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The Financial Accounting Standards Board (FASB) has issued two proposed Accounting Standards Updates (ASUs) intended to improve financial reporting by employers related to defined benefit pension and other postretirement benefit plans.

The [proposed ASU](#), *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans*, is part of the FASB's broader disclosure framework project aimed at improving the effectiveness of disclosures in the notes to financial statements by focusing on the information that is most relevant to financial statement users.

As part of that project, the FASB decided to re-examine existing disclosure requirements in certain areas within the context of the proposed disclosure framework. Pensions was one of four areas—including income taxes, inventory, and fair value—to be re-examined.

The [proposed ASU](#), *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, seeks to improve guidance related to the presentation of defined benefit costs in the income statement.

Under Generally Accepted Accounting Principles (GAAP), defined benefit pension cost and postretirement benefit cost (net benefit cost) comprise several components that reflect different aspects of an employer's financial arrangements, as well as the

cost of benefits provided to employees. Those components are aggregated for

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to separate the service cost component from the other components of net benefit cost for presentation purposes. It also would provide explicit guidance on how to present the service cost component and other components of net benefit cost in the income statement. The proposed ASU would allow only the service cost component of net benefit cost to be eligible for capitalization.

Stakeholders are asked to provide comment on the proposed ASUs by April 25, 2016.

The proposed [ASUs](#)—and a high-level *FASB in Focus* overview of both—are available at www.fasb.org.

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