

Closing the GAAP: New US GAAP Pronouncements (including developments to September 30, 2020)

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| 7 | Developments related to 2020 calendar years | The listing includes updates from the FASB Accounting Standard Updates ("ASU"). |
| 12 | Developments related to 2021 calendar years | This ACS newsletter supersedes the information in previous Newsletter 2020-050 and will be updated quarterly. Developments since the previous newsletter, if any, are highlighted in yellow. |
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Developments related to 2019 calendar years

Reference Pronouncement and Effective Date Impacting 2019 Calendar Years

**ASU
2019-07** Codification updates to SEC sections

Updates amend various SEC paragraphs pursuant to the issuance of SEC Final Rule Releases No. 33-10532, *Disclosure Update and Simplification*, and Nos. 33-10231 and 33-10442, *Investment Company Reporting Modernization*. Other miscellaneous updates to agree to the electronic Code of Federal Regulations also have been incorporated.

Effective date guidance is based on the facts and circumstances of each amendment. Some of the amendments may be effective upon issuance of this ASU. Refer to ASU 2019-07 for details of the amendments and their respective effective dates.

**ASU
2019-06
Topic 350
Topic 805
Topic 958** Accounting for goodwill and intangible assets in business combinations – Not-for-profit entities

Amended to extend the private company accounting alternatives on goodwill and certain identifiable intangible assets acquired in a business combination to Not-for-profit entities.

Effective upon issuance.

**ASU
2018-16
Topic 815** Benchmark interest rates for hedge accounting purposes

Amended to permit use of the Overnight Index Swap (OIS) Rate based on the Secured Overnight Financing Rate (SOFR) as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815.

For entities that have not already adopted the amendments in ASU 2017-12, the amendments in ASU 2018-16 are required to be adopted concurrently with the amendments in ASU 2017-12 (see below). For public business entities that have already adopted the amendments in ASU 2017-12, the amendments in ASU 2018-16 are effective for years beginning after December 15, 2018, and interim periods within those years. For all other entities that have already adopted the amendments in ASU 2017-12, the amendments in ASU 2018-16 are effective for years beginning after December 15, 2019, and interim periods within those years.

**ASU
2018-08
Topic 958** Not-for-profit (NFP) entities: Clarifying scope and accounting for contributions received/made

Amended to clarify and improve the scope and the accounting guidance for contributions received and contributions made to assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance, and (ii) determining whether a contribution is conditional.

For transactions in which an entity is either a public business entity or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market and serves as a resource recipient, the entity should apply the amendments on contributions received to annual periods beginning after June 15, 2018, including interim periods within those annual periods. For all other entities, effective for transactions in which the entity serves as the resource recipient in annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

(continued)

Developments related to 2019 calendar years

Reference Pronouncement and Effective Date Impacting 2019 Calendar Years

**ASU
2018-08
Topic 958
(continued)**

For transactions in which an entity is either a public business entity or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market and serves as a resource provider, the entity should apply the amendments on contributions made to annual periods beginning after December 15, 2018, including interim periods within those annual periods. For all other entities, effective for transactions in which the entity serves as the resource provider in annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020.

**ASU
2018-07
Topic 718**

Improvements to nonemployee share-based payment accounting

Amended to expand the scope of Topic 718 to include share-based payment transactions for acquiring good and services from nonemployees.

Effective for public business entities for years beginning after December 15, 2018, including interim periods within that year. For all other entities, effective for years beginning after December 15, 2019, and interim periods with years beginning after December 15, 2020.

**ASU
2018-02
Topic 220**

Reclassification of certain tax effects from accumulated other comprehensive income ("AOCI")

Amended to allow a reclassification from AOCI to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act, and to require certain disclosures about such stranded tax effects.

Effective for all entities for years beginning after December 15, 2018, and interim periods within those years.

**ASU
2017-15
Topic 995**

U.S. steamship entities

Eliminates Topic 995 as its guidance on transitioning to the requirements of Topic 740, Income Taxes, is no longer relevant because the statutory funds deposited on or before December 15, 1992 have reached the 25-year limit.

Effective for years and first interim periods beginning after December 15, 2018.

Developments related to 2019 calendar years

Reference Pronouncement and Effective Date Impacting 2019 Calendar Years

**ASU
2017-12
Topic 815** Hedge accounting
Targeted amendments to improve accounting for hedge activities including changes to the designation and measurement guidance for qualifying hedging relationships, the assessment of hedge effectiveness, and the presentation of hedge results.

Effective for public business entities for years, and interim periods within those years, beginning after December 15, 2018. For all other entities, see ASU 2019-10 amendment below.

**ASU
2019-04
Topic 815** Amended for codification improvements (topic 3) to clarify, correct and improve various aspects to the guidance. For entities that have not yet adopted the amendments in ASU 2017-12, *Targeted improvements to accounting for hedging activities*, before the issuance of this ASU, effective at the same time as the entity adopts ASU 2017-12. For entities that adopted ASU 2017-12 before the issuance of this ASU, other transition guidance is included in the ASU.

Learning more: [US2019-07](#)

**ASU
2019-10
Topic 815** Amended to defer the effective date of ASU 2017-12 for entities other than public business entities for years beginning after December 15, 2020 and interim periods within years beginning after December 15, 2021.

Learning more: [US2019-20](#)

**ASU
2017-11
Topic 260
Topic 480
Topic 815** Certain financial instruments with down round features
Amended to change the classification of certain equity-linked financial instruments (or embedded features) with down round features, and to clarify existing disclosure requirements for equity-classified instruments (Part I).

Effective for public business entities for years, and interim periods within those years, beginning after December 15, 2018. For all other entities, effective for years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020.

Part II replaces the indefinite deferral for mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests with a scope exception. No transition guidance is provided as the amendment has no accounting effect.

**ASU
2017-08
Subtopic
310-20** Premium amortization on purchased callable debt securities
Amended to shorten the amortization period for certain callable debt securities held at a premium by requiring the premium to be amortized to the earliest call date.

Effective for public business entities for years, and interim periods within those years, beginning after December 15, 2018. Effective for all other entities for years beginning after December 15, 2019 and interim periods within years beginning after December 15, 2020.

**ASU
2017-06
Topic 960
Topic 962
Topic 965** Employee benefit plans and interests in master trusts
Amended to (i) clarify presentation requirements for a plan's interest in a master trust including more detailed disclosures, and (ii) eliminate a redundancy relating to 401 (h) account disclosures.
Effective for years beginning after December 15, 2018.

Developments related to 2019 calendar years

Reference Pronouncement and Effective Date Impacting 2019 Calendar Years

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| ASU 2016-02 Topic 842 | <p><u>Leases</u></p> <p>New standard on leases, superseding Topic 840, <i>Leases</i>.</p> <p>Effective for years beginning after December 15, 2018, and interim periods within those years for (i) public business entities; (ii) not-for-profit entities that have issued, or are a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market, and (iii) employee benefit plans that file financial statements with the SEC.</p> <p>For all other entities, see ASU 2019-10 amendment below.</p> |
| ASU 2017-13 | <p>ASU 2017-13 amends transition and effective date information in Topic 842 to include SEC Staff Announcement that SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include, or the inclusion of, its financial statements or financial information in another entity's filing with the SEC adopting Topic 842 for years beginning after December 15, 2019 and interim periods within years beginning after December 15, 2020.</p> <p>ASU 2017-13 also rescinds the following SEC paragraphs in Topic 840 upon adoption of Topic 842: (i) a prior SEC Staff Announcement related to lessor consideration of third-party value guarantees; (ii) SEC Staff Observer Comments related to sale treatment in sale-leaseback transactions with a repurchase option; (iii) SEC Staff Observer Comments related to the effect of lessee involvement in asset construction, and (iv) SEC Staff Observer Comments related to application of sales-leaseback guidance to certain sales-leaseback transactions.</p> |
| ASU 2018-01 | <p>ASU 2018-01 amends Topic 842 to permit an entity to elect an optional transition practical expedient to not evaluate land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. Effective at the same time as the entity adopts Topic 842. An entity that early adopted Topic 842 should apply the amendments in ASU 2018-01 upon issuance.</p> |
| ASU 2018-10 | <p>ASU 2018-10 amends Topic 842 for improvements to clarify the Codification or to correct unintended application of guidance. Effective at the same time as the entity adopts Topic 842. An entity that early adopted Topic 842 should apply the amendments in ASU 2018-10 upon issuance.</p> |
| ASU 2018-20 | <p>ASU 2018-20 amends Topic 842 for narrow scope improvements for lessors. Effective at the same time as the entity adopts Topic 842. An entity that early adopted Topic 842 should apply the amendments in ASU 2018-20 as set out in ASU 2018-20.</p> |
| ASU 2019-01 | <p>ASU 2019-01 amends Topic 842 to (i) provide additional guidance on (a) determining the fair value of the underlying asset by lessors that are not manufacturers or dealers; (b) presentation on the statement of cash flows for sales-type and direct financing leases, and to (ii) clarify transition disclosures related to Topic 250, Accounting Changes and Error Corrections. Effective at the same time as the entity adopts Topic 842.</p> |

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Developments related to 2019 calendar years

Reference Pronouncement and Effective Date Impacting 2019 Calendar Years

Leases (continued)

**ASU
2018-11**

ASU 2018-11 amends Topic 842 to provide (i) entities with an additional (and optional) transition method by allowing entities to initially apply the requirements by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, and (ii) lessors with a practical expedient to not separate nonlease components from the associated lease component in certain circumstances.

Effective at the same time as the entity adopts Topic 842. An entity that early adopted Topic 842 may elect to apply the practical expedient either in the first reporting period following the issuance of this ASU or at the original effective date of Topic 842 for that entity.

**ASU
2019-10**

ASU 2019-10 amends Topic 842 to defer the effective date of ASU 2016-02 for all other entities to years beginning after December 15, 2020 and interim periods within years beginning after December 15, 2021.

**ASU
2020-05**

Amended to defer the effective date for (i) private entities (the “all other” category) to years beginning after December 15, 2021 and to interim periods within years beginning after December 15, 2022, and (ii) not-for-profit entities that have issued or are conduit bond obligors for securities that are traded, listed or quoted on an exchange or an over-the-counter market that have not yet issued financial statements (or made financial statements available for issuance) to years beginning after December 15, 2019, including interim periods within those years.

Learning more: [US2019-20](#)

Developments related to 2020 calendar years

Reference Pronouncement and Effective Date Impacting 2020 Calendar Years

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| ASU 2020-05 Topic 606 | <p><u>Deferral of effective date – Revenue from contracts with customers</u></p> <p>Topic 606 is amended to defer, for one year, the effective date for entities that are not public business entities and that have not yet issued their financial statements (or made financial statements available for issuance) to years beginning after December 15, 2019 and to interim reporting periods within years beginning after December 15, 2020.</p> |
| ASU 2020-04 Topic 848 | <p><u>Facilitation of the effects of reference rate reform on financial reporting</u></p> <p>The amendments in the Update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met.</p> <p>The amendments in this Update are elective and are effective upon issuance for all entities.</p> |
| ASU 2020-03 | <p><u>Codification improvements to financial instruments</u></p> <p>Amendments represent changes to clarify or improve the Codification that are not expected to have a significant effect on current accounting practice including: (i) Fair value option disclosures (Topic 825); (ii) Applicability of portfolio exception to nonfinancial items (Topic 820); (iii) Disclosures for depository and lending institutions (Topic 320 and Topic 942); (iv) Cross-reference to line-of-credit or revolving-debt arrangements guidance (Subtopic 470-50); (v) Cross-reference to net asset value practical expedient (Subtopic 820-10); (vi) Interaction of Topic 842 and Topic 326, and (vii) Interaction of Topic 326 and Subtopic 860-20.</p> <p>Effective date guidance is based on the facts and circumstances of each amendment. Some of the amendments may be effective upon issuance of this ASU. Refer to ASU 2020-03 for details of the amendments and their respective effective dates.</p> |
| ASU 2020-01 Topic 326 Topic 842 | <p><u>Amendments to SEC paragraphs</u></p> <p>Adds an SEC paragraph pursuant to the issuance of SEC Staff Accounting Bulletin No. 119, which adds Topic 6M on Accounting for Loan Losses by Registrants Engaged in Lending Activities Subject to FASB ASC Topic 326.</p> <p>Adds a note in SEC section to Topic 842 regarding the updated effective date for Leases pursuant to the issuance of ASC 2019-10.</p> |
| ASU 2019-08 Topic 718 Topic 606 | <p><u>Share based awards issued to a customer</u></p> <p>Amended to clarify that an entity apply the guidance in Topic 718 to measure and classify share-based payment awards granted to a customer. The amount recorded as a reduction in the transaction price should be based on the grant-date fair value of the share-based payment award in accordance with Topic 718.</p> <p>For entities that have not yet adopted the amendments in ASU 2018-07, effective for (i) public business entities in years beginning after December 15, 2019 and interim periods within those years, and (ii) other than public business entities in years beginning after December 15, 2019 and interim periods within years beginning after December 15, 2020.</p> <p>For entities that have adopted the amendments in ASU 2018-07, effective in years beginning after December 15, 2019 and interim periods within those years.</p> |

Developments related to 2020 calendar years

| Reference | Pronouncement and Effective Date Impacting 2020 Calendar Years |
|---|---|
| ASU 2019-04 Subtopic 825-10 | <p><u>Recognition and measurement of financial assets and liabilities</u></p> <p>Amended for codification improvements (topic 4) to clarify, correct and improve various aspects to the guidance.</p> <p>Effective for years beginning after December 15, 2019, including interim periods within those years.</p> |
| ASU 2019-03 Topic 958 Topic 360 | <p><u>Definition of Collections</u></p> <p>Amended to (i) modify the definition of the term <i>collections</i> and to require additional disclosures, and (ii) clarify that the collections guidance in Subtopic 958-360 applies to business entities as well as not-for-profit entities.</p> <p>Effective for annual financial statements for years beginning after December 15, 2019, and for interim periods with years beginning after December 15, 2020.</p> |
| ASU 2019-02 Subtopic 926-20 Subtopic 920-350 | <p><u>Accounting for costs of films and license agreements for program materials</u></p> <p>Amendments include to (i) align the accounting for production costs of an episodic television series with the accounting for production costs of films; (ii) require that an entity test a film or license agreement for program material within scope for impairment at the film group level, when the film or license agreement is predominantly monetized with other films and/or license agreements, and (iii) require new disclosures.</p> <p>Effective for public business entities for years beginning after December 15, 2019, and interim periods within those years. Effective for all other entities for years beginning after December 15, 2020, and interim periods within those years.</p> |
| ASU 2018-18 Topic 808 | <p><u>Collaborative arrangements</u></p> <p>Amended to clarify the interaction between Topic 808 and Topic 606 by (1) clarifying that certain transactions between collaborative arrangement participants should be accounted for under Topic 606, <i>Revenue from Contracts with Customers</i>; (2) adding unit-of-account guidance in Topic 808 to align with the guidance in Topic 606, and (3) clarifying presentation guidance for transactions with a collaborative arrangement participant that are not accounted for under Topic 606.</p> <p>Effective for public business entities for years beginning after December 15, 2019, and interim periods within those years. For all other entities, effective for years beginning after December 15, 2020, and interim periods within years beginning after December 15, 2021.</p> |
| ASU 2018-17 Topic 810 | <p><u>Related party guidance for variable interest entities (“VIEs”)</u></p> <p>Amended to expand the application of a specific private company accounting alternative related to VIEs and to change the guidance for determining whether a decision-making fee is a variable interest.</p> <p>For entities other than private companies, effective for years beginning after December 15, 2019, and interim periods within those years. Effective for private companies for years beginning after December 15, 2020, and interim periods within years beginning after December 15, 2021.</p> |

Developments related to 2020 calendar years

Reference Pronouncement and Effective Date Impacting 2020 Calendar Years

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| ASU 2018-15 Subtopic 350-40 | <p><u>Customer's accounting for implementation costs in a cloud computing arrangement that is a service contract</u></p> <p>Aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license).</p> <p>Effective for public business entities for years beginning after December 15, 2019, and interim periods within those years. For all other entities, effective for years beginning after December 15, 2020, and interim periods within years beginning after December 15, 2021.</p> |
| ASU 2018-14 Subtopic 715-20 | <p><u>Defined benefit plans – disclosures</u></p> <p>Modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.</p> <p>Effective for years ending after December 15, 2020 for public business entities, and for years ending after December 15, 2021 for all other entities.</p> |
| ASU 2018-13 Topic 820 | <p><u>Fair value measurement – disclosures</u></p> <p>Modifies the disclosure requirements on fair value measurements.</p> <p>Effective for all entities for years, and interim periods within those years, beginning after December 15, 2019.</p> |
| ASU 2017-04 Topic 350 | <p><u>Testing goodwill for impairment</u></p> <p>Simplifies the test for goodwill impairment primarily by eliminating Step 2 from the goodwill impairment test.</p> |
| ASU 2019-10 | <p>ASU 2019-10 amends the effective dates of 2017-04 as follows:</p> <p>Effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies (SRCs) as defined by the SEC, for years beginning after December 15, 2019 including interim periods within those years.</p> <p>Effective for all other entities for years beginning after December 15, 2022, including interim periods within those years.</p> |

Developments related to 2020 calendar years

| Reference | Pronouncement and Effective Date Impacting 2020 Calendar Years |
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| ASU 2016-13 Topic 326 | <p><u>Measurement of credit losses on financial instruments</u></p> <p>Amended to replace the incurred loss impairment methodology for recognizing credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.</p> <p>ASU 2019-10 amends the effective dates of 2016-13 as follows:</p> |
| ASU 2019-10 | <p>Effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies (SRCs) as defined by the SEC, for years beginning after December 15, 2019 including interim periods within those years.</p> <p>Effective for all other entities for years beginning after December 15, 2022, including interim periods within those years.</p> |
| ASU 2018-19 Topic 326 | <p>Amended to (i) align the implementation date for nonpublic business entities' annual financial statements with the implementation date for their interim financial statements, and (ii) clarify the scope of the guidance in the amendments in ASU 2016-13.</p> |
| ASU 2019-05 Topic 326 | <p>Amended to provide entities with an option to irrevocably elect the fair value option applied on an instrument-by-instrument basis for certain financial assets upon adoption of the amendments in ASU 2016-13, <i>Measurement of credit losses on financial instruments</i>. For entities that have not yet adopted the amendments in ASU 2016-13 before the issuance of this ASU, effective at the same time as the entity adopts ASU 2016-13. For entities that adopted ASU 2016-13 before the issuance of this ASU, other transition guidance is included in the ASU.</p> |
| ASU 2019-04 Topic 326 | <p>Amended for codification improvements (topics 1, 2 and 5) to clarify, correct and improve various aspects to the guidance. For entities that have not yet adopted the amendments in ASU 2016-13, before the issuance of this ASU, effective at the same time as the entity adopts ASU 2016-13. For entities that adopted ASU 2016-13 before the issuance of this ASU, other transition guidance is included in the ASU.</p> |

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Developments related to 2020 calendar years

| Reference | Pronouncement and Effective Date Impacting 2020 Calendar Years |
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| ASU 2019-11 Topic 326 | Amended to clarify, correct errors in, or improve the codification relating to issues including (i) expected recoveries for purchased financial assets with credit deterioration; (ii) transition relief for troubled debt restructurings; (iii) disclosures related to accrued interest receivables; and (iv) financial assets secured by collateral maintenance provisions. For entities that have not yet adopted the amendments in ASU 2016-13 as of the issuance date of this ASU, effective at the same time as the entity adopts ASU 2016-13. For entities that early adopted ASU 2016-13, effective for years beginning after December 15, 2019 including interim periods within those years. |
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Learning more: [US2019-20](#); [US2019-21](#);
[US2018-08](#)

Developments related to 2021 calendar years

Reference Pronouncement and Effective Date Impacting 2021 Calendar Years

**ASU
2020-01
Topic 321
Topic 323
Topic 815** Interactions between Topics 321, 323 and 815

Amended to clarify the interaction of the accounting for equity securities under Topic 321 and investments under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815.

Effective for public business entities for years beginning after December 15, 2020, and interim periods within those years.

Effective for all other entities for years beginning after December 15, 2021, and interim periods within those years.

**ASU
2019-12
Topic 740** Accounting for income taxes

Amended to simplify accounting for income taxes.

Effective for public business entities for years, and interim periods within those years, beginning after December 15, 2020.

Effective for all other entities for years beginning after December 15, 2021, and interim periods within years beginning after December 15, 2022.

Learning more: [US2019-19](#)

**ASU
2018-12
Topic 944** Accounting for long-duration contracts (insurance)

Effective date deferred by ASU 2019-09. Refer to ASU 2019-09 for further details of this deferral.

Developments related to 2022 calendar years

Reference Pronouncement and Effective Date Impacting 2022 Calendar Years

**ASU
2020-06
Subtopic 470-20
Subtopic 815-40**

Accounting for convertible instruments and own equity contracts

Amended to (i) reduce the number of accounting models for convertible debt instruments and convertible preferred stock; (ii) under Subtopic 815-40, remove certain conditions that should be considered in the derivatives scope exception evaluation, and clarify the scope and certain requirements, and (iii) improve guidance related to the disclosures and earnings-per-share for convertible instruments and contracts in an entity's own equity.

Effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for years beginning after December 15, 2021, including interim periods within those years. For all other entities, effective for years beginning after December 15, 2023, including interim periods within those years.

Learning more: [US2020-07](#)

**ASU
2019-09
Topic 944**

Accounting for long-duration contracts (insurance)

Amended to defer the effective date of ASU 2018-12 for all entities.

Effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies (SRCs) as defined by the SEC, for years beginning after December 15, 2021 and interim periods within those years.

Effective for all other entities for years beginning after December 15, 2023 and interim periods within years beginning after December 15, 2024.

Learning more: [US2019-20](#)

ASU 2018-12 amended Topic 944 to improve existing requirements for long-duration contracts issued by an insurance entity, specifically to (i) improve the timeliness of recognizing changes in the liability for future policy benefits and modify the rate used to discount future cash flows, (ii) simplify and improve the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts, (iii) simplify the amortization of deferred acquisition costs, and (iv) improve the effectiveness of required disclosures.

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