



New Pension Statements from GASB

In June 2012, the Governmental Accounting Standards Board (GASB) adopted new standards to improve financial reporting by state and local governmental pension plans, including plans sponsored by public utilities, hospitals, other healthcare providers, colleges and universities. Statement No. 67, *Financial Reporting for Pension Plans*, replaces GASB Statement No. 25 effective for financial statement periods beginning after June 15, 2013. Statement No. 68, *Accounting and Financial Reporting for Pensions*, replaces GASB Statement No. 27 effective for fiscal years beginning after June 15, 2014. The new Statements also replace Statement No. 50, *Pension Disclosures*.

GASB's intent in publishing these new Statements was to improve the transparency and consistency of pension information reported by state and local governments and pension plans. The Statements apply to both defined benefit plans and defined contribution plans that are administered through trusts meeting all of the following criteria:

- Employer contributions are irrevocable;
- Trust assets are dedicated to providing pension benefits to plan participants; and
- Trust assets are protected from creditors of the employers, plan administrator and plan participants.

The new Statements do not establish new funding requirements for governmental plans. They simply provide standards for financial reporting and specify a required method for measuring the pension liabilities of contributing plan sponsors. Under these rules, defined benefit plans must present two financial statements: a statement of fiduciary net position, and a statement of changes in fiduciary net position. The notes to these statements must include specific descriptive and supplementary information. Defined contribution plans must provide the same financial statements, with more limited disclosures.

Online toolkit provides assistance

To help plan sponsors and auditors implement Statement No. 67, GASB has created an online toolkit, which is available for free on the [GASB website](#). This toolkit includes the following items:

- A guide to implementing Statement 67;
- A video featuring GASB Chairman David A. Yandt, discussing the top implementation issues;
- A podcast reviewing the types of pension plans affected by Statement 67 and the most significant changes to pension plan accounting and financial reporting;
- A Fact Sheet answering frequently asked questions about both Statement 67 and Statement 68
- A Fact Sheet answering frequently asked questions specifically about Statement 67;
- An article identifying several key areas that plan administrators and public officials should consider when implementing the new standards; and
- A document addressing common misconceptions about the new standards; and
- Both the full text and a summary of Statement 67.

Compliance Advisory by Prudential Retirement

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