

**(4) Adjustment of Duplication (the principle of “one person, one Basic Pension”)**

A beneficiary has to select one of the three kinds of the Basic Pension, even if he/she is eligible for two or more thereof.

With regard to the three kinds of the Employees’ Pension, the insured have to select one that has basically the similar reason for the provision to that for the Basic Pension, because they are considered supplementary benefit to the Basic Pension.

- Duplication of the Disability Basic Pension and the Old-Age Employees’ Pension

At present, measures are taken to establish an environment in which persons with disability can work with their abilities. To help working persons with disabilities improve their economic bases and live by themselves in local communities, the pension system has been changed. As a result, it has become possible to simultaneously provide benefits of the Disability Basic Pension and the Old-Age Employees’ Pension, or benefits of the Disability Basic Pension and the Survivors’ Employees’ Pension.

Employees’ Pension National Pension	Old-Age Employees’ Pension	Disability Employees’ Pension	Survivors’ Employees’ Pension
Old-Age Basic Pension	○	×	○
Disability Basic Pension	◎	○	◎
Survivors’ Basic Pension	×	×	○

(Note)

- : Even before the revision of the pension system, simultaneous provision of these benefits was possible.
- ◎ : The simultaneous provision of these benefits has become possible due to the current revision of the pension system.
- ×

## Formula for Pension Benefits Calculation by the 2004 Revision (Macro-Economy Indexation Applied)

### ○ Basic Pension

$$780,900 \times \boxed{\text{Revision rate}} \times \frac{\text{Number of months when premiums were paid}}{480 \text{ months (40 years)}}$$

### ○ Employees' Pension (Remuneration-based portion)

$$\boxed{\text{Average monthly salary}} \times 5.481/1000 \times \text{Number of enrollment years}$$

Average monthly salary: The amount of the past remuneration including bonuses re-evaluated to the present value by multiplying it with the revaluation rate.

### **Revision rate/Revaluation rate**

(New beneficiaries)

$$\text{Revision rate of the previous year (Revaluation rate)} \\ \times \text{Growth ratio of take-home pay (3-year average)} \times \text{Adjustment rate}^*$$

(Existing beneficiaries)

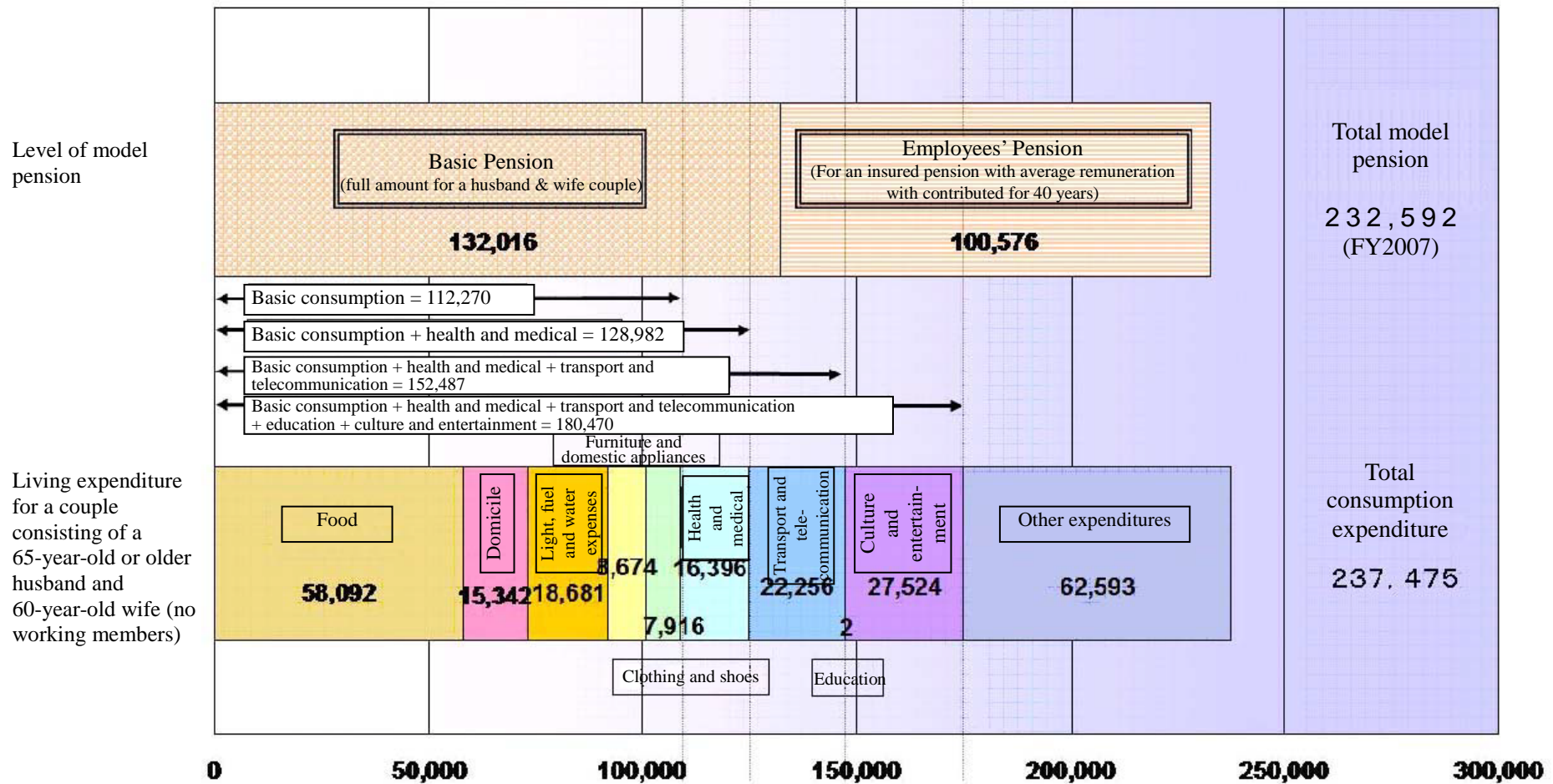
$$\text{Revision rate of the previous year (Revaluation rate)} \times \text{Price index} \times \text{Adjustment rate}^*$$

\*Adjustment rate =

$$\text{Decrease ratio in the number of people insured by public pensions (3-year average)} \\ \times \text{Fixed rate to account for the increase in life expectancy (0.997)}$$

## Living Cost of Elderly Households and Benefit Levels of Basic Pension

○ When the Basic Pension level of a husband and wife is compared with the living costs of an elderly husband and wife couple (no working members), the Basic Pension can cover the basic part of elderly life, including food, clothing, and shelter.



Source: Annual Report on Household Budget Survey for FY2007 (Statistic Bureau, Ministry of Internal Affairs and Communications)

## Improving Pension Benefits for Those Who Have a Contribution-Exempted Period (changes in the calculation method for the amount of their pension benefits)

- The amount of pension benefits for people who have a contribution-exempted period will be calculated, taking into consideration the total amount of premium that they have paid as well as the portion funded by the national subsidy.
- According to the law, the proportion in the Basic Pension funded by the national subsidy was raised to 1/2. Based on this, the calculation method for pension benefits was changed and the new calculation will be applied to the provision of benefits for people who have a contribution-exempted period later than April 2009.

