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Audit Alert: Improvements in employee benefit plan master trust reporting

The Board issued ASU 2017-06, Employee Benefit Plan Master Trust Reporting – a consensus of the FASB Emerging Issues Task Force, which is intended to improve the usefulness of the information, reported to users of employee benefit plan financial statements. The ASU relates primarily to how a plan reports its interest in a master trust.

The key provisions of the ASU are summarized as follows:

- for each master trust in which a plan holds an interest, the plan is required to disclose, as separate line items, the plan's interest in the statement of net assets available for benefits and any changes in that interest in the statement of changes in net assets available for benefits.
- a plan with a divided interest in the individual investments of the master trust is no longer required to disclose its percentage interest in the master trust, but rather is required to disclose the master trust's investments by general type and the individual plan's dollar amount of its interest in the master trust's investments by general type.
- all plans are required to disclose both their master trust's other asset and liability balances and the dollar amount of the individual plan's interest in each of those balances.
- health and welfare plans are no longer required to provide 401(h) account
- investment disclosures in their financial statements and instead are required to disclose the defined benefit plan's name so that participants may access the investment information. There are no changes to defined benefit plan disclosures.

The amendments in the ASU are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Entities will be required to adopt the guidance retrospectively to all periods presented.

Source: Source: Grant Thornton, On the Horizon, March 9, 2017.

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