CHAPTER 20: PENSIONS AND OTHER POST-RETIREMENT BENEFITS (5 POINTS)

Background: Eli Lilly offers several types of retirement and post-retirement benefits to its employees. While not much information about these plans is reflected in the financial statements, the accompanying notes provide a significant amount of information.

Required*:* Refer to Eli Lilly’s 2012 annual report to answer the following questions. We didn’t specifically discuss several of these items in class. You might need to do some digging to find the answers. The 2012 annual report of Eli Lilly & Company can be found here: <http://www.sec.gov/Archives/edgar/data/59478/000005947813000007/lly-20121231x10k.htm>

1. Did Eli Lilly offer defined benefit plans, defined contribution plans, or both types of plans during 2012?
2. Did Eli Lilly offer any other types of postretirement benefit plans during 2012? If so, what types?
3. How much was the defined benefit plan over/under funded during 2012 (“funded status”)?

1. Was Eli Lilly’s actual return on plan assets for the defined benefit plan more or less than expected for 2012? By how much? Actual return can be found in the plan assets detail. Expected return can be found in the pension expense detail.
2. How much was paid to retirees in the form of pension benefits from the defined benefit plan during 2012?
3. How much did Eli Lilly contribute to defined contribution savings plans in 2012? NOTE: Expenses under the plan are the same as cash contributed.
4. How much did Eli Lilly contribute to the defined benefit pension plan in 2012?
5. By what percentage does the company believe its health care costs will increase in 2013? Do they expect this increase to continue beyond 2013?