

FASB Updates Presentation of Employee Benefit Plan Interest in a Master Trust

ASU 2017-06, *Employee Benefit Plan Master Trust Reporting*, amends the presentation and disclosure requirements for an EBP interest in a master trust. The amendments apply to EBPs within the scope of Accounting Standards Codification (ASC) 960, *Plan Accounting - Defined Benefit Pensions Plans*, ASC 962, *Plan Accounting - Defined Contribution Pension Plans*, and ASC 965, *Plan Accounting - Health and Welfare Benefit Plans*.

A master trust is a trust for which a regulated financial institution (i.e., a bank, trust company, or similar financial institution that is regulated, supervised, and subject to periodic examination by a state or federal agency) serves as a trustee or custodian and in which assets of more than one EBP sponsored by a single employer or by a group of employers under common control are held. Under the ASU:

- An EBP with an interest in a master trust will be required to present its interest in the master trust and the change in its interest in that master trust as single line items in the statement of net assets available for benefits and the statement of changes in net assets available for benefits, respectively.
- An EBP with an undivided (proportionate) interest in a master trust will continue to disclose its percentage interest in the master trust.
- An EBP with a divided interest in a master trust will disclose the dollar amount of its interest in specific investments held by the master trust, rather than its percentage interest in the master trust itself.
- An EBP will also disclose a master trust's other asset and liability balances and the dollar amount of the plan's interest in each of those balances.
- Health and welfare plans' investment disclosures for 401(h) account assets have been eliminated. Instead, the plan financials will disclose the name of the defined benefit pension plan which includes such investment disclosures.

The amendments in ASU 2017-06 are effective for fiscal years beginning after December 15, 2018, and should be applied retrospectively. Early adoption is permitted.

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