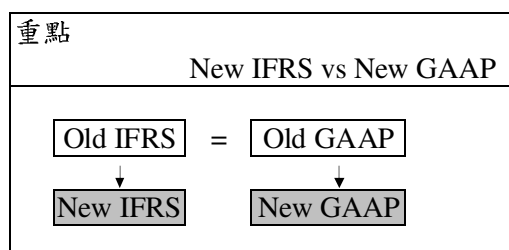


Reading 18: Employee compensation: post-employment and share-based

§ 前言

1. There has been some convergence between IFRS and U.S. GAAP in the measurement and accounting treatment for pensions, other post-employment benefits, and share-based compensation, but some differences remain.
2. Although this reading(教科書) focuses on IFRS as the basis for discussion, instances where U.S. GAAP significantly differ are discussed.
3. CFA：分析退休金
CPA：負責財務報表的編製
精算師：負責精算報告的編製
4. 必考3公式（財務報表附註有此資訊，身為分析師一定要有能力分析）
- 5.



§ Pensions and Other Post- Employment Benefits

以下為教科書中的大綱：

- Types of Post-Employment Benefit Plans
- Measuring a Defined Benefit Pension Plan's Obligations
- Financial Statement Reporting of Pension Plans and Other Post-Employment Benefits
 - (1) Defined Contribution Pension Plans
 - (2) Defined Benefit Pension Plans
 - (3) More on the Effect of Assumptions and Actuarial Gains and Losses on Pension and Other Post-Employment Benefits Costs
- Disclosures of Pension and Other Post-Employment Benefits
 - (1) Assumptions
 - (2) Net Pension Liability (or Asset)
 - (3) Total Periodic Pension Costs
 - (4) Periodic Pension Costs Recognized in P&L vs. OCI
 - (5) Classification of Periodic Pension Costs Recognized in P&L
 - (6) Cash Flow Information

➤ **Types of Post-Employment Benefit Plans**

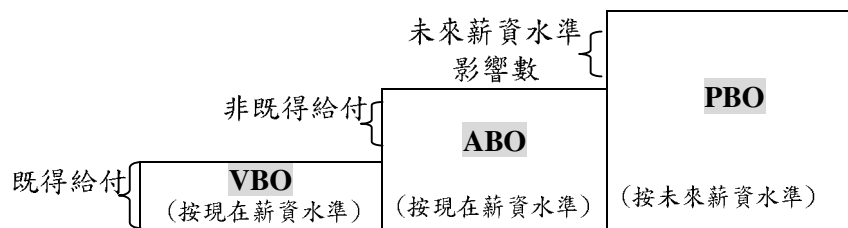
Type of Benefit	Amount of Post-Employment Benefit to Employee	Obligation of Sponsoring Company	Sponsoring Company's Pre-funding of Its Future Obligation
Defined contribution pension plan (DC) 確定提撥退休計劃	Amount of future benefit is not defined. <ul style="list-style-type: none"> Actual future benefit will depend on the investment performance of plan assets. Investment risk is borne by the employee. 	Amount of the company's obligation (contribution) is defined in each period. The contribution, if any, is typically made on a periodic basis with no additional future obligation.	Not applicable.
Defined benefit pension plan (DB) 確定給付退休計劃	Amount of future benefit is defined. <ul style="list-style-type: none"> Benefit is based on plan formula (often a function of length of service and final year's compensation). Investment risk is borne by the company. 	Amount of the <u>future obligation</u> , based on the plan formula, must be estimated in the current period.	Companies typically pre-fund the plans by contributing funds to a pension trust. Regulatory requirements to pre-fund vary by country.
Other post-employment benefits (e.g., retirees' health care) (OPB)	Amount of future benefit depends on plan specifications and type of benefit.	Eventual benefits are specified. The amount of the future obligation must be estimated in the current period.	Companies typically do not pre-fund other post-employment benefit obligations.

學習成果 → LOS 6.18.a. discuss the types of post-employment benefit plans and implications for financial reports.

➤ **Measuring a Defined Benefit Pension Plan's Obligations**

IFRS	U.S. GAAP
<p>Vest benefit obligation (VBO) 既得給付義務</p>	<p>Actuarial present value of vested benefits.</p>
<p>Accumulated benefit obligation (ABO) 累積給付義務</p>	<p>The actuarial present value of benefits (whether vested or non-vested) attributed, generally by the pension benefit formula, to employee service rendered before a specified date and based on employee service and compensation (if applicable) prior to that date.</p>
<p>Present value of the Defined Benefit Obligation (PVDBO)</p>	<p>Projected benefit obligation (PBO) 預計給付義務</p> <p>The actuarial present value as of a date of all benefits attributed by the pension benefit formula to employee service rendered prior to that date</p>

關係圖



➤ **Financial Statement Reporting of Pension Plans and Other Post-Employment Benefits**

Defined Contribution Pension Plans 確定提撥退休計劃	Simple	I/S : expense	contribution
		B/S : current liability	Unpaid contribution
Defined Benefit Pension Plans 確定給付退休計劃	Complex	Because of the complexities of measuring the pension obligation and expense (詳下說明) Balance Sheet Presentation Periodic Pension Cost	

Balance sheet presentation

Funded status

= PV of the Defined benefit obligation (PVDBO) – Fair value of the plan assets

Funded Status			B/S presentation
PVDBO > PA	deficit	Underfunded plan	Net pension liability
PVDBO < PA	surplus	Overfunded plan	Net pension asset = min (surplus, ceiling) Ceiling defined as the present value of future economic benefits, such as refunds from the plan or reductions of future contributions.

Determination of the Amount to Be Reported on the Balance Sheet

The following information pertains to two companies' defined benefit pension plans as of 31 December 2010:

- For company AAA, the present value of the company's defined benefit obligation is 6,723 and the fair value of the pension plan's assets is 4,880.
- For company BBB, the present value of the company's defined benefit obligation is 5,485 and the fair value of the pension plan's assets is 5,998.

In addition, the present value of available future refunds and reductions in future contributions is 326.

Calculate the amount each company would report as a pension asset or liability on its 2010 balance sheet.

AAA company would report **pension liabilities** of 1,843:

Present value of defined benefit obligation	(6,723)
Fair value of plan assets	4,880
Net pension liability (Funded status)	(1,843)

BBB company would report **pension asset** of 326:

Present value of defined benefit obligation	(5,485)
Fair value of plan assets	5,998
Net pension asset (Funded status)	513
The asset ceiling	326
The amount reported net pension asset would be limited to 326	326

➤ Measuring a Defined Benefit Pension's PBO

必考3公式之1：PBO

	PBO at beginning of period
+	Current service cost
+	Interest cost
+/-	Settlement/Curtailment
+	Past service costs (Plan amendments)
+	Actuarial losses
-	Actuarial gains
-	Benefits paid
=	PBO at end of period

有關名詞說明

Current service cost	Employees' service during the period, which increases the amount of pension benefit the employee will be paid in retirement
Interest cost	Interest expense accrued on the beginning pension obligation
Settlement(清償) /Curtailment(縮減)	A settlement occurs when a company eliminates all future obligations for all or part of the future promised benefits. A settlement would occur if a company makes a <u>lump sum payment to (or on behalf) of plan participants</u> in exchange for their rights to receive specified post-employment benefits. (如提前優退、或將領取終身俸的退休人員改為一次給付) A curtailment occurs when a company <u>either</u> significantly reduces the number of employees that are covered by a plan, <u>or</u> amends the plan so that future service by current employees no longer qualifies for benefits. Curtailments generally result from such events as <u>restructurings, plan closings, and the discontinuance of an operation.</u>
Past service costs (Plan amendments) (前期服務成本)	Changes to the terms of a pension plan that increase the benefit obligation applicable to employees' service during previous periods.
Actuarial losses/ Actuarial gains (精算損益)	Actuarial gains and losses can occur when changes are made to the assumptions on which a company's estimated pension obligation has been based (e.g., employee turnover, mortality rates, retirement ages, compensation increases, etc.)
