



January 27, 2003 2:12 p.m. EST

## Intl Accounting Board May Change Some Pension Rules

By ARDEN DALE

OF DOW JONES NEWSWIRES

NEW YORK -- An international accounting group has reached a tentative agreement to alter aspects of pension accounting, but change likely remains a long way off.

The International Accounting Standards Board last week voted to make "some changes to IASB accounting rules," said board member Jim Liesenring.

Specifically, IASB is targeting a provision that allows companies to report how much they expect to earn on pension asset investments, rather than how much they actually earned.

"We're going back to recording actual returns, that's the fundamental conclusion," Liesenring said, stressing that a final decision could be many months away as the organization is also reviewing other aspects of pension accounting.

The issue of companies using expected rates of pension returns has drawn scrutiny from regulators and others of late, who question whether the method distorts the true financial picture.

The mission of the IASB, formed in 2001, is to draft international accounting rules for adoption by companies listed on European and other non-U.S. stock exchanges.

IASB is now working on producing a set of standards, known as the IAS, some of which are in conflict with U.S. generally accepted accounting principles. All publicly listed companies in Europe will be required to adopt international accounting standards by 2005. Australian companies also are converting to IAS.

The international group's work is closely followed in the U.S. given that the Financial Accounting Standards Board, the main U.S. accounting rule maker, announced last year a project to harmonize accounting standards in the U.S. and Europe. FASB is based in Norwalk, Conn.

FASB is considering making changes to U.S. pension accounting rules. The rule maker has received numerous complaints about the way the rules are now structured.

At a meeting next month, FASB will review the pension issues with a newly formed advisory group drawn from various financial and other sectors.

Many U.S. companies are marking down their expected rates of return on pension assets, as it becomes increasingly clear they can no longer hit targets like 10% and even higher. Tough markets have eroded their assets, at the same time low interest rates have forced them to contribute more money to cover

future obligations to workers.

General Motors Corp. (GM) recently revised its rate of return from 10% to 9%. The auto maker had used a 10% rate for a number of years, but couldn't justify it any longer.

-By Arden Dale, Dow Jones Newswires; 201-938-2052; arden.dale@dowjones.com

(Phyllis Plitch of Dow Jones Newswires contributed to this story.)

**URL for this article:**

[http://online.wsj.com/article/0,,BT\\_CO\\_20030127\\_005550,00.html](http://online.wsj.com/article/0,,BT_CO_20030127_005550,00.html)

*Updated January 27, 2003 2:12 p.m. EST*

**Copyright 2003 Dow Jones & Company, Inc. All Rights Reserved**

**Printing, distribution, and use of this material is governed by your Subscription agreement and Copyright laws.**

**For information about subscribing go to <http://www.wsj.com>**