

## Purport of the Amendment

From the perspective of strengthening the functions of the pension system based on socio-economic changes, in order to restructure the pension system into a system that is neutral to working styles and gender differences, etc. and takes into account diversified life styles and family structures, etc., as well as to ensure stability in life during old age through strengthening the income redistribution functions and expanding the private pension schemes, etc., this Act introduces measures such as expansion of employees' insurance coverage, reviewing the employees' old-age pension system for current workers, reviewing pensions for surviving family, and gradually increasing the upper limit of standardized monthly amount of remuneration, and raising the maximum eligibility age for joining an individual-type Defined Contribution pension plan (iDeCo), etc.

## Outline of the Amendment

\*The parts in red are amendments made by the House of Representatives.

### I. Restructuring the pension system into a system that is neutral to working styles and takes into account diversified lifestyles, etc., and review the public pension system to ensure stability in life during old age and strengthen the income redistribution function

#### 1. Expansion of employees' insurance coverage

- (1) Among the applicable requirements for part-time workers, the wage requirement is to be abolished, and the company size requirements are to be gradually abolished from October 1, 2027 until October 1, 2035.
- (2) For the privately-owned businesses that employ five or more workers on a regular basis, the exemption for certain businesstypes is to be abolished, and all business types become eligible for employees' insurance. \*Existing businesses are not subject to the new law for the time being as a transitional measure.
- (3) As the scope of coverage expands, the insurance premium burden on workers is to be reduced by increasing the employer's share of insurance premium contributions, and the insurance premiums paid by employers in excess of the employer's share (50%) will be refunded under the employees' insurance system.

#### 2. Review of the employees' old-age pension system for current workers

For the employees' old-age pension system for current workers, which applies to the beneficiary of employees' pension insurance with a certain level of income, the income threshold for payment suspension is to be increased from 500,000 yen (based on fiscal year 2024 prices) to 620,000 yen.

#### 3. Review of the pension for surviving family

- (1) To eliminate gender disparities in the pension system for surviving family, spouses in their 20s to 50s who have no children under 18 years old are to be eligible for fixed-term benefits for a period of five years in principle, and men under 60 years old are to be newly eligible. As measures, etc. to be taken in consideration, etc. in connection with these changes, benefits will be continued under certain conditions after five years have passed, a new system for pension division on death and additional fixed-term benefits are established, income requirements are abolished, and the additional benefits for middle-aged and elderly widows are revised gradually.
- (2) The provisions that suspends the payment of basic pension for surviving family payments to children who share the same household with parents who are not entitled to receive the basic pension for surviving family are to be abolished.

#### 4. Gradual increase in the upper limit of the standardized monthly amount of remuneration for employees' pension insurance

For the upper limit of standardized monthly amount of remuneration, and from the perspective of asking contributions according to ability to pay and for enhancing future benefits, the upper limit is to be increased gradually from 650,000 yen to 750,000 yen (\*), and a rule is to be introduced that allows the revision of the upper limit based on the percentage of those persons who have the highest-level of insurance among all insured persons. \* Gradual increases from 680,000 yen to 710,000 yen, and then to 750,000 yen.

#### 5. Raising the level of future basic pension benefits

- (1) The government is to assess future changes in the socio-economic situation, and if there is a significant difference in the expected term under adjustment between the basic pension and the employees' pension insurance in the next actuarial valuation and the benefit level of the basic pension is expected to fall due to the decline in the income redistribution functions of the public pension system, the government is to take necessary legislative measures to simultaneously complete the adjustment by the modified indexation of the basic pension and the employees' pension insurance, in order to improve the future benefit level of basic pension for the beneficiary of both pensions. In such a case, the government is to consider the establishment of a sustainable public pension system with balanced benefits and burdens.
- (2) In the case where the measures referred to in (1) above are taken, if the total amount of the basic pension and the employees' pension insurance is less than the total amount of the basic pension and the employees' pension insurance that would be paid if such measures were not taken, the government is to take necessary legislative and other measures to mitigate the impact.

### II. Review of the private pension system

- (1) The maximum eligibility age for participation in the individual-type Defined Contribution pension plan (iDeCo) is raised to under 70.
- (2) The Ministry of Health, Labour and Welfare is to collect and publish information to make corporate pension operations more visible.

### III. Others

- (1) From the perspective of strengthening the guarantees for pensioners with children, the government is to increase amount of the additional pension for children and review the amount of the spousal pension for the employees' old-age pension.
- (2) Lump-sum withdrawal payments may not be claimed for foreign nationals who have departed Japan with the permission for re-entry during the period of validity of that permission.
- (3) To assess changes in the socio-economic situation during the ongoing review of the supplementary provisions of the Amendment Act of 2020, the adjustment of benefits through the modified indexation of the remuneration-proportional portion is to be continued until the fiscal year following the next actuarial valuation, with appropriate measures taken.

In addition to Article 9, paragraph (1) of the Supplementary Provisions of the National Pension Act, which relates to the eligibility requirements for surviving family pensions, amendments are to be made to the provisions of that Act, the Employees' Pension Insurance Act, the Act on Special Provisions Incidental to Enforcement of International Social Security Agreements, the Defined-Benefit Corporate Pension Act, and the Act on Social Insurance Examiners and the Examination Committee of Social Insurance, etc., for which amendments to the provisions were necessary to be addressed by the Amendment Act of 2020, etc.

## Effective date

April 1, 2026 (except for I. 5. and III. (3), the effective date of which is the date of promulgation; I. 1. (3), October 1, 2026; I. 4. (increase to 680,000 yen), September 1, 2027; I. 1. (1) (size of business requirement), October 1, 2027; I. 1. (1) (wage requirement) and II. (1), the date specified by Cabinet Order within three years after promulgation; I. 4. (increase to 710,000 yen), September 1, 2028; I. 3. and III. (1), April 1, 2028; I. 4. (increase to 750,000 yen), September 1, 2029; I. 1. (2), October 1, 2029; III. (2), a date to be specified by Cabinet Order within four years after promulgation; II. (2) a date to be specified by Cabinet Order within five years after promulgation)