

Advisor Alert

Amendments to accounting standards for pension plans

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What's changing?

In December 2022, the Accounting Standards Board (AcSB) issued amendments to Section 4600 *Pension Plans* in Part IV of the CPA Canada Handbook – Accounting – Accounting Standards for Pension Plans (ASPP) to:

- clarify that a statement of changes in pension obligations isn't required for defined contribution pension plans;
- provide guidance on determining the amalgamation or split date for pension plans;
- provide recognition, measurement, and disclosure guidance related to the accounting for buy-in and buy-out annuity contracts;
- clarify the presentation requirements when there's a combination of plans, and
- increase the disclosures for interests in master trusts.

The amendments are effective for fiscal periods beginning on or after January 1, 2024.

Why is the AcSB making changes to Section 4600?

In the many years since Section 4600 was introduced, stakeholders have called for further clarity and guidance in a number of areas, such as amalgamations of plans, disclosures related to investments in master trusts, and accounting for annuity contracts. The intent of the current amendments is to reduce diversity in practice and provide clear guidance in certain areas.

Our thoughts

We believe these amendments provide clarity and further guidance for issues that occur with more frequency in practice. For example, pension and benefit plans enter into amalgamation and split transactions, and purchase annuity contracts more frequently in the current economic environment. The guidance and additional disclosures should increase comparability and consistency in financial statements, and provide users with better information to understand the impact of certain transactions in pension plan and benefit plan financial statements.

Where do I go to learn more?

CPA Canada has issued a [publication](#) summarizing the changes. [Contact](#) your Grant Thornton advisor if you have any questions about the proposals.