

**public sector accounting handbook
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HIGHLIGHT SUMMARY

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

Retirement benefits, Section PS 3250

This revised Section recommends how to account for and report a government's obligations for employee retirement benefits in government summary financial statements. It applies to federal, provincial, territorial and local governments. The Recommendations are based on the Recommendations set out previously in Section PS 3250, EMPLOYEE PENSION OBLIGATIONS. The following changes have been made to the Section:

- The scope of the Section has been expanded to apply not only to pensions but also to other retirement benefits a government provides to its employees, such as extended health and dental and life insurance. In addition, the Section also now applies to local governments.
- For those benefit plans that give rise to an accrued benefit asset for accounting purposes (rather than an accrued benefit obligation), governments are required to record an accrued benefit asset net of any valuation allowance on the statement of financial position.
- In the period of a plan amendment related to prior period employee services, if net actuarial gains exist, these should be recognized immediately, to a maximum of the prior period service cost.
- Guidance has been added for joint defined benefit plans. A government should account for its portion of a joint defined benefit plan in accordance with the Recommendations for defined benefit plans.
- The disclosure requirements for retirement benefits in government summary financial statements are enhanced and may be aggregated for certain plans.
- Multiemployer and multiple-employer benefit plans have been added to the Section. A government participating in a multiemployer retirement benefit plan should follow the Recommendations for defined contribution plans. When benefits are provided through a multiple employer retirement plan, the Recommendations for defined benefit plans should be followed.
- The definition of a plan asset has been amended. Plan assets must be segregated and restricted in a trust or other legal entity separate from the reporting government.

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