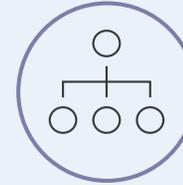


Update on the Public Sector Accounting Board (PSAB) Review of Employee Benefits Standards



What is the discussion?

PSAB is proposing to revise its accounting standards for employee benefits.

In 2018, PSAB began a project that could have proposed that employers participating in multi-employer defined benefit plans, such as OMERS, be required to report a proportionate share of the plan's accrued benefit obligation on their financial statements (known as "defined benefit accounting"). This principle would differ from the existing accounting standard that requires those employers to simply recognize an expense equal to their pension contributions (known as "defined contribution accounting"). This change would be challenging for employers on many fronts, including the availability of information, the feasibility of the calculation and financial pressure placed on employers.

In 2018/2019, OMERS and many other pension plans, employers, sponsors and stakeholders advocated for PSAB to allow multi-employer plans to continue to use defined contribution accounting, and to be exempt from the change PSAB was contemplating. In our 2019 response to PSAB, OMERS recommended that the new Canadian standard be similar to the international standard, which allows for defined contribution accounting where there is insufficient information available to estimate the obligation with sufficient reliability.

What is the current status of PSAB's review?

We are pleased to share that PSAB published in July 2021 an Exposure Draft (ED) of the new standard that recognizes that employers in a multi-employer plan may not have sufficient information to satisfy the defined benefit reporting requirement with sufficient reliability for accounting purposes.

If sufficient information is not available, the ED allows employers to continue to report using the existing defined contribution accounting approach, with the addition of some new financial statement disclosures. OMERS observations of the exposure draft are [available here](#).

In OMERS view, PSAB's recognition that participating employers may not have sufficient information is a critical and positive inclusion in the ED.

What should you do?



We recommend that all employers, sponsors and stakeholders review the exposure draft and seek advice from your auditors to confirm the potential implications for your organization.

As well, PSAB has invited comments to the [Exposure Draft](#) by **November 25, 2021**. OMERS will be making a submission in November and will endorse the proposed guidance in our comment letter. We encourage you to share feedback directly with PSAB by taking part in the [Connect.FRASCanada.ca](#) project or by submitting a comment letter.

If you have questions or would like to discuss further, contact Brandon Weening at BWeening@Omers.com. If you are interested in a meeting to receive a further briefing, please contact StakeholderRelations@Omers.com.