

## Considerations about the Definition of Post-employment Benefit Obligation

A project which reviews post-employment benefit accounting is making progress on IASB in recent years. This project includes two phases. After the first phase of this project, they will start the second phase which deals a comprehensive review of post-employment benefit accounting. In the comprehensive review phase, the most important and interesting subject might be the definition of post-employment benefit obligation. This subject is represented by some questions like, “Is post-employment benefit obligation defined as PBO, ABO or VBO?” and “Is straight-line based attribution necessary or not for back-end loaded benefit plan?” and has been being discussed since old days.

Judging from a lot of views about it, the answers to the questions seem to vary in every country. In short any answers of the questions cannot be a universal truth. And further consideration gives me an idea that the answers could change in every entity or for every employee group even in a same company.

So it is much more logical that we study the definition of post-employment benefit obligation, with the premise that the right of employee and the duty of employer differ for every employee group.

So what we have to do must be to establish a principle which decides the range to recognize with a background of the real relationship between employee and employer. And the principle I propose in my preliminary view is as follows:

<Principle>

Present post-employment benefit obligation exists when:

- (a) the entity has no realistic alternative to settling the obligation and
- (b) the obligation exists independently of the entity's future actions

with the premise that alternatives to settling the obligation and entity's future actions are restricted by not only law and contract but also social discipline and custom.