



United States Department of the Interior

OFFICE OF THE SECRETARY
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FINANCIAL MANAGEMENT MEMORANDUM 2010-011 (Vol II.B)

To: Bureau Assistant Directors for Administration
Bureau Chief Finance Officers

From: Don Geiger *Don Geiger*
Acting Director, Office of Financial Management

Subject: Implementation of Statement of Federal Financial Accounting Standards (SFFAS) 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount rates and Valuation Date*

Beginning after September 30, 2009, the subject standard requires that all federal entities that report liabilities for federal employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB), including veterans' compensation, to:

- Display the gains and losses from changes in long-term assumptions used to estimate liabilities for federal employee pensions, ORB, and OPEB as a separate line item or items on the Statement of Net Costs,
- Disclose in notes to the financial statements the reconciliation of beginning and ending pension, ORB, and OPEB liability balances. The line item for actuarial gains and losses should be broken out into the sub-components "from experience" and "from assumptions changes",
- Select discount rates based on the average historical interest rates of a minimum of five years on marketable Treasury securities with maturities consistent with the cash flows being discounted, and
- Select actuarial valuation date to coincide with the financial statement date. If the valuation date is an earlier date, measurements should be adjusted for the effects of material changes in major factors such as salary increases.

SFFAS 33 does not apply to the Federal Employees Compensation Act (FECA) program or social insurance programs.

Interior bureaus should examine their programs and determine if SFFAS 33 is applicable and provide a response to the Director of the Office of Financial Management (PFM) via email by April 15, 2010.

Bureaus subject to SFFAS 33 are required to implement the requirements in the third quarter financial reporting. If bureaus determine that the actuarial gains and losses from assumption changes are material, the gains or losses should be presented discretely as a separate line item on the Statement of Net Cost and include in the "Federal Employee and Veteran Benefits Payable" note to the financial statements the breakout of the actuarial gains and losses from assumption changes into sub-components "from experience" and "from assumption changes" as follows:

Pension Plan Expense	Current FY	Previous FY
	\$	\$
Normal Costs	XXX	XXX
Interest	XXX	XXX
Actuarial (gains) /losses:		
From experience	XX	XX
From assumption changes	XX	XX
Total Pension Expenses	\$ XXX	\$ XXX

If the actuarial gains and losses from assumption changes are immaterial, only note disclosure with the breakout of actuarial gains and losses as shown above will be necessary.

If you have any questions concerning this change in reporting requirements, please contact Sherry Lee (Sherry_Lee@ios.doi.gov) at (202) 219-4096.

cc: Financial Statement Guidance Team
Finance Officers Partnership