

ANALYSIS OF THE APPLICATION OF FINANCIAL ACCOUNTING STANDARD STATEMENT NO 226 CONCERNING PENSION FUND ACCOUNTING IN UNISBA PENSION FUNDS

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Article Info	Abstract
Article History Received : 27/03/2024 Reviewed : 24/04/2024 Accepted : 01/05/2024 Published : 28/06/2024	Pension Funds are benefits given to employees after their work period. Pension funds can be in the form of a Defined Benefit Pension Plan or a Defined Contribution Pension Plan. Management can be carried out by financial institutions and employers. The Unisba Pension Fund is managed using the Defined Benefit Pension Program method, with the preparation of Financial Reports in accordance with the format regulated in Financial Accounting Standards Statement PSAK 226 so that it is transparent and accountable. The aim of this research is to compare the financial statements of the Unisba Pension Fund with PSAK 226. The method used is qualitative descriptive research. The research results show that the accounting reporting implemented by the Unisba Pension Fund as a whole is in accordance with the applicable PSAK No. 226.
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1. INTRODUCTION

Retirement have several functions, apart from being an allowance given to employees after their work period to balance the employee's economic conditions, retirement benefits are also beneficial for the employer. There are at least three parties involved in administering pension funds, including employers, employees and pension fund management institutions (Yunawati, 2016).

Pension fund managers are legal entities that manage and run programs that promise pension benefits, as stated in Law No. 4 of 2023. There are two types of pension funds; the first is a pension fund established by the founder for the benefit of some or all of his employees as participants which creates obligations to the employer or the Employer Pension Fund (Dana Pensiun Pemberi Kerja/DPPK). The second pension fund is a pension fund established by certain financial service institutions or the Financial Institution Pension Fund (Dana Pensiun Lembaga Keuangan/DPLK), which is intended for employees who are included independently by their employers or individuals.

Generally, there are several types of pension funds, including defined benefit pension funds, defined contribution, and profit-sharing pension plans based on the Pension Fund Law (RI Law No. 11 of 1992). A

defined benefit pension fund is a pension fund that has a benefit amount determined by the insurer, and the contributions are determined and adjusted to the benefits to ensure that the contributions and benefits are in balance. Meanwhile, defined contribution pension funds are pension funds with defined contributions set aside each period, and the benefits depend on the scale of accumulation and investment returns.

The pension fund manager is a legal entity that stands alone and is separate from the employer, which manages and runs the pension program in accordance with applicable rules and regulations. Bandung Islamic University, as an employer also provides a pension fund for its employees called the Employer Pension Fund (DPPK) which is managed by the Unisba Pension Fund. Retirement benefits must be managed systematically and accountably in accordance with PSAK 226. The urgency of implementing PSAK 226 is the conformity and reliability of the Pension Fund Financial Report with PSAK 226.

Pension funds are an alternative to provide benefits to employees to reduce the risks they usually face in the future, such as old age, work accidents, or death (Nussy, 2014). Pension fund program management should always pay attention to and follow all the latest regulations in accordance with applicable laws and PSAK (Siregar & Pohan, 2022). Pension Fund financial reports aim to provide information that can be used to estimate the capabilities of a pension fund in the present and future so that the specificity of Pension Fund Financial Accounting Standards lies in determining Pension Benefit Obligations, Asset Valuation, and the contents of Financial Reports which must be in accordance with PSAK No. 226. Pension funds manage and invest funds that have been saved from contributions that have been paid by employers. So, the management of pension funds, apart from being based on applicable financial reporting regulations, is also determined by company management policies in managing pension programs (Nur & Wahyuni, 2022).

Based on the annual Mercer CFA Institute Global Pension Index report, the pension system in Indonesia in 2023 will still be ranked "C" and is in 30th position in the world, namely, an adequacy index value of 41.6, a sustainability index value of 50.6, and an integrity index value of 69.8. The adequacy index value is measured based on benefits, system design, savings, government support, and growth assets. Sustainability value is measured based on pension coverage, total assets, demographics, public expenditure, government debt, and economic growth. Meanwhile, integrity is measured based on regulation, governance, protection, communication, and operating cost. A "C" rating on the Mercer CFA Institute Global Pension Index assessment identifies improvements in the pension fund program. A system that has some good features but also has major risks and/or shortcomings that should be addressed; without these improvements, its efficacy and/or long-term sustainability can be questioned (Mercer CFA Institute Global Pension Index, 2023).

Viewed from the perspective of the development of Employer Pension Fund institutions in Indonesia. There are 201 pension funds actively operating in Indonesia until 2022. This number decreased from 2021 due to the revocation of pension fund permits for 11 pension fund institutions. Revocation of licenses for pension funds occurred, especially for employer pension funds (DPPK), both with defined benefit pension programs (PPMP) and defined contribution pension programs (PPIP), with 5 and 6 pension funds respectively. Meanwhile, financial institution pension funds (DPLK) are quite stable. The number of pension fund participants decreased by around 2% or by 60,447 participants (Financial Services Authority (OJK), 2023).

The research and phenomena above suggest that further analysis of PSAK 226 on pension funds must be conducted to determine the level of suitability and reliability of pension fund financial reports. Therefore, the title of this research is "Analysis of the Application of Statement of Financial Accounting Standards No. 226 Regarding Pension Fund Accounting in the Unisba Pension Fund."

2. LITERATURE REVIEW

Pension Fund

Law Number 11 of 1992 underlies awareness of post-work welfare, not only for civil servants but also for private employees who can participate in pension funds provided by private companies. Based on Law number 11 of 1992, "Pension Funds are legal entities that manage and run programs that promise pension benefits." There are at least three types of pension fund programs based on Law 1992 number 11, namely:

(1) Defined Contribution Plan

A defined contribution pension program is a pension program whose contributions are determined in pension fund regulations. The accumulated contributions and development results will be paid to each participant as a pension benefit during retirement. In this program, the investment risk is borne by the participant.

(2) Defined Benefit Plan

A pension program in which the amount paid as retirement benefits is determined by referring to a formula that is usually based on the employee's income or years of service. Contributions paid to the Pension Fund are based on actuarial calculations, and the amount of contributions is uncertain or can fluctuate, but investment risks are borne entirely by the founder.

(3) Profit Sharing Pension Plan.

Pension program implemented by and employer pension that provides a defined contribution pension program. In this program, contributions are only from the employer which are based on a formula linked to the employer's profits. These pension fund contributions are like part of the employee bonus.

The aim of pension funds for employees is to provide work enthusiasm, loyalty, high dedication and have added value in work professionalism. For employers, it is a moral obligation to provide a sense of security for employees when they reach retirement. Meanwhile, pension fund managers aim to support the government in encouraging employers to provide appropriate rights for employees (Runtuuwu, 2021:137).

Types of Investment

Based on OJK regulation Number 3/POJK.05/2015 concerning Pension Fund Investments (2015), there are 17 types of investments that can be placed by Pension Funds, namely:

- 1) Time deposits with Banks;
- 2) On-call deposits at the Bank;
- 3) Certificate of deposit at the Bank;
- 4) Savings at the Bank;
- 5) Government Securities (SBN);
- 6) Securities released by Bank Indonesia;
- 7) Shares listed on the Stock Exchange in Indonesia;
- 8) Corporate bonds listed on the Indonesian Stock Exchange;
- 9) Mutual funds;
- 10) Asset-backed securities;
- 11) Medium Term Note (MTN);
- 12) Real estate investment funds in the form of collective investment contracts (KIK);
- 13) Securities futures contracts and options traded on the Stock Exchange in Indonesia;
- 14) Repurchase agreement (REPO)
- 15) Buildings in Indonesia;
- 16) Land in Indonesia
- 17) Direct participation both in Indonesia and abroad.

Based on the 17 types of investment, there are 4 types of investment that dominate the investment portfolio of pension funds in Indonesia, namely Deposits, Government Securities (SBN), Bonds and Shares.

Pension Fund Financial Report

Financial reports are a means that an entity can use to communicate conditions related to its financial condition to interested parties from both internal and external entities (Kieso et al, 2018). According to PSAK No. 1 (2019) financial statements are a structured presentation of an entity's financial position and financial performance of an entity. Thus, financial reports are a tool used by companies to inform financial conditions and company performance to users of financial information, both internal and external to the company.

Pension fund financial reports are useful for participants, pension fund founders, and employers. Pension fund financial reports must be prepared in accordance with the type of pension fund and the characteristics of the pension program being run. In BAPEPAM LK regulation Number: PER-05/BL/2012 (2012) the Defined Benefit Program Financial Report contains the following information:

- 1) Net Asset Report;
- 2) Report on Changes in Net Assets;
- 3) Notes to Financial Reports;
- 4) Financial Position Report;
- 5) Business Results Report;
- 6) Cash Flow Statement.

Based on PSAK 226, Pension Fund Financial reports are differentiated based on the pension program held. The Defined Contribution Pension Program Financial Report includes a Report on Available Net Assets and an explanation of funding policies, while the Defined Benefit Financial Report is a report that presents the Available Net Assets, the actuarial present value of promised retirement benefits, and the amount of surplus or deficit. The Defined Benefit Program Financial Report contains the following information:

- a) Net Assets Report Available
- b) Report of Changes in Net Assets Available
- c) Explanation of funding policies
- d) Actuarial present value of promised benefits, which differentiates between benefits that have become vested and benefits that have not yet vested (non-vested benefits) based on promised benefits in accordance with the requirements of the retirement program.
- e) A significant explanation of the actuarial assumptions made and the method used to calculate the actuarial present value of the promised retirement benefits.

Accounting is growing increasingly complex, so that the information presented is required to be more accurate, complete and correct. The accounting treatment applied by pensioners must not deviate (Pranotoputeri & Suwondo, 2023). An overall assessment of pension funds needs to be carried out, especially in assessing the amount of benefits provided, employee years of service, long service awards, and pension fund income. (Siregar & Pohan, 2022). Financial reporting is appropriate and carried out regularly on a periodic basis so that the assumptions used in actuarial calculations are more accurate (Nur & Wahyuni, 2022).

3. RESEARCH METHODS

Types of research

The research was conducted at the Unisba Pension Fund Jl. Taman Sari No. 24 Bandung. This research is a process carried out in stages, namely from research planning, determining research focus, data collection, analysis, and presenting research results. The type of research used is qualitative data, which aims to prove the pension fund accounting guidelines at the Unisba Pension Fund and re-analyze whether they are in accordance with the reporting standards of PSAK No. 226.

Data Types and Sources

The type of data used is qualitative data, obtained from literature studies and interviews, including non-numerical data such as pension fund management decisions, organizational structure, company history and the financial reports of the Unisba Pension Fund. The data sources used are primary and secondary.

Data collection technique

Data collection techniques in this research used library techniques, interview techniques, and documentation techniques.

Data Analysis Techniques

Data analysis is a stage carried out after the data has been collected. The data analysis method uses a descriptive method with three stages, namely data reduction, data presentation, conclusions, and verification (Miles & Huberman, 1994):

- 1) Data reduction
The researcher summarizes the main things related to Pension Fund Accounting and PSAK No. 226 to determine the data needed by the researcher, namely the Unisba Pension Fund financial report, company history, organizational structure, pension benefit formula, and other things related to this research.
- 2) Presentation of data
After obtaining the necessary data, the researcher presented data referring to the application of PSAK No.226, namely financial reports, pension benefit formulas, and other information.
- 3) Conclusion and Verification
The researcher drew conclusions after comparing the Unisba Pension Fund Financial Report with the disclosure and reporting of the Financial Report PSAK No.226 and seeing its suitability.

4. RESULT AND DISCUSSION

Description of Research Objects

The Unisba Foundation Pension Fund, located at Jalan Tamansari No. 26, Bandung City, is a legal entity that manages or runs a program that promises periodic payments to participants when they reach retirement age or at other times in the manner specified in the pension fund regulations. The Unisba Pension Fund is under the auspices of the Bandung Islamic University Foundation, established on 16 June 2000 in accordance with the Decree of the Islamic Education Foundation Management Board No: 173/BP-YPI / SK/ 6-2000 dated 16 June 2000 with Decree ratifying the Minister of Finance No. Kep-346/ KM.17 / 2000 dated 11 September 2000.

Preparation of Pension Fund Financial Reports

Table 1. Accounting for Pension Funds in the Unisba Pension Fund which is adjusted to PSAK No. 226

PSAK No. 226 Financial Report Disclosure 2024		Suitability of Unisba Pension Fund Financial Reports	
		2022	2023
Net Asset Report			
a.	Assets at the end of the relevant period according to their classification	Accordance	Accordance
b.	Basis of asset appraisal	Accordance	Accordance
c.	Details of any single investment that exceeds 5% of net assets available for retirement benefits or 5% for any class or type of securities	Accordance	Accordance
d.	Details of each employer investment	Accordance	Accordance
e.	Liabilities except the actuarial present value of promised retirement benefits.	Accordance	Accordance
Statement Of Changes in Net Aset			
a.	Employer contributions	Accordance	Accordance
b.	Employee contributions	Accordance	Accordance
c.	Investment income such as interest and dividends	Accordance	Accordance
d.	Other income	Accordance	Accordance

e.	Benefits paid and payable (analysis, for example retirement, death and disability, and lump sum payments)	Accordance	Accordance
f.	Administrative burden	Accordance	Accordance
g.	Other expenses	Accordance	Accordance
h.	Income tax	Accordance	Accordance
i.	Gain or loss on investment disposal and changes in investment value	Accordance	Accordance
j.	Transfer from and to other retirement programs.	Accordance	Accordance

Source: Processed by researchers from PSAK No. 226, 2024

The Unisba Pension Fund Financial Report consists of main and additional financial reports in accordance with PSAK No.226, namely the main Financial Report consists of the Net Assets Report, the Net Assets Change Report, and the Notes to the Financial Reports which contain information regarding the details of the actuary's present value. The Unisba Pension Fund funding policy is outlined in Table 1. Then, additional financial reports consisting of financial reports (balance sheet), calculation of business results, cash flow reports, wealth reports for funding, and investment reports are in accordance with PSAK No. 226. The Unisba Pension Fund Financial Report aims to provide information that can be used to estimate the current and future ability of the Pension Fund to fulfill its obligations to pay pension benefits to participants on time. Based on the Financial Report in Table 1, the Unisba Pension Fund financial report is in accordance with existing guidelines.

Actuarial Present Value

The actuarial present value and actuarial assumptions are included in the Financial Report in accordance with PSAK No. 226. The following Table 2 explains the actuarial present value and actuarial assumptions in the Notes to the Financial Statements:

Table 2. Unisba Pension Fund Actuarial Present Value

No	Due Date	Actuarial Present Value
1.	1 Year - 5 Years	Rp 12.424.850.746
2.	5 Years - 10 Years	Rp 17.932.370.126
3.	More Than 10 Years	Rp 46.354.251.867
	Total Actuarial Present Value in 2023	Rp 79.172.243.343

Source: Unisba Pension Fund Financial Report, 2023.

Actuarial present value is the present value of pension benefit payments that will be made by pension funds to employees who are still working and those who have retired, which is calculated based on the services they have provided. The 2023 actuarial present value of IDR 79,172,243,343 is the result of the actuarial consultant's valuation projection in estimating the retirement benefits that participants will receive.

The presentation of financial reporting according to the Minister of Finance as well as the format for Statement of Financial Accounting Standards (PSAK) No. 226 has been followed by the Unisba Pension Fund in accordance with established provisions.

5. CONCLUSION

The presentation of the Unisba Pension Fund Financial Report is in accordance with PSAK No. 226 because the information that has been presented in the preparation and reporting disclosed by the Unisba Pension Fund has complied with PSAK No. 226 as the Unisba Pension Fund Defined Benefit Program has disclosed the Net Asset Report, Report on Changes in Net Assets and Notes to Financial Statements which disclose funding policies and details regarding actuarial present value. The Unisba Pension Fund also routinely carries out audits every accounting period.

The Unisba Pension Fund is expected to maintain the credibility of its financial preparation and reporting so that it remains consistent in accordance with PSAK No. 226. Furthermore company

leaders should improve the quality of funding by increasing funding wealth by increasing the development of investment funds.

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