

**Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A**

Issue: Retirement Plan Assets Held at NAV

Check (applicable entity):

	P/C	Life	Health
Modification of existing SSAP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
New Issue or SSAP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interpretation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Description of Issue: In May 2025, the Working Group received an informal comment from industry requesting clarification on how to complete fair value disclosures for retirement plan assets measured at net asset value (NAV). The comment noted that certain retirement plan assets are most appropriately classified using the NAV practical expedient within the fair value hierarchy. While this approach aligns with the guidance in *SSAP No. 100—Fair Value*, NAV is not explicitly referenced as a leveling option in either *SSAP No. 92—Postretirement Benefits Other Than Pensions* or *SSAP No. 102—Pensions*. Although the use of NAV as a measurement method is strongly implied within SSAP Nos. 92 and 102, the absence of a direct reference to NAV has caused some confusion. Based on paragraph 3 of SSAP No. 100, NAIC staff agrees that the NAV practical expedient is an acceptable reporting method for retirement plan assets, and that the disclosure guidance in SSAP Nos. 92 and 102 can be clarified accordingly. NAIC staff also noted that under U.S. GAAP the NAV practical expedient is allowed to be used for plan assets held in defined benefit plans (ASC 960-325) or defined contribution plans (ASC 962-325).

Existing Authoritative Literature:

SSAP No. 92—Postretirement Benefits Other Than Pensions:

Disclosures - Single-Employer Defined Postretirement Plans

66. An employer that sponsors one or more other defined benefit postretirement plans shall provide the following information for postretirement benefit plans other than pensions. Amounts related to the employer's results of operations shall be disclosed for each period for which a statement of income is presented. Amounts related to the employer's statement of financial position shall be disclosed as of the date of each statement of financial position presented.

- a. A reconciliation of beginning and ending balances of the benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following: service cost, interest cost, contributions by plan participants, actuarial gains and losses, foreign currency exchange rate changes, benefits paid, plan amendments, business combinations, divestitures, curtailments, settlements, and special termination benefits.
- b. A reconciliation of beginning and ending balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following: actual return on plan assets, foreign currency exchange rate changes, contributions by the employer, contributions by plan participants, benefits paid, business combinations, divestitures, and settlements.
- c. The funded status of the plans and the amounts recognized in the statement of financial position, showing separately the assets (nonadmitted) and liabilities recognized.
- d. The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of:

- i. How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies;
- ii. The classes of plan assets;
- iii. The inputs and valuation techniques used to measure the fair value of plan assets;
- iv. The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period;
- v. Significant concentrations of risk within plan assets.

An employer shall consider those overall objectives in providing the following information about plan assets:

- (a) A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the classes of plan assets disclosed pursuant to (b) below, as of the latest statement of financial position presented (on a weighted-average basis for employers with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations. For investment funds disclosed as classes as described in (b) below, a description of the significant investment strategies of those funds shall be provided.
- (b) The fair value of each class of plan assets as of each date for which a statement of financial position is presented. Asset classes shall be based on the nature and risks of assets in an employer's plan(s). Examples of classes of assets include, but are not limited to, the following: cash and cash equivalents; equity securities, (segregated by industry type, company size, or investment objective); debt securities, issued by national, state, and local governments; corporate debt securities; asset-backed securities; structured debt; derivatives on a gross basis (segregated by type of underlying risk in the contract, for example, interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and other contracts); investment funds (segregated by type of fund); and real estate. Those examples are not meant to be all inclusive. An employer should consider the overall objectives in paragraph 66.d. in determining whether additional classes of plan assets or further disaggregation of classes should be disclosed.
- (c) A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined. The description should consider the classes of assets described in (b) above, as appropriate.
- (d) Information that enables users of financial statements to assess the inputs and valuation techniques used to develop fair value measurements of plan assets at the reporting date. For fair value measurements using significant unobservable inputs,

an employer shall disclose the effect of the measurements on changes in plan assets for the period. To meet those objectives, the employer shall disclose the following information for each class of plan assets disclosed pursuant to (b) above for each annual period:

- (1) The level within the fair value hierarchy in which the fair value measurements in their entirety fall,² segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3)
- (2) Information about the valuation technique(s) and inputs used to measure fair value and a discussion of changes in valuation techniques and inputs, if any, during the period.

Footnote 2 - In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

SSAP No. 102—Pensions:

Disclosures – Single-Employer Defined Benefit Plans

68. An employer that sponsors one or more defined benefit pension plans or one or more other defined benefit postretirement plans shall provide the following information, separately for pension plans and other postretirement benefit plans. Amounts related to the employer's results of operations shall be disclosed for each period for which a statement of income is presented. Amounts related to the employer's statement of financial position, shall be disclosed as of the date of each statement of financial position presented.

- a. A reconciliation of beginning and ending balances of the benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following: service cost, interest cost, contributions by plan participants, actuarial gains and losses, foreign currency exchange rate changes, benefits paid, plan amendments, business combinations, divestitures, curtailments, settlements, and special termination benefits.
- b. A reconciliation of beginning and ending balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following: actual return on plan assets, foreign currency exchange rate changes, contributions by the employer, contributions by plan participants, benefits paid, business combinations, divestitures, and settlements.
- c. The funded status of the plans and the amounts recognized in the statement of financial position, showing separately the assets and liabilities recognized.
- d. The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of:
 - i. How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies
 - ii. The classes of plan assets

- iii. The inputs and valuation techniques used to measure the fair value of plan assets
- iv. The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period
- v. Significant concentrations of risk within plan assets.

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- (b) The fair value of each class of plan assets as of each date for which a statement of financial position is presented. Asset classes shall be based on the nature and risks of assets in an employer's plan(s). Examples of classes of assets could include, but are not limited to, the following: cash and cash equivalents; equity securities, (segregated by industry type, company size, or investment objective); debt securities, issued by national, state, and local governments; corporate debt securities; asset-backed securities; structured debt; derivatives on a gross basis (segregated by type of underlying risk in the contract, for example, interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and other contracts); investment funds (segregated by type of fund); and real estate. Those examples are not meant to be all inclusive. An employer should consider the overall objectives in paragraph 68.d. in determining whether additional classes of plan assets or further disaggregation of classes should be disclosed.
- (c) A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined. The description should consider the classes of assets described in (b) above, as appropriate.
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Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):

In March of 2012, the Working Group adopted FAS 158 with modification through agenda item 2006-30 which established SSAP Nos. 92 and 102. SSAP Nos. 92 and 102 have been revised a significant number of times, but for the sake of brevity only revisions since 2023 are summarized below.

In October of 2023, the Working Group adopted with modification ASU 2016-19 through agenda item 2023-18, which provided minor technical changes to SSAP Nos. 92 and 102.

In October of 2023, the Working Group adopted revisions to SSAP No. 92 and SSAP No.102 to remove the transition guidance that is no longer applicable as the ten-year effective period for that transition has ended.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:

None.

Convergence with International Financial Reporting Standards (IFRS):

None.

Staff Recommendation:

NAIC staff recommends that the Working Group move this item to the active listing of the maintenance agenda categorized as a SAP clarification and adopt revisions in *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions* to clarify that assets held at NAV shall be included in the required fair value disclosure.

Staff Review Completed by:

NAIC Staff – William Oden, May 2025

Recommended Revisions to SSAP No. 92:

Disclosures - Single-Employer Defined Postretirement Plans

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100 are not to be categorized within the fair value hierarchy, a reporting entity shall separately identify NAV (or its equivalent) as required under paragraphs 66.b. , 66.d.v.(b), and 66.d.v.(d)(1) to permit reconciliations.

- a. A reconciliation of beginning and ending balances of the benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following: service cost, interest cost, contributions by plan participants, actuarial gains and losses, foreign currency exchange rate changes, benefits paid, plan amendments, business combinations, divestitures, curtailments, settlements, and special termination benefits.
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 - ii. The classes of plan assets;
 - iii. The inputs and valuation techniques used to measure the fair value of plan assets;
 - iv. The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period;
 - v. Significant concentrations of risk within plan assets.

An employer shall consider those overall objectives in providing the following information about plan assets:

- (a) A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the classes of plan assets disclosed pursuant to (b) below, as of the latest statement of financial position presented (on a weighted-average basis for employers with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations. For investment funds disclosed as classes as described in (b) below, a description of the significant investment strategies of those funds shall be provided.
- (b) The fair value or NAV of each class of plan assets as of each date for which a statement of financial position is presented. Asset classes shall be based on the nature and risks of assets in an employer's plan(s). Examples of classes of assets

include, but are not limited to, the following: cash and cash equivalents; equity securities, (segregated by industry type, company size, or investment objective); debt securities, issued by national, state, and local governments; corporate debt securities; asset-backed securities; structured debt; derivatives on a gross basis (segregated by type of underlying risk in the contract, for example, interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and other contracts); investment funds (segregated by type of fund); and real estate. Those examples are not meant to be all inclusive. An employer should consider the overall objectives in paragraph 66.d. in determining whether additional classes of plan assets or further disaggregation of classes should be disclosed.

- (c) A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined. The description should consider the classes of assets described in (b) above, as appropriate.
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 - (2) Information about the valuation technique(s) and inputs used to measure fair value, or the use of NAV, and a discussion of changes in valuation techniques and inputs, if any, during the period.
 - ~~(2)~~(3) Investments measured using the NAV practical expedient must also comply with the NAV disclosure requirements detailed within SSAP No. 100, paragraph 54.

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Recommended Revisions to SSAP No. 102:**Disclosures – Single-Employer Defined Benefit Plans**

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asset value (NAV) shall not be captured within the fair value hierarchy but shall be separately identified.

(2) Information about the valuation technique(s) and inputs used to measure fair value, or the use of NAV, and a discussion of changes in valuation techniques and inputs, if any, during the period.

~~(2)~~(3) Investments measured using the NAV practical expedient must also comply with the NAV disclosure requirements detailed within SSAP No. 100, paragraph 54.

Footnote 2 - In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

Status:

On August 11, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions to clarify that retirement plan assets can be held at net asset value (NAV) and shall be included in the required fair value disclosure, as illustrated above.

On December 9, 2025, the Statutory Accounting Principles (E) Working Group adopted the previously exposed revisions to *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions* to clarify that retirement plan assets can be held at net asset value (NAV) and shall be included in the required fair value disclosure. The Working Group also direct NAIC staff to sponsor a blanks proposal to make the revisions detailed above to the annual statement disclosures.

<https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2025/12-9-25FallNationalMeeting/Adoptions/25-21-RetirementPlanAssetsHeldatNAV.docx>