Slippery Rock University
Intermediate Accounting II
Exam 3 – Chapters 17, 18, 19 NAME: ______________________

Problem1.

Pension data for American Eagle includes the following for the current calendar year:

Discount rate, 8%
Expected return on plan assets, 10%
Actual return on plan assets, 9%
Service cost $400,000

January 1:	
PBO	3,000,000
ABO	2,000,000
Plan assets	3,200,000
Amortization of prior service cost	30,000
Amortization of net gain	7,000
December 31:	
Cash contributions to pension fund	$275,000
Benefit payments to retirees	310,000

Required:
1) Determine pension expense for the year.
2) Prepare the journal entries to record pension expense and funding for the year.