

[\(484\) 574-8782](tel:4845748782)

# Torrillo & Associates

Benefit Plan Audit Specialists

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## FASB Issues ASU Simplifying Accounting for Employee Benefit Plans



On July 31, 2015, the FASB issued [Accounting Standards Update](#)

[No. 2015-12, Plan Accounting: Defined Benefit Pension Plans \(Topic 960\), Defined Contribution Pension Plans \(Topic 962\), Health and Welfare Benefit Plans \(Topic 965\): \(Part I\) Fully Benefit-Responsive Investment Contracts, \(Part II\) Plan Investment Disclosures, \(Part III\) Measurement Date Practical Expedient \(consensuses of the Emerging Issues Task Force\).](#)

[As expected](#), the ASU simplifies accounting for employee benefit plans as follows:

- **Fully benefit-responsive investment contracts are now to be measured, presented and disclosed at contract value.** A plan will continue to provide disclosures that help users understand the nature and risks of the fully benefit-responsive investment contracts.
- **Participant-directed and nonparticipant-directed investments of employee benefit plans are to be grouped only by general type**, eliminating the need to disaggregate the investments in multiple ways. Specifically, the requirement to disclose investments that represent 5 percent or more of net assets available for benefits has been eliminated as well as net appreciation or depreciation for investments by general type.
- **Net appreciation or depreciation in investments will still be required to be presented in the aggregate, but will no longer be required to be disaggregated and disclosed by general type.** For investments measured using the net asset value per share (or its equivalent) expedient in Topic 820, *Fair Value Measurement*, disclosure of that investment's strategy is no longer be required if that investment is in a fund that files a U.S. Department of Labor Form 5500, *Annual Return/Report of Employee Benefit Plan*, as a direct filing entity.
- **Lastly, the ASU provides a practical expedient** allowing employers to measure benefit plan assets on a month-end date nearest to the employer's fiscal year end when the

fiscal period does not coincide with a month end.



The amendments are effective for fiscal years beginning after December 15, 2015. Earlier application is permitted.



**Phone:**

**Email:**

**Address:**

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## Who We Are

Torrillo & Associates, LLC specializes in employee benefit plan audits including 401k audits, 403b audits, pension plan audits, and other retirement plan audits. We are licensed in 10 states including Pennsylvania, New Jersey, Delaware, New York and Florida. We are also able to practice in additional states that have passed firm mobility.

## Recent Articles

- [DOL Issues Proposed Rule for Fiduciary Duties in Selecting Designated Investment Alternatives](#)
- [DOL Updates National Enforcement Projects for Employee Benefit Plans](#)
- [2025 Required Amendments List Issued by the IRS](#)
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