

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Accounting for plans with asset-return promise

Cover Note

Objective and Introduction

- 1 The objective of the session is to present to EFRAG TEG the content of EFRAG's Discussion Paper *Accounting for plans with asset-return promise ('DP')*. Note that there are still some sections in the DP which have to be completed.
- 2 In the DP, the following alternative approaches are being looked at in detail:
 - (a) Capped asset return approach;
 - (b) Fair value approach; and
 - (c) Fulfilment value approach.
- 3 The paper also mentions other approaches but does not illustrate these in detail.
- 4 The EFRAG Secretariat notes that the drafting is not yet final. At this stage, we would like to obtain EFRAG TEG's comments on whether the scope and content of the DP is clear, complete and understandable and the analysis of the different approaches sufficiently detailed.
- 5 The EFRAG Pensions Advisory Panel has discussed the different parts of the DP in its prior meeting but has not yet considered the full draft DP. The EFRAG Secretariat will circulate the draft DP to the Panel members and incorporate their comments in a revised draft. This revised draft will be brought back to EFRAG TEG for recommendation to the EFRAG Board.
- 6 The EFRAG Secretariat expects the DP to be published in Q1 next year.
- 7 Note that there is a question for EFRAG TEG in agenda paper 07-02, paragraph 4.67, in addition to the question below.

Agenda Papers

- 8 In addition to this cover note, we have provided Agenda Paper 07-02 – *draft Discussion Paper – Accounting for plans with asset-return promise*.

Question for EFRAG TEG

- 9 Does EFRAG TEG have any comments on the DP? Please explain.