

## FASB Approves New Effective Dates for Four Major Accounting Standards

October 18,  
**2019**

On October 16, the Financial Accounting Standards Board (FASB) formally approved, for certain entities, new effective dates for four major accounting standards covering Current Expected Credit Loss (CECL), leases, derivatives and hedging, and insurance.

The FASB approved, without further amendments, the proposed changes announced in July and summarized in another Protiviti [Flash Report](#).<sup>1</sup>

In summary, the board officially adopted a two-bucket approach to stagger the effective dates of the four standards as follows:

1. **Bucket One** – SEC filers that comply with generally accepted accounting principles, excluding smaller reporting companies (SRCs) as currently defined by the SEC.
2. **Bucket Two** – All other entities, including:
  - a. All public business entities (PBEs), including SRCs
  - b. Private companies
  - c. All not-for-profit organizations
  - d. All employee benefit plans

Below is a summary of the new effective dates for these four accounting standards. Note that for all effective dates beginning after December 15, this effectively means January 1 of the following year for calendar year reporting companies.

- **CECL** – For PBEs that are SEC filers, excluding SRCs, the effective date will continue to begin after December 15, 2019. For all other entities, the effective date

<sup>1</sup>“FASB Proposes Delays to Effective Dates for Four Major Accounting Standards,” Protiviti Flash Report, July 26, 2019, [www.protiviti.com/US-en/insights/flash-report-fasb-proposes-delays](http://www.protiviti.com/US-en/insights/flash-report-fasb-proposes-delays).

will begin after December 15, 2022, including interim periods within those fiscal years.

- **Leases** – The existing effective date for periods beginning after December 15, 2018, remains the same for all PBEs, not-for-profit bond obligors, and employee benefit plans that file or furnish financial statements with the SEC. For all other entities, the effective date will begin after December 15, 2020, and it will begin after December 15, 2021, for any interim periods.
- **Derivatives and hedging** – The existing effective date that began after December 15, 2018, remains the same for PBEs. For all other entities, the effective date will begin after December 15, 2020, and it will begin after December 15, 2021, for interim periods.
- **Insurance** – For PBEs that are SEC filers, excluding SRCs, the effective date will begin after December 15, 2021. For all other entities, the effective date will begin after December 15, 2023, and it will begin after December 15, 2024, for interim periods.

## In Closing

Companies have more time – the key is not to waste the opportunity. As we have noted previously, the FASB’s decision to delay these effective dates indicates that the board is monitoring the progress companies are making to prepare for changes to its four major accounting standards.

This undoubtedly will be the last deadline extension from the FASB. Even with this additional time, companies should focus on addressing the new requirements in a timely manner. Now is the time to refresh and reevaluate progress and, perhaps, modify plans with an eye on the new deadlines. Organizations will not want to find themselves short of time or resources as the revised deadlines approach.

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