

(A) Accrue and pay the entire PRB liability to an insurer or trustee in a lump sum payment upon the termination of employees (or upon conversion to such a terminal-funded plan) to establish and maintain a fund or reserve for the sole purpose of providing PRB to retirees; and

(B) Amortize the lump sum over a period of 15 years.

(iii) *Accrual basis.* If a contractor uses accrual costing other than terminal funding, the PRB costs shall be—

(A) Measured and assigned in accordance with generally accepted accounting principles. However, the portion of PRB costs attributable to past service (“transition obligation”) as defined in Financial Accounting Standards Board Statement 106, paragraph 110, cannot exceed the amount assignable under the delayed recognition methodology described in paragraphs 112 and 113 of Statement 106;

(B) Paid to an insurer or trustee to establish and maintain a fund or reserve for the sole purpose of providing PRB to retirees;

(C) Calculated in accordance with generally accepted actuarial principles and practices as promulgated by the Actuarial Standards Board; and

(D) Funded by the time set for filing the Federal income tax return or any extension. PRB costs assigned to the current year, but not funded or otherwise liquidated by the tax return time, are not allowable in any subsequent year. Increased PRB costs caused by delay in funding beyond 30 days after each quarter of the year to which they are assignable are unallowable.

(3) The Government shall receive an equitable share of any amount of previously funded PRB costs which revert or inure to the contractor. Such equitable share shall reflect the Government’s previous participation in PRB costs through those contracts for which cost or pricing data were required or which were subject to subpart 31.2. The contractor shall credit the equitable share to the Government either as a cost reduction or by cash refund at the option of the Government.

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PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

3. Revise section 52.215–18 to read as follows:

52.215–18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions.

As prescribed in 15.408(j), insert the following clause:

Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (Date)

The Contractor shall promptly notify the Contracting Officer in writing when the Contractor determines that it will terminate or reduce a PRB plan. If PRB fund assets revert or inure to the Contractor, or are constructively received by it under a plan termination or otherwise, the Contractor shall make a refund or give a credit to the Government, at the option of the Government, for its equitable share as required by FAR 31.205–6(o)(3). The Contractor shall insert the substance of this clause in all subcontracts that meet the applicability requirements of FAR 15.408(j). (End of clause)

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