EFRAG SECRETARIAT ANNEX TO EFRAG's DISCUSSION PAPER

ACCOUNTING FOR PENSION PLANS WITH AN ASSET-RETURN PROMISE



This paper has been prepared by the EFRAG Secretariat and has neither been approved, nor represents, the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The sole purpose of this paper is to provide the calculations underpinning the aggregate amounts in the EFRAG Discussion Paper.

Table of Contents

TABLE OF CONTENTS	2
INTRODUCTION	3
IAS 19	4
CAPPED ASSET RETURN APPROACH	5
FAIR VALUE BASED APPROACH	7
FULFILMENT VALUE APPROACH	8

INTRODUCTION

- On 15 May 2019, EFRAG published its <u>Discussion Paper</u> Accounting for Pension Plans with an Asset-return Promise ('the DP'). The DP explores alternative accounting treatments for post-retirement employee benefits (pension plans) promising the higher of the return on specified assets held by the plan and a minimum guaranteed return (referred to as an 'asset-return promise'). The DP considers the following three alternatives for accounting for the plans in the scope of the project:
 - a) A Capped Asset Return approach;
 - b) A Fair Value Based approach; and
 - c) A Fulfilment Value approach.
- In the DP the effects of applying the three approaches and the current requirements in IAS 19 are illustrated by applying the approaches to a simplified examples. The numerical effects are shown for one year in the DP. This annex provides provides fully developed illustrative examples under IAS 19 and three alternative approaches proposed. The figures provided below are the results of applying the approaches from Year One to Year Eleven for the following:
 - a) Statement of financial position;
 - b) Defined benefit cost (as part of statement of comprehensive income) with a split between profit or loss and other comprehensive income;
 - c) Reconciliation of the plan assets and the pension obligation; and
 - d) Contributions made.

Statement of financial position:											
(amounts in brackets are debit entries)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Plan assets	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)	(36,816)
Pension obligation	2,140	4,026	8,073	11,453	14,976	20,072	24,500	27,088	29,644	33,501	37,466
Net pension liability	865	1,777	3,968	5,495	7,681	8,594	7,652	5,974	4,642	2,944	651
	_	_									
Defined benefit cost (as part of the statemen	nt of com	orehens	ive inco	me):							
(amounts in brackets are gain or profit entries)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Profit or loss:	rear 1	rear 2	rear 3	rear 4	rear 5	rear o	rear /	rear 8	rear 9	rear 10	rear 11
Current service cost, gross	2,231	2,266	2,153	2,803	2,974	3,091	3,397	3,542	3,440	3,349	3,406
Employee discretionary contribution	(425)	(431)	(467)	(477)	(523)	(1,086)	(1,197)	(1,242)	(1,366)	(1,418)	(1,557)
(treated as negative service)	(423)	(431)	(407)	(477)	(323)	(1,080)	(1,197)	(1,242)	(1,300)	(1,410)	(1,337)
Current service cost	1,806	1,836	1,686	2,326	2,451	2,006	2,200	2,300	2,074	1,931	1,849
Interest income	_	(75)	(157)	(170)	(231)	(234)	(177)	(204)	(336)	(423)	(510)
	_	126	281	334	444	481	309	296	431	501	559
Interest expense Net interest expense		51	124	164	213	247	132	93	95	78	49
Net interest expense		31	124	104	213	247	132	93	93	76	43
OCI:											
Actual returns on asset less interest income in P&L	-	393	(298)	(253)	464	(692)	(1,602)	(335)	547	(878)	(1,079)
Actuarial differences on obligation	(91)	(507)	1,613	243	104	1,524	722	(1,251)	(1,315)	7	(0)
Remeasurements, net	(91)	(114)	1,315	(10)	568	832	(880)	(1,586)	(768)	(871)	(1,079)
Defined benefit cost	1,715	1,773	3,125	2,480	3,232	3,084	1,452	807	1,400	1,139	820
	·-										
Roll forward of net pension liability:											
(amounts in brackets are debit entries)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Plan assets:											
Opening balance	-	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)
Employer and employee contributions	(1,275)	(1,292)	(1,402)	(1,430)	(1,569)	(3,257)	(3,591)	(3,727)	(4,099)	(4,255)	(4,670)
Interest income in P&L	-	(75)	(157)	(170)	(231)	(234)	(177)	(204)	(336)	(423)	(510)
Investment return in OCI		393	(298)	(253)	464	(692)	(1,602)	(335)	547	(878)	(1,079)
Closing balance	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)	(36,816)
Pension obligation:											
Opening balance		2,140	4,026	8,073	11,453	14,976	20,072	24,500	27,088	29,644	33,501
Service cost, gross	2,231	2,266	2,153	2,803	2,974	3,091	3,397	3,542	3,440	3,349	3,406
Interest expense	-,	126	281	334	444	481	309	296	431	501	559
Actuarial differences	(91)	(507)	1,613	243	104	1,524	722	(1,251)	(1,315)	7	(0)
Closing balance	2,140	4,026	8,073	11,453	14,976	20,072	24,500	27,088	29,644	33,501	37,466
Net pension liability	865	1,777	3,968	5,495	7,681	8,594	7,652	5,974	4,642	2,944	651
Contributions made											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Employer contributions	850	861	935	953	1,046	2,171	2,394	2,485	2,733	2,837	3,113
Employee discretionary contribution	425	431	467	477	523	1,086	1,197	1,242	1,366	1,418	1,557
Total contributions	1,275	1,292	1,402	1,430	1,569	3,257	3,591	3,727	4,099	4,255	4,670

CAPPED ASSET RETURN APPROACH

Statement of financial position:											
(amounts in brackets are debit entries)											
·	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Plan assets	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)	(36,816
Pension obligation	1,951	3,857	7,386	10,437	14,089	18,933	22,722	25,989	29,644	33,501	37,466
Net pension liability	676	1,608	3,281	4,479	6,795	7,455	5,875	4,875	4,642	2,944	651
Defined benefit cost (as part of the statement	of comp	rehensiv	e incon	ne):							
(amounts in brackets are gain or profit entries)				, .							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Profit or loss:											
Current service cost, gross	2,003	2,066	2,063	2,564	2,711	2,908	3,204	3,285	3,300	3,349	3,406
Employee discretionary contribution (treated as negative service)	(425)	(431)	(467)	(477)	(523)	(1,086)	(1,197)	(1,242)	(1,366)	(1,418)	(1,557
Current service cost	1,578	1,635	1,596	2,087	2,188	1,823	2,007	2,043	1,934	1,931	1,849
Interest income	-	(75)	(157)	(170)	(231)	(234)	(177)	(204)	(336)	(423)	(510
Interest expense		115	269	306	405	452	292	275	413	501	559
Net interest expense		40	112	136	174	218	115	71	78	78	49
oci:											
Actual returns on asset less interest income in P&L	-	393	(298)	(253)	464	(692)	(1,602)	(335)	547	(878)	(1,079
Actuarial differences on obligation	(53)	(274)	1,197	181	537	1,483	294	(294)	(58)	7	(0
Remeasurements, net	(53)	119	899	(72)	1,000	791	(1,308)	(629)	488	(871)	(1,079
- 6 11 6								1 405	2.500	1 120	820
Defined benefit cost	1,526	1,794	2,607	2,151	3,361	2,831	814	1,485	2,500	1,139	820
	1,526	1,794	2,607	2,151	3,361	2,831	814	1,485	2,500	1,139	820
Roll forward of net pension liability:		,	·	·	·	·		,	,	·	
	1,526 Year 1	1,794 Year 2	2,607 Year 3	2,151 Year 4	3,361 Year 5	2,831 Year 6	814 Year 7	Year 8	2,500 Year 9	Year 10	Year 11
Roll forward of net pension liability:		Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Roll forward of net pension liability:		,	·	·	·	·		,	,	·	
Roll forward of net pension liability: Plan assets: Opening balance	Year 1	Year 2 (1,275)	Year 3 (2,249)	Year 4 (4,105)	Year 5 (5,958)	Year 6 (7,295)	Year 7	Year 8	Year 9 (21,114)	Year 10 (25,002)	Year 12
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions	Year 1 - (1,275)	Year 2 (1,275) (1,292)	Year 3 (2,249) (1,402)	Year 4 (4,105) (1,430)	Year 5 (5,958) (1,569)	Year 6 (7,295) (3,257)	Year 7 (11,478) (3,591)	Year 8 (16,848) (3,727)	Year 9 (21,114) (4,099)	Year 10 (25,002) (4,255)	Year 13 (30,557 (4,670
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L	Year 1 - (1,275)	Year 2 (1,275) (1,292) (75)	Year 3 (2,249) (1,402) (157)	Year 4 (4,105) (1,430) (170)	Year 5 (5,958) (1,569) (231)	Year 6 (7,295) (3,257) (234)	Year 7 (11,478) (3,591) (177)	Year 8 (16,848) (3,727) (204)	Year 9 (21,114) (4,099) (336)	Year 10 (25,002) (4,255) (423)	Year 11 (30,557 (4,670 (510
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI	Year 1 - (1,275)	Year 2 (1,275) (1,292) (75) 393	Year 3 (2,249) (1,402) (157) (298)	Year 4 (4,105) (1,430) (170) (253)	Year 5 (5,958) (1,569) (231) 464	Year 6 (7,295) (3,257) (234) (692)	Year 7 (11,478) (3,591) (177) (1,602)	Year 8 (16,848) (3,727) (204) (335)	Year 9 (21,114) (4,099) (336) 547	Year 10 (25,002) (4,255) (423) (878)	Year 11 (30,557 (4,670 (510 (1,079
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance	Year 1 - (1,275)	Year 2 (1,275) (1,292) (75) 393	Year 3 (2,249) (1,402) (157) (298)	Year 4 (4,105) (1,430) (170) (253)	Year 5 (5,958) (1,569) (231) 464	Year 6 (7,295) (3,257) (234) (692)	Year 7 (11,478) (3,591) (177) (1,602)	Year 8 (16,848) (3,727) (204) (335)	Year 9 (21,114) (4,099) (336) 547	Year 10 (25,002) (4,255) (423) (878)	Year 11 (30,557 (4,670 (510 (1,079
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation:	Year 1 - (1,275)	Year 2 (1,275) (1,292) (75) 393 (2,249)	Year 3 (2,249) (1,402) (157) (298) (4,105)	Year 4 (4,105) (1,430) (170) (253) (5,958)	Year 5 (5,958) (1,569) (231) 464 (7,295)	Year 6 (7,295) (3,257) (234) (692) (11,478)	Year 7 (11,478) (3,591) (177) (1,602) (16,848)	Year 8 (16,848) (3,727) (204) (335) (21,114)	Year 9 (21,114) (4,099) (336) 547 (25,002)	Year 10 (25,002) (4,255) (423) (878) (30,557)	Year 11 (30,557 (4,670 (510 (1,079 (36,816
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance	Year 1 - (1,275) - (1,275)	Year 2 (1,275) (1,292) (75) 393 (2,249)	Year 3 (2,249) (1,402) (157) (298) (4,105)	Year 4 (4,105) (1,430) (170) (253) (5,958)	Year 5 (5,958) (1,569) (231) 464 (7,295)	Year 6 (7,295) (3,257) (234) (692) (11,478)	Year 7 (11,478) (3,591) (177) (1,602) (16,848)	Year 8 (16,848) (3,727) (204) (335) (21,114)	Year 9 (21,114) (4,099) (336) 547 (25,002)	Year 10 (25,002) (4,255) (423) (878) (30,557)	Year 1: (30,557 (4,670 (510 (1,079 (36,816
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance Service cost, gross	Year 1 (1,275) (1,275) (1,275) 2,003 (53)	Year 2 (1,275) (1,292) (75) 393 (2,249) 1,951 2,066 115 (274)	Year 3 (2,249) (1,402) (157) (298) (4,105) 3,857 2,063 269 1,197	Year 4 (4,105) (1,430) (170) (253) (5,958) 7,386 2,564 306 181	Year 5 (5,958) (1,569) (231) 464 (7,295) 10,437 2,711 405 537	Year 6 (7,295) (3,257) (234) (692) (11,478) 14,089 2,908 452 1,483	Year 7 (11,478) (3,591) (177) (1,602) (16,848) 18,933 3,204 292 294	Year 8 (16,848) (3,727) (204) (335) (21,114) 22,722 3,285 275 (294)	Year 9 (21,114) (4,099) (336) 547 (25,002) 25,989 3,300 413 (58)	Year 10 (25,002) (4,255) (423) (878) (30,557) 29,644 3,349 501 7	Year 11 (30,557 (4,670 (510 (1,079 (36,816 33,501 3,406 559 (0
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance Service cost, gross Interest expense	Year 1 (1,275) (1,275) 2,003	Year 2 (1,275) (1,292) (75) 393 (2,249) 1,951 2,066 115	Year 3 (2,249) (1,402) (157) (298) (4,105) 3,857 2,063 269	Year 4 (4,105) (1,430) (170) (253) (5,958) 7,386 2,564 306	Year 5 (5,958) (1,569) (231) 464 (7,295) 10,437 2,711 405	Year 6 (7,295) (3,257) (234) (692) (11,478) 14,089 2,908 452	Year 7 (11,478) (3,591) (177) (1,602) (16,848) 18,933 3,204 292	Year 8 (16,848) (3,727) (204) (335) (21,114) 22,722 3,285 275	Year 9 (21,114) (4,099) (336) 547 (25,002) 25,989 3,300 413	Year 10 (25,002) (4,255) (423) (878) (30,557) 29,644 3,349 501	Year 1: (30,557 (4,670 (510 (1,079 (36,816 33,501 3,406 559
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance Service cost, gross Interest expense Actuarial differences	Year 1 (1,275) (1,275) (1,275) 2,003 (53)	Year 2 (1,275) (1,292) (75) 393 (2,249) 1,951 2,066 115 (274)	Year 3 (2,249) (1,402) (157) (298) (4,105) 3,857 2,063 269 1,197	Year 4 (4,105) (1,430) (170) (253) (5,958) 7,386 2,564 306 181	Year 5 (5,958) (1,569) (231) 464 (7,295) 10,437 2,711 405 537	Year 6 (7,295) (3,257) (234) (692) (11,478) 14,089 2,908 452 1,483	Year 7 (11,478) (3,591) (177) (1,602) (16,848) 18,933 3,204 292 294	Year 8 (16,848) (3,727) (204) (335) (21,114) 22,722 3,285 275 (294)	Year 9 (21,114) (4,099) (336) 547 (25,002) 25,989 3,300 413 (58)	Year 10 (25,002) (4,255) (423) (878) (30,557) 29,644 3,349 501 7	Year 11 (30,557 (4,670 (510 (1,079 (36,816 33,501 3,406 559 (0
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance Service cost, gross Interest expense Actuarial differences Closing balance	Year 1 (1,275) (1,275) 2,003 (53) 1,951	Year 2 (1,275) (1,292) (75) 393 (2,249) 1,951 2,066 115 (274) 3,857	Year 3 (2,249) (1,402) (157) (298) (4,105) 3,857 2,063 269 1,197 7,386	Year 4 (4,105) (1,430) (170) (253) (5,958) 7,386 2,564 306 181 10,437	Year 5 (5,958) (1,569) (231) 464 (7,295) 10,437 2,711 405 537 14,089	Year 6 (7,295) (3,257) (234) (692) (11,478) 14,089 2,908 452 1,483 18,933	Year 7 (11,478) (3,591) (177) (1,602) (16,848) 18,933 3,204 292 294 22,722	Year 8 (16,848) (3,727) (204) (335) (21,114) 22,722 3,285 275 (294) 25,989	Year 9 (21,114) (4,099) (336) 547 (25,002) 25,989 3,300 413 (58) 29,644	Year 10 (25,002) (4,255) (423) (878) (30,557) 29,644 3,349 501 7 33,501	Year 12 (30,557 (4,670 (510 (1,079 (36,816 33,501 3,406 559 (0 37,466
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance Service cost, gross Interest expense Actuarial differences Closing balance Net pension liability	Year 1 (1,275) (1,275) 2,003 (53) 1,951	Year 2 (1,275) (1,292) (75) 393 (2,249) 1,951 2,066 115 (274) 3,857	Year 3 (2,249) (1,402) (157) (298) (4,105) 3,857 2,063 269 1,197 7,386	Year 4 (4,105) (1,430) (170) (253) (5,958) 7,386 2,564 306 181 10,437	Year 5 (5,958) (1,569) (231) 464 (7,295) 10,437 2,711 405 537 14,089	Year 6 (7,295) (3,257) (234) (692) (11,478) 14,089 2,908 452 1,483 18,933	Year 7 (11,478) (3,591) (177) (1,602) (16,848) 18,933 3,204 292 294 22,722	Year 8 (16,848) (3,727) (204) (335) (21,114) 22,722 3,285 275 (294) 25,989	Year 9 (21,114) (4,099) (336) 547 (25,002) 25,989 3,300 413 (58) 29,644	Year 10 (25,002) (4,255) (423) (878) (30,557) 29,644 3,349 501 7 33,501	Year 12 (30,557 (4,670 (510 (1,079 (36,816 33,501 3,406 559 (0 37,466
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance Service cost, gross Interest expense Actuarial differences Closing balance Net pension liability	Year 1 (1,275) (1,275) 2,003 (53) 1,951	Year 2 (1,275) (1,292) (75) 393 (2,249) 1,951 2,066 115 (274) 3,857	Year 3 (2,249) (1,402) (157) (298) (4,105) 3,857 2,063 269 1,197 7,386 3,281	Year 4 (4,105) (1,430) (170) (253) (5,958) 7,386 2,564 306 181 10,437	Year 5 (5,958) (1,569) (231) 464 (7,295) 10,437 2,711 405 537 14,089	Year 6 (7,295) (3,257) (234) (692) (11,478) 14,089 2,908 452 1,483 18,933 7,455	Year 7 (11,478) (3,591) (177) (1,602) (16,848) 18,933 3,204 292 294 22,722 5,875	Year 8 (16,848) (3,727) (204) (335) (21,114) 22,722 3,285 275 (294) 25,989	Year 9 (21,114) (4,099) (336) 547 (25,002) 25,989 3,300 413 (58) 29,644 4,642	Year 10 (25,002) (4,255) (423) (878) (30,557) 29,644 3,349 501 7 33,501	Year 12 (30,557 (4,670 (510 (1,079 (36,816 33,501 3,406 559 (0 37,466
Roll forward of net pension liability: Plan assets: Opening balance Employer and employee contributions Interest income in P&L Investment return in OCI Closing balance Pension obligation: Opening balance Service cost, gross Interest expense Actuarial differences Closing balance Net pension liability Contributions made	Year 1 (1,275) (1,275) 2,003 (53) 1,951 676	Year 2 (1,275) (1,292) (75) 393 (2,249) 1,951 2,066 115 (274) 3,857 1,608	Year 3 (2,249) (1,402) (157) (298) (4,105) 3,857 2,063 269 1,197 7,386 3,281	Year 4 (4,105) (1,430) (170) (253) (5,958) 7,386 2,564 306 181 10,437 4,479	Year 5 (5,958) (1,569) (231) 464 (7,295) 10,437 2,711 405 537 14,089 6,795	Year 6 (7,295) (3,257) (234) (692) (11,478) 14,089 2,908 452 1,483 18,933 7,455	Year 7 (11,478) (3,591) (177) (1,602) (16,848) 18,933 3,204 292 294 22,722 5,875	Year 8 (16,848) (3,727) (204) (335) (21,114) 22,722 3,285 275 (294) 25,989 4,875	Year 9 (21,114) (4,099) (336) 547 (25,002) 25,989 3,300 413 (58) 29,644 4,642	Year 10 (25,002) (4,255) (423) (878) (30,557) 29,644 3,349 501 7 33,501 2,944	Year 12 (30,557 (4,670 (510 (1,079 (36,816 33,501 3,406 559 (0 37,466

Notes:

In Year Two, there is a negative remeasurement in OCI on the plan assets, because the actual asset return rate is lower than the high-quality corporate bond rate. Actually, in Year two, the return is negative. This remeasurement increases the total defined benefit cost. There is a also a positive actuarial difference on the obligation, because the high-quality corporate bond rate increases from 5.89% to 6.97% in Year Two. This remeasurement decreases the total defined benefit cost.

For most of the other years, there is a positive remeasurement in OCI on the assets, because the actual asset return rate exceeds the high-quality corporate bond rate. This reduces the total defined benefit cost. For those years, there is also a negative actuarial difference on the obligation because the high-quality corporate bond rate decreases and, consequently, it increases the liability. This remeasurement increases the total defined benefit cost.

FAIR VALUE BASED APPROACH

Statement of financial position:
(amounts in brackets are debit entries)

let pension liability	1,172	2,363	3,039	3,553	4,285	4,851	4,590	4,484	4,378	2,805	651
Pension obligation	2,447	4,612	7,144	9,511	11,580	16,330	21,438	25,598	29,380	33,362	37,466
Plan assets	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)	(36,816)
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11

Defined benefit cost (as part of the statement of comprehensive income):

(amounts in brackets are gain or profit entries)

Defined benefit cost	2,022	2,052	1,611	1,467	1,779	2,737	2,132	2,379	2,627	1,263	959
Remeasurement of guarantee		136	(328)	(370)	(86)	(828)	(1,469)	(1,027)	(767)	(1,909)	(2,154)
Net interest expense		-	-	-	-	-	-	-	-	-	
Interest expense		(317)	454	423	(232)	926	1,779	539	(211)	1,300	1,589
Return on plan assets	-	317	(454)	(423)	232	(926)	(1,779)	(539)	211	(1,300)	(1,589)
Current service cost	2,022	1,916	1,939	1,837	1,865	3,565	3,601	3,406	3,394	3,172	3,113
Current service cost, guarantee	1,172	1,055	1,004	884	819	1,394	1,208	922	661	335	-
Employee discretionary contribution (treated as negative service)	(425)	(431)	(467)	(477)	(523)	(1,086)	(1,197)	(1,242)	(1,366)	(1,418)	(1,557)
Profit or loss: Current service cost, contribution	1,275	1,292	1,402	1,430	1,569	3,257	3,591	3,727	4,099	4,255	4,670
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11

Roll forward of net pension liability:

(amounts in brackets are debit entries)

Employee discretionary contribution

Total contributions

Plan assets:											
Opening balance	-	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)
Employer and employee contributions	(1,275)	(1,292)	(1,402)	(1,430)	(1,569)	(3,257)	(3,591)	(3,727)	(4,099)	(4,255)	(4,670)
Return in profit or loss		317	(454)	(423)	232	(926)	(1,779)	(539)	211	(1,300)	(1,589)
Closing balance	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)	(36,816)
Pension obligation:											
Opening balance		2,447	4,612	7,144	9,511	11,580	16,330	21,438	25,598	29,380	33,362
Service cost, gross	2,447	2,346	2,406	2,314	2,388	4,651	4,798	4,649	4,760	4,590	4,670
Interest expense	-	(317)	454	423	(232)	926	1,779	539	(211)	1,300	1,589
Remeasurement of guarantee		136	(328)	(370)	(86)	(828)	(1,469)	(1,027)	(767)	(1,909)	(2,154)
Closing balance	2,447	4,612	7,144	9,511	11,580	16,330	21,438	25,598	29,380	33,362	37,466
Net pension liability	1,172	2,363	3,039	3,553	4,285	4,851	4,590	4,484	4,378	2,805	651
Contributions made											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Employer contributions	850	861	935	953	1,046	2,171	2,394	2,485	2,733	2,837	3,113

Year 5

Year 6

Year 7

Year 9

Year 10

Year 11

EFRAG Secretariat Annex to EFRAG's Discussion Paper Accounting for Pension Plans with an Asset-return Promise

467

1,402

477

1,430

523

1,569

1,086

3,257

1,197

3,591

1,242

3,727

1,366

4,099

1,418

4,255

1,557

4,670

431

1,292

425

1,275

Year 1 Year 2 Year 3 Year 4

FULFILMENT VALUE APPROACH

Statement of financial position:											
(amounts in brackets are debit entries)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1
Plan assets	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)	(36,816
Pension obligation	2,447	4,612	7,144	9,511	11,580	16,329	21,438	25,598	29,440	33,538	37,466
Net pension liability	1,172	2,363	3,039	3,553	4,285	4,851	4,590	4,484	4,438	2,981	651
Defined benefit cost (as part of the state	ment of c	omnreh	ansiva i	ncomal							
(amounts in brackets are gain or profit entries)	inchic or c	.ompren	CHSIVE	come,	•						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1
Profit or loss:											
Current service cost	2,022	1,916	1,939	1,837	1,865	3,565	3,602	3,407	3,394	3,172	3,113
Return on plan assets	-	317	(454)	(423)	232	(926)	(1,779)	(539)	211	(1,300)	(1,589
interest expense and changes in estimates		(223)	643	666	52	1,269	2,143	860	80	1,570	1,738
Net interest expense		94	189	243	284	343	364	321	291	270	149
OCI:											
Remeasurement of the guarantee	-	42	(517)	(613)	(371)	(1,171)	(1,833)	(1,349)	(998)	(2,062)	(2,479
Defined benefit cost	2,022	2,052	1,611	1,467	1,778	2,737	2,133	2,379	2,686	1,379	783
Roll forward of net pension liability:											
(amounts in brackets are debit entries)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1
Plan assets:	i cai 1	Teal 2	i cai 3	i cai 4	i cai 3	i eai u	Teal /	i cai o	i eai 3	i cai 10	icai 1.
Opening balance	_	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557
Employer and employee contributions	(1,275)	(1,292)	(1,402)	(1,430)	(1,569)	(3,257)	(3,591)	(3,727)	(4,099)	(4,255)	(4,670
Return on plan assets	-	317	(454)	(423)	232	(926)	(1,779)	(539)	211	(1,300)	(1,589
Closing balance	(1,275)	(2,249)	(4,105)	(5,958)	(7,295)	(11,478)	(16,848)	(21,114)	(25,002)	(30,557)	(36,816
Pension obligation (excluding value of guarantee):											
Opening balance	_	1,275	2,249	4,105	5,958	7,295	11,478	16,848	21,114	25,313	31,234
Accretion of interest	_	102	180	328	477	584	861	1,179	1,372	1,519	1,562
Effect of change in discount rates	-	(419)	274	94	(709)	343	918	(640)	(1,584)	(197)	61
Employer and employee contributions	1,275	1,292	1,402	1,430	1,569	3,257	3,591	3,727	4,099	4,255	4,670
Deficit to be paid by employer									311	345	(61
Closing balance	1,275	2,249	4,105	5,958	7,295	11,478	16,848	21,114	25,313	31,234	37,466
Value of the guarantee:											
Opening balance	-	1,172	2,363	3,039	3,553	4,285	4,851	4,590	4,484	4,127	2,303
Accretion of interest	-	94	189	243	284	343	364	321	291	248	115
Current service cost related to guarantee	1,172	1,055	1,004	884	819	1,394	1,208	922	661	335	-
Remeasurement		42	(517)	(613)	(371)	(1,171)	(1,833)	(1,349)	(1,309)	(2,407)	(2,418
Closing balance	1,172	2,363	3,039	3,553	4,285	4,851	4,590	4,484	4,127	2,303	C
Net pension liability	1,172	2,363	3,039	3,553	4,285	4,851	4,590	4,484	4,438	2,980	651
Contributions made											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1
		0.04	005	050		0.474	2 204	2.405	2 722	2.027	3,113
Employer contributions	850	861	935	953	1,046	2,171	2,394	2,485	2,733	2,837	3,113
Employer contributions Employee discretionary contribution	425 425	431	935 467	953 477	1,046 523	2,171 1,086	2,394 1,197	1,242	2,733 1,366	2,837 1,418	1,557



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