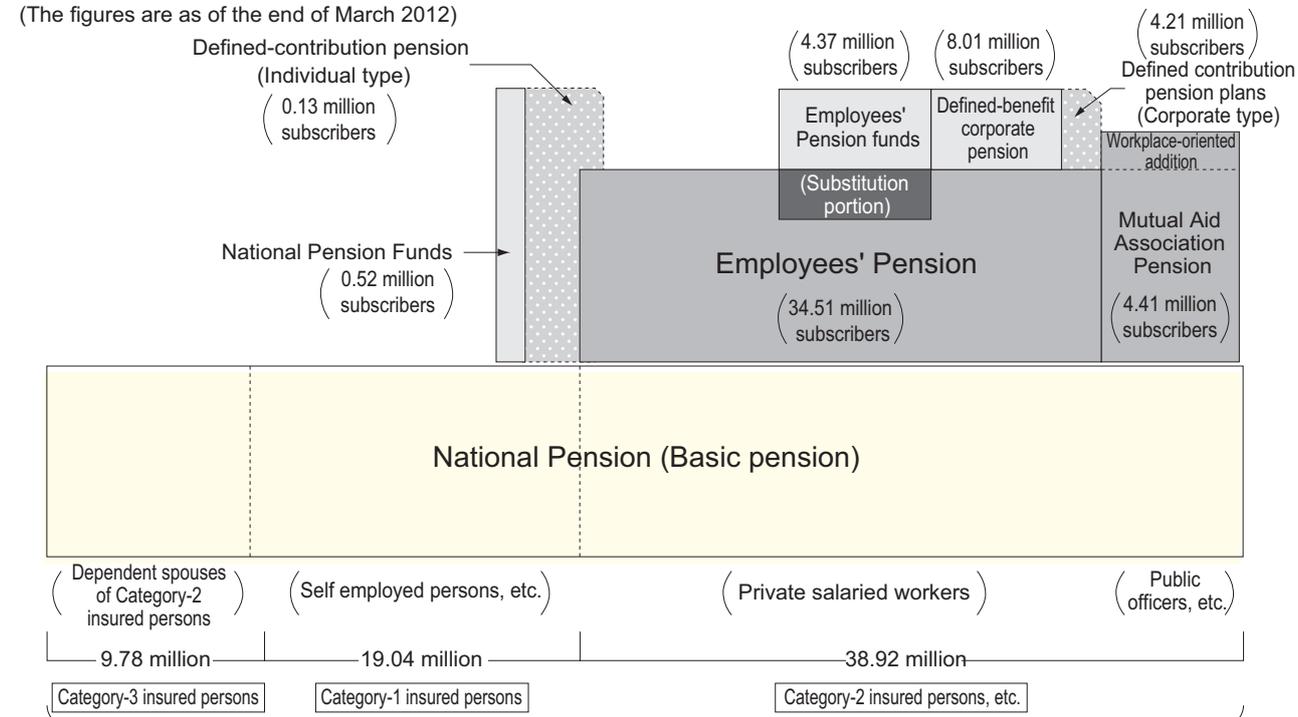


[11] Pension Security

Outline of Pension System

Overview Japanese Pension system

- In Japan, every people of working-age population shall be an insured person of National Pension and receive a Basic pension in their older age. (First layer)
- Additionally private company workers and public officers shall join Employees' Pension or Mutual Aid Pension and receive pension, which are supplemental to the National Pension, in proportion to the individual's remuneration. (Second layer)
- In addition, Employees' Pension, etc. are available at the option of individuals and companies. (Third layer)



- (Note) 1. Defined contribution pension plans (corporate plan) is available to subscribers to Employees' Pension Funds, Defined-benefit Corporate pension and Private School teachers and employees MAAs.
 2. Defined contribution pension plans (individual plan) are available to subscribers to National Pension Fund.
 3. "Category-2 insured person, etc." indicates the insured of Employees' Pension schemes (in addition to Category-2 insured person, that includes persons aged 65 or older who are eligible for pension benefit on the grounds of old-age and retirement).

Category-1 insured persons	Category-2 insured persons	Category-3 insured persons
<ul style="list-style-type: none"> ○ Self-employed, farmers, and non-working persons, etc. aged 20-59 ○ Premium is a fixed amount. <ul style="list-style-type: none"> • ¥14,980 a month as of April 2012 • To be increased by ¥280 every year from April 2005. From FY2017 onward, the amount will be ¥16,900 (Based on the FY2004 value) * The amount of premiums and the level of increase each fiscal year vary according to trends with prices and wages 	<ul style="list-style-type: none"> ○ Employees of private businessman and public officers ○ Premium is proportional to the amount of the reward. (Employees' Pension) <ul style="list-style-type: none"> • 16.766% as of September 2012 • To be increased by 0.354% every year from October 2004. From September 2017 onward, the rate will be 18.30%. ○ Premium is shared equally by an employee and an employer. 	<ul style="list-style-type: none"> ○ Spouses of private businessman and public officers ○ Contribution by the insured is not required. ○ Borne by the insurer of the pension in which a spouse participates.

- Amounts of Old-Age Pension benefits (FY2012)
 - Self-employed (for an insured person with 40 years of participation) : ¥65,541/month
 - Married couple of private company workers: ¥230,940/month
 - Total of the benefits of the Category-2 insured persons of the Employees' Pension (40 years of participation with average wage) and the benefits for 2 persons (a couple) with the Basic Pension (40 years of participation)
- Number of public pension beneficiaries (end of March 2012): 38.67 million
- Total Pension benefits of public pension beneficiaries (end of March 2012): ¥52,222.9 billion

List of Public Pension Schemes

National Pension Scheme

(As of the end of FY2011 (the end of March 2012))

Classification	Number of insured persons [1]	Number of persons eligible for old-age basic pension, etc. [2]	Pension support ratio $\frac{[1]}{[2]}$	Average monthly benefit for old-age basic pension (excluding advance or postponed payment) ¥10,000	Total cost of real expenditure		Reserve fund at book value [at market value]		Ratio of reserve fund to benefit expenditure at book value [at market value]	Premium (as of Sept. 2012)	Pensionable age of old age basic pension
					¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion			
Category-1 insured persons	1,904	2,864	2.33	5.8	3.4	7.7	[7.9]	5.2	[5.2]	¥14,980	65
Category-2 insured persons	3,790				-	-	-	-	-		
Category-3 insured persons	978				-	-	-	-	-		
Total	6,673										
(Ref) Total of public pension subscribers	6,775										

- (Note) 1. The figures exclude old-age welfare pension (3,000 recipients).
 2. Category-1 insured persons include voluntarily participating insured persons.
 3. The number of persons eligible for old-age basic pension, etc. represents the sum of the number of persons eligible for old-age basic pension, the number of persons eligible for old-age pension under the former National Pension Law, and the number of persons eligible for the old-age (retirement) pension pursuant to the old law aged 65 or older of employees' pension plans.
 4. Average monthly benefit for old-age basic pension represents the average monthly pension amount of persons eligible for old-age basic pension, excluding the benefits for those who selected advance or postponed payments. The average monthly benefit for old-age basic pension, etc., including advance or postponed payments and benefits for those eligible for old-age basic pension under the former National Pension Law, is ¥55,000.
 5. Total cost of real expenditure is the amount after deducting the revenue from the basic pension account, from the benefits, plus transfers to the basic pension account.
 6. Reserve fund [at market value] partly includes those evaluated based on book value.
 7. Total of public pension subscribers represents the sum of the insured persons of Employees' Pension schemes and Category-1 and Category-3 insured persons.

Employees' Pension Scheme

(As of the end of FY2011 (the end of March 2012))

Classification	Number of insured persons [1]	Number of persons eligible for old-age (retirement) pension (corresponding to old-age, retirement pension) [2]	Pension support ratio $\frac{[1]}{[2]}$	Average monthly benefit for old-age (retirement) pension (corresponding to old-age, retirement pension) (excluding advance or postponed payment) ¥10,000	Total cost of real expenditure		Reserve fund at book value [at market value]		Ratio of reserve fund to benefit expenditure at book value [at market value]	Premium Rate (%) (as of Sept. 2012)	Pensionable age of old-age (retirement) pension (FY2012)
					¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion			
Employees' Pension insurance	3,451	1,484	2.33	16.1	37.7	108.5	[111.5]	3.9	[3.9]	16.766	Remuneration-based portion General male/female: Age 60 Miners/seamen: Age 59 Fixed-amount portion General male/mutual aid female: Age 64 Employees' female: Age 62 Miners/seamen: Age 59
National public officers Mutual Aid associations (MAAs)	106	70	1.52	21.4	2.1	7.9	[7.9]	5.8	[5.7]	16.216	
Local public officers MAAs	286	194	1.47	22.1	5.8	37.7	[36.4]	9.7	[9.3]	16.216	
Private school teachers/employees MAAs	49	12	4.09	20.9	0.5	3.4	[3.4]	8.7	[8.6]	13.292	
Total	3,892	1,760	2.21	16.9	46.1	157.6	[159.2]	4.7	[4.7]	-	

- (Note) 1. Number of persons eligible for old-age (retirement) pension and the average monthly benefit for old-age (retirement) pension for Employees' Pension insurance include those for the persons confirmed as eligible for the pension before the mutual aid associations of three ex-public corporations (JR, JT and NTT) and agricultural, forestry and fishery cooperative employees MAAs were merged into the Employees' Pension scheme.
 2. Number of persons eligible for mutual aid association old-age (retirement) pension includes that for the retirement pension with a decreasing amount (The same applies to the mutual aid associations of three ex-public corporations and former agricultural, forestry and fishery cooperative employees MAAs included in the Employees' Pension Insurance).
 3. Average monthly benefit for old-age (retirement) pension includes benefits for old-age basic pension. The figure, however, excludes the benefits for those who selected advance or postponed payments (including decreasing amount retirement pension) and for those who have reached the pensionable age with regard to the remuneration-based portion but have not reached the pensionable age with regard to the fixed-amount portion. Estimation method has been altered to a stricter one to exclude advanced payment receivers since this fiscal year.
 4. Total cost of real expenditure is the amount after deducting the amount to basic pension from the benefit, plus the basic pension contribution.
 5. The premium rate of Employees' Pension Insurance for mineworkers and seamen is 17.192%.
 6. Reserve fund of the Employees' Pension insurance does not include the reserve of the portion the Employees' Pension Fund substitutes for the Employees' Pension insurance.
 7. Reserve fund [at market value] partly includes those evaluated based on book value.
 8. Ratio of reserve fund to benefit expenditure represents an index showing that how many years of real total expenditure including state and public economy subsidies and additional spending is equivalent to the reserve fund held at the end of the previous fiscal year. (It is different from the reserve ratio representing that how many years of the expenditure financed with premium contribution of actual expenditure (the expenditure financed by other than state and public economy subsidies) is equivalent to the reserve fund held at the end of the previous fiscal year).

Detailed Information 1 Adopting a Macro-Economic Slide Formula

[Before the system revision]

- The amount of pension for those who newly start receiving pension is revised based on wage growth
- The amount of pension for those who are currently receiving pension is revised based on price growth

In calculating the amount of pensions, and until benefits are balanced with the within burden, a system where the growth of the amount of pensions will be adjusted shall be utilized rather than direct use of wages and price increases.

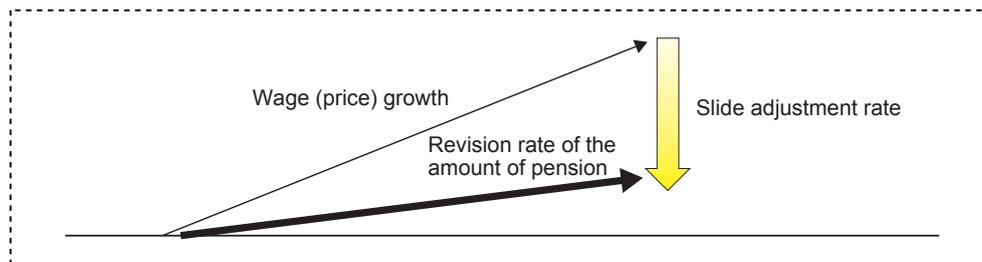
New System of Adjusting the Amount of Pension (Macro-Economic Slide Formula)

People who newly start receiving pension (new decision recipients): wage growth - slide adjustment rate*

People who are currently receiving pension (previous decision recipients): price growth - slide adjustment rate*

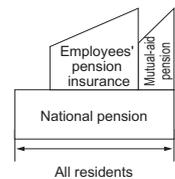
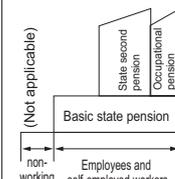
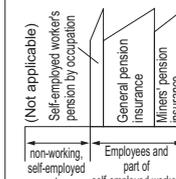
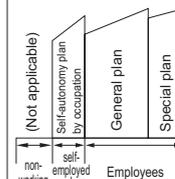
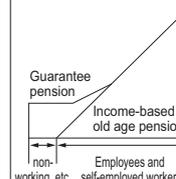
* Slide adjustment rate:

Increase rate of the total number of people covered by public pensions + fixed rate with consideration of growth rate of average life expectancy



- Start the adjustment of the amount of benefits in the case where it is anticipated, in the actuarial verification that is held at least once every five years, that keeping the financial equilibrium of pension is difficult throughout the financial equilibrium period, even though keeping necessary amount of pension reserve (approximately one year of the amount of benefit) so as not to be detrimental to pension payment at the end of the approximately 100 years of the financial equilibrium period.
- The amount of pension usually increase in response to wage and price increase. However during adjustment period of pension benefit, the revision of pension benefit will be reflected in the decrease of the force that bears pension system and growth of average life expectancy so that the increase of the amount of pension shall be suppressed to be lower than the increase of wage and prices. (This system is called as "Macro-Economic Slide Formula")
- In subsequent actuarial verification, at a time when the financial equilibrium of pension is anticipated to be sustainable, those adjustment of the amount of benefits shall be concluded.

(As of June 2013)

	Japan	U.S.A.	U.K.	Germany	France	Sweden
Plan system	Two-tiers 	One-tier 	Two-tiers 	One-tier 	One-tier 	One-tier 
Subject person for compulsory participation	All residents	Employees and self-employed workers	Employees and self-employed workers	Employees of the private sector and self-employed workers engaged in specified occupation (lawyers, medical doctors, etc.)	Employees and self-employed workers	Employees and self-employed workers
Premium rate (end of 2012)	[General employees] Employees' Pension: 16.766% (from Sept. 2012: Equally shared by an employee and an employer) * Category-1 insured persons: fixed amount contributions (from April 2012: ¥14,980 per month)	10.4% Employee: 4.2% Employer: 6.2% * In 2011 and 2012, the premium rate of employees was reduced by 2%, or from 6.2% to 4.2%, as a temporary special measure.	[General employees] 25.8% Employee: 12.0% Employer: 13.8% * These contributions are also used as financial resources of industrial injury insurance and unemployment insurance	[General employees] 19.6% (Equally shared by an employee and an employer)	[General employees] 16.85% Employee: 6.85% Employer: 10.0%	17.21% Employee: 7.0% Employer: 10.21% * In addition, a premium of 1.17% for survivors' pension is imposed on employer (This is different from the old-age pension)
Pensionable age (end of 2012)	National pension (basic pension): Age 65 Employees' pension: Age 60 * The age will be raised to 65 by 2025 for males and by 2030 for females.	Age 66 * The age will be raised to 67 by 2027	Males: Age 65 Females: Age 61 and 3 months * The age will be raised to 65 for females by 2018, and then to 66 for both males and females by 2020. * The age will be further raised from 66 to 68 for both males and females from 2034 to 2046.	Age 65 and 1 month * The age will be raised to 67 by 2029	Age 60 and 9 months * The age will be raised to 62 by 2017	Selection by the person after his/her 61st birthday (However, pensionable age for the guarantee pension is 65)
Period of coverage required for entitlement to an old-age benefit	25 years (scheduled to be reduced from 25 years to 10 years in October 2015)	40 quarters of plan participation (equivalent to 10 years)	None	5 years	None	None (As to the guarantee pension, it is required to reside in Sweden for more than 3 years for entitlement to that pension. and 40-year residence in Sweden is required for receiving the full amount)
National subsidies	1/2 for the benefit cost of the basic pension	The state subsidy is normally not provided but was in 2011 and 2012 to cover the shortage that resulted from the 2% reduction in the premium rate as a temporary special measure.	None, in principle	27.7% of benefit cost (2011)	Approx. 30.0% (2011) by general tax and contributions by general community (CSG), etc.	For the guarantee pension component

Source: • Social Security Programs Throughout the World : Europe, 2012 / The Americas, 2011
• Mutual Information System on Social Protection in the Member States of the European Union
• Social security in advanced countries (1) U.K., (4) Germany, (5) Sweden, (6) France, (7) U.S.A. (University of Tokyo Press)
• Documents published by the respective countries, and others

Detailed Data 1**Changes in Number of Participants in Public Pension Schemes (as of the end of FY)**

(Unit: 1,000 persons)

FY	Total	Category-1 insured persons of National Pension	Insured persons of Employees' Pension (Category-2 insured persons of National Pension, etc.)		Category-3 insured persons of National Pension
			Employees' Pension	Mutual aid association	
1987	64,105	19,292	28,216	5,299	11,299
90	66,313	17,579	31,493	5,285	11,956
95	69,952	19,104	33,275	5,372	12,201
2000	70,491	21,537	32,192	5,231	11,531
01	70,168	22,074	31,576	5,184	11,334
02	70,460	22,368	32,144	4,712	11,236
03	70,292	22,400	32,121	4,677	11,094
04	70,293	22,170	32,491	4,639	10,993
05	70,447	21,903	33,022	4,599	10,922
06	70,383	21,230	33,794	4,569	10,789
07	70,066	20,354	34,570	4,514	10,628
08	69,358	20,007	34,445	4,471	10,436
09	68,738	19,851	34,248	4,429	10,209
10	68,258	19,382	34,411	4,418	10,046
11	67,747	19,044	34,515	4,410	9,778

Source: "Annual Report", Pension Bureau, MHLW, etc.

(Note) 1. The category-1 insured persons under National pension include voluntary subscribers.

2. Persons insured by Employees' Pensions include, in addition to category-2 insured persons of the National Pension, insured persons aged 65 or older who are eligible for pension benefits on the grounds of old-age and retirement.

Detailed Data 2**Changes in Number of Public Pension Beneficiaries (as of the end of FY)**

(Unit: 1,000 persons)

FY	Total	National Pension	(Included) Basic pension only/former National Pension	Employees' Pension	Mutual Aid associations	Welfare pension
90	25,014	11,001	10,841	10,023	3,027	964
95	32,373 <29,479>	14,751	11,667	13,621	3,602	400
2000	40,790 <33,998>	19,304	12,078	18,074	3,275	137
01	42,731 <35,084>	20,238	12,107	19,005	3,380	107
02	44,748 <36,210>	21,222	12,129	20,315	3,130	82
03	46,771 <37,396>	22,111	12,107	21,369	3,229	62
04	48,710 <38,460>	22,997	12,043	22,334	3,333	47
05	50,566 <39,347>	23,954	11,952	23,156	3,421	34
06	52,542 <40,298>	24,968	11,874	24,043	3,506	24
07	54,797 <41,464>	25,925	11,740	25,226	3,628	17
08	57,435 <42,825>	26,949	11,509	26,684	3,790	12
09	59,883 <44,135>	27,787	11,221	28,141	3,948	8
10	61,882 <45,269>	28,343	10,917	29,433	4,101	5
11	63,841 <46,184>	29,122	10,675	30,479	4,237	3

Source: "Annual Report", Pension Bureau, MHLW, etc.

Note: 1. The figures in < > denote the numbers when a person receiving both Employees' Pension (excluding old agriculture and forestry mutual aid from 2002 on) and Basic Pension benefits (same pension category) is counted as one beneficiary.

2. "Basic pension only/former National Pension" refers to beneficiaries of basic pensions who are not eligible to receive Employees' Pension (excluding former Mutual Aid associations) and beneficiaries of the National Pension as based on the former Act.

3. Including on duty and on public duty.

4. The figures for Mutual Aid associations up to FY1995 denote the number of persons eligible to receive the pension benefits.

Detailed Data 3
**Changes in Total Pension Amounts for Public Pension Beneficiaries
(as of the end of FY)**

(Unit: ¥100 million)

FY	Total	National Pension	(Included) Basic pension only/ former National Pension	Employees' Pension	Mutual Aid associations	Welfare pension
1987	176,553	36,529	36,152	85,830	49,304	4,892
90	216,399	43,368	42,319	110,826	58,847	3,359
95	318,473 <313,430>	77,456	55,852	163,958	75,694	1,608
2000	388,411 <378,421>	115,706	64,077	211,018	60,554	563
01	401,904 <390,524>	123,155	65,190	216,428	61,123	442
02	421,316 <408,390>	130,886	66,280	227,491	61,879	337
03	434,056 <421,206>	136,701	66,491	233,971	62,603	254
04	442,774 <431,128>	143,156	66,815	236,195	63,130	190
05	455,700 <444,658>	150,681	67,241	240,934	63,233	138
06	465,444 <453,682>	158,168	67,587	242,932	63,947	98
07	474,395 <462,040>	165,637	67,659	244,254	64,245	69
08	488,658 <475,392>	173,646	67,069	249,461	64,436	47
09	502,554 <488,159>	180,421	66,148	255,333	66,768	32
10	511,332 <496,045>	185,352	65,212	258,761	67,199	21
11	522,229 <506,098>	191,168	64,418	263,023	68,026	13

Source: "Annual Report", Pension Bureau, MHLW, etc.

Note: 1. The figures in < > denote the total amounts excluding the benefits provided by the Employees' Pension fund in place of the Employees' Pension insurance.

2. The figures for FY1990 and earlier for Employees' Pension insurance are the total amounts excluding the benefits provided by the Employees' Pension fund in place of the Employees' Pension insurance.

3. "Basic pension only/former National Pension" refers to the total pension amounts for beneficiaries of basic pensions who are not eligible to receive Employees' Pensions (excluding former Mutual Aid associations) and beneficiaries of the National Pension as based on the former Act.

4. Including on duty and on public duty.

5. For the Mutual Aid Pension, the figures include workplace-oriented addition and the figures up to FY1995 denote the total pension amounts of persons eligible to receive the pension benefits.

Detailed Data 4
Expenses Required for Public Pension Benefits

(Unit: ¥100 million)

		FY1987	90	95	00	01	02	03	04	05	06	07	08	09	10	11
Cost sharing	Total	56,108	71,948	109,779	142,140	148,173	154,563	159,559	163,886	169,246	174,536	181,518	188,821	197,400	199,701	200,615
	(excluding special state subsidy)	52,150	67,563	104,865	137,307	143,255	149,653	154,692	159,044	164,416	169,862	176,893	184,065	193,998	196,401	197,382
	National Pension	16,500	18,921	26,690	32,779	34,236	35,783	36,477	37,034	37,107	37,151	36,800	37,242	36,802	36,149	35,194
	(excluding special state subsidy)	12,542	14,536	21,777	27,946	29,319	30,873	31,610	32,192	32,276	32,477	32,175	32,486	33,400	32,849	31,961
	Employees' Pension insurance	32,292	44,106	69,866	93,633	97,575	102,730	106,850	110,314	115,207	119,991	126,842	133,101	140,933	143,640	145,301
Mutual Aid associations, etc.	7,316	8,921	13,222	15,728	16,362	16,050	16,232	16,538	16,933	17,395	17,876	18,477	19,665	19,912	20,119	
Contributions unit price (monthly) (¥)		7,691	9,519	14,111	19,149	20,149	21,450	22,239	22,924	22,986	24,626	25,734	27,057	29,212	29,947	30,587
Pension benefits	Total	56,108	71,948	109,779	142,140	148,173	154,563	159,559	163,886	169,246	174,536	181,518	188,821	197,400	199,701	200,615
	Basic pension benefits	6,606	10,853	41,653	84,730	93,594	102,454	110,697	118,093	126,359	134,883	144,597	154,435	164,240	169,658	174,316
	Constructive basic pension benefits (Corresponding to the amount of basic pension contribution)	49,502	61,095	68,126	57,410	54,579	52,110	48,862	45,793	42,887	39,653	36,922	34,385	33,160	30,043	26,298
	National Pension	27,120	31,296	31,507	25,588	24,251	22,916	21,378	19,957	18,583	17,197	15,896	14,766	13,675	12,358	10,855
	Employees' Pension insurance	17,469	22,584	25,986	24,234	23,059	22,638	21,428	20,145	18,923	17,395	16,241	15,178	15,244	13,864	11,971
	Mutual Aid associations, etc.	4,913	7,215	10,632	7,588	7,268	6,555	6,056	5,691	5,381	5,061	4,786	4,442	4,151	3,821	3,472

Source: "Annual Report", Pension Bureau, MHLW, etc.

(Note) One third of the basic pension contributions (except special state subsidy) is borne by state subsidy. However, 1/3 in addition to the fixed amount in FY2004, 11/1000 and 1/3 in addition to the fixed amount in FY2005, 25/1000 in addition to 1/3 in FY2006, 32/1000 in addition to 1/3 in FY2007 and FY2008, and in FY2009 and later 1/2 of the fund were covered by state subsidy.

Changes in Pension Amounts/Premiums

Detailed Data 1 Changes in Pension Amounts

[National Pension]

	Old-age basic pension	Disability basic pension (1st degree)	Disability basic pension (2nd degree)	Survivors' basic pension (with one child)
FY2004	¥66,208	¥82,758	¥66,208	¥85,258
FY2005	¥66,208	¥82,758	¥66,208	¥85,258
FY2006	¥66,008	¥82,508	¥66,008	¥85,000
FY2007	¥66,008	¥82,508	¥66,008	¥85,000
FY2008	¥66,008	¥82,508	¥66,008	¥85,000
FY2009	¥66,008	¥82,508	¥66,008	¥85,000
FY2010	¥66,008	¥82,508	¥66,008	¥85,000
FY2011	¥65,741	¥82,175	¥65,741	¥84,658
FY2012	¥65,541	¥81,925	¥65,541	¥84,400
Apr.-Sep. 2013	¥65,541	¥81,925	¥65,541	¥84,400

(Note) The figures for old-age basic pensions indicate amounts in the case where premiums were paid for 40 years (full amount).

[Pension Amount for Standard Beneficiary Household (basic pension of a husband and a wife plus Employees' Pension benefit of a husband)]

	Old-age employees' pension
FY2004	¥233,299
FY2005	¥233,299
FY2006	¥232,591
FY2007	¥232,591
FY2008	¥232,591
FY2009	¥232,591
FY2010	¥232,591
FY2011	¥231,648
FY2012	¥230,940
Apr.-Sep. 2013	¥230,940

(Note) A benefit level that a household consisting of a husband who worked 40 years for an average income (standard average wage ¥360,000) and a wife who was a full-time homemaker throughout the period starts to receive.

[Elimination of exceptional levels]

The amount of pension has remained unchanged without applying the price index because of the Special Measures Act, despite a fall in consumer prices from FY2010 to FY2012. Pensions currently being paid are therefore 2.5% higher than they should be.

In order to ensure pensions are available to working generations (will receive pension benefits in the future), and achieve intergenerational fairness, a law to eliminate this exceptional level of pension payments over the three years from FY2013 to FY2015 was approved.

This law will be enforced in October 2013 and the amount of pension for October 2013 and later (paid in December and later) will be 1.0% less than the amount received for the period between April and September.

(Elimination schedule: -1.0% in Oct. 2013, -1.0% in Apr. 2014, -0.5% in Apr. 2015)

Detailed Data 2 Changes in Premiums

[National Pension]

	National Pension premium
FY2004	¥13,300
FY2005	¥13,580
FY2006	¥13,860
FY2007	¥14,100
FY2008	¥14,410
FY2009	¥14,660
FY2010	¥15,100
FY2011	¥15,020
FY2012	¥14,980
FY2013	¥15,040

(Note) The amount of National Pension premium will be raised by ¥280 every year and fixed at ¥16,900 (*) in FY2017.

(*) Calculated based on the wage level of FY2014.

[Employees' Pension]

	Employees' Pension premium rate
From Oct. 2004	13.934%
From Sep. 2005	14.288%
From Sep. 2006	14.642%
From Sep. 2007	14.996%
From Sep. 2008	15.350%
From Sep. 2009	15.704%
From Sep. 2010	16.058%
From Sep. 2011	16.412%
From Sep. 2012	16.766%
From Sep. 2013	17.120%

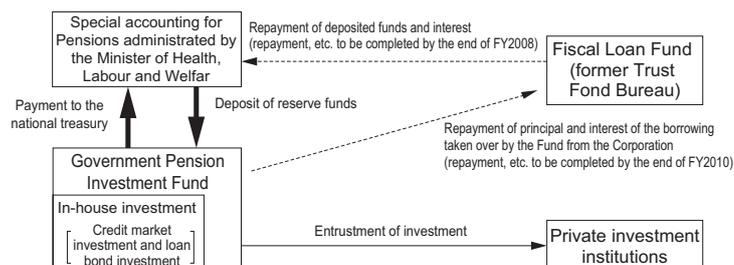
(Note) Employees' Pension premium rate will be raised by 0.354% every year and fixed at 18.3% in Sep. 2017.

Management and Operation of Pension Reserve Funds

Overview

Fund Management Systems of Pension Reserve Funds

- Independent operation by Minister of Health, Labour and Welfare started in FY2001. Obligation to deposit to former Trust Fund Bureau was abolished by FY2000.
- The Minister of Health, Labour and Welfare invests the pension funds by entrusting the fund with the Government Pension Investment Fund.



* Fund management of the former Pension Welfare Service Public Corporation was succeeded by the Government Pension Investment Fund (the former Fund Investment Fundation until FY2005) and continued as the succeeded fund management until FY2010

* The Government Pension Investment Fund was established in April 2006 as the successor to the old Government Pension Investment Fund

Detailed Data

Changes in Accumulated Pension Reserves of Employees' Pension Insurance and National Pension

(Unit: ¥100 million)

Year	Employees' Pension insurance	National Pension	Total
FY1989	702,175	32,216	734,391
FY1990	768,605	36,317	804,922
FY1991	839,970	43,572	883,542
FY1992	911,340	51,275	962,615
FY1993	978,705	58,468	1,037,174
FY1994	1,045,318	63,712	1,109,030
FY1995	1,118,111	69,516	1,187,628
FY1996	1,184,579	78,493	1,263,072
FY1997	1,257,560	84,683	1,342,243
FY1998	1,308,446	89,619	1,398,065
FY1999	1,347,988	94,617	1,442,605
FY2000	1,368,804	98,208	1,467,012
FY2001	1,373,934	99,490	1,473,424
FY2002	1,377,023	99,108	1,476,132
FY2003	1,374,110	98,612	1,472,722
FY2004	1,376,619	96,991	1,473,610
FY2005	1,324,020	91,514	1,415,534
FY2006	1,300,980	87,660	1,388,640
FY2007	1,270,568	82,692	1,353,260
FY2008	1,240,188	76,920	1,317,108
FY2009	1,195,052	74,822	1,269,874
FY2010	1,134,604	77,333	1,211,937
FY2011	1,085,263	77,318	1,162,581
FY2012 (Budget)	1,034,172	71,322	1,105,494
FY2013 (Budget)	991,090	67,956	1,059,046

- (Note) 1. The balances of the National Pension Fund are the amounts excluding the basic pension account amounts.
 2. Reserves of Employees' Pension represent the special account reserves and do not include the portion paid by the Employees' Pension Fund.
 3. Reserve fund in and after FY2001 include the fund entrusted with the Government Pension Investment Fund.
 4. Reserve fund in and after FY2006 include the fund entrusted with the Government Pension Investment Fund.
 5. The outstanding of reserve fund for each year includes the balance of revenue and expenditure for the respective year.
 6. Part of totals may not agree because the figures have been rounded off.

Detailed Information

Medium-Term Plan of Government Pension Investment Fund (Investment part and outline)

- Basic policies of pension reserve fund management and investment
 - Pension reserve fund investment shall be made by developing, based on diversifying investment, a proportion of asset allocation (hereinafter referred to as "basic portfolio") that is to be maintained in a long term.
- A goal of investment
 - Since the drastic revision of the pension system is planned and the discussion on business operation of the Government Pension Investment Fund is being carried out, the basic portfolio of the 1st mid-term plan shall be regarded provisionally as the asset allocation ratio, and set up the basic portfolio in this mid-term plan and manage it appropriately.
 - Securing benchmark returns of each asset in the target period of the term.
- Risk management
 - Diversified investment to multiple assets is the basics of risk management, and the risk management of all kinds shall be operated appropriately.
 - Intensifying the function of grasping and analysis of market trends for appropriate and smooth rebalance.
 - Analyzing the factor of deviation from the complex benchmark earnings of each fiscal year.
- Investment method
 - Passive investment is the main one for each asset and active investment is limited to the care that high possibility of excess earnings is predicted.
 - While reviewing the investment method and taking measures to intensify selection and management of investment trustee institutions, review investment trustee institutions are re-examined.
- Increase of transparency
 - Information disclosure and public relations shall be improved by disclosing information on selection of investment trustee institutions and on execution of stockholders' voting right.
 - Selection of investment trustee institutions and its process shall be deliberated by the investment committee. The investment committee shall deliberate on the management and investment commission fee standard and increase the transparency.
 - Investment committee shall disclose the minutes after a certain time as prescribed by the committee.
- Basic portfolio
 - Assets allocation shall be categorized into domestic bonds, domestic stocks, foreign bonds, foreign stocks and the short-term assets and the allocation ratio and tolerance of deviation shall be as follows. (revised on June 7, 2013)

	Domestic bonds	Domestic stocks	Foreign bonds	Foreign stocks	Short-term assets
Percentage distributoin of assets	60%	12%	11%	12%	5%
Allowed ranges of deviation	+/- 8%	+/- 6%	+/- 5%	+/- 5%	-

- The allocation ratio before the revision was 67% for domestic bonds, 11% for domestic stocks, 8% for foreign bonds, 9% for foreign stocks, and 5% for short-term assets.
 - Appropriate risk management shall be carried out on the basis of market trends, and revision shall be discussed even during the period of the mid-term goal in case of drastic change in the market.
- Items to be complied concerning management and investment
 - Considering impact on the market price formulation and on business management as well, direct execution of voting right of shareholders is avoided and leave it to decision of investment trustee institutions and request for report on the execution.
 - Securing liquidity necessary for pension benefits, grasping and analyzing market trends, intensifying function necessary for short-term loans utilization, etc.

Financial Projection of Pension

Overview

Financial Projection of Employees' Pension – FY2009 Financial Verification –

FY	Premium rate (to total remuneration)	Total revenue				Total expenditure		Balance	Reserve at the year end	Reserve at the year end (FY2009 value)	Degree of funding
		¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion				
	%										
2009	15.704	34.9	23.8	2.1	7.2	35.8	13.1	-0.9	144.4	144.4	4.1
2010	16.058	35.0	24.7	2.5	7.4	36.7	13.5	-1.7	142.6	141.1	3.9
2011	16.412	36.7	26.2	2.7	7.5	37.8	13.9	-1.1	141.6	141.7	3.8
2012	16.766	38.5	27.6	2.8	7.8	39.2	14.4	-0.7	140.9	141.3	3.6
2013	17.120	40.4	28.9	3.1	8.1	40.4	15.0	-0.1	140.8	138.3	3.5
2014	17.474	42.5	30.3	3.6	8.4	41.3	15.7	1.2	142.0	135.4	3.4
2015	17.828	44.8	31.7	4.1	8.7	42.6	16.3	2.1	144.2	132.5	3.3
2020	18.30	53.3	36.9	6.8	9.4	45.7	18.1	7.6	172.5	140.6	3.6
2025	18.30	59.5	40.8	8.6	9.9	48.6	19.2	10.9	219.9	158.5	4.3
2030	18.30	66.1	44.5	11.1	10.4	52.3	20.5	13.8	284.2	181.0	5.2
2040	18.30	78.5	49.1	16.5	12.8	67.3	25.5	11.2	417.1	207.5	6.0
2050	18.30	90.4	54.1	20.2	16.0	82.9	31.9	7.5	507.7	197.3	6.0
2060	18.30	101.2	59.8	22.5	18.8	97.6	37.6	3.6	562.5	170.8	5.7
2070	18.30	109.6	65.2	22.6	21.7	112.8	43.4	-3.3	561.3	133.1	5.0
2080	18.30	116.7	72.4	20.3	23.9	124.2	47.8	-7.5	502.5	93.1	4.1
2090	18.30	123.9	81.2	16.6	26.1	135.6	52.3	-11.7	406.4	58.8	3.1
2100	18.30	129.9	90.7	10.3	28.9	149.8	57.8	-19.9	247.2	28.0	1.8
2105	18.30	132.4	96.2	5.8	30.4	157.5	60.8	-25.1	132.4	13.2	1.0

(Note) 1. The "degree of funding" is the percentage of the total expenditure for the current FY to the reserve fund at the end of previous FY.

2. "FY2009 value" is the converted figure at FY2009 value calculated using the wage increase rate.

3. The projection represents the future projection of pension finance for the entire Employees' Pension scheme, including the portion paid by the Employees' Pension Fund.

4. In "birth rate: medium case", total fertility rate is set as 1.26 in FY2055.

5. In "mortality rate: medium case", average life expectancy is set as 83.67 years for male, 90.34 years for female in FY2055.

(Remarks)

Assumption: Basic case	
Birth rate:	Medium case
Mortality rate:	Medium case
Economy:	Medium case
Long-term economic assumptions	
Price increase rate	1.0%
Wage increase rate	2.5%
Investment yield	4.1%
Macro-economic slide formula	
Fiscal year of starting adjustment	FY2012
Fiscal year of ending adjustment	FY2038
Eventual replacement ratios of income	
	50.1%
(From FY2038 onward)	

Financial Projection of National Pension – FY2009 Financial Verification –

FY	Monthly premium (Note 1)	Total revenue				Total expenditure		Balance	Reserve at the year end	Reserve at the year end (FY2009 value)	Degree of funding
		Premium	Investment	State subsidy	Basic pension contribution						
	¥	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	¥ Trillion	
2009	14,700	4.8	2.2	0.1	2.4	4.7	4.5	0.1	10.0	10.0	2.1
2010	14,980	4.9	2.2	0.2	2.5	4.7	4.5	0.2	10.2	10.1	2.1
2011	15,260	4.9	2.2	0.2	2.5	4.7	4.5	0.1	10.3	10.3	2.2
2012	15,540	4.9	2.2	0.2	2.5	4.8	4.6	0.1	10.4	10.5	2.1
2013	15,820	5.1	2.3	0.2	2.6	5.0	4.8	0.1	10.5	10.3	2.1
2014	16,100	5.4	2.4	0.3	2.7	5.2	5.0	0.1	10.7	10.2	2.0
2015	16,380	5.7	2.5	0.3	2.8	5.4	5.2	0.2	10.9	10.0	2.0
2020	16,900	6.6	2.9	0.5	3.2	6.1	5.9	0.5	13.0	10.6	2.0
2025	16,900	7.3	3.2	0.6	3.5	6.6	6.4	0.7	16.3	11.7	2.4
2030	16,900	8.0	3.4	0.8	3.8	7.1	6.9	0.9	20.6	13.1	2.8
2040	16,900	9.5	3.6	1.2	4.7	8.7	8.5	0.8	29.9	14.9	3.4
2050	16,900	11.5	4.0	1.5	6.0	10.9	10.8	0.5	36.6	14.2	3.3
2060	16,900	13.3	4.4	1.6	7.2	13.0	12.9	0.3	40.6	12.3	3.1
2070	16,900	14.7	4.8	1.6	8.2	14.8	14.7	-0.2	40.8	9.7	2.8
2080	16,900	16.0	5.4	1.5	9.1	16.4	16.2	-0.4	37.8	7.0	2.3
2090	16,900	17.3	6.1	1.3	9.9	17.9	17.8	-0.6	33.0	4.8	1.9
2100	16,900	18.7	6.7	1.0	10.9	19.7	19.6	-1.0	25.1	2.8	1.3
2105	16,900	19.5	7.2	0.8	11.5	20.7	20.6	-1.2	19.5	1.9	1.0

- (Note) 1. Monthly premium represents the amount of premium (at FY2004 value) set forth in Article 87-3 of the National Pension Act. Actual amount of premium shall be revised based on prices after the 2004 revision and wage growth; the amount of premium in FY2009 shows ¥14,660/month.
2. The “degree of funding” is the ratio of the total expenditure for the current FY to the reserve fund at the end of previous FY.
3. “FY2009 value” is the converted figure at FY2009 value calculated using the wage increase rate.
4. In “birth rate: medium case”, total fertility rate is set as 1.26 in FY2055.
5. In “mortality rate: medium case”, average life expectancy is set as 83.67 years for male, 90.34 years for female in FY2055.

(Remarks)

Assumption: Basic case	
Birth rate:	Medium case
Mortality rate:	Medium case
Economy:	Medium case
Long-term economic assumptions	
Price increase rate	1.0%
Wage increase rate	2.5%
Investment yield	4.1%
Macro-economic slide formula	
Fiscal year of starting adjustment	FY2012
Fiscal year of ending adjustment	FY2038

Corporate Pension Plans, etc.

Overview

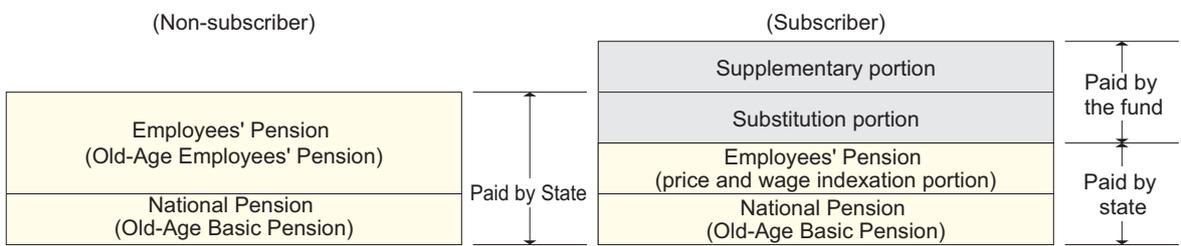
Outline of Corporate Pension Plans, etc.

[Employees' Pension Funds]

The Employees' Pension funds are special corporations established with the approval of the Minister of Health, Labour and Welfare. The funds substitute a part of the Old-Age Employees' Pension (the portion excluding the indexed and sliding Pay scale portions) and pay their own supplementary benefits. Figure 1 shows the benefit to be provided to a subscriber of the Employees' Pension fund, compared to that to be paid to a non-subscriber.

Contributions necessary for benefits are collected by employers and borne by employers and subscribers. The employers who have established Employees' Pension funds are exempt from payment to the government of the premium of Employees' Pension insurance corresponding to the substitute benefits. The employers pay contributions necessary for benefits to be paid by the fund including the substitution portions.

Figure 1: Structure of Employees' Pension Fund Benefits



[Defined Benefits Corporate Pensions]

There are two forms of corporate pension plans: contract-type pensions and fund-type corporate pensions. Under Contract-type pensions, Pension funds are managed and invested outside of the mother company by concluding contracts between the employer and trust and life insurance companies, on the basis of mutual agreement between labour and management. Under fund-type Pension Plans, pension funds are managed and invested by the fund, with the benefits paid from the fund. (The fund will not substitute Employees' Pension businesses.)

The Defined Benefits Corporate Pension Law stipulates the following Provisions for the Protection of eligibility.

- Reserve obligations: A certain level of Pension assets has to be accumulated. Actuarial revaluation and validation is required. When there is a shortfall in pension reserves, this shortfall must be made up.
- Obligations of the trustee: In relation to the administrators and investment managers such as business owners, responsibilities to Participants and clear principles on actions are stipulated.
- Disclosure: The business owner is required to disclose the situation regarding investments to participants and to report the same to the Minister of Health, Labour and Welfare.

[Defined Contribution Pensions]

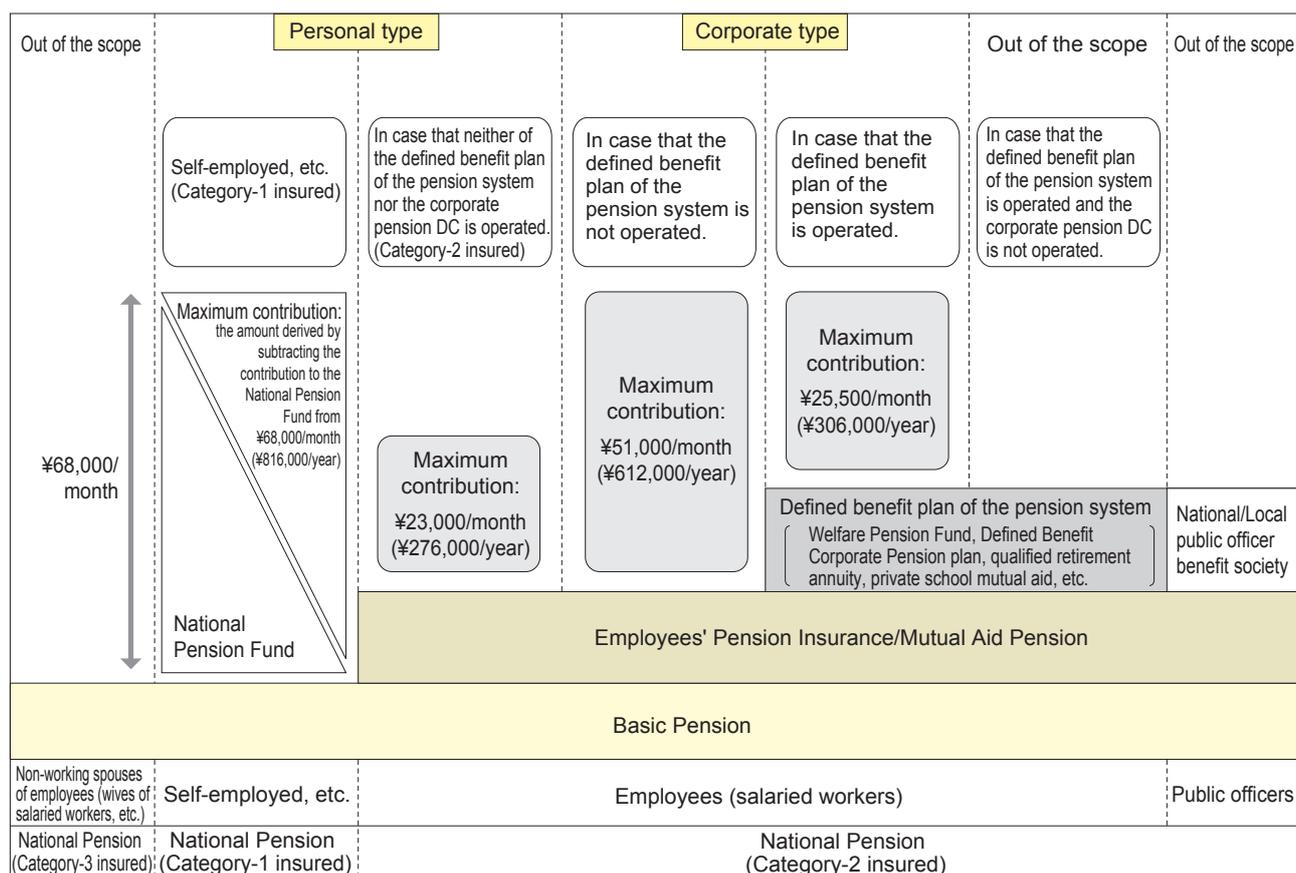
Under defined contribution Pension Plans, the contributions paid are clearly defined for each individual, assets are managed personally by a participant and the amount of benefits is determined according to the investment returns. This system consists of two types of Pension funds: The corporate-type pension funds managed by employers for their employees and the personal-type pension funds managed by the National Pension Fund Federation for the self-employed and employees of companies without corporate-type Pension plans.

Employers contribute installments (contributions by participants is also possible if provided for in their contracts) under corporate-type Pension schemes, whereas individual participants pay installments under Personal-type pension schemes within the limits set for their contribution. Contributions paid shall accumulate for each participant and the participants can provide individual instructions on investing their contributions. The amount of benefits administered is determined according to the amount of contributions and the investment returns. Benefits are paid in the form of old-age benefits and disability benefits.

[National Pension Funds]

The system under which self-employed persons voluntarily pay extra on the national pension premium to expand their income security after retirement was established as the National Pension Fund pursuant to the law revision in 1989 and has been implemented since April 1991. Category-1 insured persons of the National Pension Plan are eligible to participate in the National Pension Fund, categorizing into 2 types - the regional fund established in each region by the organization of those who live in the same prefecture and the vocational fund (one fund in the country) established by the organization of those who are engaged in the same type of industry or occupation.

Figure 2: Defined Contribution (DC) Pension Participants and Contribution Limit, and Its Relationship with Existing Pension Plans



Detailed Data 1

Changes in Number of Funds and Participants of the Employees' Pension Fund

FY	Number of funds	Number of participants (1,000 persons)	Assets (¥ trillion)
2001	1,737	10,871	57.0
2002	1,656	10,386	51.2
2003	1,357	8,351	48.6
2004	838	6,152	36.8
2005	687	5,310	37.3
2006	658	5,221	38.8
2007	626	4,782	32.5
2008	617	4,663	25.5
2009	608	4,562	29.0
2010	595	4,467	27.8
2011	577	4,366	26.7
2012	560	4,203	-

Source: Pension Bureau, MHLW

(Note) 1. Assets are evaluated at market value.

2. Asset balance includes the assets of the Employees' Pension Fund Association.

Detailed Data 2 Number of Defined-Benefit Corporate Pension Plans

FY	Contract-based	Fund-based
2002	15	0
2003	164	152
2004	478	514
2005	833	597
2006	1,335	605
2007	2,480	619
2008	4,397	611
2009	6,795	610
2010	9,440	613
2011	14,373	612
2012	14,085	607

Source: Pension Bureau, MHLW

(Note) The Defined-Benefit Corporate Pension Act was enforced in April 2002.

Detailed Data 3 Changes in Numbers of Contracts Approved and Participants of Defined Contribution Pension Plans

FY	Number of corporate-type plans approved	Number of participants in corporate plans (1,000 persons)	Number of participants in private plans (person)
2001	70	88	443
2002	361	325	13,995
2003	845	708	28,225
2004	1,402	1,255	46,066
2005	1,866	1,733	63,303
2006	2,313	2,187	80,081
2007	2,710	2,711	93,036
2008	3,043	3,110	101,201
2009	3,301	3,404	111,056
2010	3,705	3,713	124,906
2011	4,135	4,218	138,575
2012	4,247	4,394	158,209

Source: Pension Bureau, MHLW

(Note) The Defined Contribution Pension Act was enforced in October 2001. Private-type DC pension plans was introduced in January 2002.

Detailed Data 4 Changes in Number of Funds and Participants of the National Pension Fund

FY	Number of funds	Number of participants (1,000 persons)	Assets (¥ trillion)
2001	72 (25)	787 (127)	1.5
2002	72 (25)	772 (124)	1.4
2003	72 (25)	789 (126)	1.8
2004	72 (25)	751 (121)	2.1
2005	72 (25)	727 (117)	2.7
2006	72 (25)	693 (112)	2.9
2007	72 (25)	648 (106)	2.7
2008	72 (25)	615 (103)	2.2
2009	72 (25)	577 (97)	2.6
2010	72 (25)	548 (92)	2.6
2011	72 (25)	522 (87)	2.7

Source: Pension Bureau, MHLW. The figures in parentheses are included in the numbers on the left and represent the numbers of occupation-type funds.

(Note) 1. Assets are evaluated at market value.

2. Asset balance includes the assets of the National Pension Fund Federation.

Pension Consultations

Overview

Pension Consultations

1. Type of consultation reception counters

- Pension consultations are available at “social insurance offices” and “pension consultation centers [see Attachment]” nationwide.
- For pension consultations over the phone, “Nenkin Dial” is available for general consultations and “Telephone Service for Nenkin Teiki Bin and Nenkin-Net” available for consultations over “Nenkin Teiki Bin (Pension Coverage Regular Notice : PCRN)”, “Nenkin-Net”, “Nenkin Tokubetsu Bin (Special Pension Notice)”, and “Notice on Employees’ Pension Participation Information”.
 - “Nenkin Dial” 0570-05-1165
Please call “03-6700-1165” when using phones with numbers starting with 050 or 070.
 - “Telephone Service for Nenkin Teiki Bin (PCRN) and Nenkin-Net” 0570-058-555
Please call “03-6700-1144” when using phones with numbers starting with 050 or 070.

2. Reception hours

- [1] Social insurance offices/pension consultation centers
 Reception hours: 8:30-17:15 on workdays (Monday-Friday, non-holidays)
 Extended hours: 17:15-19:00 on the first workday of the week
 Weekend consultations: 9:30-16:00 every 2nd Saturday of the month
 * “Extended hours” and “weekend consultations” are not available from some pension consultation centers.
 * Not available on holidays (excluding the 2nd Saturday of the month) and the period between December 29 and January 3.
- [2] Nenkin Dial
 Reception hours: 8:30-19:00 Monday
 8:30-17:15 Tuesday-Friday
 9:30-16:00 every 2nd Saturday of the month
 * Consultations available until 19:00 the first following workday if Monday is a holiday.
 * Not available on holidays (excluding the 2nd Saturday of the month) and the period between December 29 and January 3.
- [3] Telephone Service for Nenkin Teiki Bin and Nenkin-Net
 Reception hours: 9:00-20:00 Monday-Friday
 9:00-17:00 every 2nd Saturday of the month
 * Not available on holidays (excluding the 2nd Saturday of the month) and the period of between December 29 and January 3.

3. Items necessary in receiving consultations

You are hereby requested to bring something you can use to confirm your identity such as documents sent to insured persons from the Japan Pension Service, including pension handbooks, pension certificates, and notifications on revision of payment, etc. when coming to receive a pension consultation.

In addition, also bring along some documents recently sent by a pension office or the Headquarters of Japan Pension Service.

Furthermore, in order to avoid exploitation of items issued at reception counters the identity of the insured person himself/herself or his/her agent has to be confirmed using a facial photograph.

4. Consultations for family members, etc. of the insured person

Pension consultations are available to family members or friends of the insured person if they have commissioned them to do so. In that case a written commission document of the insured person needs to be presented.

There is no specific form for the commission. The following information should appear on the form, along with the authenticated signature of the insured person: the basic pension number written on the pension handbook of the insured person, and his/her address, name, date of birth, and a description of the commission as well as the address, name of the delegated person and his/her relationship to the insured person.

In addition, an identification card or driver’ s license (a copy will suffice for pension consultations on documents) of the delegate will need to be presented.

A sample commission form is available for download from the Japan Pension Service website (<http://www.sia.go.jp/>).

[Major documents that can be used as identification]

Identification cards considered adequate (no additional identification required)	Identification cards that require additional identification (combination of those marked with different “o”)
<ul style="list-style-type: none"> ○ Driver’s license (driving record certificate) ○ Basic resident registration card (with photograph) ○ Passport ○ Certificate issued by a government or local government agency (with photograph) <ul style="list-style-type: none"> • Mariner’s pocket-ledger • Seaman’s competency certificate • Boat operator’s certificate • Certificates for hunting rifle/air gun possession • War injury and sickness certificates • Real-estate transaction specialist certificate • Electrician’s license • Radiotelephone operator license • Certified electrical engineer certificate • Electrical specialist certificate • Certificate of designated airworthiness inspector • Airman competence certificate • Passing certificate of aircraft dispatcher competence examination • Driver’s license for power vehicle operators • Qualification certificate from training and examinations • Passing certificate (passing certificate of security guards) • Physically disabled certificate • Rehabilitation certificate ○ Alien registration certificate ○ Special permanent resident certificate ○ Residence card 	<ul style="list-style-type: none"> ○ Insurance card (National Health Insurance, health insurance, Seamen’s Insurance, health insurance for elderly in the latter stage of life, Long-Term Care Insurance, or Mutual Aid associations) ○ Certificates for public pensions (excluding corporate pension, fund) or public officers pension ○ Pension handbook ○ Notification on revision (issued by agencies) ○ Basic resident registration card (with no photograph) ○ Deposit passbook, cash card, or credit card of financial institution or Japan Post Bank ○ Seal registration certificate ○ Student identification card (with photograph) ○ Identification card issued by the government, a local government, or juridical person (with photograph) ○ Certificate issued by the government or a local government (with photograph but excluding those in the left column)

* “Alien registration certificates” shall be deemed equivalent to special permanent resident certificates or residence cards for a certain period (until July 8, 2015 at the latest).

5. Pension consultations over the phone

Consultations over the phone are limited to the insured person himself/herself.

However, inquiries on the content of notifications sent by the Japan Pension Service, etc. are available to relatives within the second degree of kinship provided that the insured person himself/herself would otherwise have difficulty directly making the consultation.

You are hereby requested to prepare items such as the pension handbook, pension certificate, and payment notice in advance as the following information shall be requested for a pension counseling over the phone in thus confirming the identity of the person wanting the consultation.

- In case the person wanting the consultation is the insured person:

Basic Pension Number, name, date of birth, address, etc.

- In the case of the person arranging the consultation being a relative of the insured person within a second degree of kinship (or their spouse) or a relative that they live with:

In addition to the above the Basic Pension Number, name, date of birth, address, relationship, and telephone number of the relative or spouse arranging the consultation, along with the reason that the insured person cannot come to the consultation themselves, etc.

It would be helpful if you would summarize and note the matters involved in the consultation and advance.

List of Established Pension Counseling Centers

(As of June 2013)

	Center name	Address
Hokkaido	Sapporo Ekimae	Hyurikku NORTH 33 Bldg. 3F, 3-chome, Nishi, Kita 3-jo, Chuo-ku, Sapporo City
	Asabu	4-chome, Nishi, Kita 38-jo, Kita-ku, Sapporo City
Miyagi	Sendai	Sendai Park Building 2F, 3-6-1, Kokubun-cho, Aoba-ku, Sendai City
Akita	Akita (Office)	Akita base center ALVE 2F, 4-1 Higashidorinaka-machi, Akita City
Yamagata	Sakata	Sakata Honmachi Bldg. 1F, 2-5-19, Nakamachi, Sakata City
Fukushima	Fukushima	i・s・M37 2F, 7-5, Kitagorouuchi-machi, Fukushima City
Ibaraki	Mito	Sumitomo Life Insurance Mito Bldg. 1F, 3-4-10, Minami-machi, Mito City
	Tsuchiura	Sumitomo Life Insurance Tsuchiura Bldg. 3F, 1-16-12, Sakura-machi, Tsuchiura City
Gunma	Maebashi	Gunma Prefecture JA Bldg. 3F, 1310, Kamesato-machi, Maebashi City
Saitama	Omiya	Omiya Nishiguchi Daiei Bldg. 3F, 2-287, Sakuragi-cho, Omiya-ku, Saitama City
	Kawaguchi	Kawaguchi Center Bldg. 13F 4-1-8, Hon-cho, Kawaguchi City
	Kawagoe (Office)	Kawagoe Station Bldg. 8F, 16-23, Wakitahon-cho, Kawagoe City
Chiba	Chiba	Sunlight Bldg. 1F 4-22, Nitta-cho, Chuo-ku, Chiba City
	Funabashi	FACE Bldg. 7F, 1-3-1, Hon-cho, Funabashi City
Tokyo	Kashiwa	Kashiwa Higashiguchi Kaneko Bldg. 1F, 4-8-1, Kashiwa, Kashiwa City
	Shinjuku	Matsuoka Central Bldg. 8F, 1-7-1, Nishi-Shinjuku, Shinjuku-ku
	Machida	Pario Bldg. 5F, 1-15-13, Morino, Machida City
	Tachikawa	SUZuharu Bldg. 6F, 2-7-16, Akebono-cho, Tachikawa City
	Kokubunji	Kokubunji Terminal Bldg. 8F, 3-20-3, Minami-cho, Kokubunji City
	Omori	Toshin Bldg. 5F, 2-8-26, Sanno, Ota-city
	Hachioji (Office)	FT Bldg. Hachioji 3F, 22-1, Yokoyama-cho, Hachioji City
	Adachi (Office)	Royal Ayase 2F, 2-24-1, Ayase, Adachi-ku
	Edogawa (Office)	Kotsu Kaikan Ichinoe Bldg. 3F, 8-14-1, Ichinoe, Edogawa-ku
	Nerima (Office)	WICS bldg. 1F, 6-52-1, Higashi-oizumi, Nerima-ku
Kanagawa	Musashino (Office)	Mitaka Yamada Bldg. 3F, 1-6-4, Naka-cho, Musashino City
	Yokohama	Sky Bldg. 18F, 2-19-12, Takashima, Nishi-ku, Yokohama City
	Totsuka	N0.5 Yoshimoto Bldg. 3F, 498-11, Kamikurata-cho, Totsuka-ku, Yokohama City
	Mizonokuchi	Nocti Plaza 1 10F, 1-3-1, Mizonokuchi, Takatsu-ku, Kawasaki City
	Sagami Ono	Odakyu Sagami Ono Station Square 2-Bankan, Miro-do 1F, 3-8-1, Sagami Ono, Sagami-hara City
Niigata	Fujisawa (Office)	Fujisawa Morii Bldg. 6F, 496, Fujisawa, Fujisawa City
	Atsugi (Office)	MY Atsugi Bldg. 6F, 3-11-18, Naka-cho, Atsugi-City
Toyama	Toyama	Current Sakura Bldg. 1F, 5-1-35, Yoneyama, Niigata City
Ishikawa	Kanazawa	Urban Place Bldg. 1F, 18-7, Ushijima-cho, Toyama City
Nagano	Nagano	1-17-30, Naruwa, Kanazawa City
Gifu	Gifu	Sanno Bldg. 1F, 45-1, Nakaqosho, Nagano City
Shizuoka	Gifu	Orchid Park West Wing 3F, 2-23, Koran, Gifu City
	Shizuoka	South Pot Shizuoka Bldg. 2F, 18-1, Minami-machi, Suruoa-ku, Shizuoka City
Aichi	Numazu	Nissei Star Bldg. 4F, 3-8-23, Ote-machi, Numazu City
	Nagoya	Imon Nagoya Bldg. 2F, 1-16, Tsubaki-cho, Nakamura-ku, Nagoya City
Mie	Chikusa	Sumitomo Life Insurance Chikusa Bldg. 6F, 3-15-31, Aoi, Higashi-ku, Nagoya City
Shiga	Tsu (Office)	Morinaga Mie Bldg. 1F, 4-1, Marunouchiyousei-cho, Tsu City
Kyoto	Otsu	Shiga Bldg. 8F, 1-3-10, Bairin, Otsu City
Osaka	Uji	54-2, Nishiura, Hirono-cho, Uji City
	Tennoji	ACTY Tennoji 2F, 10-17, Minami Kawabori-cho, Tennoji-ku, Osaka City
	Suita	Merode Suita 2-bankan 10F, 1-3-1, Katayama-cho, Suita City
	Sakai-Higashi	Sakai-Higashi Hachiko Bldg. 7F, 1-1-21, NakaKawara-machi, Sakai City
	Hirakata	Urban Ace Hirakata Bldg. 2F, 5-23, Oka Higashi-cho, Hirakata City
	Joto	Toyo Plaza Gamo Bldg. 1F, 1-8-24, Chuo, Joto-ku, Osaka City
	Higashi Osaka	NTT Nishi Nippon Higashi Osaka Bldg. 1F, 1-18-12, Eiwa, Higashiosaka City
	Toyonaka	The south of store under Toyonaka elevated block 1F, 1-1-3, Hon-machi, Toyonaka City
Hyogo	Nakamozu	Sakai Chamber of Commerce and Industry 1F, 130-23, Nagasone-cho, Sakai City
	Kita Suma	Myodani Center Bldg. 7F, 2-2-5, Nakaochiai, Suma-ku, Kobe City
	Amagasaki	Tsukaguchi Sun SunTown 2-Bankan 2F, 2-1-2-208, Minami-Tsukaguchi-cho, Amagasaki City
	Himeji	Neo Office Himeji Minami 1F, 2-53, Nounen-cho, Himeji City
Nara	Nishonomiya (Office)	ACTA Nishonomiya East Bldg. 1F, 1-2, Kitaguchi-cho, Nishonomiya City
Okayama	Nara	Shinomiya Center Bldg. 1F, 4-281 Omiya-cho, Nara City
Hiroshima	Okayama	4-55, Showa-cho, Okayama City
Yamaguchi	Hiroshima	Hiroshima Intesu Bldg 1F, 10-10, Hashimoto-cho, Naka-ku, Hiroshima City
	Fukuyama	Esutoparuku 6F, 1-21, To-o-cho, Fukuyama City
Kagawa	Hofu	Hofu Hirofusa No.3 Bldg. 3F, 1-8-25, Ebisu-machi, Hofu City
Ehime	Takamatsu (Office)	Kagawa Sanyu Bldg. 5F, Kajiya-machi 3, Takamatsu City
Fukuoka	Matsuyama (Office)	Nihon Seimei Matsuyama Station Building 5F, Hanazono-machi 1-3, Matsuyama City
Saga	Kitakyushu	Kurosaki Techno-plaza 1F, 2-1, Nishimagari-cho, Yawatanishi-ku, Kitakyushu City
Kumamoto	Tosu (Office)	Tosu City Office East Annex 1F, 1118, Shuku-machi, Tosu City
Kagoshima	Kumamoto	Taiyo Life Insurance Kumamoto No.2 Bldg. 3F, 4-1, Hanabatake-cho, Kumamoto City
	Kagoshima (Office)	Nansei Izuro Bldg. 6F, Daikoku-cho 2-11, Kagoshima City

* The Pension Consultation Center is run by All Japan Federation of Certified Social Insurance and Labour Consultation Associations as the "Pension Consultation Center on the Street Corner".

Structural Reform of the former Social Insurance Agency

Overview

Abolition of the former Social Insurance Agency and Establishment of Two New Corporations of Non-Government Employee Type

[Services of the Nation]

- * Financial and management responsibilities of public pension belong to the head office of the Ministry of Health, Labour and Welfare
- * Supervision of medical facilities that provide insured services belongs to Regional Bureaus of Health and Welfare
- * Compulsory collection from heinous delinquents can be delegated to the National Tax agency

[Present]



→ (January 2010)

[New organization]



Engage in operation services of public pension (application, collection, record keeping, counseling, judging, payment, etc.)
* Promote entrusting to private businesses, etc.

→ (October 2008)



Engage in health insurance services (employees of small and medium enterprise)

Hereafter ...

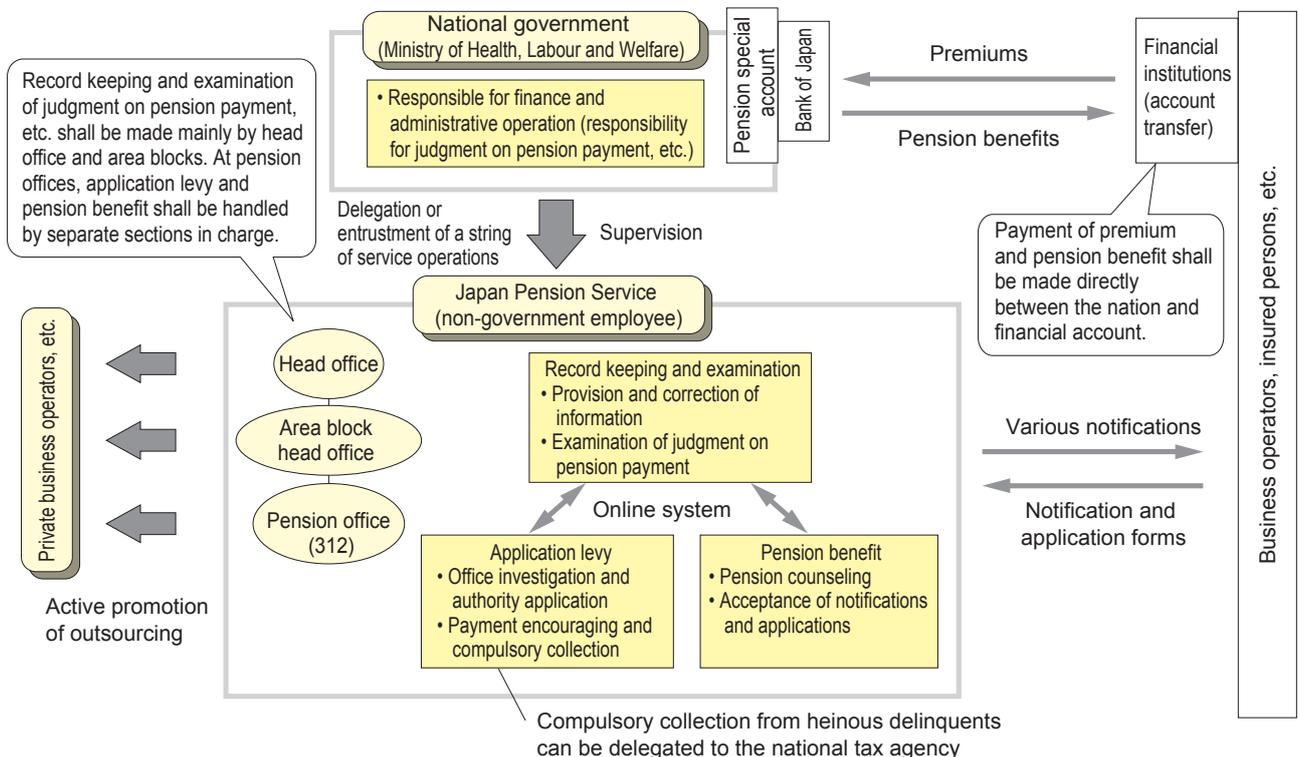


1. "Officials" will change
Officials of the two new corporations are not government but private employees.
Carry out through changes in the consciousness of staff by human resources management based on ability and achievement.

2. "Services" will change
Enhance service improvement by providing simple and user-friendly notice, telephone counseling, internet information service and others.

3. "Way of work" will change
Enhance appropriate and effective operation of business such as renewal of outdated computer system, various checking structures, clerical process intensification, outsourcing and others.

Japan Pension Service



Points of Basic Plan for Immediate Service Operation of Japan Pension Service

- Abolish Social Insurance Agency and newly establish Japan Pension Service
- Determine a basic plan regarding immediate service operation of Japan Pension Service, in accordance with the provisions of Article 3 of the Supplementary Provisions of the Japan Pension Service Act, on the basis of final organizing by the public pension service and organizational renewal council, which is established in the cabinet secretariat.

1. Structure of the organization

- Force through a reform that sweep problems related to organizational structure and constitution by establishing department and the like that will handle internal control, internal audit and legal compliance.
- Establishing IT system is one of the high-priority issues. Authority, responsibility and human resources for clerical work regarding system development, administration and operation shall be centralized to Japan Pension Service. The nation will make necessity minimum engagement.
- Formulating a rule for leader development by collective recruitment at head quarter and nation-wide transfer, to sweep an issue of three-layer recruitment structure. Chief of pension offices shall be selected from competent young and middle career staff, being regarded as a post to be early experienced by future officer candidates. Recruitment of external personnel shall be actively carried out.
- In the case that a person from the Health, Labour and Welfare Ministry is appointed to officer or senior executive of the Japan Pension Service, basically no-return-rule shall be applied.

2. Basic idea of outsourcing promotion of business

- In addition to current services, outsourcing shall be newly made on these; primary screening of notification, etc., telephone inquiry about employees' pension and health insurance, encouraging exemption for national pension, encouraging payment of employees' pension, operation of pension counseling centers, back-office operation.
- Regarding public biddings and contracts, precise preliminary review and strict examination by inspector and accounting auditor shall be made.
- To construct an outsourcing management system, establish a section in charge of outsourcing and carry out monitoring, etc.
- Perform adequate information keeping regarding outsourcing. With regard to information of the outsourcing place concerning entrusted works, strive to fulfill disclosure of official information that follows an object of The Access to Government Information Act.
- Make positive use of comprehensive outsourcing, multi-year contract and others so that operations become easier to be entrusted by vendors.

3. Basic idea of staff adoption

- Members, etc. of a council for recruitment of official are all personnel from private sector. At screening, interview shall be required as far as it is necessary.
- For a recovery of trust in public pension service, a reprimanded person cannot be hired as neither full-time employee nor fix-time employee.
- In determination of adoption judgment of the Social Insurance Agency Staff, the council for recruitment of official shall examine results of personnel evaluation. Eventually the judging shall be made by the council itself.
- Among services assumed by permanent staff of Social Insurance Agency, personnel equivalent to the amount of works supposed to be reduced after establishment of the Japan Pension Service, shall be hired as fixed-term employee.
- Shifting fixed-term employee to full time employee is possible, even in this case, recruitment examination shall be carried out fairly and strictly by the Japan Pension Service.

4. Number of Necessary Staff of the Japan Pension Service

	Full time employee	Fixed-term employee	Total
As of the foundation (January 2010)	Approx. 10,880 (approx. 1,000 are recruitment from the outside)	Approx. 6,950 (approx. 1,400 are fixed-term employees shifted from scheduled number of reduction)	Approx. 17,830
As of the time the reform is accomplished (2 years after the achievement of system renovation)	Approx. 10,770	Approx. 3,700	Approx. 14,470

- Regarding the response to the pension record problems, assigned staff shall basically cope with it. Even in case there is a difficulty, it shall be handled by utilizing outsourcing, fixed-term employee and others as much as possible.