

III. Pension Cost

Given the following information:

PBO, Jan. 1, 19x1	\$1,000,000
PBO, Dec. 31, 19x1	1,200,000
FMVPA, Jan. 1, 19x1	700,000
FMVPA, Dec. 31, 19x1	920,000
Service Cost, 19x1	150,000
Discount Rate	8%
Contributions	200,000
Payments	60,000
Expected Return on Plan Assets	10%
Unamortized Gain, Jan. 1, 19x1	110,000
Transition Obligation, Jan. 1, 19x1	520,000
(original \$600,000 beginning amortized over 15 years)	
Average remaining service period	10 years

Required:

- (1) Calculate the pension cost and prepare the journal entry
- (2) What's the balance of the unamortized gain?

IV. Pension Liability

On January 1, 19x1, Company X began a pension plan and gave credit for past services. The PBO at that date was \$480,000 which is amortized over the average remaining service life of 8 years. Accrued pension cost at 12/31/x3 is \$50,000.

Information related to the pension plan is:

	12/31/x4	12/31/x5
ABO	\$3,000,000	\$3,500,000
FMVPA	2,500,000	2,900,000
Pension Expense	600,000	620,000
Contributions	580,000	650,000

Required:

Prepare any necessary adjusting entry for the minimum pension liability at 12/31/x5.