

Interpretation of the Emerging Accounting Issues Working Group**INT 99-24: Accounting for Restructuring Charges****ISSUE NULLIFIED BY SSAP NO. 89****INT 99-24 Dates Discussed**

October 4, 1999; December 6, 1999

INT 99-24 References

SSAP No. 8—Pensions (SSAP No. 8)

INT 99-24 Issue

1. Reporting entities may make a strategic decision to downsize their operations. In doing so, these entities often offer severance pay and other benefits to displaced workers, cancel leases early, etc. These costs are estimated at the time of restructuring and on a GAAP basis are booked to the financial statements. It has been noted that companies handle these costs in at least two different ways. In one case, the reporting entity recorded these restructuring costs as an aggregate write-in for gains and losses in surplus. In another case, the company was allocated the cost by its parent, and appropriately accounted for these costs in accordance with *SSAP No. 15—Debt and Holding Company Obligations*.

2. Should costs associated with downsizing be recorded as an expense in the reporting entity's financial statements, or should they be recorded as an adjustment of unassigned funds (surplus)?

INT 99-24 Discussion

3. The working group reached a consensus to record costs associated with downsizing as an expense in the financial statements.

INT 99-24 Status

4. No further discussion is planned.