

GOAL OF THE COMPREHENSIVE REFORM OF SOCIAL SECURITY AND TAX AND THE CHALLENGES FACED

Background to the Comprehensive Reform of Social Security and Tax (in the pension-related area)

- Following the completion of the pension finance framework as modified in FY2004 the government set about the reinforcement of the safety-net function of social security to cope with the changes in socio-economic conditions. Such efforts have clearly defined the challenges that remain to be addressed for enhancing the long-term sustainability of our social security system and its safety-net function.

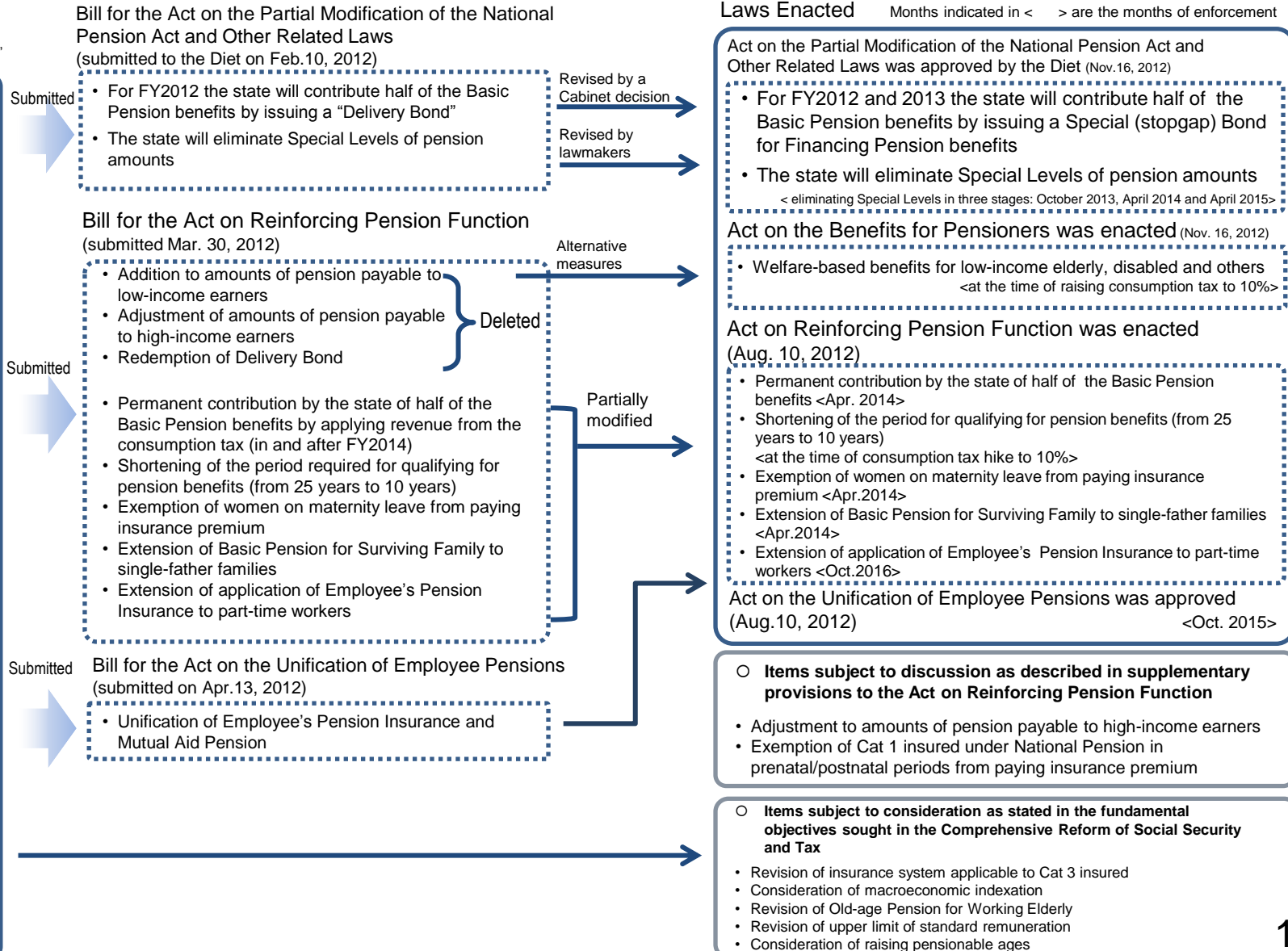
Outline of Comprehensive Reform of Social Security and Tax
(resolved at the Cabinet Office meeting held on February 17, 2012)

○ Matters relating to which the government is expected to “submit a bill” or to “consider submitting a bill”

- Permanent contribution by the state of half of the Basic Pension benefits
- Elimination of Special Levels of pension amounts
- Addition to pension amounts paid to low-income earners
- Adjustment of pension amounts paid to high-income earners
- Shortening of the period for qualifying for pension benefits
- Exemption of women on maternity leave from paying insurance premium
- Extension of Basic Pension for Surviving Family to single-father families
- Extension of application of Employee’s Pension Insurance to part-time workers
- Unification of Employee Pensions

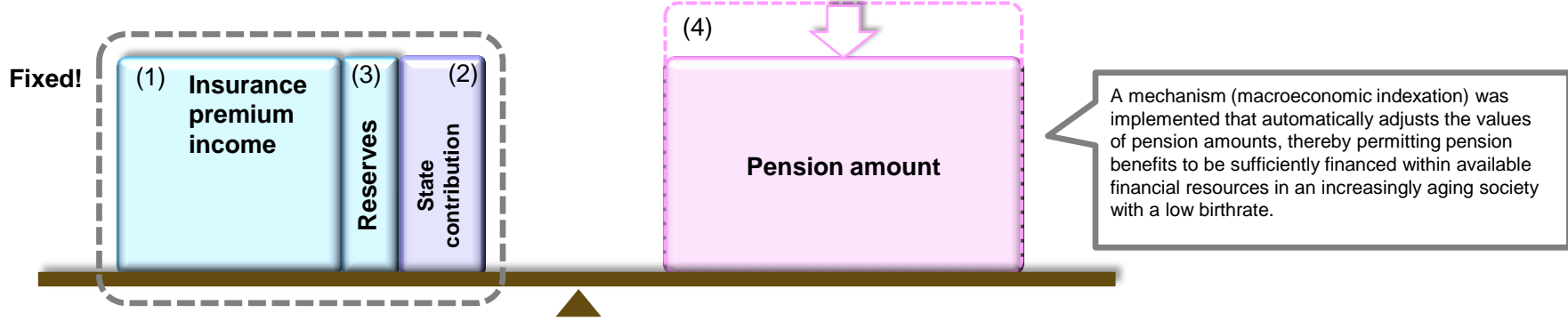
○ Items left “for further consideration”

- Revision of insurance system applicable to Cat 3 insured
- Consideration of macroeconomic indexation
- Revision of Old-age Pension for Working Elderly
- Revision of upper limit of standard remuneration
- Consideration of raising pensionable ages



Completion of Framework for Pension Finance as revised in FY2004 following the enactment of laws related to the Comprehensive Reform of Social Security and Tax

- Following the 2004 change made to the social security and tax system, a framework for pension finance was implemented aimed at ensuring a social security system that shall be sustainable into the future in an increasingly aging society with a low birthrate.
- Subsequent to the enactment of the laws related to the Comprehensive Reform of Social Security and Tax the modified 2004 framework for pension finance has been completed at an acceptable level.



(1) Increasing insurance premiums under an established upper limit

Level of premiums payable in and after FY2017 is fixed. (Level of premiums will be stipulated in the applicable law together with the process for increasing it)

- For Employee's Pension Insurance: 18.30% (equally contributed by Employee and Employer) (Being raised annually by 0.354% since October 2004)
- For National Pension: ¥16,900 * effective for FY2004 (Being raised annually by ¥280 since April 2005)

* Currently effective premiums:
 For Employee's Pension Insurance: 17.474% (applicable in and after September 2014)
 For National Pension: ¥15,250 (applicable in and after April 2014)

(2) Contribution by the state of the Basic Pension benefits will be raised to half

In and after FY2009 the ratio of the State contribution to the Basic Pension benefits will be raised to half.

Financial resource derived from consumption tax is secured by means of 2012 Comprehensive Reform of Social Security and Tax.

(3) Utilization of National Pension reserves

A system will be implemented aimed at achieving balanced budgeting over the next 100 years. Upon the termination of such period the state will have reserves set aside in an amount sufficient for covering pension benefits payable for a one-year period. The reserves will be applied to benefits payable to future generations.

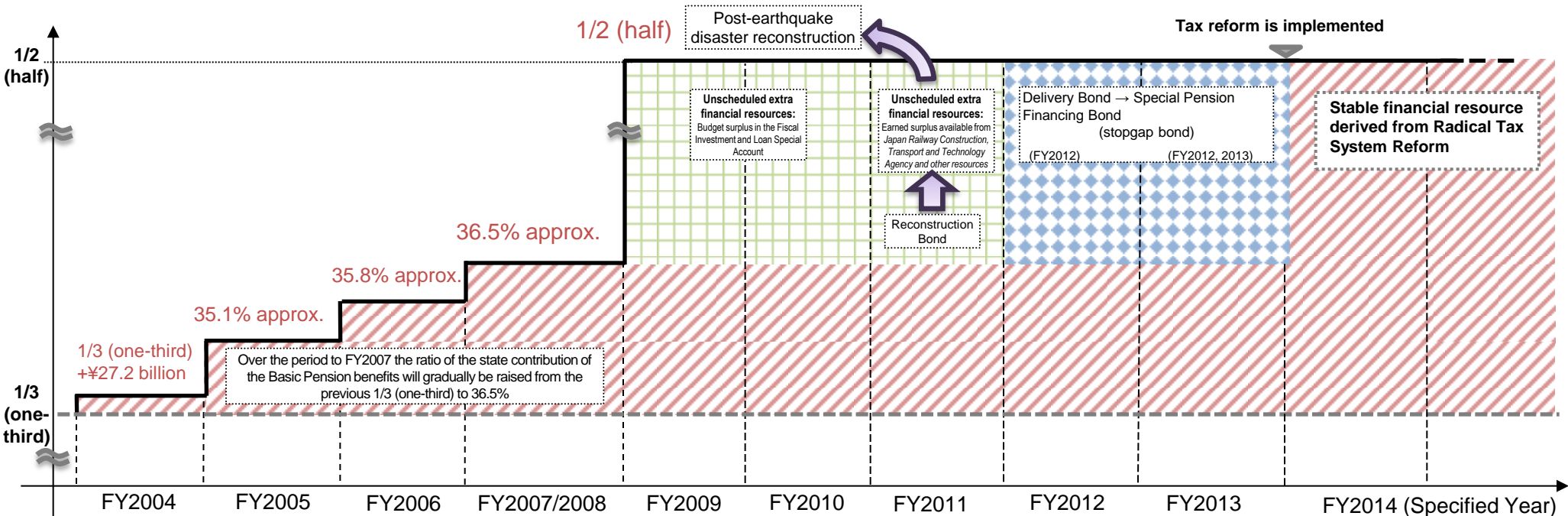
By the elimination in FY2012 of Special Levels applied to pension amounts (by means of modification of relevant laws) the pre-requisites were satisfied in order for macroeconomic indexation to work.

(4) A mechanism (macroeconomic indexation) was implemented that automatically adjusts the levels of benefits within the available financial resources.

Levels of pension benefits will be adjusted in accordance with the decreasing population of working generations. Even in the future circumstance of the aging population with a low birthrate, the standard level of pension benefits at the time when the insured begin to receive them will exceed 50% of the average income earned by the household of a working salaried man (woman).

How the State will contribute half of the Basic Pension benefits

- Over the FY2004-FY2007 period the ratio of the state contribution of the Basic Pension benefits was gradually raised from the previous “1/3” (one-third) to 36.5%.
- In FY2009 and FY2010, unscheduled extra financial resources (budget surplus in the Fiscal Investment and Loan Special Account) were utilized to achieve “2/1.”
- In the FY2011 initial budget the state had planned to continue to contribute half of the Basic Pension benefits by utilizing unscheduled extra financial resources (such as earned surplus available from the Japan Railway Construction, Transport and Technology Agency); however, these resources were applied to cover costs of post-East Japan Great Earthquake reconstruction. In view of such a situation, in the third supplementary budget an equivalent amount of ¥2.5 trillion was set aside anew to cover the state’s contribution. The amount would be covered by issuance of Reconstruction Bond.
- For FY2012 the state contribution of half of the Basic Pension benefits was to be covered by “issuance” of “Delivery Bond for Pension Benefits” as contemplated in the initial budget and the bill for the modification of the National Pension Act. The bond would be “redeemed” as stipulated in the bill for the Act on Reinforcing Pension Function, but the provision for the bond’s redemption was deleted by a modification adopted at the House of Representatives.
- At the recent Diet session, the Act on the Modification of the National Pension Act and Related Laws was modified to have the state contribute half of the Basic Pension benefits for both FY2012 and FY2013 and enable the state to issue the “Pension Benefits Financing Special Bond (stopgap bond) that depends on necessary financial resources upon the revenue due to be derived from a consumption tax hike,” not from the “Delivery Bond.” In this manner, the Act was approved by the Diet.
- For FY2014 onwards, the government will contribute “1/2” on a permanent basis by utilizing the tax revenue to be derived from the consumption tax hike (to 8%) as stipulated in the bill for the Act on Reinforcing Pension Function. The bill also stipulates FY2014 as “the year for ensuring stable financial resources by means of Radical Tax System Reform (“Specified Year”).”



Act on the Partial Revision of the National Pension Act and Related Laws for Reinforcing the Fiscal Basis of the Public Pension System and its Minimum Social Security Function (Law No. 62 of 2012)

Key Items Stipulated in the Act

- (1) The period required for qualifying for pension benefits will be shortened for the purpose of providing benefits proportional to the premiums paid and reducing the number of future non-pensioners. (This measure will be put into effect in step with the implementation of Radical Tax System Reform.)
- (2) FY2014 shall be the Specified Year (which is defined in the law modified in 2004 as “the fiscal year due to be specified separately by law”) when the state contribution of half of the Basic Pension benefits will become permanent. (This measure will be implemented in April 2014 in step with the implementation of Radical Tax System Reform.)
- (3) The application of Employee’s Pension Insurance and National Health Insurance will be extended to part-time workers. (This measure will be implemented in October 2016.)
- (4) Women on maternity leave will be exempted from payment of premiums for Employee’s Pension Insurance, National Health Insurance and other benefits. (This measure will be implemented within two years on a date due to be stipulated in the relevant Cabinet Order.)
- (5) Basic Pension for Surviving Family will be provided to single-father families. (This measure will be implemented in April 2014 in step with the implementation of Radical Tax System Reform.)
- (6) Measures will be implemented to provide welfare-based benefits to low-income elderly, disabled, and others. Consideration will be given to the adjustment of amounts of pension benefits payable to high-income earners and to the exemption of Category 1 insured under National Pension who are in prenatal/postnatal periods from payment of insurance premium.

Note: Measures (1), (2) and (5) will be provided with tax revenue (derived from consumption tax hike) obtainable by means of Radical Tax System Reform.

The Act for Partially Modifying the Employee's Pension Insurance Act and Related Laws for Unifying Employee Pension Systems

(Law No. 63 of 2012)

<Main Modifications>

- (1) Public employees and private school teachers and employees also will participate in Employee's Pension Insurance. Consequently, the 2nd floor program is unified with Employee's Pension Insurance Program.
- (2) The differences derived from the systems adopted by Mutual Aid Pension and by Employee's Pension Insurance will be resolved by basically adjusting the former's system to the latter's system.
- (3) Premiums for the 1st floor and 2nd floor programs adopted by Mutual Aid Pension will be raised to be unified with the rates of premiums applied by Employee's Pension Insurance (18.3% as a maximum limit).
- (4) For efficient clerical work, activities of Employee's Pension Insurance will be performed via mutual aid societies or private school associations. Benefits paid by the Employee's Pension Insurance system as a whole and the obligations owed will be stated in the state account in a summarized manner.
- (5) The 3rd floor program (job category-related portion) of Mutual Aid Pension that constitutes public pension will be abolished. The new pension program to be implemented subsequent to the abolition of the 3rd floor program of a public nature (job category-related portion) will separately provided for by law.
- (6) For reduction of additional costs benefits payable during the period of the government pension will be reduced by 27% based on the difference payable by the Insured. The reduction will be compensated for by an appropriate measure.

<Dates of Implementation>

Modifications (1) through (5) will become effective in October 2015.

- (6) Reduction of additional costs relative to the period of government pension payable to public employees will become effective within one year on a date due to be stipulated in the relevant Cabinet Order.

Act on the Partial Modification of the Act and Related Laws on the Partial Modification of the National Pension Act and Related Laws

(Law No. 99 of 2012)

1. Outline of the Act

(1) The state's contribution of half of the Basic Pension benefits

- (i) For FY2012 and 2013 the state will pay for the difference between 1/2 (half) of the Basic Pension benefits payable by the state and 36.5% by issuing Special Pension Financing Bond (stopgap bond) which depends on financial resources necessary for redemption on revenue due to be provided by the consumption tax hike.**
- (ii) For the period included in FY2012 and 2013 during which the insured are exempt from premiums for National Pension, amounts of pension will be calculated on the assumption that the state will contribute half of the Basic Pension benefits.**

* Amounts of pension payable during the premium exemption period for National Pension are set linked with the amount of benefits contributed by the state. (1/3 for FY2008; 1/2 for FY2009-2011)

(2) Elimination of Special Levels

- (i) For ensuring intergenerational equality Special Level (2.5%) applied to amount of pensions including the Old-age Basic Pension will be eliminated over the three-year period from FY2013 through FY2015.**

* The level of amounts of pension benefits currently provided is 2.5% higher ("Special Level") than the level essentially contemplated in the relevant law ("Essential Level"). This is because the amounts have exceptionally been maintained unadjusted despite the decline in prices over the FY1999-FY2001 period.

* The 2.5% will be reduced by 1.0% in October 2013, by 1.0% in April 2014 and by 0.5% in April 2015.

- (ii) Special Level (1.7%) applied to benefits provided to single-parent families, disabled and others, which, linked to pensions, thus far has been subject to indexation will also be eliminated over the three-year period from FY2013 through FY2015.**

* The Act on Special Measures for Modifying Amounts of Child-care Allowance under the Child-care Allowance Act (Law No. 9 of 2005) will be partially modified.

* The 1.7% will be reduced by 0.7% in October 2013, by 0.7% in April 2014 and by 0.3% in April 2015.

2. Date of Enforcement

- (1) The state's contribution of half of the Basic Pension benefits: On the date of promulgation of the Act (Nov.26, 2012)
- (2) Elimination of Special Levels of pension amounts: October 1, 2013

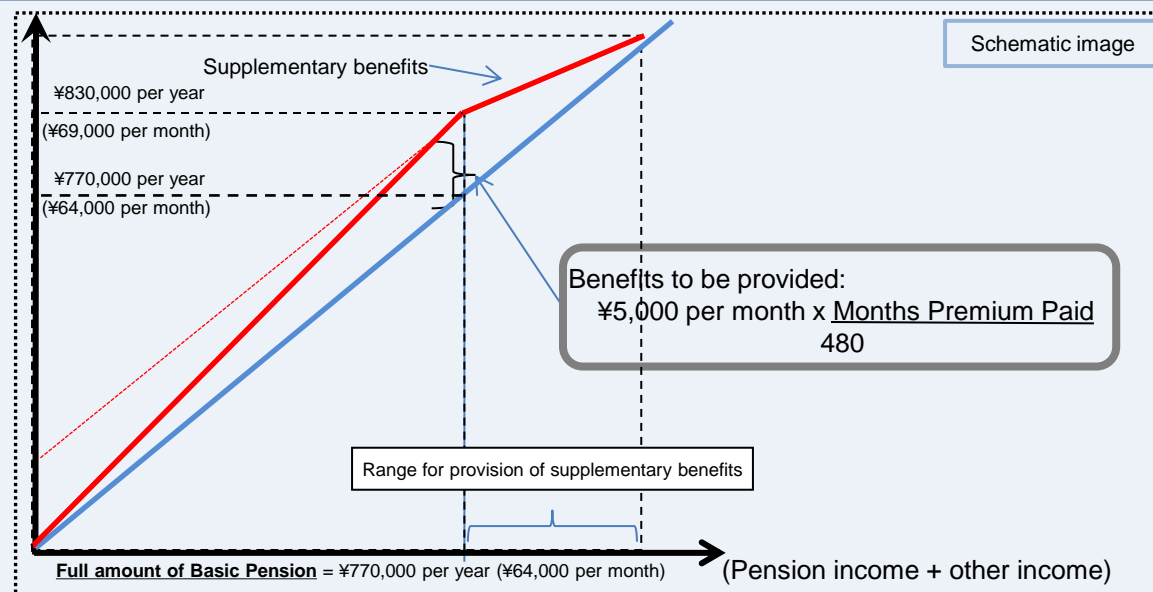
Act on the Provision of Benefits for Support of Pensioners (Law No. 102 of 2012)

1. Outline of the Act

- **The Act provides beneficiaries of the Old-age Basic Pension whose income is below a determined level (*) with Benefits for Support of Elderly Living on Old-age Pension (on the basis of the period of the premium paid for National Pension and the period exempt from premium payment) → Eligible pensioners are about five million.**
 - (1) Amount of benefits: Base amount (¥5,000 per month) x Number of months premiums were paid ÷ 480
 - (2) Amount of benefits: Basically as calculated by multiplying Amount of the Old-age Basic Pension benefits by 1/6 for what corresponds to the exemption period.
 - (*) All family members are exempt from resident tax and the total combined income for the previous year from pensions and other sources falls short of the full amount of the Old-age Basic Pension benefits (¥770,000 for FY2015).
- **In order to prevent the elderly pensioners who earn income greater than the level referred to above from earning a total combined income in an amount lower than the amount of the total combined income (including support benefits) earned by those elderly pensioners who earn income lower than the determined level referred to above, the former will be provided with Supplemental Benefits for Support of Elderly Living on Old-age Pension in an amount equivalent to the amount set forth in (1) above (on the basis of the period for which premiums were paid for National Pension).**
→ Eligible pensioners: Approx One million
- **Beneficiaries of a certain amount of Basic Pension for the Disabled or Basic Pension for Surviving Family will be provided with Benefits for Support of the Disabled living on Basic Pension for the Disabled or Benefits for Support of Surviving Family Living on Pension for Surviving Family. (Amount of benefits: ¥5,000 per month (¥6,250 for Grade 1 disabled pensioners.))**
→ Eligible people: 1.9 million approx
- **Clerical work relating to the payment of benefits for pensioner support will be entrusted to the Japan Pension Service for bimonthly payment in the same manner as pension benefits.**

2. Date of Enforcement

This Act will be enforced on the date of enforcement of the provisions set forth in Article 1, Item 2 of the Supplementary Provisions to the Act on the Partial or Other Modification of the Consumption Tax Act for Radically Reforming the Tax System and Securing Stable Financial Resources for Social Security.



Tasks taken up in the report prepared by the National Congress for Social Security Reform toward a reform intended to consolidate the long-term sustainability of the social security system and reinforce its safety net function

1. Review of macroeconomic indexation

- Even after exiting a deflationary economy the adjustment to pension benefits by means of the macroeconomic indexation may not sufficiently work for a short period of time depending upon the extent to which prices or wages actually change. An early adjustment to the level of pension benefits, meanwhile, will serve to maintain the relatively high future level of benefits payable to beneficiaries.
- Even if we may be in another deflationary economy in the future, it is necessary to consider how pension benefits should be indexed macro-economically for the purpose of adjusting pension levels in a planned manner.
- For addressing fears that the Basic Pension benefits will be adjusted over a long period of time resulting in lower levels of benefits, we should give consideration to the balance between Basic Pension and the portion of benefits proportional to remuneration, as well as to support for compensation for the adjustment of level of benefits provided by public pensions by means of private pensions.

2. Extension of application of Employee Insurance to part-time workers

- It is necessary to continue to extend the application of Employee Insurance regardless of which system is chosen. Continued efforts for wider application of Employee Insurance are agreed to in the three-party discussions. It is important to continue discussing the wider application of the insurance.

3. The elderly's employment and receipt of pension

- By the 2009 fiscal review it was confirmed that the current pension system is sustainable. We are now in the process of raising the pensionable age for Employee's Pension Insurance over the years through 2025. We are not in a circumstance apt for any specific immediate review of the elderly's receipt of pension benefits. It remains a medium- to long-term issue.
- Any such review will require an examination from a wide perspective including the connection of the elderly who are supposed to receive reduced amounts of pension benefits with employment opportunities and the consistency of such reduced amounts of benefits with other social security systems. So it is necessary to start considering and discussing the issue soon.
- To cope with the aging population and longer life span, many advanced countries are implementing reforms aimed at extending periods of employment and having insurance premiums paid for a longer period of time thereby ensuring levels of pension benefits. An outlook for the future of Japan tells us that life expectancy at age 65 will become longer by another four years. At that time, the elderly will be required to work at a higher rate.
- By 2004 reform future insurance premium rates were fixed. Because the total amount of pension benefits is subject to and governed by the total amount of funds injected at fixed rates of premiums any change to the pensionable age will not change the total amount of long-term pension benefits payable.
- For the above reason, the issue of the pensionable age should be considered in the future as an issue relevant to each person's way of life and the balance between employment and non-employment (retirement) for society as a whole, rather than from the perspective of pension finance. It is necessary to go on discussing how to properly combine the way of working of the elderly and their receipt of pension benefits with a view to realizing a productive-aging society taking into consideration the aims sought in the reforms currently being implemented in other advanced countries and the specific items of their reform.

4. Review of pension benefits payable to high-income earners

- In considering how to strengthen the pension system's intergenerational redistribution function we should discuss and consider various means including relating to pension systems, tax systems, contribution of insurance premiums in existing different social security systems, payment by the elderly pensioners themselves, and how the upper limit should be set to standard remuneration. We also should review taxation of pensions including deductibles applied to public pensions.

Mechanism of Macroeconomic Indexation

- Throughout the period subject to an automatic adjustment by means of macroeconomic indexation the ratio of the standard annual amount paid by Employee's Pension Insurance to the average after-tax income ("income replacement rate") of an insured male worker continues to decline and will remain fixed at a determined level after the adjustment period ends.
- The currently implemented automatic adjustment by means of macroeconomic indexation is supposed to be carried out to the extent that it does not cause the post-adjustment amount to fall below the "nominal lower limit."

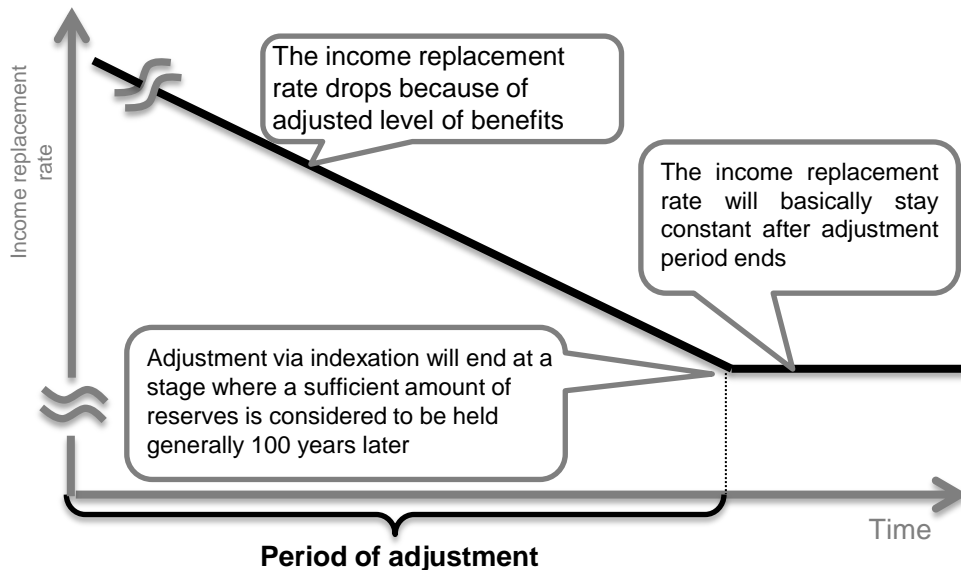
[Income Replacement Rate]

Fluctuates according to: Percentage of wage increase — Rate of indexation (during adjustment period)

$$\text{Income replacement rate} = \frac{\text{Standard annual amount paid by Employee's Pension Insurance}}{\text{Average after-tax income of the insured}}$$

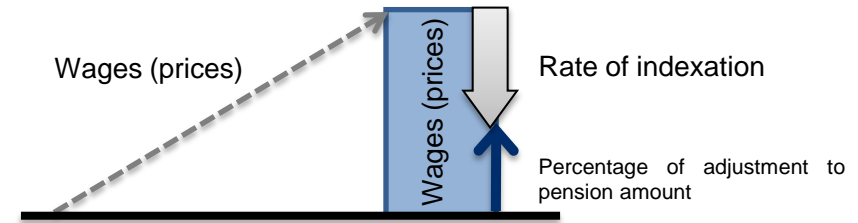
Fluctuates according to the percentage of wage increase

<Automatic indexation and income replacement rate>

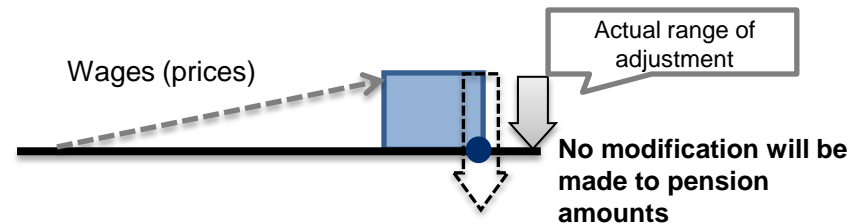


[Nominal Lower Limit]

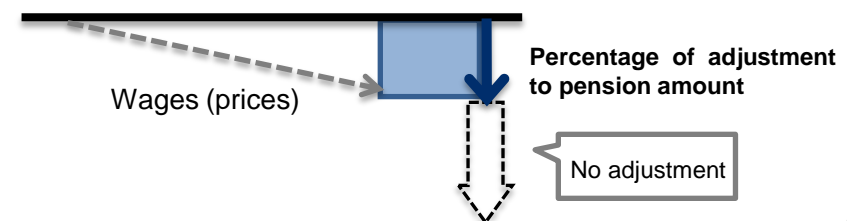
<In a case where wages and prices increase to some extent>



<In a case where wages and prices fluctuate to a lower degree>



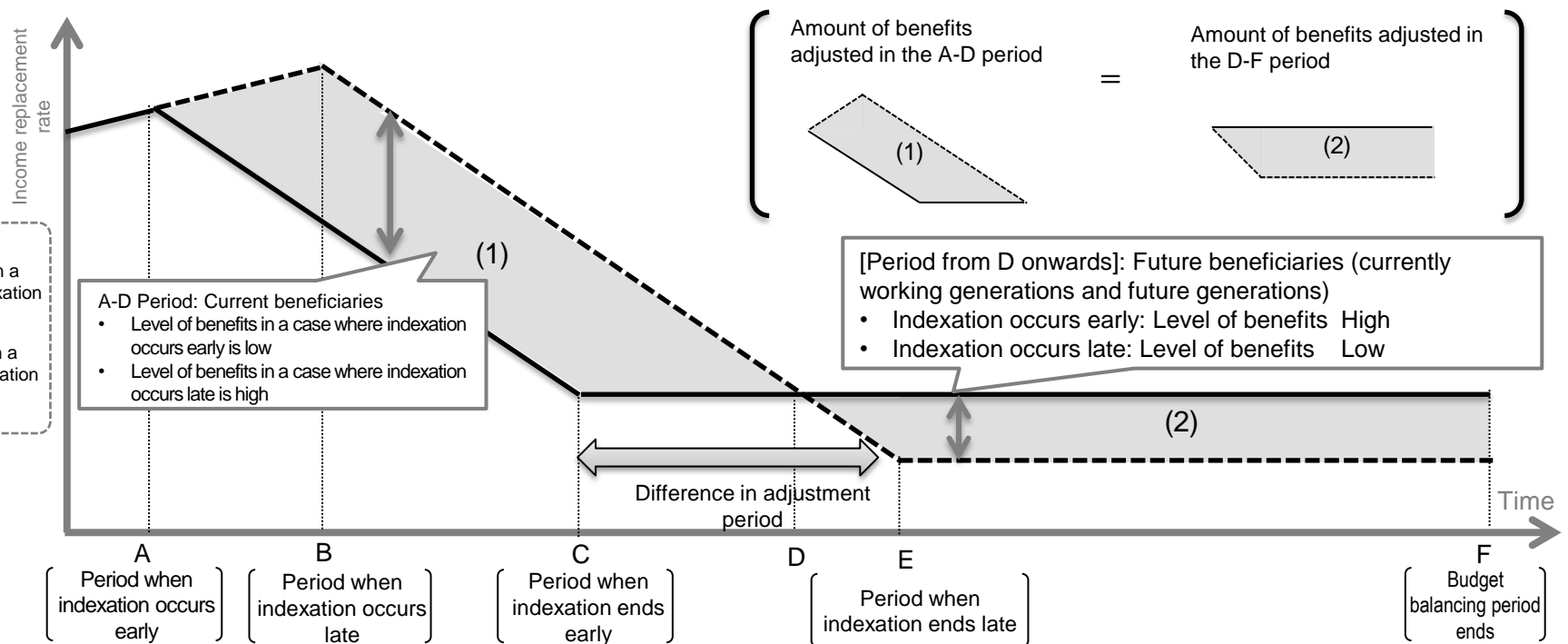
<In a case where wages and prices decline>



Impact on the final income replacement rate due to differences in the period when macroeconomic indexation occurs

- How does the mechanism of macroeconomic indexation work? If the indexation occurs early, it will cause benefits to be adjusted from an early period. Consequently, the adjustment period will end early.
- As a result, current beneficiaries will have a lower level of benefits while future beneficiaries will enjoy a higher level of benefits. Conversely, if the indexation occurs late, it will cause current beneficiaries to have a higher level of benefits while future beneficiaries, a lower level of benefits.
- * Special Levels will be eliminated in April 2015, and therefore, at latest in April 2015 macroeconomic indexation will begin to occur; however, it may presumably occur in a limited manner if prices fluctuate only slightly. In such a case, the indexation may cause an effect similar to the effect caused by a delayed occurrence of the indexation.

<Image: Effect due to be caused by the difference in the period when the macroeconomic indexation occurs>

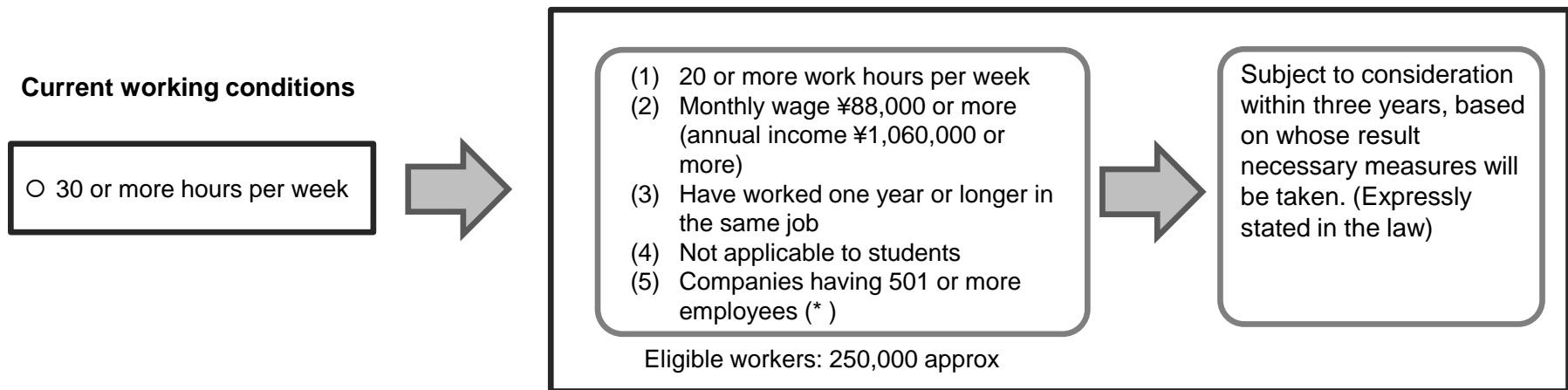


Extension of application of Employee Insurance to part-time workers

- Employee Insurance will be applied to non-regular workers who are employees that do not enjoy the benefit of Employee Insurance. The application will strengthen the safety net and correct the “gap” that exists in the treatment under social insurance.
- The mechanism in the social insurance system will be removed that works to favor those who do not work. The removal will promote the willingness to work particularly among women and get us prepared for the future depopulating society.
- Amid the Comprehensive Reform of Social Security and Tax the relevant law was enacted after a modification via a three-party discussion.

[How the law was modified]

Its application will be extended to part-time workers (effective in October 2016)

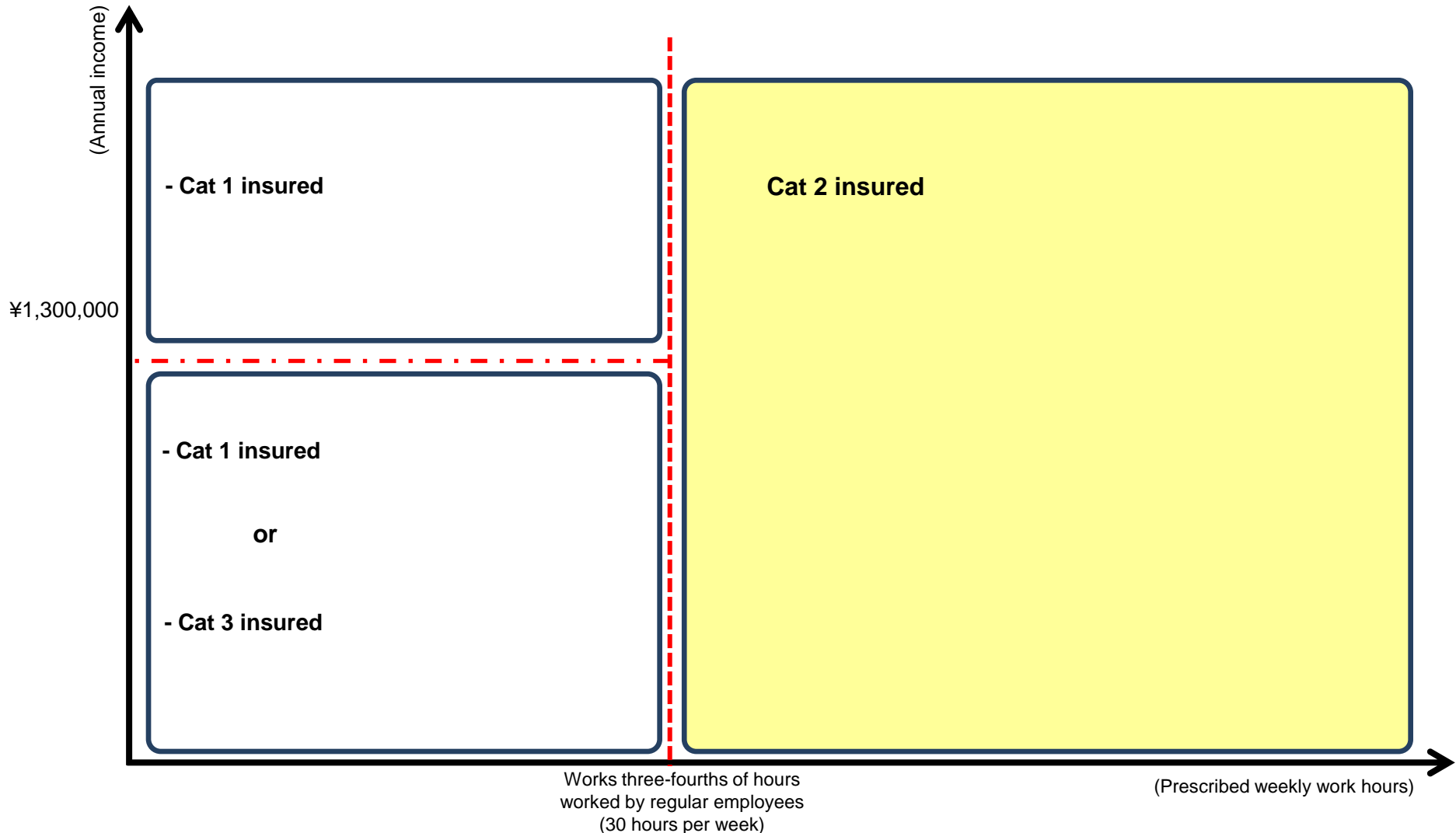


* Calculated on the basis of the number of insured to whom Employee Insurance will be applicable under the current requirements

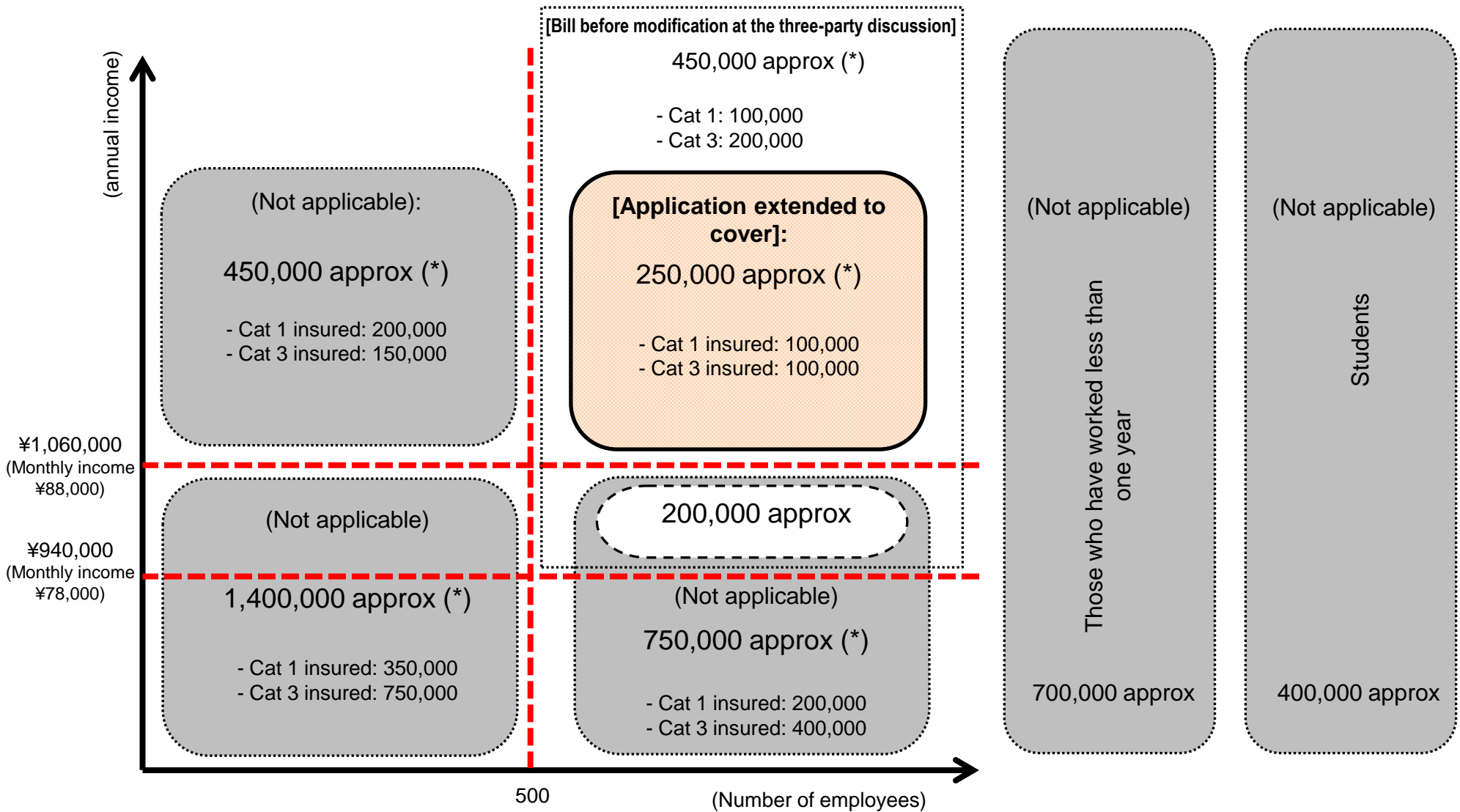
[Measures to ease the impact]

- Special measures will be implemented to reduce the burden on the part of health insurance policyholders who have many low-wage workers including part-time workers and therefore bear a heavy burden of insurance premiums. The measures are intended to ease the burden, on the part of low-wage participants, of premiums for support of the extremely elderly and of contributions for elderly care broadly shared among all holders of Employment Insurance policies, thereby mitigating the burden imposed on policyholders by the extended application of Employee Insurance.

- The currently applicable rule requires each insured to be classified in the following order:
 - (1) Firstly, it is determined if the Insured is a Cat 2 insured (that is, if the insured's prescribed work hours is three-fourths of those applied to regular employees)
 - (2) Secondly, it is determined if the insured is a Cat 3 insured (that is, if the employee is a Cat 2 insured's spouse and earns annual income less than ¥1,300,000)
 - (3) An insured who is not a Cat 2 insured or Cat 3 insured shall be classified as a Cat 1 insured.



Distribution of part-time workers who work 20 to 30 prescribed hours per week (about four million people) (tentatively calculated)



(*) The extended Employee Insurance is applicable to Cat 1 insured and Cat 3 insured under National Pension and further to those aged 60 and over and those younger than 20 who now become covered by Employee's Pension Insurance.

Schedule for raising pensionable ages and measures for ensuring employment of elderly people

- The pensionable age for Old-age Employee's Pension Insurance relating to the "fixed amount portion" has already been increased from 60 to 65 over the FY2001-FY2013 period. Relating to the "portion proportional to remuneration" the pensionable age is scheduled to gradually be increased to 65 over the current FY2013-FY2025 period (such increase being delayed by five years for women).
- For coping with the increase in the pensionable age, the applicable law revised in 2004 obligates measures to be implemented for ensuring employment of the elderly people. The law revised in 2012 abolished the scheme that permitted restriction of people eligible for the continued employment plan.

[Measures for ensuring employment of elderly people]

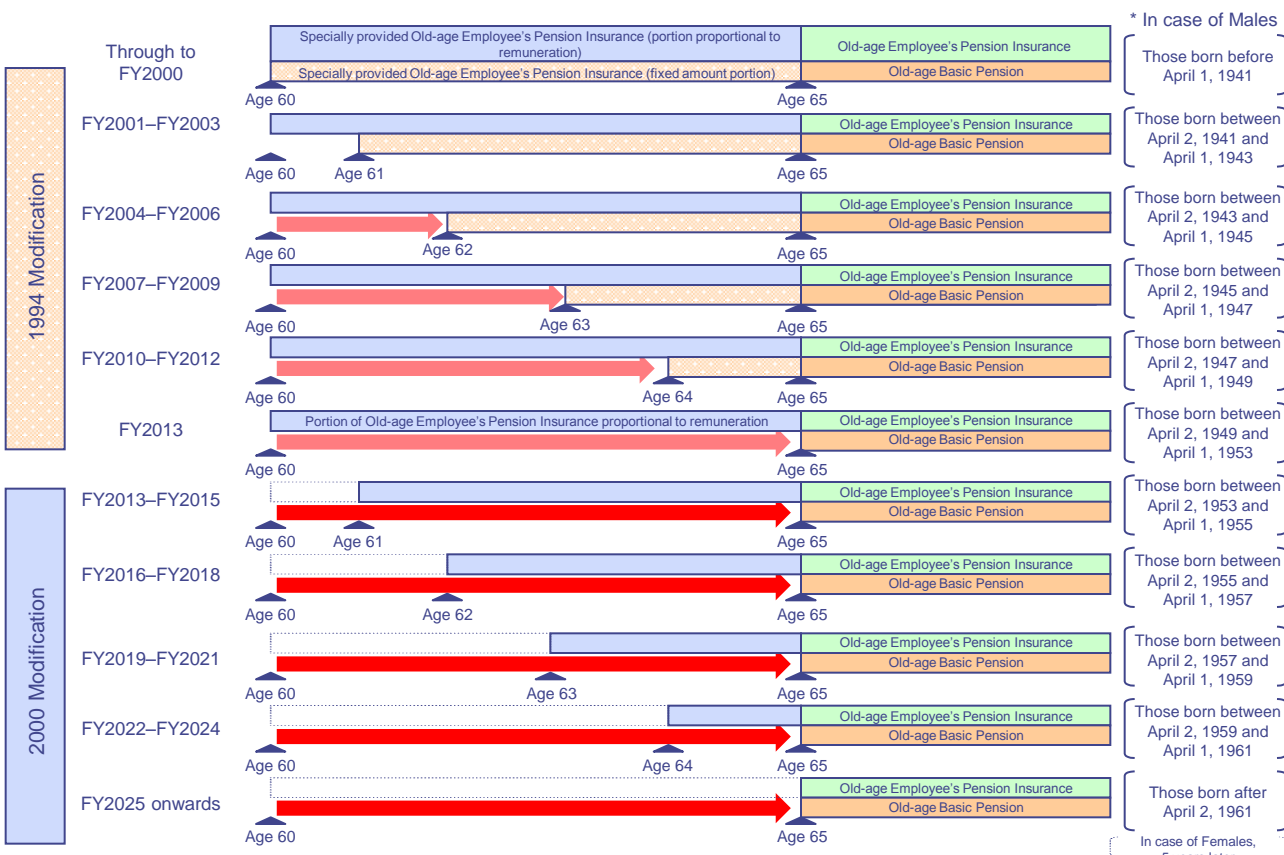
- For ensuring employment up to age 65, all companies that have in effect rules requiring employees to retire before reaching age 65 are obligated to implement one of the measures below starting in 2006:

- (1) Increase retirement age
- (2) Implement a continued employment plan
- (3) Abolish retirement rules

- In April 2013, the scheme was abolished that permitted companies to restrict employees eligible for the continued employment plan. All those who want to continue to work after the retirement age have now become eligible for the continued employment plan.

* A transitional measure is in place that permits the new rule to be utilized in favor of those who have already reached the pensionable age for Employee's Pension Insurance (portion proportional to remuneration)

[Current schedule for the pensionable age]



Adjustment of pension amounts payable to high-income earners

- “Adjustment of pension amounts payable to high-income earners” contemplated in the bill submitted by the government designed to reinforce the pension function was deleted in the revision process at the Lower House. The supplementary provisions to the approved law provide that the adjustment should be subject to future consideration.

<Provisions that were contemplated in the bill originally prepared by the government and were deleted>

- In combination with the implementation of an addition to the pension payable to low-income earners the portion contributed by the state of the amount of the Old-age Basic Pension payable to the high-income earning elderly beneficiaries of the Basic Pension benefits shall suspended for the purpose of realizing intra-generational and inter-generational equality.
- For the beneficiaries of the Old-age Basic Pension benefits whose taxable annual income exceeds ¥5,500,000 (equivalent to gross annual income of ¥8,500,000), part of the Old-age Basic Pension benefits will begin to be suspended. For those elderly who earn taxable income of ¥9,500,000 (equivalent to gross annual income of ¥13,000,000) half of the Old-age Basic Pension benefits (¥32,000 as a maximum) will be suspended.

Note 1: Taxable income of ¥5,500,000 (equivalent to gross annual income of ¥8,500,000) is equivalent to the income earned by the top 10% of standard remuneration earners (income equivalent to the top 0.9% of those eligible for Old-age Pension benefits).

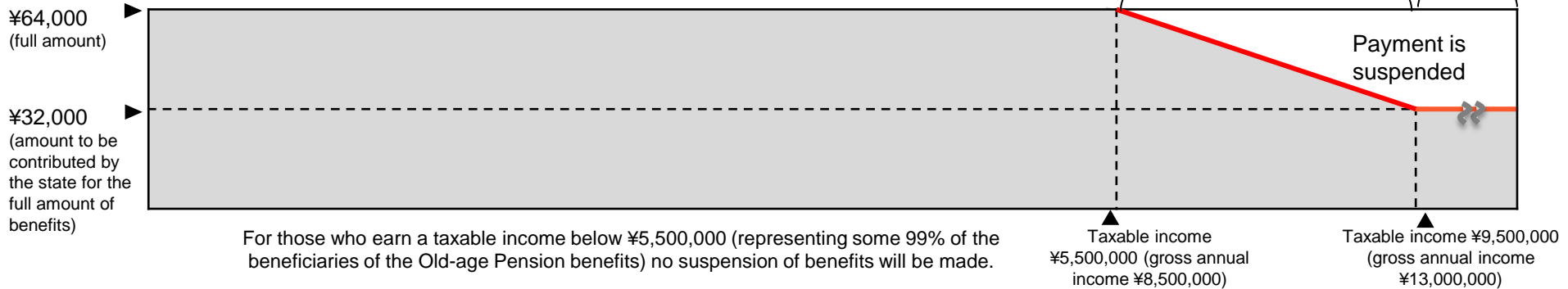
Taxable income of ¥9,500,000 (equivalent to gross annual income of ¥13,000,000) is equivalent to the income earned by the top 2% of standard remuneration earners (income equivalent to the top 0.3% of those eligible for Old-age Pension benefits).

Note 2: The specific range will be decided in the relevant Cabinet order.

- The above measures will be enforced in tune with the implementation of Radical Tax System Reform (in October 2015)

(Image: Suspension of benefits payment)

Old-age Basic Pension benefits



<Provisions in the supplementary provisions to the approved law that require consideration of the adjustment>

- Act on the Partial Revision of the National Pension Act and Related Laws for Reinforcing the Fiscal Basis of the Public Pension System and its Minimum Social Security Function (Law No. 62 of 2012)
Supplemental Provisions Art.2-3: Suspension of the payment of the Old-age Basic Pension by reason of high income shall continue to be considered.

Issues subject to further consideration with respect to public pension systems in light of the results of FY2014 fiscal review

<Summary of fiscal review results>

It has been verified that if the regeneration of the Japanese economy and the participation of labor force in the market is further promoted the benefits level at the income replacement rate of 50% will be maintained into the future under the current pension system.

For enhancing the sustainability of the pension system and ensuring the level of benefits it is important to create an environment that permits women and the elderly to work in a safe and secure manner and promote their participation in the labor market, thereby putting the Japanese economy on a regeneration track and securing labor force necessary for growth.

At the same time, we should be aware that even in the cases of economic regeneration (Cases A through E) the adjustment to the Basic Pension benefits by means of macroeconomic indexation will require nearly 30 years causing in the meantime a relatively substantial drop in the level of the Basic Pension benefits, and further, that in the cases of low economic growth (Cases F through H) the income replacement rate will drop below 50% for the purpose of obtaining balanced pension finances.

The result of the tentative calculation of the three options permitted us to verify the positive effect expected to be given by each of them in increasing the sustainability of the system and ensuring the level of benefits.



[Tasks to be addressed for the purpose of contributing to the economic society (especially by encouraging participation of labor force) that supports pension systems] (non-exhaustive)

- Extension of the application of social insurance to part-time workers
→ An environment shall be created that permits diverse manners of working thereby encouraging people to participate in the labor market.
- Revision of the insurance system for Cat 3 insured and Pension System for Surviving Family
→ A system shall be designed that promotes activities of female workers and forges ahead with a reform of ways of working on the assumption that dual-earner households are the common way of living.
- Exemption of Cat 1 insured from payment of insurance premiums in the prenatal/postnatal periods
→ Consideration for the prenatal/postnatal periods during which the insured are unable to work
- Employment of the elderly and their pension benefits, Revision of Old-age Pension for Working Elderly
→ A system should be designed to enhance the incentive of the elderly to work thereby promoting their employment.

[Tasks to be addressed for the purpose of enhancing the system's sustainability and its safety net function] (non-exhaustive)

- What the macroeconomic indexation should seek:
→ In a case of low growth in wages and prices, enhance the system's sustainability and ensure the level of pension benefits in favor of future beneficiaries.
- Extension of the application of social insurance to part-time workers [reposted]
→ Ensure an appropriate security for part-time workers as employees. Realize fiscal stability by providing National Pension-based security to self-employed persons and Employee's Pension Insurance-based security to employees (particularly maintaining the level of Basic Pension)
- Employment of the elderly and their receipt of pension benefits [reposted]
→ Ensure the level of pension benefits by extending the period of employment and the period for contribution of social insurance premiums as well as by widening the scope of choice of pension benefits.