

introduction to archived pronouncements

When the Accounting Standards Board issues new standards that are not yet mandatorily effective, the superseded text is archived to assist those who will need to make reference to it.

Individual paragraphs in other Sections and Guidelines may also be amended. Supplements set out the previous wording of each paragraph that has been substantially amended.

When the superseded text is no longer effective, it will be withdrawn from the Handbook.

SECTION 4600

pension plans

SUPPLEMENT

The supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving the Improvements to Presentation and Disclosure of Investments for Pension Plans amendments to PENSION PLANS, Section 4600.

PENSION PLAN FINANCIAL STATEMENTS

Statement of changes in net assets available for benefits

- .25 *The statement of changes in net assets available for benefits shall distinguish at least the following:*
- (a) *investment income, excluding changes in fair values of investment assets and investment liabilities;*
 - (b) *changes during the period in the fair values of investment assets and investment liabilities;*
 - (c) *contributions from the sponsor;*
 - (d) *contributions from participants;*
 - (e) *administrative expenses;*
 - (f) *benefit payments;*
 - (g) *refunds and transfers; and*
 - (h) *net assets available for benefits at the beginning and the end of the period.*
- .27 *The statement of changes in net assets available for benefits shall present the following, either on the face of the statement, or in the notes to the financial statements:*
- (a) *details of contributions showing separately voluntary and required contributions from participants, past service contributions from participants, past service contributions from the sponsor, current service contributions from the sponsor, and special contributions;*
 - (b) *details of administrative expenses showing separately actuarial fees, audit fees, trustee and custodial fees, investment management fees, and any other significant administrative expenses;*
 - (c) *details of benefit payments showing separately retirement benefit payments, disability benefit payments, termination benefit payments and death benefit payments.*

DISCLOSURE

Investment portfolio

- .32 *A pension plan shall provide the following information about its investment portfolio:*
- (a) *for those investments that are financial instruments measured at fair value:*
 - (i) *the disclosures required by IFRS 7 Financial Instruments: Disclosures in Part I of the Handbook; and*
 - (ii) *the fair value disclosures required by the Appendix to this Section; and*
 - (b) *for all other investments measured at fair value, a description of how fair values have been determined.*

EFFECTIVE DATE AND TRANSITION

- .40 In satisfying the fair value measurement requirements in paragraph 4600.19, a pension plan applies IFRS 13 *Fair Value Measurement* in Part I of the Handbook to annual periods beginning on or after January 1, 2013. Earlier application of IFRS 13 is permitted provided that the pension plan discloses that fact and the measurement requirements are applied to the fair value of all investment assets and investment liabilities. IFRS 13 is applied prospectively as of the beginning of the annual period in which it is initially applied. A pension plan that has adopted IFRS 13 is not required to provide the disclosures included in that IFRS.

APPENDIX

FAIR VALUE DISCLOSURES

This Appendix is an integral part of this Section.

The fair value disclosures formerly in paragraphs 27-27B of IFRS 7 *Financial Instruments: Disclosures* in Part I of the Handbook were deleted as a consequence of incorporating IFRS 13 *Fair Value Measurement* into the Handbook. Paragraph 4600.32(a)(ii) requires the fair value disclosures in this Appendix, which are the same as those deleted from IFRS 7. The required disclosures are:

- 27 An entity shall disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that change and the reasons for making it.
- 27A To make the disclosures required by paragraph 27B an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:
- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
 - (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level 2); and
 - (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).
- The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.
- 27B For fair value measurements recognised in the statement of financial position an entity shall disclose for each class of financial instruments:
- (a) the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in paragraph 27A.
 - (b) any significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for those transfers. Transfers into each level shall be disclosed and discussed separately from transfers out of each level. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.
 - (c) for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances, disclosing separately changes during the period attributable to the following:
 - (i) total gains or losses for the period recognised in profit or loss, and a description of where they are presented in the statement of comprehensive income or the separate income statement (if presented);
 - (ii) total gains or losses recognised in other comprehensive income;
 - (iii) purchases, sales, issues and settlements (each type of movement disclosed separately); and
 - (iv) transfers into or out of Level 3 (eg transfers attributable to changes in the observability of market data) and the reasons for those transfers. For significant transfers, transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.
 - (d) the amount of total gains or losses for the period in (c)(i) above included in profit or loss that are attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period and a description of where those gains or losses are presented in the statement of comprehensive income or the separate income statement (if presented).
 - (e) for fair value measurements in Level 3, if changing one or more of the inputs to reasonably possible alternative assumptions would change fair value significantly, the entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to a reasonably possible alternative assumption was calculated. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.

An entity shall present the quantitative disclosures required by this paragraph in tabular format unless another format is more appropriate.

ILLUSTRATIVE EXAMPLES

Example 1 - Interests in a Master Trust

This example illustrates how interests in a master trust, described in paragraph 4600.32C, may be presented. All investments presented are Level 1 investments. Refer to paragraphs 27A-27B in the Appendix for details on fair value hierarchy disclosures.

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of the 2023 annual improvements to PENSION PLANS, Section 4600.

DISCLOSURE

Investment Portfolio

- .32 A pension plan shall provide the following information about its investment portfolio:
- (a) for those investments that are financial instruments:
 - (i) the disclosures required by IFRS 7 Financial Instruments: Disclosures in Part I of the Handbook; and
 - (ii) the fair value disclosures required by the Appendix to this Section; and
 - (b) for all other investments measured at fair value, a description of how fair values have been determined.

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving amendments to PENSION PLANS, Section 4600.

PURPOSE AND SCOPE

- .01 These standards apply to all pension plans, including defined benefit plans and defined contribution plans. They establish requirements for measurement and presentation of information in general purpose financial statements of pension plans, as well as financial statement disclosures. Such financial statements provide information about the pension plan including net assets available for benefits and pension obligations.

DEFINITIONS

- .05 The following terms are used in these standards with the meanings specified.

(r) Master trust

A master trust is a pool of assets into which contributions from pension plans of an employer or a group of employers are deposited for investment. Each plan has an undivided interest in the assets held in the trust and ownership is represented by the proportionate dollar interest or by units of participation.

BASIS OF ACCOUNTING

- .06 A pension plan shall follow the requirements set out in these standards for the measurement, presentation and disclosure of its investment portfolio and pension obligations.

PENSION PLAN FINANCIAL STATEMENTS

- .10 Pension plan financial statements shall consist of:

- (a) a statement of financial position;
- (b) a statement of changes in net assets available for benefits; and
- (c) a statement of changes in pension obligations.

Statement of financial position

Recognition

- .18 All financial assets and financial liabilities shall be recognized and derecognized in accordance with the recognition and derecognition requirements in either Part I of the Handbook, or Part II of the Handbook, consistent with the basis of accounting chosen in accordance with paragraph 4600.07.

Measurement

- .19 All investment assets and investment liabilities shall be measured at fair value at the date of the statement of financial position. In determining fair value, a pension plan shall refer to the guidance on fair value measurement in Part I of the Handbook.

- .22 A pension plan shall measure the pension obligation required by paragraph 4600.12(g) in accordance with paragraph 4600.05(v). For this purpose, a pension plan may measure the pension obligation at the defined benefit obligation amount determined by the plan's sponsor.

Statement of changes in pension obligations

- .28 Changes in pension obligations may affect the adequacy of plan assets to pay benefits when due and shall be provided to portray the consequences of transactions and events affecting the pension plan. The statement of changes in pension obligations of a defined benefit plan shall present separately on the face of the statement the effects of the following:

- (a) amendments to the plan;
- (b) changes in the nature of the plan (e.g., a merger with another plan);
- (c) changes in actuarial assumptions;
- (d) interest accrued on benefits;
- (e) experience gains and losses;
- (f) benefits accrued; and
- (g) benefits paid.

DISCLOSURE

Investment portfolio

.32 A pension plan shall provide the following information about its investment portfolio:

- (a) for those investments that are financial instruments:
 - (i) the disclosures required by IFRS 7 Financial Instruments: Disclosures in Part I of the Handbook; and
 - (ii) the fair value disclosures required by the Appendix to this Section; and
 - (b) for all other investments, a description of how fair values have been determined.
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