

***BE20-12 (L06,7)** For 2017 Sampsell Inc. computed its annual postretirement expense as \$240,900. Sampsell's contribution to the plan during 2017 was \$180,000. Prepare Sampsell's 2017 entry to record postretirement expense, assuming Sampsell has no OCI amounts.

Problem-Solving Assignment 8 (E20-1; E20)

EXERCISES

E20-1 (L01,2) EXCEL (Pension Expense, Journal Entries) The following information is available for the pension plan of Radcliffe Company for the year 2017.

Actual and expected return on plan assets	\$ 15,000
Benefits paid to retirees	40,000
Contributions (funding)	90,000
Interest/discount rate	10%
Prior service cost amortization	8,000
Projected benefit obligation, January 1, 2017	500,000
Service cost	60,000

Instructions

(a) Compute pension expense for the year 2017.

(b) Prepare the journal entry to record pension expense and the employer's contribution to the pension plan in 2017.

E20-2 (L01,2,3) (Computation of Pension Expense) Veldre Company provides the following information about its defined benefit pension plan for the year 2017.

Service cost	\$ 90,000
Contribution to the plan	105,000
Prior service cost amortization	10,000
Actual and expected return on plan assets	64,000
Benefits paid	40,000
Plan assets at January 1, 2017	640,000
Projected benefit obligation at January 1, 2017	700,000
Accumulated OCI (PSC) at January 1, 2017	150,000
Interest/discount (settlement) rate	10%

Instructions

Compute the pension expense for the year 2017.

E20-3 (L01,2,3) (Preparation of Pension Worksheet) Using the information in E20-2, prepare a pension worksheet inserting January 1, 2017, balances, showing December 31, 2017, balances, and the journal entry recording pension expense.

E20-4 (L01,2) (Basic Pension Worksheet) The following facts apply to the pension plan of Boudreau Inc. for the year 2017.

Plan assets, January 1, 2017	\$490,000
Projected benefit obligation, January 1, 2017	490,000
Settlement rate	8%
Service cost	40,000
Contributions (funding)	25,000
Actual and expected return on plan assets	49,700
Benefits paid to retirees	33,400

Instructions

Using the preceding data, compute pension expense for the year 2017. As part of your solution, prepare a pension worksheet that shows the journal entry for pension expense for 2017 and the year-end balances in the related pension accounts.

E20-5 (L03) (Application of Years-of-Service Method) Andrews Company has five employees participating in its defined benefit pension plan. Expected years of future service for these employees at the beginning of 2017 are as follows.

Employee	Future Years of Service
Jim	3
Paul	4
Nancy	5
Dave	6
Kathy	6

On January 1, 2017, the company amended its pension plan, increasing its projected benefit obligation by \$72,000.