

# Bond Case Briefs

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## GASB Proposes Guidance On Internal Revenue Code Section 457 Deferred Compensation Plans.

**Norwalk, CT, June 28, 2019** — The Governmental Accounting Standards Board (GASB) has proposed new accounting and financial reporting guidance on Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans).

The Exposure Draft, [\*Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32\*](#), proposes that if a Section 457 plan meets the definition of a pension plan in GASB guidance, the appropriate GASB pension standards should be applied to the financial reporting for that plan and for the benefits provided through that plan. Under existing guidance, Section 457 plans are explicitly excluded from the pension standards.

The Exposure Draft would enhance the relevance, consistency, and comparability of accounting and financial reporting by pension plans, including Section 457 plans, and by the governments that provide benefits through those plans.

The proposed Statement also would supersede the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. The proposal would require investments of all Section 457 plans to be valued as of the end of the plan's reporting period in all circumstances, as is required for all other postemployment benefit plans.

Provisions of the proposed Statement would be effective for fiscal years beginning after December 15, 2020, and all reporting periods thereafter. Early application would be encouraged.

The Exposure Draft is available on the GASB website, [www.gasb.org](http://www.gasb.org). The GASB invites stakeholders to review the proposal and provide comments by September 27, 2019.