

Updates to EBP Master Trust Reporting & Disclosures

On February 27, 2017, the Financial Accounting Standards Board (FASB) updated the reporting and disclosure requirements for an employee benefit plan (EBP) with an interest in a master trust. A master trust is a trust for which a regulated financial institution, such as a bank or trust company, is the trustee or custodian and where assets of more than one plan sponsored by a single employer or group of employers under common control are held. Within the new guidance, a plan's interest in master trust balances and activities will be presented on the face of the plan's financial statements. Disclosures are enhanced to include the plan's interest in the master trust's investments by general type, and the master trust's and plan's interest in other assets and liabilities.

Accounting Standards Update (ASU) 2017-06, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting*, is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Retrospective application is required for each period the financial statements are presented.

Disclosure Updates

ASU 2017-06 adds to the existing requirement to disclose the fair value of investments held by the master trust by each general investment type. Plans also will be required to disclose the amount of the plan's interest in each investment type. An outcome of this new requirement is that plans with a divided interest, *i.e.*, specific rather than a proportionate interest in the master trust, in the master trust's individual investments will no longer be required to disclose the plan's overall percentage interest in the trust.

Health and welfare plans will no longer be required to disclose 401(h) investment account information. Instead, they will disclose the name of the defined benefit pension plan that provides the investment disclosures.

Reporting Updates

For each master trust in which a plan holds an interest, the amendments require a plan to report its interest and any change in that interest in separate line items in the statement of net assets available for benefits and the statement of changes in net assets available for benefits, respectively. This amendment updates the guidance in Topic 962 and Topic 965 to conform to the existing guidance in Topic 960.

The amendments require plans to disclose the master trust's other asset and liability balances, which include—among other items—amounts due from brokers for securities sold, amounts due to brokers for securities purchased, accrued interest and dividends and accrued expenses. As with the investment disclosure, plans also are required to disclose the amount of the plan's interest in each of those other asset and liability balances.

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