

IAS 19 *Employee Benefits* (September 2007)

Post-employment benefits—Benefit allocation for defined benefit plans IAS 19

Employee Benefits requires entities to attribute the benefit in defined benefit plans to periods of service in accordance with the benefit formula, unless the benefit formula would result in a materially higher level of benefit allocated to future years. In that case, the entity allocates the benefit on a straight-line basis (paragraph 67 of IAS 19). The IFRIC had previously considered whether entities should take into account expected increases in salary in determining whether a benefit formula expressed in terms of current salary allocates a materially higher level of benefit in later years.

The IFRIC considered this issue as part of its deliberations leading to Draft IFRIC Interpretation D9 Employee Benefits with a Promised Return on Contributions or Notional Contributions. However, the IFRIC suspended work on this project until it could see what implications might be drawn from the Board's deliberations in its project on postemployment benefits.

The IFRIC noted that the Board will not address this issue for all defined benefit plans in phase 1 of its project on postemployment benefits. However, the IFRIC noted that it would be difficult to address this issue while the Board had an ongoing project that addressed the issue for some defined benefit plans. The IFRIC decided to remove this issue from its agenda.