

Interpretation of the Emerging Accounting Issues Working Group

INT 01-16: Measurement Date for SSAP No. 8 Actuarial Valuations

ISSUE NULLIFIED BY SSAP NO. 92 AND SSAP NO. 102

INT 01-16 Dates Discussed

March 26, 2001; June 11, 2001

INT 01-16 References

SSAP No. 8—Pensions (SSAP No. 8)

Note: The guidance from this Interpretation applicable to pensions was incorporated into *SSAP No. 89—Accounting for Pensions, A Replacement of SSAP No. 8*, in paragraph 16.e.

SSAP No. 14—Postretirement Benefits Other Than Pensions (SSAP No. 14)

INT 01-16 Issue

1. SSAP No. 8 adopts *FASB Statement No. 87, Employers' Accounting for Pensions* (FAS 87) with modifications as noted in paragraph 15 of SSAP No. 8. SSAP No. 8 does not specifically address measurement date. The following is excerpted from FAS 87, paragraphs 52 and 53:

Measurement Dates

52. The measurements of plan assets and obligations required by this Statement shall be as of the date of the financial statements or, if used consistently from year to year, as of a date not more than three months prior to that date. Requiring that the pension measurements be as of a particular date is not intended to require that all procedures be performed after that date. As with other financial statement items requiring estimates, much of the information can be prepared as of an earlier date and projected forward to account for subsequent events (for example, employee service). The additional minimum liability reported in interim financial statements shall be the same additional minimum liability (paragraph 36) recognized in the previous year-end statement of financial position, adjusted for subsequent accruals and contributions, unless measures of both the obligation and plan assets are available as of a more current date or a significant event occurs, such as a plan amendment, that would ordinarily call for such measurements.

53. Measurements of net periodic pension cost for both interim and annual financial statements shall be based on the assumptions used for the previous year-end measurements unless more recent measurements of both plan assets and obligations are available or a significant event occurs, such as a plan amendment that would ordinarily call for such measurements.

2. Is it appropriate to utilize June 30 actuarial valuations in determining the overfunded (asset) or underfunded (liability) portion of the defined benefit plan in the preparation of December 31 NAIC statutory basis financial statements?

INT 01-16 Discussion

3. The working group reached a consensus that it would not be appropriate to utilize June 30 actuarial valuations in determining the overfunded (asset) or underfunded (liability) portion of the SSAP No. 8 or SSAP No. 14 plan in the preparation of December 31 NAIC statutory basis

financial statements. As such, entities shall perform its actuarial analysis consistent with the three-month guideline contained within FAS 87.

INT 01-16 Status

4. No further discussion is planned.

5. During 2003, the Statutory Accounting Principles Working Group developed *SSAP No. 89— Accounting for Pensions, A Replacement of SSAP No. 8* (SSAP No. 89). Paragraph 16.e. of SSAP No. 89 incorporated the guidance of this INT 01-16.