

710 - Compensation-General

710-10 - Overall

710-10-00 - Status

General Note: The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

General

710-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
710-10-25-18	Amended	Accounting Standards Update No. 2016-01	01/05/2016

710-10-05 - Overview and Background

General Note: The Overview and Background Section provides overview and background material for the guidance contained in the Subtopic. It does not provide the historical background or due process. It may contain certain material that users generally consider useful to understand the typical situations addressed by the standards. The Section does not summarize the accounting and reporting requirements.

General

710-10-05-1 The Codification contains several Topics for compensation-related costs. The Topics include:

- a. Compensation-General
- b. Compensation-Nonretirement Postemployment Benefits
- c. Compensation-Retirement Benefits
- d. Compensation-Stock Compensation.

710-10-05-2 This Topic (Compensation-General) contains only the Overall Subtopic and provides guidance on general compensation-related matters that are not within the scope of the Topics noted in the preceding paragraph.

710-10-05-3 The Overall Subtopic contains the following two Subsections to segregate the guidance:

- a. General
- b. Deferred Compensation-Rabbi Trusts.

710-10-05-4 The General Subsections provide guidance on the following:

- a. Compensated absences
- b. Deferred compensation arrangements
- c. Lump-sum payments under union contracts.

Compensated Absences

710-10-05-5 The General Subsections of this Subtopic provide guidance for accruing a liability for employees' rights to receive compensation for future absences when certain conditions are met, for example, vacation benefits, future sick pay benefits, holidays, certain sabbatical leaves and similar compensated absences.

Deferred Compensation Arrangements

- 710-10-05-6 The General Subsections of this Subtopic provide guidance on deferred compensation arrangements that are individual employment contracts and are not in substance a pension or other postretirement benefit plan as described in paragraph [715-10-15-3](#).

Lump-Sum Payments Under Union Contracts

- 710-10-05-7 The General Subsections of this Subtopic provide recognition guidance for lump-sum payments received by union employees upon signing new union contracts.

Deferred Compensation-Rabbi Trusts

- 710-10-05-8 The Deferred Compensation-Rabbi Trusts Subsections of this Subtopic address the accounting for deferred compensation arrangements where amounts earned by an employee are invested in the stock of the employer and placed in a rabbi trust. Certain of those plans allow the employee to immediately diversify into nonemployer securities or to diversify after a holding period (for example, six months); other plans do not allow for diversification.

- 710-10-05-9 The deferred compensation obligation of some plans may be settled in any of the following:
- a. Cash, by having the trust sell the employer stock (or the diversified assets) in the open market
 - b. Shares of the employer's stock
 - c. Diversified assets.

In other plans, the deferred compensation obligation may be settled only by delivery of the shares of the employer stock.

710-10-15 - Scope and Scope Exceptions

General Note: The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions, instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

General

Overall Guidance

- 710-10-15-1 The General Subsection of the Scope Section of the Overall Subtopic establishes the pervasive scope for the Compensation-General Topic, with specific exceptions noted in the other Subsections of this Section.

Entities

- 710-10-15-2 The guidance in the Compensation-General Topic applies to all entities.

Transactions

- 710-10-15-3 The guidance in the Compensation-General Topic applies to the following compensation or employee benefit arrangements:
- a. Compensation for future absences where employees have rights to receive compensation for future absences (referred to as compensated absences)
 - b. Sabbatical leave or other similar benefit arrangement that is unrestricted (that is, the employee is not required to perform any direct or indirect services for or on behalf of the entity during the absence)
 - c. Lump-sum payments under union contracts (that is, not to individual employment contracts or any other situation involving compensation payments to individual

employees).

710-10-15-4 The guidance in this Topic applies to the following deferred compensation or employee benefit arrangements:

- a. All forms of postemployment benefits, as defined in Subtopic [712-10](#), that meet the conditions in paragraph [710-10-25-1](#)
- b. Split-dollar life insurance arrangements if the arrangement is, in substance, an individual deferred compensation contract (see paragraphs [715-60-35-177 through 35-185](#).
- c. Other deferred compensation contracts accounted for individually.

710-10-15-5 The guidance in this Topic does not apply to the following deferred compensation or employee benefit arrangements:

- a. Benefits paid to active employees other than compensated absences
- b. Benefits paid at retirement or provided through a pension or postretirement benefit plan including special or contractual termination benefits payable upon termination from a pension or other postretirement plan are covered by Subtopics [715-30](#) and [715-60](#).
- c. Individual deferred compensation contracts that are addressed by Subtopics [715-30](#) and [715-60](#), if those contracts, taken together, are equivalent to a defined benefit pension plan or a defined benefit other postretirement benefit plan, respectively.
- d. Special or contractual termination benefits that are not payable from a pension or other postretirement plan are covered by Topic [712](#)
- e. Stock compensation plans that are addressed by Topic [718](#)
- f. Other postemployment benefits (see Topic [712](#)) that do not meet the conditions in paragraph [710-10-25-1](#) and are accounted for in accordance with Topic [450](#).

Other Considerations

710-10-15-6 The guidance in the Compensation-General Topic does not address the allocation of costs of compensated absences to interim periods.

Deferred Compensation-Rabbi Trusts

Overall Guidance

710-10-15-7 The Deferred Compensation-Rabbi Trusts Subsections follow the same Scope and Scope Exceptions as outlined in the General Subsection of this Subtopic, with specific transaction qualifications noted below.

Transactions

710-10-15-8 The guidance in the Deferred Compensation-Rabbi Trusts Subsections addresses the accounting for deferred compensation arrangements that have the following characteristics:

- a. If amounts earned by an employee are invested in the stock of the employer and placed in a rabbi trust
- b. Where the employee elects to diversify the assets held by the rabbi trust into nonemployer securities.

The guidance in the Deferred Compensation-Rabbi Trusts Subsections does not address the accounting for stock appreciation rights even if they are funded through a rabbi trust.

General Note: The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

Compensated Absences

Employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid.

Full Eligibility Date

The date at which an employee has rendered all of the service necessary to have earned the right to receive all of the benefits expected to be received by that employee (including any beneficiaries and dependents expected to receive benefits). Determination of the full eligibility date is affected by plan terms that provide incremental benefits expected to be received by or on behalf of an employee for additional years of service, unless those incremental benefits are trivial. Determination of the full eligibility date is not affected by plan terms that define when benefit payments commence or by an employee's current marital or dependency status.

Rabbi Trusts

Rabbi trusts are grantor trusts generally set up to fund compensation for a select group of management or highly paid executives. To qualify as a rabbi trust for income tax purposes, the terms of the trust agreement must explicitly state that the assets of the trust are available to satisfy the claims of general creditors in the event of bankruptcy of the employer.

Sabbatical Leave

A benefit in the form of a compensated absence whereby the employee is entitled to paid time off after working for an entity for a specified period of time. During the sabbatical, the individual continues to be a compensated employee and is not required to perform any duties for the entity.

710-10-25 - Recognition

General Note: The Recognition Section provides guidance on the required criteria, timing, and location (within the financial statements) for recording a particular item in the financial statements. Disclosure is not recognition.

General

Compensated Absences

710-10-25-1 An employer shall accrue a liability for employees' compensation for future absences if all of the following conditions are met:

- a. The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- b. The obligation relates to rights that vest or accumulate. Vested rights are those for which the employer has an obligation to make payment even if an employee terminates; thus, they are not contingent on an employee's future service. Accumulate means that earned but unused rights to compensated absences may be carried forward to one or more periods subsequent to that in which they are earned, even though there may be a limit to the amount that can be carried forward.
- c. Payment of the compensation is probable.
- d. The amount can be reasonably estimated.

710-10-25-2 A liability for amounts to be paid as a result of employees' rights to compensated absences shall be accrued, considering anticipated forfeitures, in the year in which earned. For

example, if new employees receive vested rights to two-weeks' paid vacation at the beginning of their second year of employment with no pro rata payment in the event of termination during the first year, the two-weeks' vacation shall be considered to be earned by work performed in the first year and an accrual for vacation pay shall be required for new employees during their first year of service, allowing for estimated forfeitures due to turnover. Furthermore, the definition of a liability does not limit an employer's liability for compensated absences solely to rights to compensation for those absences that eventually vest. The definition also encompasses a constructive obligation for reasonably estimable compensation for past services that, based on the employer's past practices, probably shall be paid and can be reasonably estimated.

- 710-10-25-3** Individual facts and circumstances must be considered in determining when nonvesting rights to compensated absences are earned by services rendered. The requirement to accrue a liability for nonvesting rights to compensated absences depends on whether the unused rights expire at the end of the year in which earned or accumulate and are carried forward to succeeding years, thereby increasing the benefits that would otherwise be available in those later years. If the rights expire, a liability for future absences shall not be accrued at year-end because the benefits to be paid in subsequent years would not be attributable to employee services rendered in prior years. (Jury duty and military leave benefits generally do not accumulate if unused and, unless they accumulate, a liability for those benefits shall not be accrued at year-end.) On the other hand, if unused rights do accumulate and increase the benefits otherwise available in subsequent years, a liability shall be accrued at year-end to the extent that it is probable that employees will be paid in subsequent years for the increased benefits attributable to the accumulated rights and the amount can be reasonably estimated.

Sabbatical Leave Benefits

- 710-10-25-4** The appropriate accounting for a sabbatical leave depends on the purpose of the leave. If a sabbatical leave is granted only to perform research or public service to enhance the reputation of or otherwise benefit the employer, the compensation is not attributable to services already rendered (see paragraph [710-10-25-1\(a\)](#)); a liability shall not be accrued in advance of the employee's services during such leave. If the leave is granted to provide compensated unrestricted time off for past service and the other conditions for accrual are met, a liability for sabbatical leave shall be accrued.
- 710-10-25-5** An employee's right to a compensated absence under a sabbatical or other similar benefit arrangement that requires the completion of a minimum service period and in which the benefit does not increase with additional years of service accumulates pursuant to paragraph [710-10-25-1\(b\)](#) for arrangements in which the individual continues to be a compensated employee and is not required to perform any direct or indirect services for or on behalf of the entity during the absence. Therefore, assuming all of the other conditions of paragraph [710-10-25-1](#) are met, the compensation cost associated with a sabbatical or other similar benefit arrangement shall be accrued over the requisite service period.

Sick Pay Benefits

- 710-10-25-6** The employer's actual administration of sick pay benefits shall determine the appropriate accounting. In accounting for compensated absences, the form of an employer's policy for compensated absences shall not prevail over actual practices. For example, if employees are customarily paid sick pay benefits even though their absences from work are not actually the result of illness or if employees are routinely allowed to take compensated terminal leave for accumulated unused sick pay benefits prior to retirement, such benefits shall not be considered sick pay benefits for purposes of applying the provisions of the following paragraph but rather shall be accounted for in accordance with paragraph [710-10-25-1](#).
- 710-10-25-7** Notwithstanding the conditions specified in paragraph [710-10-25-1](#), an employer is not required to accrue a liability for nonvesting accumulating rights to receive sick pay benefits (that is, compensation for an employee's absence due to illness).
- 710-10-25-8** This Subtopic does not prohibit an employer from accruing a liability for such nonvesting

accumulating sick pay benefits, providing the criteria of paragraph [710-10-25-1](#) are met.

Deferred Compensation Arrangements

- 710-10-25-9 To the extent the terms of a contract attribute all or a portion of the expected future benefits to an individual year of the employee's service, the cost of those benefits shall be recognized in that year. To the extent the terms of the contract attribute all or a portion of the expected future benefits to a period of service greater than one year, the cost of those benefits shall be accrued over that period of the employee's service in a systematic and rational manner.
- 710-10-25-10 If elements of both current and future services are present, only the portion applicable to the current services shall be accrued. Example 1 (see paragraph [710-10-55-1](#)) illustrates this guidance.
- 710-10-25-11 Some deferred compensation contracts provide for periodic payments to employees or their surviving spouses for life with provisions for a minimum lump-sum settlement in the event of the early death of one or all of the beneficiaries. The estimated amount (see paragraph [710-10-30-1](#)) of future payments to be made under such contracts shall be accrued over the period of active employment from the time the contract is entered into. Example 2 (see paragraph [710-10-55-4](#)) illustrates this guidance.

Lump-Sum Payments Under Union Contracts

- 710-10-25-12 In connection with the signing of new union contracts, union employees may agree to accept a lump-sum cash payment or payments in lieu of all or a portion of an increase in their base wage rate. Entities believe that in certain circumstances those lump-sum payments reduce or eliminate increases in base wage rates during the contract period that would otherwise be required. The specific terms of lump-sum payments vary, but ordinarily there is no requirement that the employee refund to the entity any portion of the payment if the employee terminates employment prior to the end of the contract period. Unlike an employment contract with an individual, the union contract applies to the work force, and there is a presumption that an employee who terminates generally will be replaced by another union member at the same base wage rate without an additional lump-sum payment.
- 710-10-25-13 All or a portion of a lump-sum payment may be deferred and appropriately amortized only when it is clear that the payment will benefit a future period in the form of a lower base wage rate than otherwise would have existed. The period of amortization shall not extend beyond the contract period. The terms and conditions of those payments may vary and the facts and circumstances surrounding the contract and the negotiations must be reviewed to determine how to account for the payment.
- 710-10-25-14 This guidance relates solely to union contracts and not to individual employment contracts or any other situation involving compensation payments to individual employees.

Deferred Compensation-Rabbi Trusts

- 710-10-25-15 The following are the four types of deferred compensation arrangements involving rabbi trusts covered by this Subsection:
- a. Plan A-The plan does not permit diversification and must be settled by the delivery of a fixed number of shares of employer stock.
 - b. Plan B-The plan does not permit diversification and may be settled by the delivery of cash or shares of employer stock.
 - c. Plan C-The plan permits diversification; however, the employee has not diversified (the plan may be settled in cash, shares of employer stock, or diversified assets).
 - d. Plan D-The plan permits diversification and the employee has diversified (the plan may be settled in cash, shares of employer stock, or diversified assets).

Plan A

- 710-10-25-16 For Plan A, employer stock held by the rabbi trust shall be classified in equity in a manner similar to the manner in which treasury stock (see Subtopic [505-30](#)) is accounted for. The deferred compensation obligation shall be classified as an equity instrument.

Plans B and C

- 710-10-25-17 For Plans B and C, employer stock held by the rabbi trust shall be classified in equity in a manner similar to the manner in which treasury stock (see Subtopic [505-30](#)) is accounted for. The deferred compensation obligation shall be classified as a liability.

Plan D

- 710-10-25-18 For Plan D, assets held by the rabbi trust shall be accounted for in accordance with generally accepted accounting principles (GAAP) for the particular asset (for example, if the diversified asset is an equity security, that security would be accounted for in accordance with Subtopic [321-10](#)). The deferred compensation obligation shall be classified as a liability. At acquisition, debt securities held by the rabbi trust may be classified as trading.

710-10-30 - Initial Measurement

General Note: The Initial Measurement Section provides guidance on the criteria and amounts used to measure a particular item at the date of initial recognition.

General

Deferred Compensation Arrangements

- 710-10-30-1 The amounts to be accrued periodically under paragraph [710-10-25-9](#) shall result in an accrued amount at the full eligibility date equal to the then present value of all of the future benefits expected to be paid. Such estimates shall be based on the life expectancy of each individual concerned (based on the most recent mortality tables available) or on the estimated cost of an annuity contract rather than on the minimum payable in the event of early death.
- 710-10-30-2 At the end of that period the aggregate amount accrued shall equal the then present value of the benefits expected to be provided to the employee, any beneficiaries, and covered dependents in exchange for the employee's service to that date. Example 1 (see paragraph [710-10-55-1](#)) and Example 3 (see paragraph [710-10-55-7](#)) illustrate this guidance.

710-10-35 - Subsequent Measurement

General Note: The Subsequent Measurement Section provides guidance on an entity's subsequent measurement and subsequent recognition of an item. Situations that may result in subsequent changes to carrying amount include impairment, credit losses, fair value adjustments, depreciation and amortization, and so forth.

Deferred Compensation-Rabbi Trusts

- 710-10-35-1 The guidance in this Subsequent Measurement Section addresses the four plans (A to D) as outlined in paragraph [710-10-25-15](#).

Plan A

- 710-10-35-2 Subsequent changes in the fair value of the employer's stock shall not be recognized. With respect to the deferred compensation obligation recognized under paragraph [710-10-25-16](#), changes in the fair value of the amount owed to the employee shall not be recognized.

Plans B and C

- 710-10-35-3 Subsequent changes in the fair value of the employer's stock, recorded in a manner similar to treasury stock, shall not be recognized. The deferred compensation obligation shall be

adjusted with a corresponding charge (or credit) to compensation cost, to reflect the changes in the fair value of the amount owed to the employee.

Plan D

- 710-10-35-4 The deferred compensation obligation shall be adjusted, with a corresponding charge (or credit) to compensation cost, to reflect changes in the fair value of the amount owed to the employee.

710-10-45 - Other Presentation Matters

General Note: The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

Deferred Compensation-Rabbi Trusts

- 710-10-45-1 For all of the types of plans (A to D) discussed in paragraph [710-10-25-15](#), the accounts of the rabbi trust shall be consolidated with the accounts of the employer in the financial statements of the employer.
- 710-10-45-2 For Plan D only, changes in the fair value of the deferred compensation obligation shall not be recorded in other comprehensive income, even if changes in the fair value of the assets held by the rabbi trust are recorded, pursuant to Subtopic [320-10](#), in other comprehensive income.
- 710-10-45-3 For all of these types of plans, employer shares held by the rabbi trust shall be treated as treasury stock for earnings per share (EPS) purposes and excluded from the denominator in the basic and diluted EPS calculations. However, the obligation under the deferred compensation arrangement shall be reflected in the denominator of the EPS computation in accordance with the provisions of Section [260-10-45](#).
- 710-10-45-4 In accordance with paragraph [260-10-45-13](#), if an obligation is required to be settled by delivery of shares of employer stock (Plan A), those shares shall be included in the calculation of basic and diluted EPS. If the obligation may be settled by delivery of cash, shares of employer stock, or diversified assets (other than Plan A), those shares shall not be reflected in basic EPS but shall be included in the calculation of diluted EPS in accordance with paragraph [260-10-45-30](#) and paragraphs [260-10-45-45 through 45-46](#).

710-10-50 - Disclosure

General Note: The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

General

Compensated Absences

- 710-10-50-1 If an employer meets the conditions in paragraph [710-10-25-1\(a\) through \(c\)](#) and does not accrue a liability because the condition in paragraph [710-10-25-1\(d\)](#) is not met, that fact shall be disclosed.

710-10-55 - Implementation Guidance and Illustrations

General Note: The Implementation Guidance and Illustrations Section contains implementation guidance and illustrations that are an integral part of the Subtopic. The implementation guidance and illustrations do not address all possible variations. Users must consider carefully the actual facts and circumstances in relation to the requirements of the Subtopic.

General

Illustrations

Example 1: Nonvesting Deferred Compensation Contract

- 710-10-55-1 This Example illustrates the guidance in paragraphs [710-10-25-9](#) and [710-10-30-1](#).
- 710-10-55-2 An employer's deferred compensation contract does not provide a vested benefit for employees' prior service at the date the contract is entered into. Employees must render 30 years of service to receive benefits under a deferred compensation contract. An employee has rendered 16 years of service at the date of entering into the contract. Credit is granted for that prior service in determining eligibility for the benefit to be provided.
- 710-10-55-3 In this Example, the employer should accrue the total obligation under the deferred compensation contract in a systematic and rational manner over the employee's future service period to the date full eligibility for the benefits is attained, that is, over the next 14 years. If the employee is eligible to receive a portion of the benefits without regard to future service, that is, the credit for prior service results in a vested benefit, the obligation for that benefit should be fully accrued at the time the contract is entered into.

Example 2: Attribution Period for a Deferred Compensation Contract

- 710-10-55-4 This Example illustrates the guidance in paragraph [710-10-25-11](#).
- 710-10-55-5 An employee becomes fully eligible for benefits under a deferred compensation contract five years after entering into the contract. The contract states, however, that if the employee dies or becomes disabled, benefits will be payable immediately. The contract is not one of a group of contracts that possess the characteristics of a pension plan.
- 710-10-55-6 In this Example, if the employee is expected to render service over the next five years, benefits should be attributed over that service period. If death or disability unexpectedly occurs during the five-year period, the benefit obligation should be remeasured and any previously unrecognized amount should be immediately recognized at the date of the event. If the employee is expected to terminate service within the next five years, an accrual is normally not required because the employee is not expected to receive benefits under the plan. However, in the rare situation that it is probable that death or disability will occur during the five-year period, the benefit should be accrued over the relevant service period.

Example 3: Individual Deferred Compensation Contracts

- 710-10-55-7 This Example illustrates the guidance in paragraph [710-10-30-1](#). An employer may provide postretirement benefits to selected employees under individual contracts with specific terms determined on an individual-by-individual basis. That paragraph attributes those benefits to the individual employee's years of service following the terms of the contract. The following Cases illustrate the application of that paragraph for individual deferred compensation contracts:
- a. Contract provides only prospective benefits (Case A).
 - b. Contract provides retroactive benefits (Case B).

Case A: Contract Provides Only Prospective Benefits

- 710-10-55-8 An entity enters into a deferred compensation contract with an employee at the date of hire. The contract provides for a payment of \$150,000 upon termination of employment following a minimum 3-year service period. The contract provides for a compensation adjustment for each year of service after the third year determined by multiplying \$150,000 by the entity's return on equity for the year. Also, each year after the third year of service, interest at 10 percent per year is credited on the amount due under the contract at the beginning of that year. Accordingly, a liability of \$150,000 is accrued in a systematic and rational manner over the employee's first 3 years of service. Following the third year of service, the accrued liability is adjusted annually for accrued interest and the increased or decreased compensation based on the entity's return on equity for that year. At the end of the third year and each subsequent year of the employee's service, the amount accrued

equals the then present value of the benefit expected to be paid in exchange for the employee's service rendered to that date.

Case B: Contract Provides Retroactive Benefits

710-10-55-9 An entity enters into a contract with a 55-year-old employee who has worked 5 years for the entity. The contract states that in exchange for past and future services and for serving as a consultant for 2 years after the employee retires, the entity will pay an annual pension of \$20,000 to the employee, commencing immediately upon the employee's retirement. It is expected that the future benefits to the employer from the consulting services will be minimal. Consequently, the actuarial present value of a lifetime annuity of \$20,000 that begins at the employee's expected retirement date is accrued at the date the contract is entered into because the employee is fully eligible for the pension benefit at that date.

710-10-55-10 If the terms of the contract described in the preceding paragraph had stated that the employee is entitled to the pension benefit only if the sum of the employee's age and years of service equal 70 or more at the date of retirement, the employee would be fully eligible for the pension benefit at age 60, after rendering 5 more years of service. The actuarial present value of a lifetime annuity of \$20,000 that begins at the expected retirement date would be accrued in a systematic and rational manner over the 5-year period from the date the contract is entered into to the date the employee is fully eligible for the pension benefit.

710-10-60 - Relationships

General Note: The Relationships Section contains links to guidance that may be helpful to, but not required by, a user of the Subtopic. This Section may not be all-inclusive. The relationship items are organized according to the Topic structure in the Codification.

General

Compensation-Nonretirement Postemployment Benefits

710-10-60-1 For guidance on special termination benefits or contractual termination benefits, see Topic [712](#).

710-10-60-2 For guidance on the determination of whether assets of a trust qualify as plan assets in the event of the employer's bankruptcy, see paragraph [715-60-55-26](#).

710-10-60-3 For guidance on whether plan assets include the assets of a rabbi trust, see paragraph [715-60-55-27](#).

Business Combinations and Reorganizations

710-10-60-4 For guidance on the accounting for the liability for contractual termination benefits and curtailment losses under employee benefit plans that will be triggered by the consummation of a business combination, see paragraphs [805-20-55-50 through 55-51](#).

710-10-S15 - Scope and Scope Exceptions

General Note: The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions, instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

General

Lump-Sum Payment Under Union Contracts

710-10-S15-1 See paragraph [710-10-S99-1](#), SEC Observer Comment: Lump-Sum Payments Under Union Contracts, for SEC Staff views on the scope to which paragraph [710-10-25-13](#) applies.

710-10-S25 - Recognition

General Note: The Recognition Section provides guidance on the required criteria, timing, and location (within the financial statements) for recording a particular item in the financial statements. Disclosure is not recognition.

General

Lump-Sum Payment Under Union Contracts

710-10-S25-1 See paragraph [710-10-S99-1](#), SEC Observer Comment: Lump-Sum Payments Under Union Contracts, for SEC Staff views on deferral of lump-sum payments made under union contracts.

710-10-S99 - SEC Materials

General Note: As more fully described in [About the Codification](#), the Codification includes selected SEC and SEC Staff content for reference by public companies. The Codification does not replace or affect how the SEC or SEC Staff issues or updates SEC content. SEC Staff content does not constitute Commission-approved rules or interpretations of the SEC.

General

SEC Staff Guidance

Comments Made by SEC Observer at Emerging Issues Task Force (EITF) Meetings

SEC Observer Comment: Lump-Sum Payments Under Union Contracts

710-10-S99-1 The following is the text of SEC Observer Comment: Lump-Sum Payments Under Union Contracts.

Deferral of a lump-sum payment under a union contract in accordance with paragraph [710-10-25-13](#) is appropriate only when there is no evidence whatsoever that the payment might be related to past services.