



Update on New Disclosure Requirements

Integrating Design & Delivery

Recently, the accounting standard setting bodies, CICA (Canada) and FASB (US) proposed changes to financial statement disclosures relating to pension and benefits. They both issued exposure drafts for which comments were requested before October 27 for FASB and October 31 for CICA. They originally hoped to implement the new disclosure rules by December 31, 2003. That will no longer occur.

CICA

Based on comments received, the CICA has postponed the effective date of this change. We understand that the CICA is still reviewing comments and will likely apply the new rules beginning with fiscal year 2004 only. We will keep you informed of any further developments.

For more information on the proposed disclosure requirements, we refer you to our November *Vision*. Also, there is a note from the CICA on that topic on their Web site at www.cica.ca.

FASB

FASB has reviewed all comments received on the topic of their new disclosures rules, but has not yet provided a final document. The major changes anticipated are as follows:

1. The expected return on assets may not be required by asset category as previously suggested. Rather, a general narrative description of how the overall expected long term return on assets has been selected would now be required.



2. The measurement date used for the plans that constitute the majority must be disclosed.

Previously, this was required only if it was different than the financial statement date and was relevant.

3. A reconciliation of beginning and year-end balances for assets and bond values is to be maintained. Previously, only the key components were maintained.

4. The estimated contribution is required on an aggregate basis rather than by components (mandatory, discretionary, non-cash). Also, there will be a notion of "employer's best estimate of contributions, if known".

5. Projected benefit payments must now reflect future service. Therefore, they will need to be reconciled with a bond projected value that considers interest, future service accrual and employee contributions.

6. Debt maturity information is no longer required.

7. The change is intended to be effective for all fiscal years ending after December 15, 2003 except for:

a) foreign plans; and

b) projected benefits for which the effective date would be in a fiscal year ending after June 15, 2004.

All these decisions are still preliminary but it is expected that they will prevail. A meeting was held on November 26 to prepare the final document. For additional details, please visit their Web site at www.fasb.org.

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