SECTION 4600
pension plans

Background Information and Basis for Conclusions

Improvements to Presentation and Disclosure of Investments for Pension Plans – Amendments to Section 4600 (April 2025)

2023 Annual Improvements to Accounting Standards for Pension Plans (November 2023)

Pension Plans – Amendments to Section 4600 (December 2022)

Benefit Plans and Fair Value Disclosures by Pension Plans – Amendments to Section 4600 (October 2012)

Fair Value Measurement by Pension Plans — Amendments to Section 4600 (November 2011)

Pension Plans, Section 4600 (June 2010)

TABLE OF CONTENTS	Paragraph

PURPOSE AND SCOPE

.01 These standards apply to all pension plans, including defined benefit plans and defined contribution plans. They establish requirements for measurement, recognition, derecognition 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. [Former paragraph 4600.01 retained in Archived Pronouncements.]

.02 A pension plan is a reporting entity separate from a sponsor and the plan participants. These standards apply to pension plan financial statements prepared for participants as a group and for other interested parties. They do not deal with reporting to individual participants about their individual pension benefits.

.03 One of the uses of general-purpose financial statements of pension plans is to assess the ability of the pension plan to meet future benefit payments. Such financial statements cannot provide all the information that is needed to fully assess benefit security. In addition to pension plan financial statements prepared in accordance with these standards, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor. Such additional information is beyond the scope of these standards.

.04 Some benefit plans have characteristics similar to pension plans and provide benefits other than pensions (for example, retiree health care and life insurance benefit plans, health and welfare plans providing benefits during active service, and long-term disability plans). These standards also apply to general purpose financial statements of such plans. However, certain adaptations may be necessary to take into account the specific nature of such plans.

DEFINITIONS

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

(a) **Accrued benefit methods**

Also known as unit credit or single premium actuarial cost methods. Under these methods of actuarial valuation, a distinct unit of retirement benefit is associated with each year of credited service and the actuarial present value of the unit of benefit is separately computed for the period during which it is presumed to have accrued.

(b) **Accrued benefit obligation**

An accrued benefit obligation is the amount determined by the plan sponsor to be the actuarial present value of benefits attributed to employee services rendered to a particular date.

(c) **Accrued pension benefits**

Accrued pension benefits are the benefits attributed to services rendered up to a particular date.

(d) **Actuarial asset value**

Actuarial asset value of a pension plan's investment portfolio is the value the pension plan uses for funding purposes. In most cases, this value is different from fair value. An example is an adjusted market value method that recognizes changes in the fair value of a pension plan's investment portfolio over a period of five years.

(e) **Actuarial present value**

Actuarial present value is the discounted value of an amount or series of amounts payable or receivable at various times, determined as of a particular date by the application of a particular set of actuarial assumptions.

(f) **Actuarial valuation**

An actuarial valuation is an assessment of the financial status of a pension plan. It consists of the valuation of the pension plan's investment portfolio and the calculation of the actuarial present value of benefits to be paid under the terms of the plan.

(fa) **Amalgamation date**

The amalgamation date is the date on which a pension plan obtains the right to some or all of the assets and becomes liable for some or all of the obligations of one or more pension plans with which it is amalgamating.

(g) **Benefit plan**

A benefit plan is any arrangement whereby an entity undertakes to provide employees with benefits during and/or after active service in exchange for their services.

(h) **Best estimate assumptions**

For the purposes of determining the pension obligation of a defined benefit pension plan, best estimate assumptions are a set of actuarial assumptions each of which reflects the judgment of the administrator (the person or group of persons responsible for the content and issuance of a pension plan's financial statements) about the most likely set of conditions affecting future events.

(i) **Defined benefit pension plan**

A defined benefit pension plan is a pension plan that is not a defined contribution pension plan.

(j) **Defined contribution pension plan**

A defined contribution pension plan is a pension plan that specifies how an entity's contributions to the plan are determined rather than the benefits to be received by an employee or the method of determining those benefits.

(k) **Derivative**

A derivative is a financial instrument or other contract with all three of the following characteristics:

(i) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying");

(ii) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

(iii) it is settled at a future date.

(l) (deleted)

(m) **Financial asset**

A financial asset is any asset that is:

(i) cash;

(ii) an equity instrument of another entity; or

(iii) a contractual right:

- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the pension plan.

(n) **Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(o) **Financial liability**

A financial liability is any liability that is a contractual obligation:

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the pension plan.

(p) **Funding valuation**

A funding valuation is an actuarial valuation that provides the plan sponsor with a funding schedule to enable accumulation of sufficient funds over employees' working careers for the plan to be in a position to pay pension benefits as they become due.

(pa) **Investment expenses**

Investment expenses are costs related to managing the investment assets and investment liabilities of the pension plan. Investment expenses include but are not limited to:

(i) management fees (based on the level of invested assets and/or committed capital);

(ii) performance fees (based on the level of returns);

(iii) internal investment management costs that are directly attributable to investment assets and investment liabilities;

(iv) custodial fees (related to investment expenses); and

(v) transaction costs.

A pension plan may choose to allocate internal investment management costs that are not directly attributable to investment assets and investment liabilities (should the pension plan assess performance in this manner) between investment expenses and pension administration and other expenses.

(q) **Investment portfolio**

An investment portfolio consists of investment assets and investment liabilities defined as follows:

(i) **Investment assets** are assets that are acquired by the pension plan to earn investment income, for value appreciation, or both. Examples include equity and debt instruments, loans, real estate, infrastructure, royalty agreements, private equity, hedges and other derivatives in an asset position, an interest in a master trust, and insurance contracts related to the plan's pension obligation of which the plan is the beneficiary. Investment assets do not include other assets relating to the administration of the pension plan (for example, prepaid rent for offices or office equipment).

(ii) **Investment liabilities** are liabilities that are incurred by the pension plan in investment-related activities. Examples include hedges and other derivatives in a liability position, real estate mortgages, repurchase agreements, financial instruments sold but not yet purchased, and cash collateral received from counterparties. Investment liabilities do not include other liabilities relating to the administration of the pension plan (for example, employee salaries or rent for offices).

(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 interest in the assets held in the trust and ownership is represented by the dollar interest or by units of participation. [Former paragraph 4600.05(r) retained in Archived Pronouncements.]

(s) **Multiemployer pension plan**

A multiemployer pension plan is a pension plan to which two or more unrelated employers contribute, usually pursuant to one or more collective bargaining agreements.

(t) **Net assets available for benefits**

Net assets available for benefits is the difference between a plan's assets and its liabilities. For the purposes of this definition, a plan's liabilities do not include accrued pension benefits.

(u) **Participant**

A participant is any employee or former employee, or any member or former member of a trade or other association, or the beneficiaries of those individuals, for whom there are accrued pension benefits in the pension plan.

(v) **Pension obligation of a defined benefit pension plan**

A pension obligation of a defined benefit pension plan is the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services.

(w) **Pension plan**

A pension plan is any arrangement (contractual or otherwise) whereby a program is established to provide retirement income to employees.

(x) **Projected benefit method prorated on services**

This is a commonly used accrued benefit method. Under this method an equal portion of the total estimated benefit (i.e., with salary projection, when appropriate) is attributed to each year of service. The actuarial present value of accrued pension benefits is derived after the benefits are attributed to the years of service up to the date of determination.

(y) **Related parties**

Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management and immediate family members.

(z) **Related party transaction**

A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

(aa) **Sponsor**

In the case of a single employer pension plan, the sponsor is the employer. In the case of a multiemployer pension plan, the sponsor is the association, committee, board of trustees, or other group representatives of the employees and employers or other parties who have established the pension plan.

(ab) **Split date**

The split date is the date on which a pension plan loses the right to some or all of the assets and is no longer liable for some or all of the obligations of the pension plan that are subject to the split.

BASIS OF ACCOUNTING

.06 *A pension plan shall follow the requirements set out in these standards for the measurement, presentation, recognition, derecognition and disclosure of its investment portfolio and pension obligations.* [Former paragraph 4600.06 retained in Archived Pronouncements.]

.07 *In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, a pension plan shall comply on a consistent basis with either International Financial Reporting Standards in* Part I *of the Handbook, or accounting standards for private enterprises in* Part II *of the Handbook, to the extent that those standards do not conflict with the requirements of this Section.*

.08 *A pension plan shall also apply the general financial statement presentation requirements of the basis of accounting chosen in accordance with paragraph* 4600.07 *with respect to:*

(a) fair presentation;

(b) comparative information; and

(c) materiality.

.09 *Pension plan financial statements shall be prepared using the accrual basis of accounting.*

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 (not applicable to defined contribution pension plans).

[Former paragraph 4600.10 retained in Archived Pronouncements.]

.11 Information about the net assets available for benefits, combined with information about the pension obligations, assists users of the financial statements to assess the plan's present and future ability to pay benefits when due.

Statement of financial position

Presentation

.12 *The statement of financial position shall distinguish at least the following:*

(a) investment assets;

(b) investment liabilities;

(c) participants' contributions receivable;

(d) sponsor's contributions receivable;

(e) other assets and liabilities;

(f) net assets available for benefits (total of items (a)-(e));

(g) pension obligations; and

(h) the resulting surplus or deficit (item (f) less item (g)).

.12A *A pension plan can be either a defined benefit plan, defined contribution plan, or a combination of both types of plans. If a pension plan is a combination of both types of plans, it shall separately present the defined benefit and defined contribution components on the statement of financial position and statement of changes in net assets available for benefits, and in the notes to the financial statements.*

.13 *Details of investment assets and investment liabilities shall be presented either on the face of the statement or in the notes to the financial statements.*

.14 Investment assets and investment liabilities are distinguished by type because that information is useful to users in understanding the risks associated with a pension plan's investments. Types of investment assets and investment liabilities include, but are not limited to, those identified in paragraph 4600.05(q).

.15 Investment assets are presented on a non-consolidated basis even when the investment is in an entity over which the pension plan has control or can exercise significant influence.

.16 A pension plan may also have other assets and liabilities such as assets relating to the administration of the pension plan (for example, prepaid rent for offices or office equipment) and liabilities relating to the administration of the pension plan (for example, employee salaries or rent for offices).

.17 A pension plan may present an unclassified statement of financial position.

Recognition

.18 *Except as specified in paragraphs* 4600.18A-*.18B and* 4600.24A-*.24E, 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. [Former paragraph 4600.18 retained in Archived Pronouncements.]

Amalgamations

.18A *A pension plan shall recognize the assets and liabilities of one or more pension plans with which it is amalgamating on the amalgamation date, which is the date on which it obtains the right to those assets and becomes liable for those obligations.*

.18B A pension plan obtains the right to some or all of the assets and becomes liable for some or all of the obligations of one or more pension plans with which it is amalgamating, at the later of when:

(a) the pension plan amalgamation is effective per the legal contract underlying the transaction;

(b) the amalgamation is approved by the regulatory authority of the jurisdiction in which the pension plan is registered, as applicable; and

(c) the pension plan with which it is amalgamating transfers its assets and liabilities to the plan.

Measurement

.19 *Except as specified in paragraph* 4600.21A*, 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.* [Former paragraph 4600.19 retained in Archived Pronouncements.]

.20 Transaction costs are not included in the fair value of investment assets and investment liabilities either on initial recognition or on subsequent remeasurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

.21 Assets held primarily for use in plan operations (for example, land and buildings, equipment, furniture, and leasehold improvements) are measured at cost less accumulated depreciation or amortization and any impairment loss.

.21A *A pension plan may purchase an annuity contract from a third party, commonly referred to as a buy-in annuity contract, in which the timing and amount of cash flows match the timing and amount of cash flows for some or all of the benefit obligation. A pension plan shall measure the annuity contract at a value equal to the related benefit obligation adjusted* *for amounts receivable under the annuity contract that are not collectible. Any gain or loss arising from the purchase of the annuity contract shall be recognized in the statement of changes in net assets available for benefits in the year the annuity contract is purchased.*

.22 *A pension plan shall measure the pension obligation of a defined benefit pension plan 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.* [Former paragraph 4600.22 retained in Archived Pronouncements.]

.23 Guidance on determining the defined benefit obligation can be found in EMPLOYEE FUTURE BENEFITS, Section 3462, in Part II of the Handbook, and in IAS 19 *Employee Benefits* in Part I of the Handbook.

.24 For a multiemployer defined benefit pension plan, the funding valuation is generally the only actuarial valuation available, and it provides the relevant pension obligation information for the purposes of these standards.

Derecognition

Buy-out annuity contracts

.24A *A pension plan may purchase an annuity contract from a regulated financial institution (e.g., an insurance company), commonly referred to as a buy-out annuity contract, in which the regulated financial institution assumes some or all of the pension obligations of the pension plan. A pension plan shall derecognize the asset and related pension obligation when the risks of the pension obligation are transferred to the regulated financial institution.*

.24B A pension plan transfers the risks of the pension obligation to a regulated financial institution when:

(a) the pension obligation is discharged from the pension plan to the regulated financial institution by process of law; or

(b) all of the following criteria are met:

  (i) the buy-out annuity contract is effective per the legal contract underlying the arrangement;

  (ii) the pension plan remits the premium to the regulated financial institution in accordance with the buy-out annuity contract; and

  (iii) where applicable, regulatory criteria to discharge the pension obligation from the pension plan to the regulated financial institution are met.

For the purposes of this paragraph, the premium excludes any premium adjustments described in paragraph 4600.24C.

.24C *After a buy-out annuity contract is effective, subsequent adjustments may be made to the premium previously remitted to the regulated financial institution in accordance with the contract, commonly referred to as premium adjustments. A pension plan shall recognize any premium adjustments in the statement of changes in net assets available for benefits if the premium adjustments are directly related to terms established when the annuity contract was entered into.*

Splits

.24D *A pension plan shall derecognize assets and liabilities that are subject to a split on the split date, which is the date on which it loses the right to those assets and is no longer liable for those obligations.*

.24E A pension plan loses the right to the assets and is no longer liable for the obligations of the pension plan that are subject to a split, at the later of when:

(a) the pension plan split is effective per the legal contract underlying the transaction;

(b) the split is approved by the regulatory authority of the jurisdiction in which the pension plan is registered, as applicable; and

(c) the pension plan transfers the assets and liabilities out of the plan.

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, and net of embedded investment expenses;

(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) investment expenses;

(f) pension administration and other expenses;

(g) benefit payments;

(h) refunds and transfers; and

(i) net assets available for benefits at the beginning and the end of the period.

[Former paragraph 4600.25 retained in Archived Pronouncements.]

.25A *Details of investment income by type shall be presented either on the face of the statement or in the notes to the financial statements.*

.25B Investment income is distinguished by type on a basis consistent with that used for investment assets and investment liabilities (see paragraph 4600.14).

.26 Changes in fair value include both realized and unrealized gains and losses.

.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 pension administration and other expenses, showing separately actuarial fees, audit fees, trustee and custodial fees (related to pension administration and other expenses) and any other significant administrative expenses; and

(c) details of benefit payments showing separately retirement benefit payments, disability benefit payments, termination benefit payments and death benefit payments.

[Former paragraph 4600.27 retained in Archived Pronouncements.]

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., an amalgamation 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.

[Former paragraph 4600.28 retained in Archived Pronouncements.]

DISCLOSURE

General

.29 *A pension plan shall disclose the following information:*

(a) a summary description of the plan;

(b) the significant accounting policies used in preparing the financial statements (i.e., those that are relevant to an understanding of the financial statements);

(c) the funding policy and any changes in funding policy during the period;

(d) the amounts and types of investments in the plan sponsor or in related parties of the plan sponsor; and

(e) transactions between the pension plan and the plan sponsor, and any other related party transactions of the pension plan. Additional investments by the plan in existing investees, dividends and interest paid to the plan by investees, and similar transactions are not required to be disclosed for purposes of this subparagraph.

.30 A summary description of the plan provides information concerning matters such as the type of plan and a description of major terms and benefits (for example, pension formula, retirement age, death benefits, vesting provisions, survivor benefits, and withdrawal provisions).

.31 *A pension plan that prepares its financial statements in accordance with Canadian accounting standards for pension plans shall state this basis of presentation prominently in the notes to its financial statements.*

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 disclosures required by IFRS 13 Fair Value Measurement *in* Part I *of the Handbook; and*

(b) for all other investments measured at fair value, the disclosure required by IFRS 13 *in* Part I *of the Handbook.*

[Former paragraph 4600.32, amended by Improvements to Presentation and Disclosure of Investments for Pension Plans, retained in Archived Pronouncements.] [Former paragraph 4600.32, amended by 2023 annual improvements, retained in Archived Pronouncements.] [Former paragraph 4600.32 retained in Archived Pronouncements.]

.32A *A defined benefit pension plan includes in its investment assets, annuity contracts, commonly referred to as buy-in annuity contracts, in which the timing and amount of cash flows match the timing and amount of cash flows for some or all of the benefit obligation. The pension plan shall disclose the nature of these investments and the pension obligation amount that these investments offset.*

.32B *A pension plan may purchase an annuity contract from a regulated financial institution (e.g., an insurance company), commonly referred to as a buy-out annuity contract, in which the regulated financial institution assumes some or all of the pension obligations of the pension plan. For the period in which a pension plan derecognizes pension obligations in accordance with paragraph* 4600.24B*, it shall disclose the amount of pension obligations that were derecognized. In addition, for that period and for each subsequent period the pension plan retains the annuity, it shall also disclose:*

(a) the nature of the contract;

(b) the period in which the pension obligations were derecognized in accordance with paragraph 4600.24B*;*

(c) information on regulatory processes, if any, that exist to discharge pension obligations in the jurisdiction(s) applicable to the buy-out arrangement, along with the pension plan's status of obtaining a discharge in those jurisdictions; and

(d) the circumstances, if any, that may cause the derecognized pension obligations to return to the pension plan (for example, default by the regulated financial institution or circumstances based on the terms of the annuity contract, the nature of applicable regulatory discharge processes or other protections in place).

.32C *A pension plan that has investment assets that include interests in a master trust shall disclose:*

(a) the types of investment assets and liabilities and fair value hierarchy of the types of investment assets and liabilities held by a master trust; and

(b) the plan's position in the master trust, such as the number of units over the total units held in the master trust or the percentage holding of the total or the plan's position in each type of investment asset and liability held by a master trust, when the plan's position is not proportionate to the plan's total position in the master trust.

.32D *A pension plan may hold various types of assets and liabilities either directly, or indirectly by holding an interest in an investment vehicle (e.g., investment fund, securitization vehicle or asset-backed financing). For interests in investment vehicles recognized in the statement of financial position other than interests in master trusts, a pension plan shall disclose information that enables users of its financial statements:*

(a) to understand the nature and extent of its interests in investment vehicles; and

(b) to evaluate the nature of, and changes in, the risks associated with its interests in investment vehicles.

.32E *To meet the disclosure objective in paragraph* 4600.32D*, a pension plan shall disclose the following for its interests in investment vehicles recognized in the statement of financial position other than interests in master trusts:*

(a) the fair value of the pension plan's interests in investment vehicles;

(b) the nature of the investment vehicles (e.g., the types of investment vehicles and primary types of investments held by those investment vehicles);

(c) information that would be relevant to an assessment of the risks to which the pension plan is exposed from its interests in investment vehicles, for example:

(i) the pension plan's maximum exposure to loss from its interests in investment vehicles, if this exceeds the amount disclosed in paragraph 4600.32E*(a);*

(ii) information on financial or other support provided to the investment vehicles beyond the pension plan's capital investment in them, or any current intentions to provide such support; and

(iii) information on current intentions to provide financial or other support to the investment vehicles beyond the pension plan's capital committed; and

(d) any additional information that is necessary to meet the disclosure objective in paragraph 4600.32D.

.32F *A pension plan shall qualitatively disclose the following information about its investment expenses:*

- *(a) the types of investment expenses that are included in the statement of changes in net assets available for benefits. Types of investment expenses include, but are not limited to, those identified in paragraph* 4600.05*(pa). The disclosure shall include a description of the nature of internal investment management costs that are directly attributable to investment assets and investment liabilities, included in investment expenses;*
- *(b) the pension plan's choice as to whether it allocates internal investment management costs that are not directly attributable to investment assets and investment liabilities (should the pension plan assess performance in this manner) between investment expenses and pension administration and other expenses, as required by paragraph* 4600.05*(pa). The disclosure shall include, as applicable, a description of the pension plan's methodology applied in performing its allocation and a description of the nature of internal investment management costs that are not directly attributable to investment assets and investment liabilities;*
- *(c) the types of investment income that include embedded investment expenses. Embedded investment expenses are investment expenses as defined in paragraph* 4600.05*(pa) that are not explicitly paid and instead structurally reduce investment income. Embedded investment expenses are not included in investment expenses. The types of investment income are identified in paragraph* 4600.25B*; and*
- *(d) the types of investment expenses that are embedded in investment income in the statement of changes in net assets available for benefits. Types of investment expenses include, but are not limited to, those identified in paragraph* 4600.05*(pa).*

.33 In some defined contribution plans, members direct the investment decisions for the assets in their accounts. In these circumstances, a pension plan does not provide the quantitative sensitivity analysis disclosures for market risk (see paragraphs 40-42 of IFRS 7 *Financial Instruments: Disclosures* in Part I of the Handbook).

.34 A defined benefit pension plan may measure its investment portfolio on an actuarial asset value basis for funding and internal management purposes. When a plan chooses to disclose the actuarial asset value, it discloses the amount of any difference between the actuarial asset value and the asset value determined in accordance with paragraph 4600.19, together with an explanation of that difference. That difference, commonly referred to as an actuarial asset value adjustment, shall not be included in the amount presented in the statement of financial position as net assets available for benefits (see paragraph 4600.12(f)), or for the resulting surplus or deficit (see paragraph 4600.12(h)).

Pension obligation of a defined benefit pension plan

.35 *A defined benefit pension plan shall disclose the following information:*

- *(a) the effective date of the actuarial valuation used to determine the pension obligation;*
- *(b) the effective date of the next required actuarial valuation;*
- *(c) the name of the actuarial firm that performed the valuation; and*
- *(d) the significant assumptions used in determining the pension obligation including the rate of compensation increase and the discount rate.*

Pension obligation of a defined contribution pension plan

.36 For a defined contribution pension plan, pension benefits are determined by the sponsor's and employees' contributions and the performance of the plan. Actuarial valuations are normally not required as the pension obligation equals the net assets available for benefits. Where amounts allocated to participants are less than the net assets available for benefits, it is appropriate to disclose the basis of allocation and the amount of unallocated assets.

Capital

.37 *A pension plan shall disclose information that enables users of its financial statements to evaluate the pension plan's objectives, policies and processes for managing capital in accordance with the requirements in paragraphs* 135-*136 of IAS 1* Presentation of Financial Statements *in* Part I *of the Handbook.*

Splits and amalgamations

.37A *A pension plan shall disclose the nature and status of an in-progress amalgamation if any criterion in paragraphs* 4600.18B(a)-(c) *is met before the financial statements are completed.*

.37B *A pension plan shall disclose the nature and status of an in-progress split if any criterion in paragraphs* 4600.24E(a)-(c) *is met before the financial statements are completed.*

EFFECTIVE DATE AND TRANSITION

.38 Except as specified in paragraphs 4600.40-.45, these standards apply to annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier application is permitted.

.39 Except as specified in paragraph 4600.43, a pension plan applies these standards retrospectively to all prior periods presented.

.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.

[Former paragraph 4600.40 retained in Archived Pronouncements.]

.41 Prior to adopting IFRS 13 *Fair Value Measurement* in Part I of the Handbook, a pension plan refers to the guidance on fair value measurement in IAS 39 *Financial Instruments: Recognition and Measurement* in Part I of the Handbook.

.42 Amendments to paragraphs 4600.05(r), 4600.10(c), 4600.22 and new paragraphs 4600.12A and 4600.32C, issued in December 2022, apply to annual financial statements relating to fiscal years beginning on or after January 1, 2024. Earlier application is permitted. A pension plan applies these amendments at the beginning of the earliest period presented.

.43 New paragraphs 4600.05(fa), 4600.05(ab), 4600.18A-.18B, 4600.24D-.24E and 4600.37A-.37B issued in December 2022, apply to annual financial statements relating to fiscal years beginning on or after January 1, 2024. Earlier application is permitted. A pension plan applies these amendments to splits and amalgamations from the beginning of the fiscal year in which the amendments are first applied. If a pension plan has recognized the effects of a split or amalgamation in a comparative period, the split or amalgamation is not re-evaluated with the guidance in paragraphs 4600.05(fa), 4600.05(ab), 4600.18A-.18B and 4600.24D-.24E.

.44 New paragraphs 4600.21A, 4600.24A-.24C and 4600.32A-.32B, issued in December 2022, and the amendment to paragraph 4600.32, issued in November 2023, apply to annual financial statements relating to fiscal years beginning on or after January 1, 2024. Earlier application is permitted. A pension plan applies these amendments at the beginning of the earliest period presented. The cumulative effect of applying the amendments is recorded in opening net assets available for benefits of the earliest period presented.

.45 New paragraphs 4600.05(pa) and 4600.32D-.32F and amendments to paragraphs 4600.25, 4600.27, 4600.32 and 4600.40, issued in April 2025, apply to annual financial statements relating to fiscal years beginning on or after January 1, 2027. Earlier application is permitted. A pension plan applies these amendments at the beginning of the earliest period presented.

(deleted) [Former Appendix: Fair Value Disclosures retained in Archived Pronouncements.]

ILLUSTRATIVE EXAMPLES

These examples illustrate how the accounting treatment specified in this Section might be applied in particular situations. Matters of principle relating to particular situations should be decided in the context of this Section. This material is illustrative only.

Example 1 – Interests in a master trust

Example 2 – Presentation of combination plan financial statements – columnar format

Example 3 – Presentation of combination plan financial statements – sectional format

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 IFRS 13 *Fair Value Measurement* in Part I of the Handbook for details on fair value hierarchy disclosures. [Former paragraph for Example 1 retained in Archived Pronouncements.]

Statement of Financial Position

As at December 31	**20X1**	**20X0**
	$	$
Assets		
Interests in master trust (Note X)	57,421,000	52,540,000
Contributions receivable		

Employer	39,000	37,000
Members	38,000	36,000
Other assets	7,000	6,000
Total assets	57,505,000	52,619,000
Liabilities		
Investment liabilities	200,000	180,000
Accounts payable and accrued liabilities	75,000	64,000
Total liabilities	275,000	244,000
Net assets available for benefits	**57,230,000**	**52,375,000**

Note X – Interests in master trust

The Plan's assets include interests in XYZ Master Trust, which holds various investments. The table presents the fair value of each of the types of investments held by XYZ Master Trust:

As at December 31	**20X1**	**20X0**
	Fair value ($)	Fair value ($)
Canadian public equities pooled funds	75,700,000	75,500,000
Foreign public equities pooled funds	44,855,000	46,406,000
Bond funds	10,808,000	9,200,000
Real estate funds	22,698,000	25,200,000
Other financial instruments	9,999,000	7,881,000
Total investments	164,060,000	164,187,000
Plan's interests in XYZ Master Trust	$57,421,000	$52,540,000
Plan's share of XYZ Master Trust's investments	35 %	32 %

Example 2 – Presentation of combination plan financial statements – columnar format

This example illustrates one format that may be used to present the financial statements of pension plans that include components of defined benefit plans and defined contribution plans as described in paragraphs 4600.12A of this Section.

Statement of Financial Position

As at December 31	20X1			20X0		
	Defined benefit component ($)	Defined contribution component ($)	Total ($)	Defined benefit component ($)	Defined contribution component ($)	Total ($)
Assets						
Investments – at fair value (note X)	53,442,000	3,978,000	57,420,000	49,284,000	3,300,000	52,584,000
Liabilities						
Administrative expenses and professional fees payable (note X)	20,000	–	20,000	22,000	–	22,000
Net assets available for benefits	53,422,000	3,978,000	57,400,000	49,262,000	3,300,000	52,562,000
Obligation for pension benefits	53,022,000	3,978,000	57,000,000	49,000,000	3,300,000	52,300,000
Surplus	400,000	–	400,000	262,000	–	262,000

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	20X1	20X0

	Defined benefit component ($)	Defined contribution component ($)	Total ($)	Defined benefit component ($)	Defined contribution component ($)	Total ($)
Increase in net assets available for benefits						
Contributions						
Employer	900,000	350,000	1,250,000	900,000	300,000	1,200,000
Employee	–	150,000	150,000	–	200,000	200,000
Investment income	3,200,000	100,000	3,300,000	4,300,000	100,000	4,400,000
Net realized gains (losses) on sale of investments	80,000	(20,000)	60,000	30,000	10,000	40,000
Net change in unrealized fair value of investments	1,900,000	200,000	2,100,000	2,000,000	1,800,000	3,800,000
Other income and transfers into plan	–	–	–	–	50,000	50,000
	6,080,000	780,000	6,860,000	7,230,000	2,460,000	9,690,000
Decrease in net assets available for benefits						
Benefit payments	1,800,000	10,000	1,810,000	1,600,000	100,000	1,700,000
Termination payments	-	80,000	80,000	–	200,000	200,000
Administrative expenses (note X)	120,000	12,000	132,000	120,000	20,000	140,000
Other expenses and transfers out of plan	–	–	–	–	50,000	50,000
	1,920,000	102,000	2,022,000	1,720,000	370,000	2,090,000
Increase (decrease) in net assets available for benefits during the year	4,160,000	678,000	4,838,000	5,510,000	2,090,000	7,600,000

Net assets available for benefits - Beginning of year	49,262,000	3,300,000	52,562,000	43,752,000	1,210,000	44,962,000
Net assets available for benefits - End of year	53,422,000	3,978,000	57,400,000	49,262,000	3,300,000	52,562,000

Example 3 – Presentation of combination plan financial statements – sectional format

This example illustrates an alternative format for presenting the financial statements of pension plans that include components of defined benefit plans and defined contribution plans as described in paragraph 4600.12A.

Statement of Financial Position

As at December 31

	20X1	**20X0**
	$	**$**
Assets		
Defined benefit (DB) component:		
Investments – at fair value (note X)	53,442,000	49,284,000
Defined contribution (DC) component:		
Investments – at fair value (note X)	3,978,000	3,300,000
	57,420,000	52,584,000
Liabilities		
Administrative expenses and professional fees payable		
(DB component)	20,000	22,000
Net Assets Available for Benefits	57,400,000	52,562,000
Obligation for pension benefits –		
DB component	53,022,000	49,000,000
DC component	3,978,000	3,300,000

Surplus	400,000	262,000

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	**20X1**	**20X0**
	$	**$**
Increase in net assets available for benefits		
Defined Benefit (DB) component:		
Employer contributions	900,000	900,000
Investment income	3,200,000	4,300,000
Net realized gains (losses) on sale of investments	80,000	30,000
Net change in unrealized fair value of investments	1,900,000	2,000,000
	6,080,000	7,230,000
Defined Contribution (DC) component:		
Contributions		
Employer	350,000	300,000
Employee	150,000	200,000
Investment income	100,000	100,000
Net realized gains (losses) on sale of investments	(20,000)	10,000
Net change in unrealized fair value of investments	200,000	1,800,000
Other income and transfers into plan	–	50,000
	780,000	2,460,000
	6,860,000	9,690,000

Decrease in net assets available for benefits

DB component:		
Benefit payments	1,800,000	1,600,000
Administrative expenses	120,000	120,000
	1,920,000	1,720,000
DC component:		
Benefit payments	10,000	100,000
Termination payments	80,000	200,000
Administrative expenses	12,000	20,000
Other expenses and transfers out of plan	–	50,000
	102,000	370,000
	2,022,000	2,090,000
Net assets available for benefits – beginning of year		
DB component	49,262,000	43,752,000
DC component	3,300,000	1,210,000
	52,562,000	44,962,000
Net assets available for benefits – end of year		
DB component	53,422,000	49,262,000
DC component	3,978,000	3,300,000
	57,400,000	52,562,000