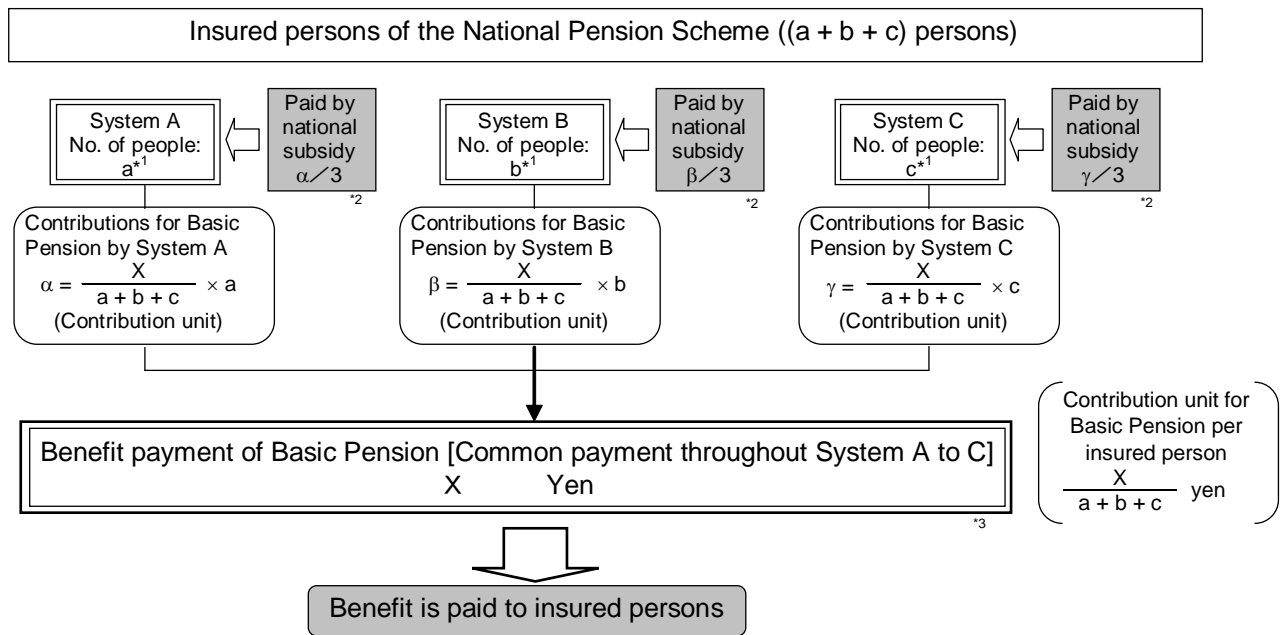


## Structure of Cost Burden for Basic Pension (by contributions and national subsidy)



\*1 The number of people in the Employee's Pension Insurance System is counted: a. for insured persons from 20 to 59 years old; b. including dependant spouses of the insured persons (Category-3 insured person of the National Pension System). Also, number of people in the National Pension System is counted by the number of people paying the premium.

[→ Basic period for calculation of future Basic Pension benefit is objective for calculation of contributions]

\*2 Amount corresponding to 1/2 of contributions made by each system is paid by the national treasury to each system. (For the Local Public Service Employees MAA, each local municipal corporation will pay.) Thus, 1/2 of total Basic Pension benefit is paid by the national subsidy. Additionally, a. benefit corresponding to the exemption period and b. high rate payment by the national subsidy for disabled persons whose first hospital visit is before 20 years old, are paid specially by national treasury.

\*3 Benefit payment of the Basic Pension includes benefits of the Basic Pension based on the New Pension Law after the revision of 1985, and proportionate amount for the Basic Pension (deemed Basic Pension) in the pension benefit payment based on the National Pension Act, the Employees' Pension Insurance Act, and each MAA Act before the revision of 1985.

## Table of the Public Pension System

### ○ The National Pension System

(As of 31 March 2005)

Category	Number of the insured persons ①	Number of beneficiaries of the Old-Age Basic Pension, etc. ②	Pension support ratio ①/②	Average monthly benefit of the Old-Age Basic Pension, etc. (excluding advancement and postponement)	Real total expenditures	Reserve Book Value (Current Value)		Reserve ratio Book Value (Current Value)	Premium (as of April 2009)	Pensionable age of the Old-Age Basic Pension		
	10 thousand people	10 thousand people		10 thousand yen	trillion yen	trillion yen	trillion yen		Yen			
Category-1 insured person	2,035	2,601	2.67	5.8	4.2	8.3	[8.5]	3.7 [3.9]	14,660	65 years old		
Category-2 insured person	3,837											
Category-3 insured person	1,063											
Total	6,975											
Total of insured persons of the public pension	7,007											

- (Note)
1. In addition, there are 20,000 beneficiaries of the Old-Age Welfare Pension.
  2. Category-1 insured persons include insured persons who voluntarily subscribe to the insurance.
  3. The number of persons eligible to receive the old-age basic pension, etc. includes the number of persons eligible to receive the old-age basic pension, the number of persons eligible to receive basic pensions for the elderly under the former National Pension Act, and the number of persons aged 65 and over in the employees' pension system that are eligible to receive old-age (retirement) pensions under the former Act.
  4. The average monthly amount of the old-age basic pension is the monthly amount for persons eligible to receive the old-age basic pension, excluding advance and postponed payments. In addition, the average monthly amount of the old-age basic pension, etc. is 54,000 yen, which includes the portion of advance and postponed payments to persons eligible to receive the old-age basic pension as well as the portion to persons eligible to receive the old-age basic pension under the former National Pension Act.
  5. Real total expenditures consist of the amount excluding receipts from the basic pension account deriving from benefits, plus the amount that is carried over from the basic pension account.
  6. Reserve (Current Value) is based on the current-price evaluation of the portion in the pension assets which is invested in the capital markets including the gains and losses included in the assets carried over from the Pension Welfare Service Public Corporation. Distribution of the gains and losses between the Employees' and National Pensions are based on the comparison between the average reserve balances of the two pension systems.
  7. The total of insured persons of the public pension is the total of persons insured for employee pension and of Category-1 and Category-3 insured persons.

## ○ Employees' Pension System

(As of 31 March, 2008)

Category	Number of persons covered ①	Number of beneficiaries of the Old-Age (Retirement) Pension (Corresponds to old age and retirement) ②	Pension support ratio ①/②	Average monthly benefit of the Old-Age (Retirement) Pension (Corresponds to old age and retirement) (excluding advancement and postponement)	Real total expenditures	Reserve Book Value (Current Value)		Reserve ratio Book Value (Current Value)	Premium rate (as of April 2009)	Pensionable age of the Old-Age (retirement) Pension (FY 2009)
	10 thousand people	10 thousand people		10 thousand yen	trillion yen	trillion yen	trillion yen		%	
Employees' Pension Insurance	3,457	1,260	2.74	16.7	33.1	127.1	[130.2]	4.7 [5.1]	15.350	Remuneration-based portion General men, women: 60 years old Miners, sailors: 58 years old  Fixed-amount portion General men, Female subscribers of EMAA: 63 years old Female subscribers of the Employees' Pension Insurance: 62 years old Miners, sailors: 58 years old
The National Public Service Personnel Mutual Aid Association	106	65	1.62	22.1	2.0	8.8	[8.9]	6.7 [7.0]	15.025	
Local Public Service Personnel Mutual Aid Association	299	167	1.79	22.8	5.2	40.2	[39.9]	10.5 [11.1]	14.800	
Private School Teachers and Employees Mutual Aid Association	46	10	4.67	21.5	0.4	3.5	[3.4]	10.1 [10.6]	12.230	
Total	3,908	1,502	2.60	17.6	40.6	179.5	[182.4]	5.5 [5.9]	-	

(Notes)

1. The number of recipients of the Old-Age (retirement) Pension of the Employees' Pension Insurance and the amount of average monthly pension include the arbitrated portions of recipients of the former Mutual Aid Associations of Japan Railway, Nippon Telegraph and Telephone, Japan Tobacco, and Agriculture, Forestry and Fishery Corporation Personnel before they were integrated into the Employees' Pension Insurance.
2. The number of eligible recipients of the Old-Age (retirement) Pension of Mutual Aid Associations includes those related with a deducted retirement pension. (This is also applicable to those related with the Mutual Aid Associations of the former three public corporations and the former Mutual Aid Associations of Agriculture, Forestry and Fishery Corporation Personnel, which were included in the Employees' Pension Insurance.)
3. The calculation of the average monthly benefit was made by including that of the Old-Age Basic Pension. However, the following are excluded: those who have opted for advance/postponed payments (including reduced retirement allowances), and those who have reached the age where they should begin receiving the portion proportionate to remunerations but not the age where they should be receiving the fixed portion.
4. Real total expenditures consist of the amount excluding basic pension benefits derived from benefits plus the matched contribution to basic pensions.
5. The Employees' Pension Insurance premium rates are 16.2% both for miners and for sailors. The premium rates of insured persons which are used at the applied establishments of the applied entities and designated corporation for the former Mutual Aid Associations are 15.69% for Japan Railway and 15.55% for Japan Tobacco. In addition, the premium rate of insured persons which is used at the applied establishments of the Agriculture, Forestry and Fishery Corporations, etc. is 15.058%.
6. The reserves of the employees' pension insurance do not include the portions of the reserves that are substituted by the employees' pension fund.
7. Reserve (Current Value) of the Employees' Pension is based on the current-price evaluation of the portion in the pension assets which is invested in the capital markets including the gains and losses included in the assets carried over from the Pension Welfare Service Public Corporation. Distribution of the gains and losses between the Employees' and National Pensions are based on the comparison between the average reserve balances of the two pension systems.
8. Reserve ratio is an index indicating how many years' amount (excluding national subsidy and public finance payment) paid by premium contributions among the substantial expenditures would be equivalent to a reserve balance as of the end of the previous fiscal year. (It is different from the extent of reserve indicating how many years' total substantial expenditures including national subsidy and public finance payment additional expenses would be equivalent to a reserve balance as of the end of the previous fiscal year.)

## Chapter 2 History of the Public Pension System

- Japan's social insurance style public pension system was launched as the Employee's Pension System (Employees' Pension Insurance, etc.) for employees.
- When it was launched, the structure was a single layer of remuneration-based proportional pension. In the revision of 1954, the Employees' Pension Insurance was restructured to a two-layer system, of a fixed rate part (the first tier) and a remuneration-based proportional part (the second tier).
- In 1961, the National Pension System for self-employed workers and agriculture, forestry, and fishery-related workers was established. Due to the differences of work style and income between the insured people of these two systems, and also for other reasons, the insurance premium payment, benefit payment, and others are handled by each different method from that time onward.
- In the revision of 1985, Basic Pension was established as a common system for all citizens.

