

If you have questions, please contact your regular Groom attorney or one of the attorneys listed below:

**Mark E. Carolan**  
mcarolan@groom.com  
(202) 861-5424

**Louis T. Mazawey**  
lmazawey@groom.com  
(202) 861-6608

**David W. Powell**  
dpowell@groom.com  
(202) 861-6600

## **GASB Clarifies Pension Accounting Items for Governmental Plans**

The Governmental Accounting Standards Board (GASB) issued GASB Statement Number 82 (GASB 82), addressing a few issues raised under Statements Number 67, 68, and 73 regarding the reporting for governmental plans. Generally, this guidance clarifies (1) the classification of member contributions (i.e. “pick-up” contributions) for reporting purposes, (2) how to present certain payroll-related measures for GASB 67 and 68 purposes, and (3) the treatment of deviations from actuarial standards of practice when selecting actuarial assumptions. The GASB 82 requirements are generally effective for reporting periods beginning after June 15, 2016. However, if an employer measures liabilities on a date other than the most recent fiscal year-end, the deadline for selecting actuarial assumptions is applicable for the next measurement on or after June 15, 2017.

### Classification of Employer-Paid Member Contributions

GASB 82 clarifies that employee contributions made that are “picked-up”—meaning they are employee contributions classified as employer contributions for tax purposes—should be classified as plan member contributions under GASB 67 and employee contributions for purposes of GASB 68. The employer’s expense and expenditures for those contributions should be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (salaries, wages, or fringe benefits). (Previously, for example, GASB 67 had provided that “in some circumstances, contributions are made by the employer to satisfy plan member contribution requirements. If the contribution amounts are recognized by the employer as salary expense, those contributions should be classified as plan member contributions for purposes of this Statement. Otherwise, those contributions should be classified as employer contributions.”)

### Presentation of Payroll Information

Prior to GASB 82, the accounting standards required a presentation of covered-employee payroll. This was used to report the payroll and various payroll ratios in schedules of supplementary information. GASB 82 has clarified that the payroll is not just the payroll for the covered employees, but the payroll on which contributions to the pension plan are based.

### Selection of Assumptions

GASB 82 provides that a deviation from the Actuarial Standards of Practice for selecting assumptions is not in conformity with GASB 67, 68, or 73. Under the Actuarial Standards of Practice, a deviation is when an actuary departs from the guidance provided under the

Actuarial Standards of Practice, but is still able to comply with the standards because the actuary properly discloses the deviation. GASB 82 explicitly provides that such a deviation is not consistent with GASB reporting requirements.

This publication is provided for educational and informational purposes only and does not contain legal advice. The information should in no way be taken as an indication of future legal results. Accordingly, you should not act on any information provided without consulting legal counsel. To comply with U.S. Treasury Regulations, we also inform you that, unless expressly stated otherwise, any tax advice contained in this communication is not intended to be used and cannot be used by any taxpayer to avoid penalties under the Internal Revenue Code, and such advice cannot be quoted or referenced to promote or market to another party any transaction or matter addressed in this communication.