

IAS 19: Interest credit assumption

The SKPE/CSEP international accounting group is aware that certain clients set the interest credit assumption equal to the discount rate under IAS19. In this regard, please note the following:

Auditors do no longer consider this method to be compliant with IAS 19 principles. They have published an article in Expert Focus in December 2024 to express this view.

We remind you our view published in September 2022 on that respect:

There are mainly 2 approaches observed in the market:

- a) Expected return on assets reduced by specific plan needs (required return; conversion rate losses, ...)*
- b) BVG interest credit on BVG retirement account and discount rate on over-mandatory part of the retirement account*

The conclusion was back then that approach a) is the usual default one. However, different approaches may be used as well depending on circumstances.

Please note in particular that the new auditor opinion is not unanimously supported by the IAS 19 working group.

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