

History, Overview and Status of Public Pension System in Japan

(tentative translation)

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Office for Planning of International Pension Affairs
Ministry of Health, Labour and Welfare



History of the Public Pension System in Japan

- In 1942, the workers pension insurance law was enacted.
- In 1961, Japan established a universal pension system by introducing the national pension scheme.
- Pension benefits improved in 1960s and early 1970s.
- Scheme has been revised several times to prepare for the forthcoming ageing society.
- Last revised in 2000.



Overview of the Public Pension System in Japan (1)

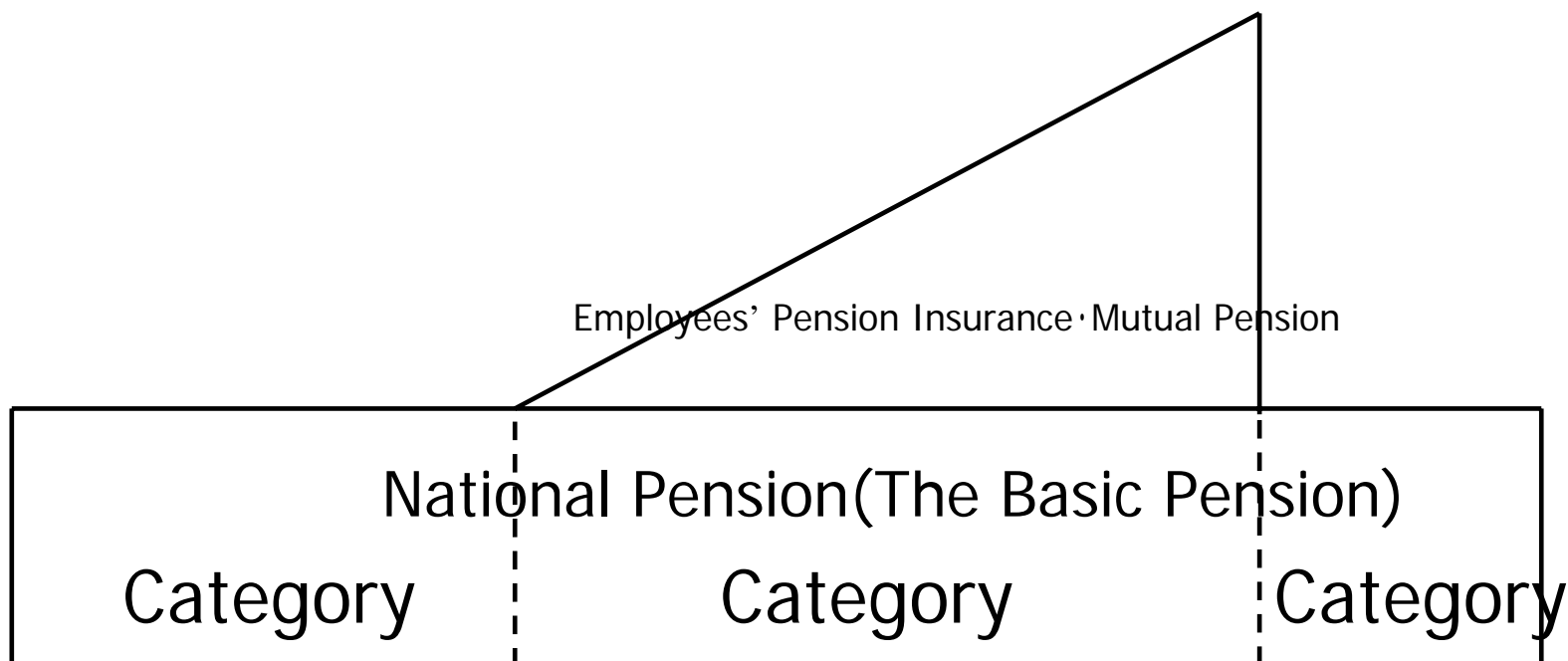
1. The Basic Pension (the 1st tier)
 - The National Pension (Ministry of Health, Labour and Welfare)
2. Pension Systems for Employees (the 2nd tier)
 - The Employees' Pension Insurance (Ministry of Health, Labour and Welfare)
 - The Mutual Aid Pensions
 - The Mutual Aid Pension for National Public Officials (Ministry of Finance)
 - The Mutual Aid Pension for Local Public Officials and Personnel of Similar Status (Ministry of Public Management, Home Affairs, Posts and Telecommunications)
 - The Mutual Aid Pension for Private School Personnel (Ministry of Education, Culture, Sports, Science and Technology)



Overview of the Public Pension System in Japan (2)

1. Category insured persons
 Self-employed persons, farmers, etc. aged 20 or over but under 60
2. Category insured persons
 Employees in private sector, public employees, etc.
3. Category insured persons
 Spouses of employees in private sector and public employees, etc.

Overview of the Public Pension System in Japan (3)





Benefits Under the Public Pension System

- 1 Types of pension benefits under the public pension system:
 - (1) Old-age Pension
 - (2) Disability Pension
 - (3) Survivors' Pension
- 2 Patterns of pension benefits
 - (1) Basic Pension
Category and insured persons
 - (2) Basic Pension plus Employees' Pension or Mutual Aid Pension
Category insured persons



Statistics of the Public Pension System (1)

1 Amount of the old-age pension benefit (as of April 2003)

(1) The National Pension (in the case that the person has participated for 40 years):

66,417 yen per month

(2) Retired salaried workers and spouses (sum of the husband's Employees' Pension (40-year contribution at the average wage) and the Basic Pension for the couple (40-year participation):

235,982 yen per month



Statistics of the Public Pension System (2)

- 2 The number of beneficiaries of public pension benefits (as of 31 March 2001):

42.86 million persons

- 3 Total amount of pension benefits paid to the beneficiaries of the public pension schemes (in the 2000 fiscal year):


40.78 trillion yen



Structure of Financial Resources for the Basic Pension

The financial resources of the Basic Pension comprise:

- (1) Contributions of the National Pension
- (2) Contributions from insurer of the Employees' Pension Insurance and Mutual Aid Associations
- (3) National subsidy (in principle, 1/3 of the expense of the Basic Pension)



Simplified Examples of Households (1)

Example A


Husband: Insured person of the Employees' Pension Insurance

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Wife: Full-time housewife

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The benefit is 235,000 yen per month



Simplified Examples of Households (2)

Example B

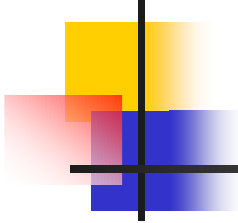
Husband: Insured person of the
Employees' Pension Insurance

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Wife: Insured person of the Employees'
Pension Insurance

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The benefit is 297,300 yen per month



Simplified Examples of Households (3)

Example C

Husband: Insured person of the
National Pension

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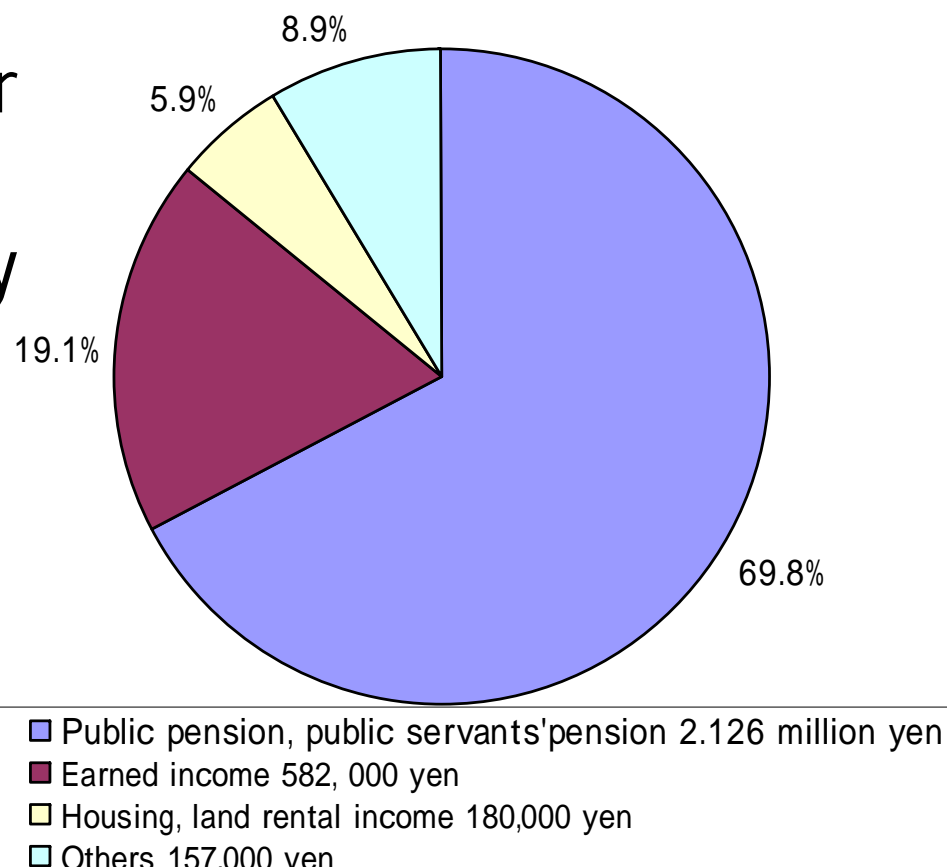
Wife: Insured person of the National
Pension

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The benefit is 132,000 yen per month

Income and Expenditures of Elderly Households (1)

Average Income per Elderly Household by Income Category and its Percentage



Income and Expenditures of Elderly Households (2)

Composition of Elderly Households by Percentage of Public Pension, Public Servant's Pension Income in Their Total Income

