-1, by adding the following items to the table, as follows:

960-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1st def.)	Superseded	2014-06	03/14/2014
960-40-05-1	Amended	2014-06	03/14/2014

487. Add paragraph 960-205-00-1 as follows:

960-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (1st def.)	Superseded	2014-06	03/14/2014
Benefits (3rd def.)	Added	2014-06	03/14/2014
Contract Value	Amended	2014-06	03/14/2014
Contributory Plan (1st def.)	Superseded	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Contributory Plan (2nd def.)	Added	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1st def.)	Superseded	2014-06	03/14/2014
Funding Policy (1st def.)	Superseded	2014-06	03/14/2014
Funding Policy (3rd def.)	Added	2014-06	03/14/2014
Pension Benefits (1st def.)	Superseded	2014-06	03/14/2014
Pension Benefits (2nd def.)	Added	2014-06	03/14/2014
Pension Fund	Added	2014-06	03/14/2014
Plan Assets (2nd def.)	Added	2014-06	03/14/2014
Service (1st def.)	Superseded	2014-06	03/14/2014
Service (2nd def.)	Added	2014-06	03/14/2014
Sponsor (1st def.)	Superseded	2014-06	03/14/2014
Sponsor (3rd def.)	Added	2014-06	03/14/2014
Unallocated Contract (1st def.)	Superseded	2014-06	03/14/2014
Unallocated Contract (2nd def.)	Added	2014-06	03/14/2014
Vested Benefits (1st def.)	Superseded	2014-06	03/14/2014
Vested Benefits (2nd def.)	Added	2014-06	03/14/2014
960-205-05-1	Amended	2014-06	03/14/2014
960-205-05-2	Amended	2014-06	03/14/2014
960-205-10-1	Amended	2014-06	03/14/2014
960-205-45-2	Amended	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
960-205-45-4	Amended	2014-06	03/14/2014
960-205-50-1	Amended	2014-06	03/14/2014
960-205-50-5	Amended	2014-06	03/14/2014
960-205-55-1	Amended	2014-06	03/14/2014
960-205-55-2	Amended	2014-06	03/14/2014

488. Add paragraph 960-310-00-1 as follows:

960-310-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1st def.)	Superseded	2014-06	03/14/2014
Funding Policy (1st def.)	Superseded	2014-06	03/14/2014
Funding Policy (3rd def.)	Added	2014-06	03/14/2014
Service (1st def.)	Superseded	2014-06	03/14/2014
Service (2nd def.)	Added	2014-06	03/14/2014
960-310-05-1	Amended	2014-06	03/14/2014
960-310-25-2	Amended	2014-06	03/14/2014
960-310-25-4	Amended	2014-06	03/14/2014

489. Amend paragraph 960-325-00-1, by adding the following items to the table, as follows:

960-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (1st def.)	Superseded	2014-06	03/14/2014
Benefits (3rd def.)	Added	2014-06	03/14/2014
Contract Value	Amended	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1st def.)	Superseded	2014-06	03/14/2014
Unallocated Contract (1st def.)	Superseded	2014-06	03/14/2014
Unallocated Contract (2nd def.)	Added	2014-06	03/14/2014
960-325-05-1	Amended	2014-06	03/14/2014
960-325-25-1	Amended	2014-06	03/14/2014

490. Add paragraph 960-360-00-1 as follows:

960-360-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (1st def.)	Superseded	2014-06	03/14/2014
Benefits (3rd def.)	Added	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Benefit Pension Plan (1st def.)	Superseded	2014-06	03/14/2014
960-360-05-1	Amended	2014-06	03/14/2014
960-360-35-2	Amended	2014-06	03/14/2014

491. Amend paragraph 962-10-00-1 as follows:

962-10-00-1 ~~No updates have been made to this Subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Defined Contribution Plan	Amended	2014-06	03/14/2014
Sponsor (3 rd def.)	Added	2014-06	03/14/2014
962-10-05-1	Amended	2014-06	03/14/2014
962-10-05-7	Amended	2014-06	03/14/2014
962-10-10-1	Amended	2014-06	03/14/2014
962-10-15-2	Amended	2014-06	03/14/2014

492. Amend paragraph 962-40-00-1, by adding the following items to the table, as follows:

962-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Defined Contribution Plan	Amended	2014-06	03/14/2014
962-40-50-1	Amended	2014-06	03/14/2014

493. Amend paragraph 962-205-00-1, by adding the following items to the table, as follows:

962-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Defined Contribution Plan	Amended	2014-06	03/14/2014
Sponsor (3 rd def.)	Added	2014-06	03/14/2014
962-205-45-4	Amended	2014-06	03/14/2014
962-205-45-7	Amended	2014-06	03/14/2014

494. Amend paragraph 962-325-00-1, by adding the following items to the table, as follows:

962-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Defined Contribution Plan	Amended	2014-06	03/14/2014
Sponsor (3 rd def.)	Added	2014-06	03/14/2014
962-325-35-9	Amended	2014-06	03/14/2014
962-325-55-2	Amended	2014-06	03/14/2014
962-325-55-15	Amended	2014-06	03/14/2014

495. Amend paragraph 965-10-00-1 as follows:

965-10-00-1 ~~No updates have been made to this Subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Contributory Plan (2 nd def.)	Added	2014-06	03/14/2014

Paragraph Number	Action	Accounting Standards Update	Date
Defined Benefit Health and Welfare Plans	Superseded	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Contribution Health and Welfare Plans	Superseded	2014-06	03/14/2014
Defined Contribution Plan	Added	2014-06	03/14/2014
Noncontributory Plan	Added	2014-06	03/14/2014
965-10-05-1	Amended	2014-06	03/14/2014
965-10-05-4	Amended	2014-06	03/14/2014
965-10-15-2	Amended	2014-06	03/14/2014
965-10-15-3	Amended	2014-06	03/14/2014

496. Amend paragraph 965-20-00-1, by adding the following items to the table, as follows:

965-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3rd def.)	Added	2014-06	03/14/2014
Plan Assets (1st def.)	Added	2014-06	03/14/2014
965-20-25-1	Amended	2014-06	03/14/2014
965-20-45-3	Amended	2014-06	03/14/2014

497. Add paragraph 965-30-00-1 as follows:

965-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Defined Benefit Health and Welfare Plans	Superseded	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Plan Assets (1 st def.)	Added	2014-06	03/14/2014
965-30-25-1	Amended	2014-06	03/14/2014
965-30-35-1	Amended	2014-06	03/14/2014
965-30-35-6	Amended	2014-06	03/14/2014
965-30-45-5	Amended	2014-06	03/14/2014
965-30-45-8	Amended	2014-06	03/14/2014
965-30-50-2	Amended	2014-06	03/14/2014

498. Amend paragraph 965-40-00-1, by adding the following items to the table, as follows:

965-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Terminating Plan (1 st def.)	Added	2014-06	03/14/2014
Terminating Plan (2 nd def.)	Superseded	2014-06	03/14/2014
965-40-05-1	Amended	2014-06	03/14/2014
965-40-35-1	Amended	2014-06	03/14/2014
965-40-35-2	Amended	2014-06	03/14/2014
965-40-50-1	Amended	2014-06	03/14/2014

499. Amend paragraph 965-205-00-1, by adding the following items to the table, as follows:

965-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3rd def.)	Added	2014-06	03/14/2014
Defined Benefit Health and Welfare Plans	Superseded	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Contribution Health and Welfare Plans	Superseded	2014-06	03/14/2014
Defined Contribution Plan	Added	2014-06	03/14/2014
Plan Assets (1st def.)	Added	2014-06	03/14/2014
965-205-10-1	Amended	2014-06	03/14/2014
965-205-10-2	Amended	2014-06	03/14/2014
965-205-45-1	Amended	2014-06	03/14/2014
965-205-45-3	Amended	2014-06	03/14/2014
965-205-45-4	Amended	2014-06	03/14/2014
965-205-50-1	Amended	2014-06	03/14/2014
965-205-55-3	Amended	2014-06	03/14/2014

500. Add paragraph 965-310-00-1 as follows:

965-310-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Plan Assets (1st def.)	Added	2014-06	03/14/2014
965-310-25-3	Amended	2014-06	03/14/2014
965-310-40-1	Amended	2014-06	03/14/2014

501. Amend paragraph 965-325-00-1, by adding the following items to the table, as follows:

965-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Benefits (3 rd def.)	Added	2014-06	03/14/2014
Contract Value of a Fully Benefit-Responsive Investment Contract	Added	2014-06	03/14/2014
Defined Benefit Plan	Added	2014-06	03/14/2014
Defined Contribution Plan	Amended	2014-06	03/14/2014
Plan Assets (1 st def.)	Added	2014-06	03/14/2014
965-325-05-2	Amended	2014-06	03/14/2014
965-325-35-6	Amended	2014-06	03/14/2014
965-325-50-1	Amended	2014-06	03/14/2014
965-325-50-3	Amended	2014-06	03/14/2014

502. Amend paragraph 965-360-00-1, by adding the following item to the table, as follows:

965-360-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Plan Assets (1 st def.)	Added	2014-06	03/14/2014
965-360-35-1	Amended	2014-06	03/14/2014

503. Add paragraph 970-340-00-1 as follows:

970-340-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Phase (1st def.)	Superseded	2014-06	03/14/2014
Phase (2nd def.)	Added	2014-06	03/14/2014
970-340-25-10	Amended	2014-06	03/14/2014

504. Add paragraph 970-360-00-1 as follows:

970-360-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Phase (1st def.)	Superseded	2014-06	03/14/2014
Phase (2nd def.)	Added	2014-06	03/14/2014
970-360-30-1	Amended	2014-06	03/14/2014

505. Add paragraph 972-10-00-1 as follows:

972-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2nd def.)	Superseded	2014-06	03/14/2014

506. Add paragraph 976-10-00-1 as follows:

976-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2nd def.)	Superseded	2014-06	03/14/2014

507. Add paragraph 978-10-00-1 as follows:

978-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Exchange (2nd def.)	Superseded	2014-06	03/14/2014
Fractional Interests	Added	2014-06	03/14/2014
Phase (2nd def.)	Amended	2014-06	03/14/2014
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2nd def.)	Superseded	2014-06	03/14/2014
978-10-05-6	Amended	2014-06	03/14/2014

508. Add paragraph 978-230-00-1 as follows:

978-230-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2nd def.)	Superseded	2014-06	03/14/2014

509. Add paragraph 978-310-00-1 as follows:

978-310-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Modification (2 nd def.)	Superseded	2014-06	03/14/2014
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2 nd def.)	Superseded	2014-06	03/14/2014
978-310-35-4	Amended	2014-06	03/14/2014

510. Amend paragraph 978-330-00-1 as follows:

978-330-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Phase (2 nd def.)	Amended	2014-06	03/14/2014
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2 nd def.)	Superseded	2014-06	03/14/2014

511. Add paragraph 978-340-00-1 as follows:

978-340-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Phase (2 nd def.)	Amended	2014-06	03/14/2014
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2 nd def.)	Superseded	2014-06	03/14/2014

512. Amend paragraph 978-605-00-1 as follows:

978-605-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Exchange (2 nd def.)	Superseded	2014-06	03/14/2014
Phase (2 nd def.)	Amended	2014-06	03/14/2014
Reload Transaction	Added	2014-06	03/14/2014
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2 nd def.)	Superseded	2014-06	03/14/2014
978-605-25-3	Amended	2014-06	03/14/2014
978-605-25-12	Amended	2014-06	03/14/2014
978-605-30-6	Amended	2014-06	03/14/2014
978-605-55-16	Amended	2014-06	03/14/2014

513. Add paragraph 978-720-00-1 as follows:

978-720-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2 nd def.)	Superseded	2014-06	03/14/2014

514. Add paragraph 978-810-00-1 as follows:

978-810-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2 nd def.)	Superseded	2014-06	03/14/2014

515. Add paragraph 978-840-00-1 as follows:

978-840-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Time-Sharing	Amended	2014-06	03/14/2014
Undivided Interest (2nd def.)	Superseded	2014-06	03/14/2014

516. Amend paragraph 980-715-00-1 as follows:

980-715-00-1 ~~No updates have been made to this Subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Defined Benefit Plan	Added	2014-06	03/14/2014
980-715-55-7	Amended	2014-06	03/14/2014

The amendments in this Update were adopted by the unanimous vote of the seven members of the Financial Accounting Standards Board:

Russell G. Golden, *Chairman*
James L. Kroeker, *Vice-Chairman*
Daryl E. Buck
Thomas J. Linsmeier
R. Harold Schroeder
Marc A. Siegel
Lawrence W. Smith

Background Information and Basis for Conclusions

BC1. The following summarizes the Board's considerations in reaching the conclusions in this Update. It includes reasons for accepting certain approaches and rejecting others. Individual Board members gave greater weight to some factors than to others.

BC2. Paragraphs BC3 through BC7 summarize the Board's considerations in reaching the conclusions in this Update. The basis for each amendment in Section A—Amendments Related to the Deletion of Master Glossary Terms, Section B—Amendments Related to the Addition of Master Glossary Term Links, Section C—Amendments Related to Duplicate Master Glossary Terms, and Section D—Other Technical Corrections Related to Master Glossary Terms, is provided before each amendment for clarity and ease of understanding.

Amendments to Master Glossary Terms

BC3. The amendments in this Update correct instances in which Master Glossary terms are not linked to content in the Codification, to eliminate the redundancy of duplicate terms within the Master Glossary, and to update definitions of Master Glossary terms. These amendments are primarily improvements to the Master Glossary and are not intended to substantively change the application of U.S. GAAP. These amendments are not intended to affect Master Glossary terms related to current projects on the Board's agenda.

Conforming Amendments

BC4. This Update contains a number of conforming amendments to the content of the Codification resulting from amendments to Master Glossary terms. These changes are editorial in nature, and the purpose of these changes is only to align the content of the Codification with the amendments to the Master Glossary. Like the amendments to Master Glossary terms, the conforming amendments are not intended to substantively change the application of U.S. GAAP.

Transition

BC5. The Board does not expect that the amendments in this Update will significantly change current practice; therefore, transition guidance is not provided. An entity should follow the disclosure requirements of Section 250-10-50 and disclose the accounting principles that were used before and after

application of the provisions of this Update and the reasons that applying the provisions resulted in a change in accounting principle or correction of an error. In instances in which the amendments affect pending content, those amendments will follow the transition guidance of the pending content.

Benefits and Costs

BC6. The objective of financial reporting is to provide information that is useful to present and potential investors, creditors, donors, and other capital market participants in making rational investment, credit, and similar resource allocation decisions. However, the benefits of providing information for that purpose should justify the related costs. Present and potential investors, creditors, donors, and other users of financial information benefit from improvements in financial reporting, while the costs to implement new guidance are borne primarily by present investors. The Board's assessment of the costs and benefits of issuing new guidance is unavoidably more qualitative than quantitative because there is no method to objectively measure the costs to implement new guidance or to quantify the value of improved information in financial statements.

BC7. The Board does not anticipate that entities will incur significant costs as a result of the amendments in this Update. The amendments will provide the benefit of reducing complexity within the Master Glossary by removing terms not linked within the Codification, linking terms not currently linked within the Codification, removing duplicate terms, and updating other terms. The amendments will not create new accounting requirements, and the Board does not expect that the amendments will result in significant changes in practice. Therefore, the Board concluded that the cost of implementing the amendments will not be significant.

Amendments to the XBRL Taxonomy

The amendments to the *FASB Accounting Standards Codification*[®] in this Accounting Standards Update require changes to the U.S. GAAP Financial Reporting Taxonomy (UGT). Those changes, which will be incorporated into the proposed 2015 UGT, are available for public comment through ASU Taxonomy Changes provided at www.fasb.org, and finalized as part of the annual release process starting in September 2014.