

International Accounting Standards Board®

# Press Release

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# IASB proposes to amend the discount rate for measuring employee benefits

The International Accounting Standards Board (IASB) today published for public comment proposals to amend the discount rate for measuring employee benefits. The proposals respond to calls from stakeholders to address a problem that the global financial crisis has made increasingly significant.

IAS 19 *Employee Benefits* requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds. However, when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds instead. The global financial crisis has led to a widening of the spread between yields on corporate bonds and yields on government bonds. As a result, entities with similar employee benefit obligations may report them at very different amounts.

To address the issue expeditiously, the IASB proposes to eliminate the requirement to use yields on government bonds. Instead, entities would estimate the yield on high quality corporate bonds. If adopted, the amendments would ensure that the comparability of financial statements is maintained across jurisdictions, regardless of whether there is a deep market for high quality corporate bonds.

In view of the urgency of the issue and the limited scope of the proposals the IASB has set a shortened period for comments on the exposure draft. The IASB intends to permit entities to adopt the amendments that arise from this exposure draft in their December 2009 financial statements.

The proposals are set out in the exposure draft *Discount Rate for Employee Benefits* (proposed amendments to IAS 19) which is open for comment until **30 September 2009**. The exposure draft is available on the 'Open for Comment' section on <u>www.iasb.org</u>. Subscribers may also view the document on *eIFRS*. For more information about the project visit the Post-employment Benefits project page on <u>www.iasb.org</u>

Printed copies of the exposure draft (ISBN 978-1-907026-32-4) will be available shortly, at

£10 plus shipping, from:

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### **Notes for editors**

#### About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-forprofit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. Its 15 full-time members are drawn from ten countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.