



State of Louisiana
Division of Administration
Office of Statewide Reporting and Accounting Policy

July 3, 2008

OSRAP MEMORANDUM 09-01

TO: Fiscal Officers

FROM: Afranie Adomako, CPA
Director

SUBJECT: Implementation of Governmental Accounting Standards Board's (GASB) Statement No. 50 - *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*

In May 2007, the GASB issued a standard that improves the Note Disclosures and Required Supplementary Information (RSI) presented by pension plans and employers that provide pension plan benefits. It makes these requirements more comparable to those for Other Postemployment Benefits (OPEB). GASB 50 is effective for periods beginning after December 15, 2006, or for our current fiscal year (FY 2008).

This Statement amends Statements 25 and 27 and requires defined benefit pension plans and sole and agent employers to present the following information related to note disclosures or RSI:

- Notes to financial statements should disclose the funded status of the plan as of the most recent actuarial valuation date. Defined benefit pension plans also should disclose actuarial methods and significant assumptions used in the most recent actuarial valuation in the notes to financial statements, and should not place this information in RSI.
- If the aggregate actuarial cost method is used to determine the annual required contribution of the employer (ARC), notes to financial statements should disclose the funded status of the plan, and a schedule of funding progress should be presented as RSI, using the entry age actuarial cost method. Plans and employers also should disclose that the purpose of doing so is to provide information that serves as an alternative to the funded status and funding progress of the plan.
- Notes to financial statements that provide the funded status disclosure should include a reference linking them to the required schedule of funding progress in RSI.

- If applicable, notes to financial statements should disclose legal or contractual maximum contribution rates. In addition, if relevant, they should disclose that the maximum contribution rates have not been explicitly taken into consideration in the projection of pension benefits for financial accounting measurement purposes.
- If an actuarial assumption is different for successive years, notes to financial statements should disclose the initial and ultimate rates.

This Statement amends Statement 25 to require defined benefit pension plans and defined contribution plans to disclose in the notes to financial statements the methods and assumptions used to determine the fair value of investments, if the fair value is based on other than quoted market prices.

This Statement amends Statement 27 to require cost-sharing employers to include how the contractually required contribution rate is determined (for example, by statute, by contract, or on an actuarially determined basis), or that the cost-sharing plan financed on a pay-as-you-go basis, in the note disclosure of the required contribution rates of the employer(s) in dollars and the percentage of that amount contributed for the current year and each of the two preceding years.

Statement 50 also amends Statement 27 to provide requirements for cost-sharing plans that do not issue publicly available stand-alone plan financial reports under statement 25, as amended, and are not included in the financial report of another entity. Each employer in such a plan should present as RSI the schedules of funding progress and employer contributions for the plan (and related notes). Each employer should disclose that it is one participating employer in a cost sharing plan, and that the information presented relates to the cost-sharing plan as a whole. The employer should also provide information helpful for understanding the scale of the information presented relative to the employer.

Agencies with a retirement plan other than the four retirement systems (LASERS, TRSLA, LSERS, and LSPRS) must contact its own actuary to implement GASB 50. Agencies participating in these four retirement systems will not need to take further action regarding GASB 50 compliance, as the retirement systems will provide the necessary information.

If you have any questions, please call Yuchi Fong at 225-342-0709 or me at (225) 342-0708.

AA:YF