# Don’t Miss the Upcoming CECL Deadline

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## What is CECL?

CECL stands for **current expected credit losses**, the new method of recording the allowances for expected credit losses for accounts receivable balances.

The FASB issued guidance in 2016 that replaced the existing incurred loss impairment methodology with one that reflects expected credit losses and requires consideration of a more robust range of reasonable and supportable information about credit losses.

Rather than using the historical as-incurred basis, the new guidance requires that companies estimate the losses expected over the lifetime of a financial instrument in its scope. For most companies, this will result in using their historical experience as a benchmark, then adjusting upward or downward to reflect their expectations based on external data.

### CECL applies to:

- Trade receivables
- Net investments in leases by lessor
- Debt securities held to maturity
- Off-balance sheet credit exposures
- Loan commitments
- Reinsurance recoverables

## Non-Compliance is Not an Option

**CECL compliance is compulsory** for all companies with assets in scope, and private companies with calendar year-ends must be compliant for the year ended December 31, 2023.

## The SolomonEdwards Method

Simply put, **we’ve been here before**. Our compliance team has helped financial institutions and other organizations adopt the standard by bringing tailored solutions, high-quality analysis and support, and a method for future compliance in a cost-effective manner. We use templates and models that are **proven and audit-tested**.


## How Long Will It Take?

For most clients, the entire process should take **three weeks or less**, depending on the complexity of the data.

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