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Navigating FASB Accounting Standards Codification

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In 2009, the Financial Accounting Standards Board (FASB) rolled out its new Accounting Standards Codification. The main objective of the codification was to simplify access to all US generally accepted accounting principles (US GAAP). The simplification resulted in a structural overhaul, changing from a standards-based model to a topically-based model.

As a result, the old Statements of Financial Accounting Standards with which Enrolled Actuaries had been working for years no longer existed, and working through the new codification to locate the appropriate standards that apply to pension plans has proven to be challenging.

Basic Website Navigation and Codification Organization

Access to the new codification is gained through FASB's home webpage: www.fasb.org. Once there, if you click on the "Standards" tab at the top of the home page, you will be taken to a screen where you can log in if you have already subscribed for access. If you haven't already subscribed, you have two choices: You can pay \$850 per year for the "Professional View," or you can pay \$0 for the "Basic View." Unfortunately, when they say basic, they really mean basic. Getting what you need from "Basic View" can be tedious, but given that the majority of the codification is not applicable to Enrolled Actuaries, paying for the "Professional View" is probably not going to be worth it in most cases.



The first screen that you come to after logging in offers a "Cross Reference" option (last option listed on right side). Clicking on this option takes you to a screen where you can enter the old FAS statement number in order to generate a cross-reference table between the old statement paragraph numbers and the new codification section numbers. This cross reference

table is useful in finding the location of specific provisions in the new codification, assuming that you know the old statement paragraph number. You can also enter the new codification topic, subtopic or section numbers in order to locate where the codification provisions were originally located in the old statements. This cross-reference feature can also be accessed from most of the Accounting Standards Codification screens by clicking on the “Cross Reference” tab at the top of the screen.

The new codification is organized into topics, under which there is a hierarchy of subtopics, sections and paragraphs. References to specific paragraphs are made by hyphenating this sequence. For example, paragraph 1 of section 00 of subtopic 20 under topic 715 is identified as FASB ASC 715-20-00-1. To get to a specific topic from the Accounting Standards Codification screens using “Basic View,” you must use the list of general categories located in the side bar on the left hand side of the screen. Although a “go to” box (for entering specific sections) is also present in this side bar (above this list), this feature is not available with “Basic View.” You will find that most of the features that would make it easier to navigate and use the codification are not available with “Basic View.”

Under the codification subtopics, each section number is assigned a specific purpose. For example, section number “00” for each subtopic is the “Status” section, and its purpose is to identify changes made to the subtopic by Accounting Standards Updates. Under the new structure, all changes made to the codification are communicated through Accounting Standards Updates. As noted on the FASB website, an Accounting Standards Update “summarizes the key provisions of the project that led to the Update, details the specific amendments to the FASB Codification and explains the basis for the Board’s decisions.” The “Status” section can be particularly helpful in staying up to date with regard to the codification. If changes have been made to a subtopic, the Status section will include a list of the paragraphs that have been amended and will contain a link to the Accounting Standards Update that details the amendment. You can also access Accounting Standards Updates by number directly from FASB’s home page by selecting “Accounting

Standard Updates” under the “Standards” tab. Unlike the codification itself, the Accounting Standards Updates are in downloadable pdf format.

One particularly useful feature of the online codification is that whenever the text contains a term defined in the glossary, a direct link to the definition of the term is embedded in the text. Direct links to specific paragraphs referenced in the text are also embedded.

Where’s the Beef?

Enrolled Actuaries are most familiar with the standards set forth in FAS Statements No. 35, 87, 88, 132R, 158 and 106. The FAS 35 standards are included under Topic 960 in the codification. The FAS 87 and 88 standards, as amended by FAS 132R and FAS 158, including the guidance and illustrations previously provided in separate publications, are included under Topic 715. The FAS 106 standards, including the guidance and illustrations previously provided in separate publications, are also included under Topic 715. To get to these topics from the list of general categories located in the side bar on the left-hand side of the Accounting Standards Codification screens, select the following:

- To get to Topic 715 (FAS 87/88/132R/158/106)
Select: Expenses → 71X-Compensation → 715-Compensation-Retirement Benefits
- To get to Topic 960 (FAS 35)
Select: Industry → 96X-Plan Accounting → 960-Plan Accounting-Defined Benefit Pension Plans

Navigating Topic 715 (Related to former FAS Statement Nos. 87, 88, 132R, 158 and 106)

There are six subtopics¹ under Topic 715:

- 10 Overall
- 20 Defined Benefit Plans-General
- 30 Defined Benefit Plans-Pension
- 60 Defined Benefit Plans-Other Postretirement
- 70 Defined Contribution Plans
- 80 Multiemployer Plans

Subtopic 20 contains provisions relating to defined benefit plans generally and includes most of the provisions that were formerly included

in FAS 132R and 158, along with some provisions formerly included in FAS 87, 88 and 106. Subtopic 30 generally contains most of the provisions relating to pension benefits that were formerly included in FAS 87 and 88. Subtopic 60 generally contains most of the provisions relating to postretirement benefits other than pensions that were formerly included in FAS 106.

The required disclosures for all defined benefit plans under Topic 715 are included in the “Disclosure” section under subtopic 20 (715-20-50). The purpose of the “Disclosure” sections is to provide guidance regarding required disclosures in the notes to financial statements relating to the subtopic. The meat of the defined benefit plan disclosure requirements for public entities is found in paragraph 715-20-50-1, and the meat for nonpublic entities is found in paragraph 715-20-50-5.

You will notice that both of these paragraphs include “Pending Content” boxes. The content in Pending Content boxes includes changes that have been made to the paragraph that will eventually replace the content in the codification that immediately precedes it. Pending Content boxes include a general transition date for the Pending Content, and a link to transition guidance, which provides more detailed information relating to the effective date for the Pending Content. For both 715-20-50-1 and 715-20-50-5, the “Pending Content” section is applicable to fiscal years beginning after December 15, 2009, and would generally be applicable to most of the Topic 715 work currently being done.

The requirement to recognize the pension asset (liability) associated with defined benefit pension plans in the financial statements can be found in the “General” part of the “Recognition” section under subtopic 30 (715-30-25, paragraphs 1 through 6). The purpose of the “Recognition” sections is to provide guidance on the required criteria, timing and location (within the financial statements) for recording particular items in the financial statements. The “Settlements, Curtailments, and Certain Termination Benefits” part of this section (715-30-25, paragraphs 8 through 13) describes recognition requirements related to certain termination benefits.

Information relating to the measurement of items to be disclosed under section 715-20-50 and recognized under 715-30-25 in connection with defined benefit pension plans, including detailed information regarding the measurement of benefit obligations and each component of the net periodic pension cost, can be found in the “General” part of the “Subsequent Measurement” section under subtopic 30 (715-30-35, paragraphs 1 through 73). The purpose of “Subsequent Measurement” sections is to provide guidance on an entity’s subsequent measurement and subsequent recognition of items relating to the subtopic. The “Settlements, Curtailments, and Certain Termination Benefits” part of this section (715-30-35, paragraphs 74 through 96) provides detailed information relating to the measurement of gains and losses recognized as a result of settlements and curtailments.

As with subtopic 30, subtopic 60 includes a “Recognition” section (715-60-25) describing the requirement to recognize the postretirement benefit asset (liability) associated with defined benefit plans providing postretirement benefits other than pensions (“defined benefit postretirement plans”). Subtopic 60 also includes a “Subsequent Measurement” section (715-60-35), which provides information relating to the items to be disclosed under 715-20-50 and recognized under 715-60-25 in connection with defined benefit postretirement plans, including detailed information regarding the measurement of postretirement benefit obligations and each component of the net periodic postretirement benefit cost. This section also includes information regarding measurements relating to the Medicare Prescription Drug, Improvement & Modernization Act, settlements and curtailments and split dollar life insurance.

Each of the defined benefit plan subtopics includes an “Implementation Guidance and Illustrations” section (715-20-55, 715-30-55 and 715-60-55). The information provided in the Implementation Guidance and Illustrations section is considered an integral part of the subtopic to which it is related. Section 715-20-55 generally contains the guidance and illustrations originally found in FAS 132R and 158. Section 715-30-55 generally contains the guidance and illustrations originally found in FAS 87 and 88, as well as in the guides to implementation of those statements that were published separately by FASB as “special reports.” Section 715-60-55 generally contains the guidance and illustrations originally found in FAS 106, as well as in the guide to implementation of FAS 106 that was originally published separately as a special report.

Each of these subtopics also includes a “Transition and Open Effective Date Information” section (715-20-65, 715-30-65 and 715-60-65). The “Transition and Open Effective Date Information” sections contain descriptions of any currently applicable transition provisions with regard to changes that have been made to the subtopic. The section will include the transition content only during the transition period applicable to the change. For example, section 715-20-65 currently includes information relating to the requirement to change the measurement date to the date of the employer’s fiscal year end financial statements. Although this requirement was applicable to fiscal years ending after December 15, 2008, FASB considers that some of the transition guidance may still be relevant to certain situations. Once FASB determines that the transition guidance is no longer relevant, it will be removed and moved to an archived version of the section. Unfortunately, archived content is not available with the “Basic View” subscription.


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1 You will notice four other items listed under Topic 715, which appear to be subtopics as well (numbered 912, 930, 958 & 980); however, these are actually separate topics for certain “industries.” These separate topics include some Topic 715-related information specific to the industries noted, which may or may not be relevant if working on plans for these industries.

Navigating Topic 960 (Related to Former FAS Statement No. 35)

There are 8 subtopics under Topic 960:

- 10 Overall
- 20 Accumulated Plan Benefits
- 30 Net Assets Available for Plan Benefits
- 40 Terminating Plans
- 205 Presentation of Financial Statements
- 310 Receivables
- 325 Investments—Other
- 360 Property, Plant and Equipment

Most of the information needed by Enrolled Actuaries with regard to Topic 960 can be found in subtopic 20. The required disclosures with regard to accumulated plan benefits for defined benefit plans under Topic 960 can be found in the “Disclosure” section under subtopic 20 (960–20–50).

Provisions relating to the measurement and presentation of accumulated plan benefits and changes in accumulated plan benefits can be found in the “Subsequent Measurement” and “Other Presentation Matters” sections under subtopic 20 (960–20–35 and 960–20–45). The “Implementation Guidance and Illustrations” section under subtopic 20 (960–20–55) contains the guidance and illustrations originally found in FAS 35 relating to the measurement of accumulated benefit obligations. 

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Quick Reference Guide

(not intended to be all-inclusive)

Although the information that follows is not intended to be all inclusive, it will serve as a quick guide for many topics frequently accessed by Enrolled Actuaries and other pension professionals.

Useful FASB Website Resources

- **Cross-reference FAS statement standards & codification:** Access from “Cross Reference” tab at top of most of the Accounting Standards Codification screens
- **Accounting Standards Updates:** Access by number from “Standards” tab at top of FASB home page or by links embedded in subtopic “Status” sections
- **Pre-codification standards:** Available for free in downloadable pdf format from “FASB Store” tab at top of FASB home page

Useful Subtopic Sections for Keeping Current

- **Status section (Numbered “00”):** Information relating to any changes made to the subtopic
- **Transition & Open Effective Date Information section (Numbered “65”):** Description of transition provisions applicable to changes made to the subtopic

Key Codification Sections Related to FAS Statement Nos. 87, 88, 132R, 158

- **Defined benefit plan disclosure requirements:** 715-20-50
- **Key disclosure requirements for public entities:** 715-20-50-1
- **Key disclosure requirements for nonpublic entities:** 715-20-50-5
- **Requirement to recognize pension asset (liability):** 715-30-25-1 thru 715-30-25-6
- **Settlement, curtailment & termination benefit recognition requirements:** 715-30-25-8 thru 715-30-25-13
- **Measurement of benefit obligations and net periodic pension cost:** 715-30-35-1 thru 715-30-35-73
- **Measurements relating to settlements and curtailments:** 715-30-35-74 thru 715-30-35-96
- **Guidance & illustrations formerly found in FAS 132R and 158:** 715-20-55
- **Guidance & illustrations formerly found in FAS 87 and 88 (and related publications):** 715-30-55

Key Codification Sections Related to FAS Statement No. 106

- **Defined benefit plan disclosure requirements:** 715-20-50
- **Key disclosure requirements for public entities:** 715-20-50-1
- **Key disclosure requirements for nonpublic entities:** 715-20-50-5
- **Requirement to recognize postretirement benefit asset (liability):** 715-60-25
- **Measurement of postretirement benefit obligations and net periodic postretirement benefit cost:** 715-60-35-1 thru 715-60-35-132
- **Measurements relating to Medicare Prescription Drug, Improvement & Modernization Act:** 715-60-35-133 thru 715-60-35-148
- **Measurements relating to settlements and curtailments:** 715-60-35-149 thru 715-60-35-176
- **Measurements relating to split dollar life insurance:** 715-60-35-177 thru 715-60-35-185
- **Guidance and illustrations formerly found in FAS 106 (and related publications):** 715-60-55

Key Codification Sections Related to FAS Statement No. 35

- **Defined benefit plan disclosure requirements:** 960-20-50
- **Measurement and presentation of accumulated plan benefits and changes in accumulated plan benefits:** 960-20-35 and 960-20-45
- **Guidance and illustrations relating to accumulated plan benefits formerly found in FAS 35:** 960-20-55