

**Illustration of FASB No. 158
Accounting for the Cost of Pension Plans
Benson Corporation**

Benson Corp. sponsors a defined benefit pension plan for its employees. On January 1, 2011, the following balances relate to this plan.

Plan assets		\$480,000
Projected benefit obligation		625,000
Pension asset/liability		145,000
Accumulated OCI (PSC)		100,000

As a result of the operation of the plan during 2011, the following additional data are provided by the actuary.

Service cost for 2011		\$90,000
Settlement rate		9%
Actual return on plan assets in 2011		57,000
Amortization of prior service cost		19,000
Expected return on plan assets		52,000
Unexpected loss from change in projected benefit obligation, due to change in actuarial predictions		76,000
Contributions in 2011		99,000
Benefits paid retirees in 2011		85,000

Instructions

(a) Using the data above, compute pension expense for Benson Corp. for the year 2011 by preparing a pension worksheet.

(b) Prepare the journal entry for pension expense for 2011.

Items	General Journal Entries					Memo Record	
	Annual Pension Expense	Cash	Other Comprehensive Income		Pension Asset/Liability	Projected Benefit Obligation	Plan Assets
			Prior Service Cost	(Gains)/Losses			
Balance, Jan. 1, 2011							
Service cost							
Interest cost							
Actual return							
Unexpected gain							
Amortization of PSC							
Liability increase							
Contributions							
Benefits							
Accumulated OCI, Jan. 1, 2011							
Balance, Dec. 31, 2011*							

