

Introduction and Invitation to Comment

The International Accounting Standards Board proposes to amend the definition of return on plan assets in IAS 19 *Employee Benefits* to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the measurement of the defined benefit obligation.

The Board invites comments on the proposed amendment. It would particularly welcome answers to the question set out below. Comments are most helpful if they contain a clear rationale and, when applicable, provide a suggestion for alternative wording.

The Board is not requesting comments on matters in IAS 19 not addressed in the exposure draft.

Question

Do you agree with the proposal to amend the definition of return on plan assets in paragraph 7 of IAS 19 to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the measurement of the defined benefit obligation? If not, why?

Proposed amendment to IAS 19 *Employee Benefits*

In the Standard, paragraph 7 is amended (new text is underlined).

Definitions

- 7 The following terms are used in this Standard with the meanings specified:

...

The *return on plan assets* is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

...

Basis for Conclusions on Proposed Amendment to IAS 19 Employee Benefits

This Basis for Conclusions accompanies, but is not part of, the draft amendment.

Definitions

- BC1 The Board identified an inconsistency between the definition of return on plan assets in IAS 19 and the way in which that term is used in the standard.
- BC2 The Board believes that plan administration costs should be deducted in the calculation of the return on plan assets only to the extent that those costs have not been included in the actuarial assumptions used to measure the defined benefit obligation. Deduction of such costs in calculating the return on plan assets and including the same costs in the actuarial assumptions used to measure the defined benefit obligation would result in double-counting them.
- BC3 The Board decided to eliminate this inconsistency by amending the definition of return on plan assets to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the measurement of the defined benefit obligation.