

Chapter 2: Financial situation

This chapter will examine current situations and recent trends pertaining to fiscal revenue and expenditure, insured persons and mutual aid association members, beneficiaries, and such financial indices as pension support ratio and comprehensive cost rate for each public pension plan.

1. Current situation and trends of fiscal revenue and expenditure

(1) Overview of FY2003

Figures 2-1-1 to 2-1-3 present the fiscal revenue and expenditure situation for public pension plans as a whole as well as for each plan in FY2003. Beginning with FY2002 financial situation reports, the Actuarial Subcommittee receives reports of market valuation of reserves etc. as reference values for all public pension plans. Figure 2-1-1 lists figures on a “book value basis” which do not include appraisal profit/loss, together with figures on a “market value basis” which include appraisal profit/loss. (It should be noted that in settlement the book value basis is the standard). Beginning in FY2003, investment income and total income for LPSP have also been reported on a market value basis this makes it possible to ascertain the fiscal revenue and expenditure situation for public pension plans on a market value basis.

We will begin with an overview of the financial situation of all public pension plans as a whole.

Note: See the page containing “(12). Reserves.”

Revenue for all public pension plans: Contributions of 25.5 trillion yen, subsidies by state etc. of 6.1 trillion yen

Breaking down revenue for all public pension plans, contributions accounted for 25.5 trillion yen, while subsidies by state etc. accounted for 6.1 trillion yen.

Investment income amounted to 3.5 trillion yen on a book value basis, and 9.0 trillion yen on market value basis; thus, the amount on a market value basis is significantly larger compared to that on a book value base. The investment environment took a turn for the better in FY2003, and it is thought that this is reflected in investment revenue based on a market value.

The 3.5 trillion-yen payment of the cost for contracting back into EPI of EPFs, which is found in EPI revenue, is the transferred money corresponding to the return of substitutional portion of EPFs began in FY2003. It will be important to remind that this money is temporary revenue with future benefit obligations.

In addition, NPSP and LPSP include 0.5 trillion yen and 1.3 trillion yen of “subsidies for ‘bestowals’ payments of prior period” respectively. These amounts make up one-fourth of total revenue. “Subsidies for ‘bestowals’ payments of prior period” is the expenditure of benefits that applied to the portion of the past period for the "bestowals" payment etc. This past period are periods prior to the establishment of each plan (in general, 1959 and earlier for NPSP and 1962 and earlier for LPSP) and is borne by the national government or a local government as the enterprise owner. It is important to remember the existence of subsidies for “bestowals” payments of prior period when comparing the compositional ratios of NPSP or LPSP revenue with other plans. For example, when looking at the share of contributions in total revenue (book value base), the shares of NPSP and LPSP (48.6% and 51.8%, respectively) are low compared to EPI’s 61.9% and PSP’s 65.3%. However, when looking at compositional ratios after excluding subsidies for “bestowals” payments of prior period (items marked by < > in Figure 2-1-2), these shares reach the same level as the other plans (64.4% and 67.5%, respectively).

It should be noted that 15.4 trillion yen in revenue of the contribution to Basic Pension are corresponds to the contribution to Basic Pension that are expenditure items of each plan. Consequently, looking at the total for public pension plans, the same amount is reported in revenue and expenditure, so there is no effect on pension finance. Likewise, 4.1 trillion yen in contribution to the equivalent to benefits of Basic Pension and 37.2 billion yen in NPSP contribution etc. on the revenue side correspond respectively to benefits equivalent to Basic Pension (deemed Basic Pension benefits) and pension insurer contribution on the expenditure side; therefore, both sides are canceled each other out in public pension plans as a whole. Accordingly, when looking at the fiscal revenue and expenditure situation for all public pension plans as a whole, these items—which represent give-and-take within public pension plans—are excluded from both the revenue and expenditure sides for the purpose of ascertaining the consolidated base (see Figure 2-1-3). Furthermore, in order to ascertain the fiscal revenue and expenditure situation on a consolidated single-fiscal-year base, the amount

reported under the “others” item of revenue excludes 1.4 trillion yen in “surpluses received from the previous fiscal year” of Basic Pension Account.

Expenditure for all public pension plans: Pension benefits of 40.3 trillion yen

On the other hand, benefit expenditure for all public pension plans amounted to 40.3 trillion yen.

Of benefits, benefits equivalent to Basic Pension are included as a part of benefits of employee pension plans and National Pension Account. These benefits and Basic Pension benefits (which are benefits of Basic Pension Account) are benefits corresponding to the so-called “first tier.”

Furthermore, as was mentioned above, when looking at totals for public pension plans, contribution to Basic Pension, pension insurer contribution, and benefits equivalent to Basic Pension of the expenditure side are cancelled out by corresponding items on the revenue side. These expenditures that are contributed from each plan (including Basic Pension Account) are ultimately disbursed as a part of public pension benefits after they are received as the revenue of other plans (Figure 2-1-3).

Reserves for all public pension plans: 197.0 trillion yen on a book value basis, 195.6 trillion yen on a market value basis

At the end of FY2003, reserves for all public pension plans as a whole amounted to 197.0 trillion yen on a book value basis and 195.6 trillion yen on a market value basis. For EPI and NP, the book value-based figure was higher, while for other plans the market value-based figure was higher.

[2-1-1: Fiscal revenue and expenditure for FY2003]

Classification	EPI	NPSF	LPSP	PSP	NP		Total	Public pension plans as a whole (Consolidated base)
					National Pension Account	Basic Pension Account		
	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
Total revenue (book value)	311,022	21,064	57,308	4,071	57,677	167,460	618,634	409,499
(market value)	[352,369]	[22,063]	[67,553]	[4,254]	[60,636]	-	[674,367]	[465,233]
Contributions	192,425	10,231	29,677	2,658	19,627	-	254,618	254,618
Subsidies by state etc.	41,045	1,433	3,302	452	14,963	-	61,227	61,227
Subsidies for "bestowals" payments of prior period	-	5,187	13,352	-	-	-	18,539	18,539
Investment income (book value)	22,884	2,358	7,000	670	1,523	79	34,513	34,513
(market value)	[64,232]	[3,282]	[16,995]	[809]	[4,482]	-	[89,879]	[89,879]
Contribution to the equivalent to benefits of Basic Pension	13,921	1,833	3,946	203	21,534	-	41,438	-
Revenue of NPSF Contribution etc.	372	-	-	-	-	-	372	-
Payment of the cost for consolidation of former MAAs	1,727	-	-	-	-	-	1,727	1,727
Payment of the cost for the occupational portion exceed EPI	3,423	-	-	-	-	-	3,423	3,423
Payment of the cost for contracting back in to EPI of EPFs	34,965	-	-	-	-	-	34,965	34,965
Revenue of the contribution to Basic Pension	-	-	-	-	-	153,652	153,652	-
Others	259	23	31	87	30	13,729	14,160	488
Total expenditure	314,401	20,873	53,669	3,637	58,177	152,174	603,028	407,566
Benefits	208,140	16,849	42,618	2,185	22,293	110,735	402,821	402,821
Contribution to Basic Pension	102,986	3,898	10,557	1,263	34,853	-	153,652	-
Pension insurer contribution	-	40	188	143	-	-	372	-
Benefits equivalent to Basic Pension (Contribution to the equivalent to benefits of Basic Pension)	-	-	-	-	-	41,438	41,438	-
Others	3,276	86	306	45	1,031	1	4,745	4,745
Balance (book value)	3,379	191	3,639	434	500	15,285	15,605	1,933
(market value)	[37,968]	[1,189]	[13,885]	[617]	[2,459]	-	[71,339]	[57,667]
Reserve at end of fiscal year (book value)	1,374,110	86,938	378,297	31,802	98,612	-	1,969,758	1,969,758
(market value)	[1,359,151]	[88,175]	[379,605]	[32,242]	[97,160]	-	[1,956,334]	[1,956,334]

Note1: The market value for EPI and NP refers to the investment performance of market investments in the Government Pension Investment Fund (GPIF) including profit/loss pertaining to assets inherited from the former Pension Welfare Service Public Corporation (PWSPC) that is evaluated on a market value basis. It should be noted that distribution of inherited assets-related profit/loss to EPI and NP is conducted based on the ratio of each investment principal average balance. Furthermore, market value based investment income of NPSF, LPSP and PSP is estimated by adding the amount of gain/loss of appraisal profit/loss for the reserve at the end of the fiscal year to net investment income (profit after subtracting expenditure for loss on sales of marketable securities etc. from investment income). Market value based total revenue, investment income and balance are reference values.

Note2: Revenue of contribution to Basic Pension and contribution to Basic Pension of the National Pension Account include special government subsidies.

Note3: The EPI reserve at the end of the fiscal year does not include the substitutional part of EPFs.

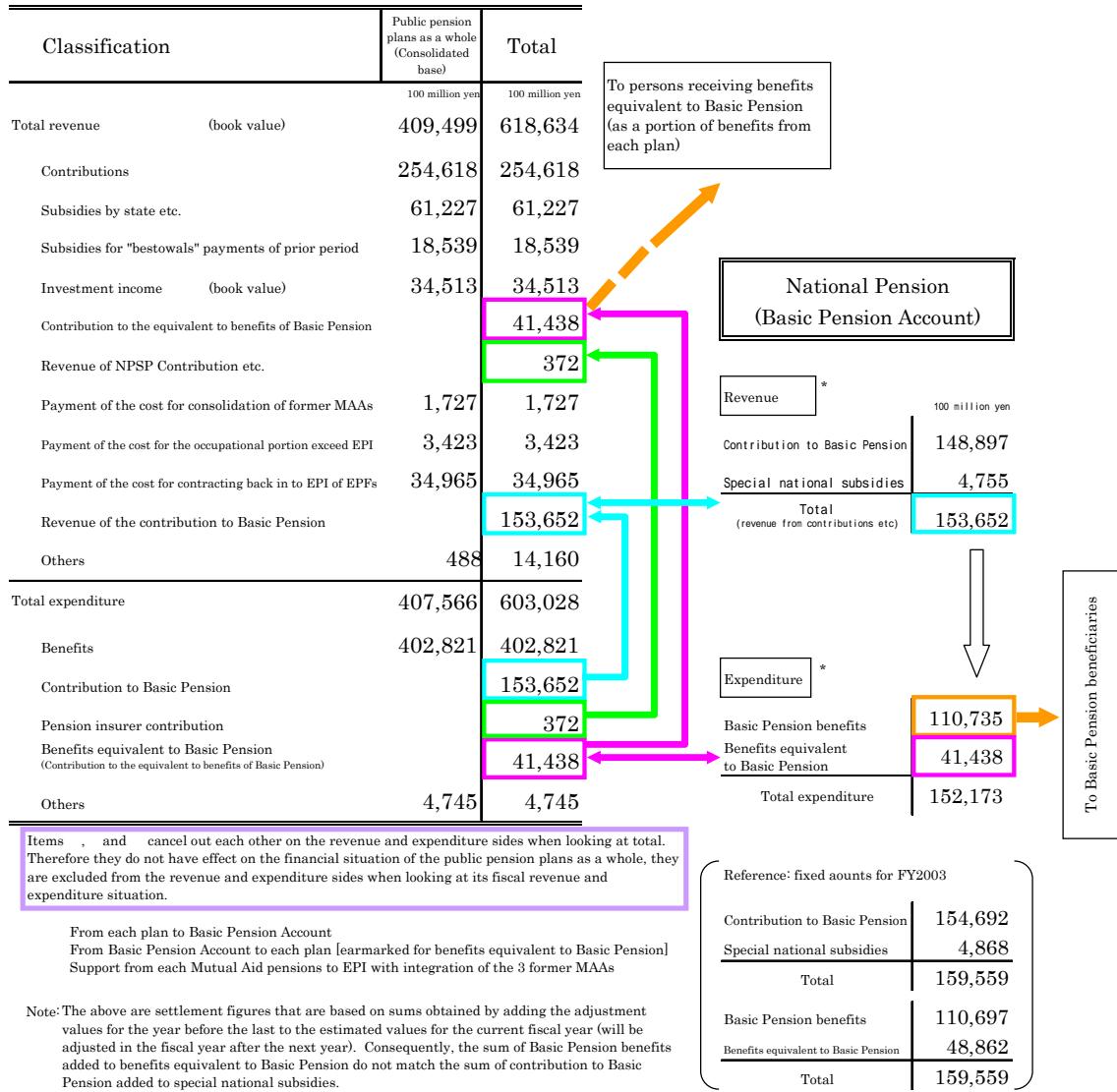
Note4: Totals/figures for public pension plans as a whole (consolidated base) include portions belonging to the former AFF, therefore they and the sum of the values of each plan may not match up.

Note5: To calculate revenue and expenditure in consolidated base, contribution to Basic Pension, contribution to the equivalent to benefits of Basic Pension (old law (pension law effective before FY1986)) and contribution to support JT MAA, JR MAA and NTT MAA that consolidated to EPI and corresponding revenue are excluded from both revenue and expenditure because those contributions and income are paid from one public pension plan to other public pension plan. Additionally, the amount of transfer from the surplus of previous year in Basic Pension Account is excluded from others in revenue.

[2-1-2: Compositional ratios of fiscal revenue and expenditure (book value) for FY2003]

Classification	EPI	NPSP	LPSP	PSP	NP	
					National Pension Account	Basic Pension Account
Compositional ratios (book value)	%	%	%	%	%	%
Total revenue (=100)	100.0	100.0	100.0	100.0	100.0	100.0
Contributions	61.9	48.6	51.8	65.3	34.0	-
<Compositional ratio when subsidies for "bestowals" payments of prior period are excluded>	-	<64.4>	<67.5>	-	-	-
Subsidies by state etc.	13.2	6.8	5.8	11.1	25.9	-
<Compositional ratio when subsidies for "bestowals" payments of prior period are excluded>	-	<9.0>	<7.5>	-	-	-
Subsidies for "bestowals" payments of prior period	-	24.6	23.3	-	-	-
Investment income (book value)	7.4	11.2	12.2	16.5	2.6	0.0
<Compositional ratio when subsidies for "bestowals" payments of prior period are excluded>	-	<14.8>	<15.9>	-	-	-
Contribution to the equivalent to benefits of Basic Pension	4.5	8.7	6.9	5.0	37.3	-
Revenue of NPSP Contribution etc.	0.1	-	-	-	-	-
Payment of the cost for consolidation of former MAAs	0.6	-	-	-	-	-
Payment of the cost for the occupational portion exceed EPI	1.1	-	-	-	-	-
Payment of the cost for contracting back in to EPI of EPFs	11.2	-	-	-	-	-
Revenue of the contribution to Basic Pension	-	-	-	-	-	91.8
Others	0.1	0.1	0.1	2.1	0.1	8.2
Total expenditure (=100)	100.0	100.0	100.0	100.0	100.0	100.0
Benefits	66.2	80.7	79.4	60.1	38.3	72.8
Contribution to Basic Pension	32.8	18.7	19.7	34.7	59.9	-
Pension insurer contribution	-	0.2	0.3	3.9	-	-
Benefits equivalent to Basic Pension (Contribution to the equivalent to benefits of Basic Pension)	-	-	-	-	-	27.2
Others	1.0	0.4	0.6	1.2	1.8	0.0

[2-1-3: Fiscal revenue and expenditure for FY2003]



Supplement to Figure 2-1-3 (Regarding the relationship between items indicated with arrows)

“Contributions to the equivalent to benefits of Basic Pension” on the revenue side are issued or transferred from NP (Basic Pension Account) to each employee pension plan and NP (National Pension Account). From among benefits of pensions based on the old law as it stood prior to revision in 1985, these contributions are applied to the expenditure necessary for payment that corresponds to Basic Pension. The amount corresponding to Basic Pension from among benefits of pensions under the old law is called either “benefits equivalent to Basic Pension” or “deemed Basic Pension benefits.” An amount obtained from the total of the “benefits equivalent to Basic Pension” and

“**Basic Pension benefits**” (which is expenditure necessary for payment of Basic Pension [new law]), minus special national subsidies, is shared as burden by each employee pension plan and NP*. “**Contribution to Basic Pension**” on the expenditure side refers to the portion borne.

*Please see “Contribution to Basic Pension” in the glossary for an explanation of the framework for determining shares to be borne.

Furthermore, “**Revenue of NPSP contribution etc.**” on the revenue side and “**Pension insurer contribution**” on the expenditure side are items pertaining to contributions that each mutual aid pension makes to EPI in line with the FY1997 integration of the 3 former MAAs into EPI. The amount that each mutual aid pension pays to EPI is referred to as “**pension insurer contribution**” and the amount that is received by EPI is referred to as “**revenue of NPSP contribution etc.**”

(2) Contributions: Decrease in EPI, increase in other plans

Contributions in FY2003 were 19.2 trillion yen for EPI; 1.0 trillion yen for NPSP; 3.0 trillion yen for LPSP; 265.8 billion yen for PSP; and 2.0 trillion yen for NP (Figure 2-1-4 of the report).

[2-1-4: Trends in contributions revenue]

FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP (National Pension Account)	Public pension plans as a whole
	100 million yen	3 former MAAs 100 million yen	Former AFP 100 million yen						
1995	186,933	4,209	3,153	9,066	27,437	2,066	232,864	18,251	251,116
1996	193,706	4,352	3,213	9,454	28,391	2,127	241,242	19,209	260,451
1997	206,832		3,345	9,816	29,712	2,238	251,943	19,453	271,397
1998	206,151		3,334	9,881	30,035	2,281	251,682	19,716	271,398
1999	202,099		3,317	9,957	30,218	2,315	247,906	20,025	267,931
2000	200,512		3,289	10,206	29,882	2,351	246,240	19,678	265,919
2001	199,360		3,249	10,252	29,857	2,384	245,102	19,538	264,640
2002	202,034			10,130	29,656	2,508	244,597	18,958	263,555
2003	192,425			10,231	29,677	2,658	234,991	19,627	254,618
Rate of change against previous FY (%)									
1996	3.6	3.4	1.9	4.3	3.5	2.9	3.6	5.2	3.7
1997	6.8	《4.4》	4.1	3.8	4.7	5.2	4.4	1.3	4.2
1998	0.3		0.3	0.7	1.1	1.9	0.1	1.4	0.0
1999	2.0		0.5	0.8	0.6	1.5	1.5	1.6	1.3
2000	0.8		0.9	2.5	1.1	1.6	0.7	1.7	0.8
2001	0.6		1.2	0.5	0.1	1.4	0.5	0.7	0.5
2002	1.3	《 0.3》		1.2	0.7	5.2	0.2	3.0	0.4
2003	4.8			1.0	0.1	6.0	3.9	3.5	3.4

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Regarding the rates of change against previous FY appearing in << >> in the EPI column: The figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Note 3: The “total for employee pension plans” and “public pension plans as a whole” for FY2002 and FY2003 include the share of the former AFF (share prior to integration); so they do not match the sums of each plan.

Looking at contribution trends, EPI had a decline of 4.8% in FY2003, which continued a downward trend since peaking in FY1997. On the other hand, LPSP and NP (which had been in decline since peaking in FY1999) and NPSP (which fell in FY2002) all had increased contributions in FY2003. Furthermore, PSP showed a continuing increase in contributions, having the highest rate of increase in FY2003 at 6.0%.

The public pension plans as a whole has had declining contributions since peaking at 27.1 trillion yen in FY1998. In FY2003, it had contributions of 25.5 trillion yen, which was a 3.4% decrease compared to the previous fiscal year.

The total remuneration system was introduced in FY2003. Under this system, the base for which contributions are levied was changed to total remuneration, including employee bonuses. At the same time, the contribution rate was converted using the empirical knowledge as is the case with the benefit rate that total remuneration is 1.3 times of the standard remuneration. However, actual amounts of employee bonuses vary depending on company activities (e.g., changes in remuneration allotment between monthly salary and bonuses) as well as economic conditions, etc. Because of this, conditions surrounding employee bonuses become a major factor giving effect on contributions. Thus, in FY2003, they worked on contributions to decrease in EPI and to increase in mutual aid pension plans.

Contribution (rate) for each public pension plan is as shown below.

[Figure 2-1-5: Contribution (rate)]

FY	EPI					NPSP	LPSP	PSP	NP
		Japan Railway	Nippon Telegraph and Telephone	Japan Tobacco Inc	AFF				
	%	%	%	%	%	%	%	%	Yen
1995	16.5	19.59 (Apr)	16.26	19.07	18.54 (Apr)	17.44	15.84	12.8 (Apr)	11,700 (Apr)
1996	17.35 (10月)	20.09 (Oct)	17.21 (Oct)	19.92 (Oct)		18.39 (Oct)	16.56 (Dec)		12,300 (Apr)
1997		EPI	17.35 (Apr)		19.49 (Apr)			13.3 (Apr)	12,800 (Apr)
1998	|	|	|	|	|	|	|	|	13,300 (Apr)
1999	|	|	|	|	|	|	|	|	|
2000	|	|	|	|	|	|	|	|	|
2001	|	|	|	|	|	|	|	|	|
2002	Note 5				EPI				
2003	13.58 (Apr)	15.69 (Apr)	13.58 (Apr)	15.55 (Apr)	15.22 (Apr)	14.38 (Apr)	12.96 (Apr)	10.46 (Apr)	
2004	13.934 (Oct)		13.934 (Oct)		14.704 (Oct)	14.509 (Oct)	13.384 (Oct)		
2005	14.288 (Sep)		14.288 (Sep)		15.058 (Sep)	14.638 (Sep)	13.738 (Sep)	10.814 (Apr)	13,580 (Apr)

Note 1: Parentheses refer to month of revision

Note 2: The Value of NPSP and LPSP is the double of individual burden rate.

Note 3: The MAAs of Japan Railways, Nippon Telegraph and Telephone, and Japan Tobacco Inc were integrated into EPI in April 1997 (shaded area).

The contribution rates for insured persons employed by Japan Railways or Japan Tobacco Inc and Telephone shall be left as is until the EPI contribution rate catches up.

Note 4: The AFF was integrated into EPI in April 2002 (shaded area).

Note 5: The total remuneration system was implemented in April 2003; the contribution rate became on total remuneration base.

Note 6: As of September 2005, the EPI contribution rate for mine workers and seamen is 15.456%. The contribution rates for insured persons employed by covered places of business that were covered corporations or designated corporations of the JR or JT MAAs are shown in the above chart. The same applies to the contribution rate for insured persons that were employed by covered places of business of agricultural, forestry, and fishery bodies.

(3) Subsidies by state etc.: Increases for all plans except LPSP

Subsidies by state etc. in FY2003 were as 4.1 trillion yen for EPI, 143.3 billion yen for NPSP, 330.2 billion yen for LPSP, 45.2 billion yen for PSP, and 1.5 trillion yen for NP (Figure 2-1-6).

Looking at trends in subsidies by state etc. all plans showed continued increases, however subsidies for LPSP turned downward after peaking in FY2001. Rates of change against the previous fiscal year for FY2003 were 2.5% for EPI, 4.4% for NPSP, minus 4.0% for LPSP, 5.4% for PSP, and 2.7% for NP. The public pension plans as a

whole had a 2.1% increase in subsidies by the state etc. over the previous fiscal year, with a total of 6.1 trillion yen.

Here, subsidies by state etc. refers to the following amounts¹ to be born by the national treasury, local government, etc.:

- An amount equivalent to one-third of contribution to Basic Pension
- An amount equivalent to a set percentage of expenditure necessary for payments (EPI: 20%; NPSP, LPSP: 15.85%; PSP and former AFF: 19.82%) for the period prior NP's establishment in April 1961 (excluding the past period for the "bestowals" payment, etc.).

The majority of subsidies by state etc. are due to the contribution to Basic Pension, and this increases in subsidies by state etc. mainly reflect increases in contribution to Basic Pension contributions (explained later).

It should be noted that, in the case of NP, the national treasury further shoulders a portion² of Old-Age Basic Pension benefits pertaining to contribution-exempted periods of NP and Disability Basic Pension benefits pertaining to disabilities suffered at less than 20 years of age.

Note 1: Please see Supplement 2 of the Glossary.

Note 2: Please see "special national subsidies" in the Glossary.

[Figure 2-1-6: Trends in subsidies by state etc.]

FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP (National Pension Account)	Public pension plans as a whole
	former MAAs	Former AFF							
	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
1995	28,295	688	525	988	2,602	294	33,393	11,846	45,238
1996	25,169	700	539	1,055	2,786	318	30,568	14,679	45,247
1997	27,115		530	1,095	2,868	327	31,936	13,322	45,258
1998	28,302		523	1,166	2,896	344	33,231	13,265	46,496
1999	36,356		539	1,219	3,043	368	41,525	13,227	54,752
2000	37,209		580	1,315	3,346	404	42,853	13,637	56,489
2001	38,164		600	1,348	3,506	415	44,032	14,307	58,340
2002	40,036			1,372	3,440	429	45,416	14,565	59,982
2003	41,045			1,433	3,302	452	46,264	14,963	61,227
Rate of change against previous FY (%)									
1996	11.0	1.8	2.8	6.8	7.1	7.9	8.5	23.9	0.0
1997	7.7	《4.8》	1.7	3.8	3.0	2.8	4.5	9.2	0.0
1998	4.4		1.4	6.5	1.0	5.2	4.1	0.4	2.7
1999	28.5		3.0	4.5	5.1	7.1	25.0	0.3	17.8
2000	2.3		7.5	7.9	10.0	9.7	3.2	3.1	3.2
2001	2.6		3.5	2.5	4.8	2.8	2.8	4.9	3.3
2002	4.9		《3.3》	1.8	1.9	3.4	3.1	1.8	2.8
2003	2.5			4.4	4.0	5.4	1.9	2.7	2.1

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Regarding the rates of change against previous FY appearing in << >> in the EPI column: The figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Note 3: The “total for employee pension plans” and “public pension plans as a whole” for FY2002 and FY2003 include the share of the former AFF (share prior to integration); So, they do not match the sums of each plans.

(4) Subsidies for “bestowals” payments of prior period

“Subsidies for ‘bestowals’ payments of prior period” in FY2003 amounted to 518.7 billion yen for NPSP and 1.3 trillion yen for LPSP (Figure 2-1-7).

Continuing decline in subsidies for “bestowals” payments of prior period has been seen for NPSP since FY1999, and for LPSP since FY1998. Among benefits, subsidies for “bestowals” payments of prior period correspond to expenditure necessary for the pre-establishment past period for the "bestowals" payment etc. portion. It is thought that subsidies for “bestowals” payments of prior period will continue to decline because the number of beneficiaries having past periods for the "bestowals" payment etc. will become smaller.

[Figure 2-1-7: Trends in subsidies for “bestowals” payments of prior period]

FY	NPSP	LPSP	Total
	100 million yen	100 million yen	100 million yen
1995	6,060	15,559	21,619
1996	5,758	16,009	21,766
1997	5,894	16,059	21,953
1998	6,062	15,745	21,808
1999	5,807	15,271	21,078
2000	5,612	14,756	20,368
2001	5,400	14,572	19,972
2002	5,326	14,139	19,465
2003	5,187	13,352	18,539
Rate of change against previous FY (%)			
1996	5.0	2.9	0.7
1997	2.4	0.3	0.9
1998	2.9	2.0	0.7
1999	4.2	3.0	3.3
2000	3.4	3.4	3.4
2001	3.8	1.2	1.9
2002	1.4	3.0	2.5
2003	2.6	5.6	4.8

(5) Investment income: Remarkable increase in market value bases

Book value-based investment income in FY2003 was 2.3 trillion yen for EPI, 235.8 billion yen for NPSP, 700.0 billion yen for LPSP, 67.0 billion yen for PSP, and 152.3 billion yen for NP (Figure 2-1-8). Looking at investment income in terms of book value, while all plans had shown declining trend in recent years, NPSP, LPSP and PSP showed increases in FY2003.

Since FY2003, it has become possible to ascertain investment income of all plans (including LPSP) in terms of market value. Market value based investment income in FY2003 was 6.4 trillion yen for EPI, 328.2 billion yen for NPSP, 1.7 trillion yen for LPSP, 80.9 billion yen for PSP, and 448.2 billion yen for NP. Thus, the market value based investment income was markedly higher for all plans when compared to book value based investment income. This suggests a good investment environment in FY2003.

[Figure 2-1-8: Trends in investment income]

FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP		Public pension plans as a whole
	3 former MAAs	Former AFF						National Pension Account	Basic Pension Account	
	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
1995	55,268	1,067	875	3,463	11,543	1,056	73,273	3,184	767	77,223
1996	56,061	1,693	781	3,505	10,910	985	73,935	3,296	700	77,931
1997	55,637		774	3,289	11,009	996	71,706	3,405	616	75,726
1998	52,164		715	2,728	10,535	989	67,131	3,368	385	70,884
1999	47,286		676	2,666	12,109	1,013	63,750	3,236	386	67,372
2000	43,067		698	2,499	9,328	875	56,466	2,828	304	59,598
2001	38,607		507	2,104	7,872	783	49,873	2,263	209	52,345
	[26,541]			[1,341]				[1,246]		
2002	31,071			2,169	6,870	667	40,776	1,897	175	42,848
	[2,731]			[1,757]		[90]		[371]		
2003	22,884			2,358	7,000	670	32,912	1,523	79	34,513
	[64,232]			[3,282]	[16,995]	[809]	[85,318]	[4,482]		[89,879]
Rate of change against previous FY (%)										
1996	1.4	58.6	10.8	1.2	5.5	6.7	0.9	3.5	8.7	0.9
1997	0.8		0.8	6.2	0.9	1.1	3.0	3.3	12.0	2.8
1998	6.2		7.7	17.1	4.3	0.7	6.4	1.1	37.5	6.4
1999	9.4		5.4	2.3	14.9	2.4	5.0	3.9	0.4	5.0
2000	8.9		3.2	6.3	23.0	13.7	11.4	12.6	21.2	11.5
2001	10.4		27.4	15.8	15.6	10.5	11.7	20.0	31.3	12.2
2002	19.5			3.1	12.7	14.8	18.2	16.2	16.5	18.1
	[89.7]			[31.0]				[129.8]		
2003	26.3			8.7	1.9	0.3	19.3	19.7	54.8	19.5
	[2,251.8]			[86.8]		[1,001.5]		[1,307.1]		

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Figures within the brackets are market value based figures.

Note 3: The market value for EPI/NP refers to the investment performance of market investments in GPIF (including profit/loss pertaining to assets inherited from the former PWSPC) that is evaluated on a market value basis. It should be noted that distribution of inherited assets-related profit/loss to EPI and NP is conducted based on the ratio of each investment principal average balance.

Note 4: The market-value based investment income of NPSP, LPSP and PSP is estimated by adding the amount of gain/loss of appraisal profit/loss for the reserve at the end of the fiscal year to net investment income (profit after subtracting expenditure for loss on sales of marketable securities etc. from investment income) and used for reference.

The market value based investment income for NPSP was 254.2 billion yen in FY1998; 314.7 billion yen in FY1999; and 167.8 billion yen in FY2000.

(6) Rate of return of investment: Extremely high level for all plans

FY2003 rates of return on investment were 4.91% and 4.78% for EPI and NP at market value respectively. Both represent extremely high levels in contrast to FY2002 (Figure 2-1-9).

For Mutual Aid pensions, as well, rates of investment return were generally high for all plans. On a book value-basis, these rates were 2.68% for NPSP, 1.81% for LPSP, and 2.00% for PSP. On a market value-basis, they were 3.84% for NPSP, 4.83% for LPSP, and 2.61% for PSP.

Although, in recent years, all plans except NPSP had seen continuing declines in their rates of return of investment, these rates showed improvement in FY2003, particular in terms of market value. This situation is reflected in the aforementioned investment income.

[Figure 2-1-9 Trends in rate of return of investment]

FY	EPI		NPSP	LPSP	PSP	NP (National Pension Account)
		Former AFF				
	%	%	%	%	%	%
1995	5.24	4.92	4.97	4.23	4.60	4.90
1996	4.99	4.23	4.82	3.74	4.03	4.56
1997	4.66	4.08	4.32	3.57	3.86	4.26
1998	4.15	3.69	3.44	3.24	3.66	3.94
1999	3.62	3.45	3.27	3.57	3.59	3.58
2000	3.22	3.55	3.01	2.61	2.99	2.98
2001	...	2.54	2.42	2.05	2.60	...
	[1.99]		[1.56]			[1.29]
2002	...		2.45	1.77	2.20	...
	[0.21]		[2.05]		[0.28]	[0.39]
2003	...		2.68	1.81	2.00	...
	[4.91]		[3.84]	[4.83]	[2.61]	[4.78]

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Figures within the brackets are market value based figures.

Note 3: The market value for EPI and NP refers to the investment performance of market investments in GPIF (including profit/loss pertaining to assets inherited from the former PWSPC) that is evaluated on a market value basis. It should be noted that distribution of inherited assets-related profit/loss to EPI and NP is conducted based on the ratio of investment principal average balance.

Note 4: The market value based rates of return of investment for NPSP, LPSP and PSP are modified rates of return based on market value-based investment income (reference value). Market value-based rates of return of investment for NPSP were 3.17% in FY1998, 3.80% in FY1999, and 2.03% in FY2000.

(7) Contribution to the equivalent to benefits of Basic Pension: Continuing decline for all plans

Contribution to the equivalent to benefits of Basic Pension (settlement base) in FY2003 were 1.4 trillion yen for EPI, 183.3 billion yen for NPSP, 394.6 billion yen for LPSP, 20.3 billion yen for PSP, and 2.2 trillion yen for NP (Figure 2-1-10).

Settlement-based contribution to the equivalent to benefits of Basic Pension amounts are the total of adjusting values for the year before the last added to the estimated values for the current fiscal year. The fixed value base corresponds to the actual values for the Basic Pension plan. Looking at fixed value base trends, they have been nearly constant decline throughout all plans since FY1996. Because contribution to the equivalent to benefits of Basic Pension is applied to benefits equivalent to Basic Pension (deemed Basic Pension benefits), it is thought that, like subsidies for “bestowals” payments of prior period, this declining trend will continue into the future because of the limited number of new pension beneficiaries under the old law.

[Figure 2-1-10: Trends in contribution to the equivalent benefits of Basic Pension]

Settlement base									
FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP (National Pension Account)	Public pension plans as a whole
	100 million yen	3 former MAAs 100 million yen	Former AFF 100 million yen						
1995	25,689	2,372	689	2,188	5,276	295	36,509	31,868	68,378
1996	25,491	2,445	589	2,209	5,371	291	36,396	30,395	66,790
1997	25,493		504	2,194	5,208	285	34,109	28,435	62,544
1998	24,952		481	2,201	5,035	277	32,954	27,826	60,781
1999	23,036		533	2,156	4,956	261	30,947	26,748	57,695
2000	19,574		563	2,083	4,796	245	27,260	25,701	52,962
2001	15,566		525	1,993	4,545	232	22,861	24,245	47,107
2002	14,240			1,935	4,249	218	20,728	22,771	43,499
2003	13,921			1,833	3,946	203	19,904	21,534	41,438
Rate of change against previous FY (%)									
1996	0.8	3.1	14.5	0.9	1.8	1.2	0.3	4.6	2.3
1997	0.0	《 8.7》	14.5	0.7	3.0	2.3	6.3	6.4	6.4
1998	2.1		4.5	0.3	3.3	2.7	3.4	2.1	2.8
1999	7.7		10.9	2.0	1.6	5.6	6.1	3.9	5.1
2000	15.0		5.5	3.4	3.2	6.4	11.9	3.9	8.2
2001	20.5		6.7	4.3	5.2	5.1	16.1	5.7	11.1
2002	8.5	《 11.5》		2.9	6.5	6.1	9.3	6.1	7.7
2003	2.2			5.3	7.1	6.9	4.0	5.4	4.7

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: The FY1997 figure for “total for employee pension plans” contains the contribution to the equivalent benefits of Basic Pension connected with February and March 1997 benefits as well as the adjustment value for FY1995 of the 3 former MAAs (42.5 billion yen). The FY1998 and FY1999 figures contain the adjustment values of the 3 former MAAs (FY1998: 900 million yen;

FY1999: 400 million yen). Likewise, the FY2002 figure contains the share of the former AFF (8.5 billion yen) and the FY2003 figure contains the adjustment value of the former AFF (100 million yen).

Note 3: Regarding the rates of change against previous FY appearing in << >> in the EPI column, the figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Fixed value base									
FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP (National Pension Account)	Public pension plans as a whole
	100 million yen	3 former MAAs	Former AFF						
1995	25,986	2,347	615	2,167	5,206	297	36,619	31,507	68,126
1996	25,392	2,416	605	2,187	5,158	287	36,045	30,319	66,364
1997	26,451		587	2,184	5,079	276	34,977	29,018	63,995
1998	25,804		577	2,178	5,033	265	33,857	28,132	61,989
1999	24,750		562	2,128	4,916	253	32,610	26,941	59,551
2000	24,234		547	2,077	4,724	239	31,822	25,588	57,410
2001	23,059		527	2,004	4,509	228	30,328	24,251	54,579
2002	22,638			1,925	4,325	218	29,193	22,916	52,110
2003	21,428			1,825	4,026	204	27,484	21,378	48,862
Rate of change against previous FY (%)									
1996	2.3	3.0	1.7	0.9	0.9	3.4	1.6	3.8	2.6
1997	4.2	<< 4.9 >>	3.0	0.1	1.5	3.9	3.0	4.3	3.6
1998	2.4		1.6	0.3	0.9	3.8	3.2	3.1	3.1
1999	4.1		2.5	2.3	2.3	4.6	3.7	4.2	3.9
2000	2.1		2.7	2.4	3.9	5.5	2.4	5.0	3.6
2001	4.8		3.7	3.5	4.6	5.0	4.7	5.2	4.9
2002	1.8	<< 4.0 >>		3.9	4.1	4.2	3.7	5.5	4.5
2003	5.3			5.2	6.9	6.3	5.9	6.7	6.2

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: The FY1997 figure for “total for employee pension plans” contains adjustment values contribution to the equivalent benefits of Basic Pension connected with February and March 1997 benefits of the 3 former MAAs (41.0 billion yen). Likewise, the FY2002 figure contains the share of the former AFF (8.7 billion yen).

Note 3: Regarding the rates of change against previous FY appearing in << >> in the EPI column, the figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

(8) Benefits: Overall increase in employee pension plans and Basic Pension

Benefits in FY2003 were 20.8 trillion yen for EPI, 1.7 trillion yen for NPSP, 4.3 trillion yen for LPSP, 218.5 billion yen for PSP, 2.2 trillion yen for National Pension Account of NP, and 11.1 trillion yen for Basic Pension Account of NP (Figure 2-1-11).

Looking at benefits trends, an overall increase has been continuing in employee pension plans. FY2003 rates of change against the previous fiscal year show that PSP had the highest rate of increase (3.4%), followed by EPI.

In NP, benefits increased significantly in the Basic Pension Account, rising by 8.0% in FY2003. On the other hand, there was 6.4% decrease in 2003 benefits in the National Pension Account, which represents a steady and continuing decrease. This is thought to be on account of the fact that, unlike employee pension plans, the number of new beneficiaries is extremely small because National Pension Account benefits are primarily old-age pension benefits of the old National Pension law.

[Figure 2-1-11: Trends in benefits]

FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP		Public pension plans as a whole
	100 million yen	100 million yen	100 million yen					National Pension Account	Basic Pension Account	
		3 former MAAs	Former AFF							
1995	150,413	13,040	3,376	16,005	38,176	1,538	222,547	32,193	41,695	296,436
1996	156,890	12,932	3,467	16,117	38,805	1,618	229,829	31,042	49,455	310,326
1997	172,895		3,567	16,240	39,376	1,694	233,772	29,783	57,690	321,245
1998	182,824		3,707	16,517	40,523	1,794	245,364	28,933	67,114	341,411
1999	187,364		3,774	16,608	41,177	1,864	250,787	27,781	76,146	354,715
2000	191,544		3,854	16,800	41,430	1,942	255,569	26,454	84,774	366,798
2001	196,228		3,916	16,867	42,005	2,023	261,039	25,133	93,633	379,805
2002	203,466			16,852	42,298	2,112	265,399	23,819	102,494	391,711
2003	208,140			16,849	42,618	2,185	269,792	22,293	110,735	402,821
Rate of change against previous FY (%)										
1996	4.3	0.8	2.7	0.7	1.6	5.2	3.3	3.6	18.6	4.7
1997	10.2	《1.8》	2.9	0.8	1.5	4.7	1.7	4.1	16.7	3.5
1998	5.7		3.9	1.7	2.9	5.9	5.0	2.9	16.3	6.3
1999	2.5		1.8	0.6	1.6	3.9	2.2	4.0	13.5	3.9
2000	2.2		2.1	1.2	0.6	4.2	1.9	4.8	11.3	3.4
2001	2.4		1.6	0.4	1.4	4.2	2.1	5.0	10.4	3.5
2002	3.7		《1.7》	0.1	0.7	4.4	1.7	5.2	9.5	3.1
2003	2.3			0.0	0.8	3.4	1.7	6.4	8.0	2.8

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Regarding the rates of change against previous FY appearing in << >> in the

EPI column, the figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Note 3: The “total for employee pension plans” and “public pension plans as a whole” for FY2002 include the share of the former AFF (share prior to integration); thus, they do not match the sums of each plan.

(9) Contribution to Basic Pension: Continuing increases for all plans

[Figure 2-1-12: Trends in contribution to Basic Pension]

Settlement base									
FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP (National Pension Account)	Public pension plans as a whole
	100 million yen	3 former MAAs	Former AFF						
1995	70,154	1,218	1,090	2,624	7,351	813	83,250	22,177	105,427
1996	74,120	1,267	1,132	2,733	7,728	847	87,827	22,324	110,151
1997	77,173		1,124	2,848	8,021	879	90,275	23,379	113,654
1998	83,144		1,156	3,075	8,558	934	96,881	24,709	121,590
1999	88,235		1,211	3,288	9,145	1,004	102,889	24,939	127,828
2000	91,272		1,279	3,535	9,703	1,103	106,892	26,109	133,002
2001	93,048		1,356	3,608	9,861	1,137	109,009	28,043	137,053
2002	98,961			3,719	10,108	1,184	114,282	28,937	143,219
2003	102,986			3,898	10,557	1,263	118,799	30,098	148,897

Rate of change against previous FY (%)									
1996	5.7	4.1	3.9	4.1	5.1	4.2	5.5	0.7	4.5
1997	4.1	《2.4》	0.8	4.2	3.8	3.8	2.8	4.7	3.2
1998	7.7		2.9	8.0	6.7	6.2	7.3	5.7	7.0
1999	6.1		4.7	7.0	6.9	7.5	6.2	0.9	5.1
2000	3.4		5.6	7.5	6.1	9.9	3.9	4.7	4.0
2001	1.9		6.0	2.1	1.6	3.1	2.0	7.4	3.0
2002	6.4	《4.8》		3.1	2.5	4.2	4.8	3.2	4.5
2003	4.1			4.8	4.4	6.7	4.0	4.0	4.0

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: The FY1997 figure for “total for employee pension plans” contains the FY1995 estimated value of the amount paid by continuing associations of the 3 former MAAs as their share of burden connected with February and March 1997 benefits and the FY1995 adjustment value for the 3 former MAAs (23.0 billion yen). The FY1998 and FY1999 figures contain the adjustment values of the 3 former MAAs (FY1998: 1.5 billion yen; FY1999: 700 million yen). Likewise, the FY2002 figure contains the share of the former AFF (31.1 billion yen) and the FY2003 figure contains the adjusted value of the former AFF (9.5 billion yen).

yen).

Note 3: Regarding the rates of change against previous FY appearing in << >> in the EPI column, the figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Fixed value base

FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP (National Pension Account)	Public pension plans as a whole
	100 million yen	3 former MAAs 100 million yen	Former AFF 100 million yen						
1995	69,866	1,239	1,084	2,660	7,425	815	83,089	21,777	104,865
1996	73,927	1,292	1,131	2,792	7,800	862	87,804	23,061	110,865
1997	79,669		1,164	2,945	8,216	912	93,132	23,619	116,751
1998	84,991		1,224	3,144	8,786	984	99,129	24,995	124,124
1999	89,002		1,281	3,329	9,280	1,047	103,939	26,848	130,787
2000	93,633		1,338	3,569	9,705	1,116	109,361	27,946	137,307
2001	97,575		1,380	3,719	10,088	1,175	113,937	29,319	143,255
2002	102,730			3,915	10,635	1,259	118,780	30,873	149,653
2003	106,850			4,009	10,905	1,319	123,082	31,610	154,692
Rate of change against previous FY (%)									
1996	5.8	4.3	4.3	5.0	5.1	5.7	5.7	5.9	5.7
1997	7.8	《5.9》	2.9	5.5	5.3	5.9	6.1	2.4	5.3
1998	6.7		5.2	6.7	6.9	7.8	6.4	5.8	6.3
1999	4.7		4.6	5.9	5.6	6.4	4.9	7.4	5.4
2000	5.2		4.5	7.2	4.6	6.5	5.2	4.1	5.0
2001	4.2		3.1	4.2	3.9	5.3	4.2	4.9	4.3
2002	5.3	《3.8》		5.3	5.4	7.1	4.3	5.3	4.5
2003	4.0			2.4	2.5	4.8	3.6	2.4	3.4

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: The FY1997 figure for “total for employee pension plans” contains the FY1995 estimated value of the amount paid by continuing associations of the 3 former MAAs as their share of burden connected with February and March 1997 benefits (22.6 billion yen). Likewise, the FY2002 figure contains the share of the former AFF (24.2 billion yen).

Note 3: Regarding the rates of change against previous FY appearing in << >> in the EPI column, the figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Contribution to Basic Pension for FY2003 (settlement base) was 10.3 trillion yen for EPI, 389.8 billion yen for NPSP, 1.1 trillion for LPSP, 126.3 billion yen for PSP, and 3.0 trillion yen for NP (Figure 2-1-12).

Settlement-based contribution amounts to Basic Pension are the total of estimated values for the current fiscal year added to the adjustment values for the year before the last, the fixed value base corresponds to the actual values for Basic Pension Plan. The fixed value base continued to grow for all plans. Looking at rates of change against the previous fiscal year for FY2003, LPSP had 4.8% increase, EPI had 4.0% increase, and other plans had increases between 2.4% and 2.5%.

(10) Basic Pension benefits and benefits equivalent to Basic Pension

Basic Pension benefits for FY2003 (settlement base) amounted to 11.1 trillion yen, and benefits equivalent to Basic Pension amounted to 4.1 trillion yen as settlement-base (Figure 2-1-3).

Contribution to Basic Pension which is shared by each plan refers to the amount excluding special national subsidies from the total of Basic Pension benefits and benefits equivalent to Basic Pension (hereinafter referred to as “the amount of benefits on which contribution is calculated”). Consequently, contribution to Basic Pension contribution is influenced by both Basic Pension benefits and benefits equivalent to Basic Pension.

Looking at trends for both, Basic Pension benefits have continued significant increases in recent years, while benefits equivalent to Basic Pension (which is an expenditure connected with pension benefits under the old law) have been declining year-by-year. Looking at their FY2003 rates of change to the previous fiscal year, Basic Pension had an 8.0% increase, while benefits equivalent to Basic Pension declined by 4.7%; combined, they had 4.2% increase.

[Figure 2-1-13: Trends in Basic Pension benefits (settlement base)]

FY	Basic Pension benefits		Benefits equivalent to Basic Pension		Total of Basic Pension benefits and benefits equivalent to Basic Pension	
	100 million yen	Rate of change against previous FY %	100 million yen	Rate of change against previous FY %	100 million yen	Rate of change against previous FY %
1995	41,695		68,378		110,073	
1996	49,455	18.6	66,790	2.3	116,245	5.6
1997	57,690	16.7	62,544	6.4	120,234	3.4
1998	67,114	16.3	60,781	2.8	127,894	6.4
1999	76,146	13.5	57,695	5.1	133,841	4.6
2000	84,774	11.3	52,962	8.2	137,736	2.9
2001	93,633	10.4	47,107	11.1	140,740	2.2
2002	102,494	9.5	43,499	7.7	145,993	3.7
2003	110,735	8.0	41,438	4.7	152,173	4.2

It should be noted that each plan's share of contributions (contribution to Basic Pension of the plan concerned) is the amount distributed by the "number of people on which contribution to Basic Pension is calculated." In the case of employee pension plans, the "number of people on which contribution to Basic Pension is calculated" refers to the number of Category-2 insured persons (limited to people aged between 20 and 59 years old) and Category-3 insured persons under the relevant employee pension plan; in the case of NP, it refers to number of Category-1 insured persons (including voluntary payers; limited to contribution payers only). The following figure (Figure 2-1-14) shows trends in the total of Basic Pension benefits and benefits equivalent to Basic Pension, the amount of special national subsidies, the amount of benefits on which contribution is calculated, and number of people on which contribution to Basic Pension is calculated based on fixed value (not on the settlement value that is based on the total of the adjustment values for the year before the last and estimated values for the current fiscal year).

According to the figure, the amount of benefits on which contribution is calculated has increased by from 3% to 6% every year, with 3.4% increase in FY2003 against the previous fiscal year. On the other hand, the number of people on which contribution to Basic Pension is calculated continued to decline for the plans as a whole, with 0.3%

decrease in FY2003 against the previous fiscal year. Looking at trends in the number of people on which contribution to Basic Pension is calculated by plans, there was a slight increase in PSP despite a general decline.

[Figure 2-1-14: Trends in the total of Basic Pension benefits and benefits equivalent to Basic Pension, amount of special national subsidies, per capita contribution to Basic Pension, and number of people on which contribution to Basic Pension is calculated etc.]

fixed value base												
FY	Total of Basic Pension benefits and benefits equivalent to Basic Pension	Special national subsidies	Amount of benefits on which contribution is calculated	Per capita contribution to Basic Pension	Number of people on which contribution to Basic Pension is calculated							
					Total	EPI	3 former MAAs	Former AFF	NPSP	LPSP	PSP	NP
	100 million yen	100 million yen	100 million yen	yen	1,000 people	1,000 people	1,000 people	1,000 people	1,000 people	1,000 people	1,000 people	1,000 people
1995	109,779	4,914	104,865	14,111	61,928	41,259	731	640	1,571	4,385	481	12,860
1996	115,772	4,907	110,865	14,972	61,709	41,149	719	630	1,554	4,341	480	12,836
1997	121,639	4,889	116,751	15,765	61,713	42,232		615	1,557	4,343	482	12,485
1998	129,066	4,942	124,124	16,988	60,887	41,691		600	1,542	4,310	483	12,261
1999	135,656	4,869	130,787	18,024	60,469	41,149		592	1,539	4,291	484	12,413
2000	142,140	4,833	137,307	19,149	59,753	40,747		582	1,553	4,224	485	12,162
2001	148,173	4,918	143,255	20,149	59,249	40,356		571	1,538	4,172	486	12,126
2002	154,563	4,910	149,653	21,450	58,142	40,006		(565)	1,521	4,132	489	11,994
2003	159,559	4,868	154,692	22,239	57,965	40,038			1,502	4,086	494	11,845

Rate of change against previous FY (%)												
1996	5.5	0.1	5.7	6.1	0.4	0.3	1.7	1.7	1.1	1.0	0.3	0.2
1997	5.1	0.4	5.3	5.3	0.0	2.6	《0.9》	2.3	0.2	0.0	0.5	2.7
1998	6.1	1.1	6.3	7.8	1.3	1.3		2.4	0.9	0.8	0.1	1.8
1999	5.1	1.5	5.4	6.1	0.7	1.3		1.4	0.2	0.4	0.3	1.2
2000	4.8	0.7	5.0	6.2	1.2	1.0		1.7	0.9	1.6	0.3	2.0
2001	4.2	1.8	4.3	5.2	0.8	1.0		2.0	1.0	1.2	0.1	0.3
2002	4.3	0.2	4.5	6.5	1.9	0.9	《 2.3》		1.1	1.0	0.6	1.1
2003	3.2	0.9	3.4	3.7	0.3	0.1			1.2	1.1	1.1	1.2

FY	Composition ratio of number of people on which contribution to Basic Pension is calculated							
	Total	EPI	3 former MAAs	Former AFF	NPSP	LPSP	PSP	NP
	%	%	%	%	%	%	%	%
1995	100.00	66.62	1.18	1.03	2.54	7.08	0.78	20.77
1996	100.00	66.68	1.17	1.02	2.52	7.04	0.78	20.80
1997	100.00	68.43		1.00	2.52	7.04	0.78	20.23
1998	100.00	68.47		0.99	2.53	7.08	0.79	20.14
1999	100.00	68.05		0.98	2.55	7.10	0.80	20.53
2000	100.00	68.19		0.97	2.60	7.07	0.81	20.35
2001	100.00	68.11		0.96	2.60	7.04	0.82	20.47
2002	100.00	68.81			2.62	7.11	0.84	20.63
2003	100.00	69.07			2.59	7.05	0.85	20.43

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Regarding the rates of change against previous FY appearing in << >> in the EPI column: The figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Note 3: The figure appearing within parentheses is the number of people on which contribution to Basic Pension is calculated that was converted for calculation of the amount paid by the former AFF. It is contained within the figure for EPI.

(11) Balance: The red for EPI and NP on a book value base; the black for all plans on a market value base

When looked at in terms of book value, balance in FY2003 was 337.9 billion yen deficit for EPI, 19.1 billion yen surplus for NPSP, 363.9 billion yen surplus for LPSP, 43.4 billion yen surplus for PSP, and 50.0 billion yen deficit for NP. EPI got into the red in FY2003 (Figure 2-1-15).

On the other hand, looking at balance in terms of market value, all plans showed a surplus in FY2005, marking a turnaround from FY2002. Even EPI and NP, which had book value-based deficits, had surpluses of 3.8 trillion yen and 245.9 billion yen, respectively.

Comparing investment income (shown in Figure 2-1-8) with balance, it is apparent that balance is lower than investment income for all plans. The fact of balance being below investment income indicates that contributions and subsidies by state etc. cannot cover expenditure and that a portion of investment income is being applied to this shortfall.

Furthermore, looking at trends in book value-based balance, all plans have continuous decreases in recent years.

[Figure 2-1-15: Balance trends]

FY	EPI		NPSP	LPSP	PSP	NP (National Pension Account)
	100 million yen	Former AFF 100 million yen				
1995	72,760	806	3,101	16,782	1,446	6,790
1996	66,381	559	3,089	16,816	1,342	9,444
1997	72,910	500	3,160	17,234	1,332	6,151
1998	50,801	225	2,395	14,900	1,207	4,871
1999	39,482	118	1,852	14,987	1,121	4,952
2000	20,779	34	2,762	9,160	852	3,527
2001	5,067	367	549	7,760	677	1,184
	[6,999]		[157]			[167]
2002	3,007		247	5,391	568	485
	[25,333]		[84]		[189]	[2,753]
2003	3,379		191	3,639	434	500
	[37,968]		[1,189]	[13,885]	[617]	[2,459]

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Figures within the brackets are market value based figures.

Note 3: The market value for EPI/NP refers to the investment performance of market investments in the GPIF (including profit/loss pertaining to assets inherited from former PWSPC) that is evaluated on a market value basis. It should be noted that distribution of inherited assets-related profit/loss to EPI and NP is conducted based on the ratio of each investment principal average balance.

Note 4: The market value based balances of NPSP, LPSP and PSP are reference values calculated by modifying profit/loss etc. of appraisal profit/loss for reserves at the end of the fiscal year. The market value based balance for NPSP was 224.3 billion yen in FY1998; 236.9 billion yen in FY1999; and 197.5 billion yen in FY2000.

(12) Reserve: Growth is slowing down on the whole

On a book value basis, reserves at the end of FY2003 were 137.4 trillion yen for EPI, 8.7 trillion yen for NPSP, 37.9 trillion yen for LPSP, 3.2 trillion yen for PSP, and 9.9 trillion yen for NP. The total for all plans was 197.0 trillion yen. Looking at reserve trends,

rates of increase against the previous fiscal year slowed for each plan, with FY2003 reserves for EPI and NPSP showing decreases (Figure 2-1-16).

On the other hand, market value based reserves were 135.9 trillion yen for EPI, 8.8 trillion yen for NPSP, 38.0 trillion yen for LPSP, 3.2 trillion yen for PSP, and 9.7 trillion yen for NP.

[Figure 2-1-16: Reserve trends]

end of FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans	NP (National Pension Account)	Public pension plans as a whole
	100 million yen	100 million yen	100 million yen						
		3 former MAAs	Former AFF						
1995	1,118,111	23,475	18,677	72,693	288,406	24,268	1,545,630	69,516	1,615,146
1996	1,184,579	25,007	19,236	75,782	305,220	25,611	1,635,435	78,493	1,713,929
1997	1,257,560		19,737	78,942	322,455	26,943	1,705,637	84,683	1,790,320
1998	1,308,446		19,961	81,337	337,358	28,150	1,775,251	89,619	1,864,871
1999	1,347,988		20,079	83,189	352,346	29,270	1,832,872	94,617	1,927,489
2000	1,368,804		20,113	85,951	361,507	30,123	1,866,498	98,208	1,964,706
2001	1,373,934		19,746	86,500	369,267	30,800	1,880,246	99,490	1,979,736
	[1,345,967]			[87,070]				[97,348]	
2002	1,377,023			86,747	374,658	31,368	1,869,796	99,108	1,968,904
	[1,320,717]			[86,986]	[365,720]	[31,625]	[1,805,048]	[94,698]	[1,899,746]
2003	1,374,110			86,938	378,297	31,802	1,871,147	98,612	1,969,758
	[1,359,151]			[88,175]	[379,605]	[32,242]	[1,859,173]	[97,160]	[1,956,334]
Rate of change against previous FY (%)									
1996	5.9	6.5	3.0	4.2	5.8	5.5	5.8	12.9	6.1
1997	6.2		2.6	4.2	5.6	5.2	4.3	7.9	4.5
1998	4.0		1.1	3.0	4.6	4.5	4.1	5.8	4.2
1999	3.0		0.6	2.3	4.4	4.0	3.2	5.6	3.4
2000	1.5		0.2	3.3	2.6	2.9	1.8	3.8	1.9
2001	0.4		1.8	0.6	2.1	2.2	0.7	1.3	0.8
	0.2			0.3	1.5	1.8	0.6	0.4	0.5
2002	[1.9]			[0.1]				[2.7]	
	0.2			0.2	1.0	1.4	0.1	0.5	0.0
2003	[2.9]			[1.4]	[3.8]	[2.0]	[3.0]	[2.6]	[3.0]

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF. Furthermore, it does not include the portion of the reserve of EPFs on its behalf.

Note 2: Figures within the brackets are market value based figures.

Note 3: The market value for EPI/NP refers to the investment performance of market investments in GPIF (including profit/loss pertaining to assets inherited from former PWSPC) that is evaluated on a market value basis. It should be noted that distribution of inherited assets-related profit/loss to EPI and NP is conducted based on the ratio of each investment principal average balance.

Note 4: The market value based reserve for NPSP was 8.3 trillion yen at the end of

FY1998; 8.5 trillion yen at the end of FY1999; and 8.7 trillion yen at the end of FY2000.

Note 5: A reserve of 1.6 trillion yen was transferred from the former AFF to EPI in FY2002, and farther 30 billion yen was transferred in FY2003. Furthermore, the FY2003 payment of the cost for contracting back in to EPI of EPFs amounted to 3.5 trillion yen.

Reference: Market value

Beginning with FY2002 financial report, the Actuarial Subcommittee has received reports of market value assessed values from all public pension plans.

The market value based reserves of all plans have been calculated since FY2002. The method for market value assessment for each plan is as presented in Figure 2-1-17. Although there are some differences concerning the details of each plan, it can be assumed that the assessment methods for all plans are basically similar.

It should be noted that the “market value” for EPI/NP refers to the performance of market investments in GPIF (including profit/loss pertaining to assets inherited from former PWSPC) that is evaluated on a market value basis. Distribution of inherited assets-related profit/loss to EPI and NP is conducted based on the ratio of each investment principal average balance.

Note: Since FY2001, the reserves of EPI and NP have been entrusted by Minister of Health, Labour and Welfare with GPIF. GPIF invests these funds in markets using the most appropriate method (involving not only investment in markets but also underwriting of Fiscal Investment and Loan Program(FILP) bonds). The GPIF also inherits assets related to fund investment operations in which former PWSPC borrowed funds from the former Trust Fund Bureau, and it invests these assets into the market with the entrusted funds using the same methods. Although the inherited assets are not the same as pension reserves, the investment performance of these inherited assets were widely seen as being reserve investment performance. Both entrusted funds and inherited assets are assessed on a market value basis. It should be mentioned that, until FY2000, the entire reserve amount was deposited in the former Trust Fund Bureau of the Ministry of Finance (the current Fiscal Loan Fund of the Ministry

of Finance) for a period of, in principle, seven years. The entire amount of investment income was income from interest on deposits. In FY2001 and later years, funds that were already deposited in the former Trust Fund Bureau remain deposited until they are to be amortized at maturity date (until FY2008).

[Figure 2-1-17: Methods for market valued assessment (assessment methods used at the end of FY2003)]

EPI/NP	Market value at the end of the fiscal year is used for domestic bonds, domestic stocks, overseas bonds, and overseas stocks (after deduction of management fees), and book value is used for investment-and-loan bonds (amortized cost method)
NPSP	Market value at the end of the fiscal year is used for composite trusts; book value is used in all other cases
LPSP	As a rule, market value at the end of the fiscal year is used for cash trusts, domestic bonds, overseas bonds, domestic stocks, securities investment trusts, securities trusts, life insurance etc.; book value is used for real estate and loans
PSP	Market value at the end of the fiscal year is used for composite trusts, domestic bonds, and securities trusts; book value is used for securities investment trusts, life insurance etc., real estate, and loans

2. The present situation and trends of insured persons

(1) Number of insured persons - Decreasing in employee pension plans except for PSP

In employee pension plans, the number of insured persons at the end of FY2003 by EPI was 32.12 million, by NPSP was 1.09 million, by LPSP was 3.15 million and by PSP was 0.43 million. The total number of insured persons in the public pension plans as a whole was 70.29 million (Figure 2-2-1). In employee pension plans, EPI made up 87% of the total.

Breaking down these insured persons, NP Category-1 insured persons (including voluntary insured persons) was 22.40 million, NP Category-3 insured persons was 11.09

million, and the total number of insured persons in employee pension plans was 36.80 million.

[Figure 2-2-1: Trends in the number of insured persons]

end of FY	EPI			NPSF	LPSP	PSP	Total for employee pension plans	Public pension plans as a whole	NP						
	1,000 persons	3 former MAAs	Former AFF						1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	Category-1	Category-3
		1,000 persons												1,000 persons	1,000 persons
1995	32,808	467	509	1,125	3,339	400	38,648	69,952	19,104	12,201					
1996	32,999	463	501	1,124	3,336	401	38,824	70,195	19,356	12,015					
1997	33,468		490	1,122	3,326	401	38,807	70,344	19,589	11,949					
1998	32,957		482	1,111	3,306	403	38,258	70,502	20,426	11,818					
1999	32,481		475	1,106	3,288	404	37,755	70,616	21,175	11,686					
2000	32,192		467	1,119	3,239	406	37,423	70,491	21,537	11,531					
2001	31,576		459	1,110	3,207	408	36,760	70,168	22,074	11,334					
2002	32,144			1,102	3,181	429	36,856	70,460	22,368	11,236					
2003	32,121			1,091	3,151	434	36,798	70,292	22,400	11,094					
Rate of change against previous FY(%)															
1996	0.6	0.8	1.5	0.1	0.1	0.3	0.5	0.3	1.3	1.5					
1997	1.4	《0.0》	2.3	0.2	0.3	0.1	0.0	0.2	1.2	0.6					
1998	1.5		1.6	1.0	0.6	0.4	1.4	0.2	4.3	1.1					
1999	1.4		1.5	0.4	0.5	0.2	1.3	0.2	3.7	1.1					
2000	0.9		1.6	1.2	1.5	0.5	0.9	0.2	1.7	1.3					
2001	1.9		1.8	0.8	1.0	0.6	1.8	0.5	2.5	1.7					
2002	1.8	《0.3》		0.7	0.8	5.0	0.3	0.4	1.3	0.9					
2003	0.1			1.0	0.9	1.3	0.2	0.2	0.1	1.3					

Note 1: NP Category-1 insured persons includes voluntary insured persons.

Note 2: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 3: Regarding the rates of change against previous FY appearing in << >> in the EPI column, the figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

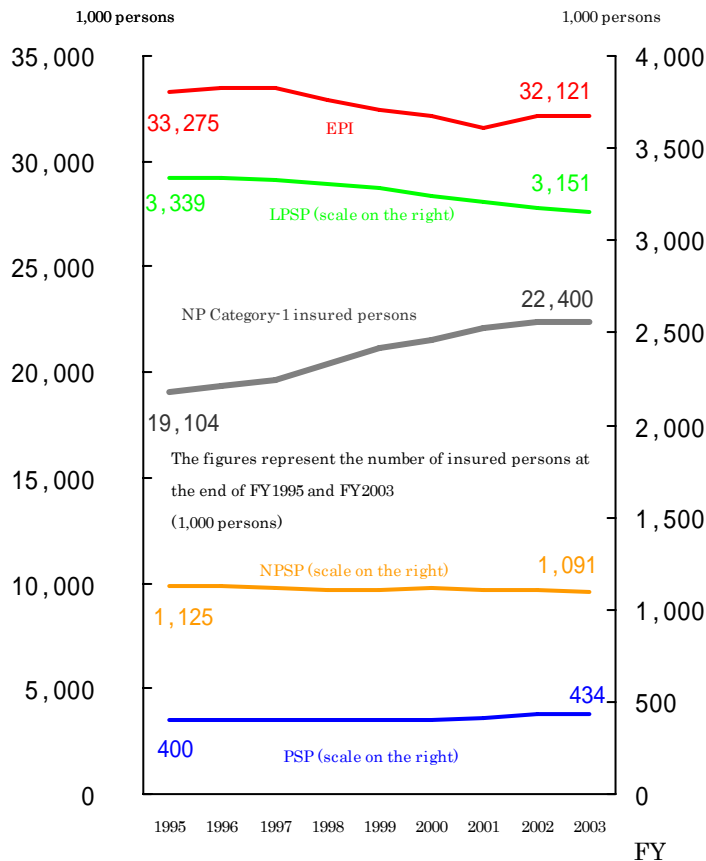
Looking at trends in the number of insured persons (Figure 2-2-1, Figure 2-2-2), in FY2003, the number for PSP increased 1.3% and the numbers for other employee pension plans decreased. Although in FY2002 there had been large increases in the number of insured persons for PSP and EPI due to some special factors—such as the expansion in insured-person eligibility (i.e. raising of the age ceiling for eligibility as the insured person from less than 65 years old to less than 70*) and integration of AFF into EPI—both plans appear to have returned to previous trends.

*As before, NPSP and LPSP have traditionally not had an age ceiling on eligibility.

Furthermore, the number of insured persons in total of the employee pension plans decreased 0.2%, continues a downward trend of recent years. And the number for the public pension plans as a whole also decreased 0.2%. On the other hand, the number of NP Category-1 insured persons increased by 0.1%.

Looking at trends in the number of insured persons since FY1995, while PSP has increased, the other employee pension plans have seen an overall decrease. EPI has a trend to decrease after peaking in FY1997, and NPSP has decreased except for the increase in FY2000 occurred due to the shift in the MAA eligibility of local administrators from LPSP to NPSP. LPSP has also decreased. Meanwhile, the number of NP Category-1 insured persons continues to increase.

[Figure 2-2-2: Trends in the number of insured persons]



(2) Age - Among employee pension plans, average age of insured persons for LPSP was the highest, for NPSP was the lowest.

Looking at average age of insured persons at the end of FY2003 (Figure 2-2-3), among employee pension plans, the highest was LPSP with 43.0 years old, followed by EPI at 41.4, PSP at 40.8, and NPSP at 39.9. Meanwhile, the average age of NP Category-1 insured persons was 39.6 years old.

[Figure 2-2-3: Ages of insured persons (at the end of FY2003)]

Classification	EPI	NPSP	LPSP	PSP	NP	
					Category-1	Category-3
Average age	Years old	Years old	Years old	Years old	Years old	Years old
Total	41.4	39.9	43.0	40.8	39.6	42.7
Males	42.2	40.5	43.9	46.6	38.5	47.0
Females	39.6	36.9	41.5	35.5	40.7	42.6
Age distribution (total for males and females)	%	%	%	%	%	%
Total	100.0	100.0	100.0	100.0	100.0	100.0
Less than 20	0.7	0.9	0.1	0.1	-	-
20-24	7.7	6.2	2.7	11.7	20.5	1.6
25-29	14.4	13.0	9.4	15.7	11.6	7.9
30-34	14.4	16.1	12.7	12.0	10.8	15.9
35-39	12.0	14.3	12.7	10.1	9.1	16.8
40-44	10.8	13.9	14.2	10.3	7.9	15.4
45-49	10.5	12.2	16.3	10.0	8.7	14.1
50-54	12.0	12.5	17.0	10.1	13.4	16.3
55-59	10.8	8.9	12.8	9.4	16.8	11.9
60-64	5.0	1.9	2.1	7.1	1.2	-
65 or older	1.8	0.1	0.1	3.5	0.1	-

Note 1: NP Category-1 insured persons includes voluntary insured persons.

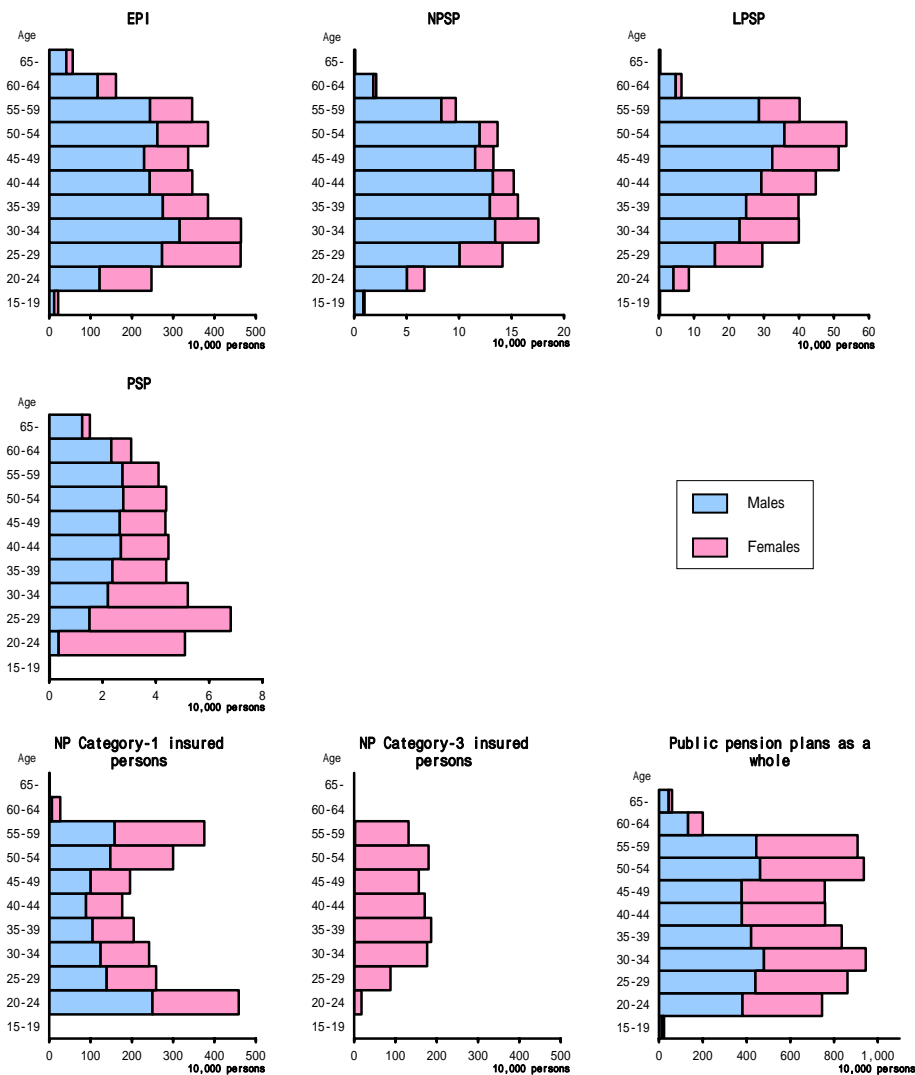
Note 2: The EPI “males” figure includes pitworkers and seamen.

Looking at the age distribution of insured persons at the end of FY2003 (Figure 2-2-3 and Figure 2-2-4), 50-54 and 45-49 age group for LPSP were relatively large compared to other plans, at 17.0% and 16.3%, respectively, and LPSP had a unique “inverted pyramid” pattern in which, from age 54 down, the younger the age group, the fewer the persons. For EPI, 25-29 age group (14.4%), 30-34 age group (14.4%), and 50-54 age group (12.0%) were conspicuously large compared to above and below age groups. For

NPSP, the age groups between 25 and 54 had relatively flat distribution. Meanwhile, for PSP, 25-29 age group (15.7%) was conspicuously large compared to the groups above and below it, while 65 or older age group was relatively large compared to other plans. This suggests the effect of expanded insured-person eligibility in April 2002.

The age distribution of NP Category-1 insured persons was different from those of employee pension plans. 20-24 age group was highest at 20.5%, followed by 55-59 age group (16.8%) and 50-54 age group (13.4%). On the other hand, all of its age groups between 35 and 49 had distribution percentages of less than 10%.

[Figure 2-2-4: Age distribution of insured persons (at the end of FY2003)]



Note: NP Category-1 insured persons includes voluntary insured persons.

Looking at trends of average age (Figure 2-2-5 and Figure 2-2-6), all employee pension plans are showing year-by-year rise. Although, in FY2002, the average age for PSP and EPI showed big rise because of the effect of the expansion of insured-person eligibility from less than 65 years of age to less than 70 years of age, both plans returned to moderate growth in FY2003. Among public pension plans, PSP is unique in that it has the highest average age for males and the lowest average age for females. Here, a significant rise in the average age of males, in particular, when expanded eligibility took effect in FY2002 is conspicuous. Meanwhile, the average age of NP Category-1 insured persons had been in decline, it has roughly stabilized in recent years.

[Figure 2-2-5: Trends in the average age of insured persons]

Total for males and females

end of FY	EPI		NPSP	LPSP	PSP	NP	
	Former AFF					Category-1	Category-3
	Years old	Years old				Years old	Years old
1995	39.9	39.7	38.5	41.5	38.9	40.8	41.4
1996	40.0	40.0	38.6	41.2	39.0	40.7	42.0
1997	40.2	40.3	38.7	41.6	39.1	40.4	42.1
1998	40.4	40.6	39.0	41.9	39.3	40.0	42.2
1999	40.5	40.9	39.3	42.2	39.5	39.8	42.4
2000	40.6	41.1	39.4	42.3	39.6	39.7	42.5
2001	40.7	41.3	39.5	42.7	39.7	39.6	42.6
2002	41.3		39.7	42.9	40.8	39.7	42.6
2003	41.4		39.9	43.0	40.8	39.6	42.7

Males

end of FY	EPI		NPSP	LPSP	PSP	NP	
	Former AFF					Category-1	Category-3
	Years old	Years old				Years old	Years old
1995	40.7	41.1	39.0	42.3	44.2	39.6	46.6
1996	40.8	41.4	39.1	42.1	44.4	39.5	48.8
1997	41.1	41.7	39.2	42.4	44.5	39.1	48.3
1998	41.2	41.9	39.5	42.8	44.7	38.9	49.1
1999	41.3	42.2	39.8	43.1	44.9	38.6	48.6
2000	41.4	42.3	40.0	43.2	45.1	38.5	49.2
2001	41.5	42.6	40.1	43.5	45.2	38.5	48.7
2002	42.1		40.2	43.8	46.6	38.7	47.4
2003	42.2		40.5	43.9	46.6	38.5	47.0

Females

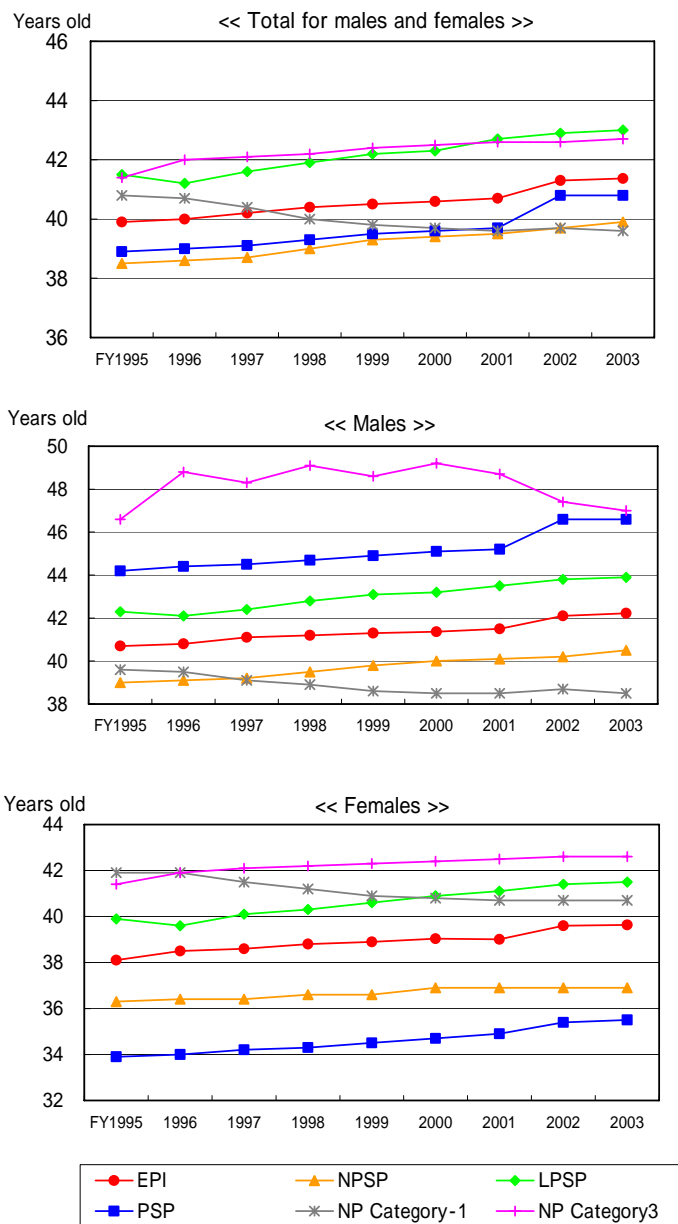
end of FY	EPI		NPSP	LPSP	PSP	NP	
	Former AFF					Category-1	Category-3
	Years old	Years old				Years old	Years old
1995	38.1	37.3	36.3	39.9	33.9	41.9	41.4
1996	38.5	37.8	36.4	39.6	34.0	41.9	41.9
1997	38.6	38.2	36.4	40.1	34.2	41.5	42.1
1998	38.8	38.5	36.6	40.3	34.3	41.2	42.2
1999	38.9	38.8	36.6	40.6	34.5	40.9	42.3
2000	39.0	39.2	36.9	40.9	34.7	40.8	42.4
2001	39.0	39.4	36.9	41.1	34.9	40.7	42.5
2002	39.6		36.9	41.4	35.4	40.7	42.6
2003	39.6		36.9	41.5	35.5	40.7	42.6

Note 1: NP Category-1 insured persons includes voluntary insured persons.

Note 2: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 3: The EPI values for “males” are for Class-1 insured persons, and values for “females” are for Class-2 insured persons.

[Figure 2-2-6: Trends in the average age of insured persons]



(3) Gender composition - The share of females ratio is high for PSP and low for NPSP

Looking at the share of females in insured persons at the end of FY2003 (Figure 2-2-7), PSP had the highest ratio among employee pension plans with 51.9%. On the other hand, LPSP and EPI were above 30% (36.7% and 33.5%, respectively). NPSP had the lowest ratio with 18.1%.

The share of females in NP Category-1 insured persons was 49.9%.

[Figure 2-2-7: Number of insured persons for males and females (at the end of FY2003)]

Classification	EPI	NPSP	LPSP	PSP	Public pension plans as a whole	NP	
						Category-1	Category-3
	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons
Total	32,121	1,091	3,151	434	70,292	22,400	11,094
Males	21,368	894	1,996	209	35,763	11,217	80
Females	10,753	198	1,155	225	34,528	11,183	11,014
Share of females	%	%	%	%	%	%	%
	33.5	18.1	36.7	51.9	49.1	49.9	99.3

Note: NP Category-1 insured persons includes voluntary insured persons.

Looking at trends in the share of females (Figure 2-2-8), while this share has been falling slowly year-on-year in NP, it is showing a very slight increase for all employee pension plans. Although share of females in PSP showed a temporary 1.2 point decline in FY2002, this is thought to be the result of an increased number of largely male insured persons that occurred under the effect of expanded eligibility.

[Figure 2-2-8: Trends in the share of females in insured persons]

end of FY	EPI		NPSP	LPSP	PSP	Public pension plans as a whole	NP	
	Former AFF						Category-1	Category-3
	%	%	%	%	%	%	%	%
1995	33.2	38.4	16.9	35.4	51.9	49.6	51.7	99.7
1996	33.2	38.4	17.1	35.6	52.1	49.5	51.6	99.7
1997	32.9	38.3	17.2	35.8	52.2	49.4	51.5	99.7
1998	32.9	38.4	17.4	36.0	52.4	49.4	51.2	99.6
1999	32.9	38.4	17.5	36.1	52.6	49.4	50.9	99.6
2000	33.0	38.4	17.7	36.3	52.7	49.3	50.7	99.5
2001	33.0	38.3	17.8	36.4	52.8	49.3	50.5	99.5
2002	33.2		17.9	36.5	51.6	49.1	50.1	99.4
2003	33.5		18.1	36.7	51.9	49.1	49.9	99.3
Change against previous FY								
1996	0.0	0.0	0.2	0.2	0.2	0.1	0.0	0.0
1997	0.3	0.0	0.1	0.2	0.1	0.1	0.2	0.0
1998	0.0	0.0	0.2	0.2	0.2	0.0	0.3	0.0
1999	0.0	0.1	0.1	0.2	0.2	0.0	0.2	0.0
2000	0.1	0.0	0.2	0.2	0.1	0.1	0.2	0.0
2001	0.0	0.1	0.1	0.1	0.1	0.0	0.2	0.1
2002	0.2		0.1	0.1	1.2	0.2	0.3	0.1
2003	0.3		0.2	0.1	0.3	0.0	0.2	0.1

Note 1: NP Category-1 insured persons includes voluntary insured persons.

Note 2: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

(4) Standard remuneration per capita (monthly) - High for NPSP and LPSP. Except for PSP, per capita remuneration decreased

Looking at standard monthly remuneration per capita (not including employee bonuses) for employee pension plans at the end of FY2003 (Figure 2-2-9), it was the highest in LPSP with 453,000 yen, followed by NPSP with 403,000 yen, by PSP with 371,000 yen, and by EPI with 314,000 yen. With regard to the standard monthly remuneration amount of LPSP, the “average monthly salary” that was reported by LPSP does not include overtime allowances or other such allowances. Thus, for the comparison with other plans, this amount is multiplied by 1.25 (unlike other plans, LPSP employs a framework that calculates benefits and contributions based on “salary”).

Furthermore, if the difference in the standard monthly remuneration per capita between male and female insured persons is viewed by comparing the female-to-male ratios (“males” are set at 100 for comparison), they are 83.2 and 93.0 in NPSP and LPSP, respectively. Thus, compared to EPI (62.5) and PSP (64.9), these two plans have small differences.

[Figure 2-2-9: Standard monthly remuneration per capita (at the end of FY2003)]

Classification	EPI	NPSP	LPSP	PSP
	Yen	Yen	Yen	Yen
Total	<313,893>	<402,646>	<453,265>	<370,972>
Males	<358,875>	<415,251>	<465,264>	<453,551>
Females	<224,394>	<345,620>	<432,534>	<294,452>
Female-to male ratio ("males"=100)	<62.5>	<83.2>	<93.0>	<64.9>

Note 1: Values are based on “standard monthly remuneration” and are averages of per insured person standard monthly remuneration at the end of the fiscal year.

Note 2: The standard monthly remuneration per-capita for LPSP is the amount obtained when average monthly salary is converted to the standard remuneration base (1.25 times).

Note 3: Average monthly salaries for LPSP were 362,612 yen for total, 372,211 yen for males, and 346,027 yen for females

Note 4: The EPI figures for “males” are for Class-1 insured persons, and figures for “females” are for Class-2 insured persons.

Bearing in mind that the “total remuneration system” was introduced in FY2003, we will look at levels based on total remuneration, including employee bonuses. Looking at standard remuneration per capita (total remuneration base ; monthly)—or, in other words, the (monthly) amount obtained by dividing the total standard remuneration under the total remuneration base (fiscal year total) by the fiscal year average number of insured persons—in FY2003, it was 602,000 yen in LPSP, followed by NPSP (543,000 yen), PSP (498,000 yen), and EPI (375,000 yen). This situation is similar to that of the standard monthly remuneration base. Furthermore, female-to-male ratio ("males" are set at 100) of the total remuneration base is slightly lower than that of the standard monthly remuneration base for all plan.

[Figure 2-2-10: Standard remuneration per capita (total remuneration base ; monthly)]

Classification	EPI	NPSP	LPSP	PSP
	Yen	Yen	Yen	Yen
Total	375,064	542,694	602,387	498,031
Males	431,495	561,494	622,886	616,435
Females	263,018	457,875	566,993	388,448
Female-to male ratio ("males"=100)	61.0	81.5	91.0	63.0

Note 1: Values are based on “total remuneration” and are fiscal year averages (monthly amount per-insured person) of total standard remuneration(total remuneration base).

Note 2: The EPI figures for “males” are for Class-1 insured persons, and figures for “females” are for Class-2 insured persons.

[Figure 2-2-11: Trends in standard remuneration per capita (monthly)]

FY <end of FY>	EPI		NPSP	LPSP	PSP
	Yen	Former AFF Yen			
1995	<307,530>	<277,620>	<379,903>	<424,225>	<343,239>
1996	<311,344>	<282,375>	<385,459>	<432,775>	<348,348>
1997	<316,881>	<286,727>	<390,090>	<441,521>	<353,682>
1998	<316,186>	<289,986>	<396,612>	<448,151>	<357,706>
1999	<315,353>	<292,577>	<401,956>	<453,615>	<360,832>
2000	<318,688>	<295,153>	<410,007>	<458,066>	<366,349>
2001	<318,679>	<296,925>	<412,231>	<461,583>	<367,677>
2002	<314,489>		<406,373>	<456,830>	<369,995>
2003	375,064 <313,893>		542,694 <402,646>	602,387 <453,265>	498,031 <370,972>
Rate of change against previous FY (%)					
1996	<1.2>	<1.7>	<1.5>	<2.0>	<1.5>
1997	<1.8>	<1.5>	<1.2>	<2.0>	<1.5>
1998	< 0.2>	<1.1>	<1.7>	<1.5>	<1.1>
1999	< 0.3>	<0.9>	<1.3>	<1.2>	<0.9>
2000	<1.1>	<0.9>	<2.0>	<1.0>	<1.5>
2001	< 0.0>	<0.6>	<0.5>	<0.8>	<0.4>
2002	< 1.3>		< 1.4>	< 1.0>	<0.6>
2003	... < 0.2>		... < 0.9>	... < 0.8>	... <0.3>

Note 1: For FY2003 and thereafter, values are based on “total remuneration” and are fiscal year averages (monthly amount per insured person) of total standard remuneration (total remuneration base).

Furthermore, values appearing within the < > are based on “standard monthly remuneration” and are averages of per-insured person standard monthly remuneration at the end of the fiscal year.

Note 2: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 3: The standard monthly remuneration per-capita for LPSP is the amount obtained when “average monthly salary” is converted to the standard monthly remuneration base.

Looking at trends in standard remuneration per capita (monthly) (Figure 2-2-11), under the standard monthly remuneration, it had continued to increase for NPSP, LPSP and PSP, but from FY2002, it decreased in NPSP and LPSP. FY2003 rates of change against the previous fiscal year were 0.2% less for EPI, 0.9% less for NPSP, 0.8% less for LPSP, and 0.3% more for PSP.

Meanwhile, looking at trends in female-to-male ratio (“males” are set at 100 for comparison) in standard remuneration per capita (monthly) (Figure 2-2-12), except for FY2000, the difference between males and females has been shrinking for EPI, LPSP, and PSP, slowly. On the other hand, for NPSP, the ratio at the end of FY2003 has fallen below the ratio at the end of FY1995.

[Figure 2-2-12: Trends in female-to-male ratio (“males”=100) in standard remuneration per capita (monthly)]

FY <end of FY>	EPI		NPSP	LPSP	PSP
		Former AFF			
1995	<59.2>	<67.2>	<84.7>	<91.6>	<62.6>
1996	<59.4>	<67.7>	<84.2>	<91.6>	<63.0>
1997	<59.5>	<67.9>	<83.9>	<92.2>	<63.4>
1998	<60.2>	<68.1>	<83.6>	<92.4>	<63.7>
1999	<60.9>	<68.3>	<83.4>	<92.7>	<64.0>
2000	<60.8>	<68.3>	<83.7>	<92.6>	<63.4>
2001	<61.4>	<68.6>	<83.8>	<92.8>	<63.7>
2002	<62.4>		<83.4>	<92.9>	<64.5>
2003	61.0		81.5	91.0	63.0
	<62.5>		<83.2>	<93.0>	<64.9>
Change against previous FY					
1996	<0.2>	<0.5>	< 0.5>	<0.0>	<0.4>
1997	<0.1>	<0.2>	< 0.4>	<0.5>	<0.4>
1998	<0.6>	<0.2>	< 0.2>	<0.2>	<0.2>
1999	<0.7>	<0.2>	< 0.2>	<0.3>	<0.3>
2000	< 0.0>	<0.0>	<0.3>	< 0.1>	< 0.6>
2001	<0.6>	<0.2>	<0.1>	<0.2>	<0.3>
2002	<1.0>		< 0.4>	<0.1>	<0.8>
2003	...		...	...	...
	<0.1>		< 0.2>	<0.0>	<0.4>

Note 1: For FY2003 and thereafter, values are based on “total remuneration” and are the female-to-male ratios of fiscal year averages (monthly amount per-insured person) of total standard remuneration (total remuneration base).

Furthermore, values appearing in the < > are based on “standard monthly remuneration” and are the female-to-male ratios of averages of per-insured person standard monthly remuneration at the end of the fiscal year.

Note 2: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

(5) Total standard remuneration - High growth for PSP, decrease for NPSP and LPSP

Total standard remuneration (total remuneration base ; fiscal year total) in FY2003 for EPI was 145.9 trillion yen, for NPSP was 7.1 trillion yen, for LPSP was 22.8 trillion yen, and for PSP was 2.6 trillion yen (Figure 2-2-13).

On the other hand, looking at total standard remuneration under the standard monthly remuneration base in order to ascertain time series trends, total of standard monthly remuneration (fiscal year total) in FY2003 for EPI was 121.9 trillion yen, for NPSP was 5.3 trillion yen, for LPSP was 17.2 trillion yen, and for PSP was 1.9 trillion yen.

Looking at trends in total standard remuneration under the standard monthly remuneration base, it continued to decrease for EPI after peaking in FY1997, and it decreased 1.2% in FY2003. For NPSP and LPSP, despite previous continuing increases (LPSP in FY2000), both experienced downturns in FY2002, each had decreased 2.2% in FY2003. Here, LPSP's FY2002 decrease and NPSP's high growth rate compared to other years were the effect of a shift in the MAA eligibility of local administrators from LPSP to NPSP.

On the other hand, because PSP had increases in both the number of insured persons and the standard monthly remuneration per capita, it saw a continuing growth trend with a 1.4% increase in FY2003. It is thought that the high rate of growth in FY2002 (5.5%) was due to expanded insured-person eligibility.

[Figure 2-2-13: Trends in total standard remuneration]

FY	EPI			NPSP	LPSP	PSP	Total for employee pension plans
	100 million yen	100 million yen	100 million yen				
		3 former MAAs	Former AFF				
1995	<1,215,248>	<23,136>	<16,873>	<50,431>	<168,207>	<16,431>	<1,490,326>
1996	<1,235,867>	<23,431>	<16,986>	<51,314>	<171,635>	<16,745>	<1,515,977>
1997	<1,281,286>		<16,898>	<51,893>	<174,521>	<17,004>	<1,541,603>
1998	<1,272,631>		<16,787>	<52,368>	<176,293>	<17,279>	<1,535,358>
1999	<1,247,826>		<16,714>	<52,854>	<177,712>	<17,500>	<1,512,606>
2000	<1,240,660>		<16,598>	<54,319>	<176,426>	<17,777>	<1,505,781>
2001	<1,231,930>		<16,410>	<54,583>	<176,435>	<18,016>	<1,497,374>
2002	<1,233,692>			<54,065>	<175,486>	<19,005>	<1,482,247>
2003	1,458,725 <1,219,199>			71,088 <52,860>	228,236 <171,616>	26,076 <19,275>	1,784,125 <1,462,950>
Rate of change against previous FY (%)							
1996	<1.7>	<1.3>	<0.7>	<1.8>	<2.0>	<1.9>	<1.7>
1997	<3.7>	《1.7》	< 0.5>	<1.1>	<1.7>	<1.5>	<1.7>
1998	< 0.7>		< 0.7>	<0.9>	<1.0>	<1.6>	< 0.4>
1999	< 1.9>		< 0.4>	<0.9>	<0.8>	<1.3>	< 1.5>
2000	< 0.6>		< 0.7>	<2.8>	< 0.7>	<1.6>	< 0.5>
2001	< 0.7>		< 1.1>	<0.5>	<0.0>	<1.3>	< 0.6>
2002	<0.1>	《 1.2》		< 1.0>	< 0.5>	<5.5>	< 1.0>
2003	... < 1.2>			... < 2.2>	... < 2.2>	... <1.4>	... < 1.3>

Note 1: Values are fiscal year totals.

Note 2: For FY2003 and thereafter, values are based on “total remuneration.” Values appearing in the < > are based on “standard monthly remuneration.”

Note 3: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 4: Regarding the rates of change against previous FY appearing in << >> in the EPI column: The figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Note 5: LPSP values are totals after total salary is converted to the standard monthly remuneration base.

3. The present situation and trends of beneficiaries

(1) Number of beneficiaries - Continued to increase for all public pension plans

There were 23.15 million beneficiaries in EPI at the end of FY2003, 0.93 million beneficiaries in NPSP, 2.17 million beneficiaries in LPSP, 0.26 million beneficiaries in PSP, and 22.54 million beneficiaries in NP (both Basic Pension under the new law and National Pension under the old law) (Figure 2-3-1). These numbers count a person who is a beneficiary in more than one pensions (for example, a person who is a beneficiary of both EPI and Basic Pension) as one person in each pension. Furthermore, in the case of survivor’s pension, pension benefit eligibilities are granted to all members of the deceased’s family that meet requirements (for example, in the case of a spouse and two children, three persons become beneficiaries for the survivor’s pension).

The number of people having pension benefit eligibilities for some sort of public pension, excluding these multiple beneficiaries, was 31.37 million when calculated using Basic Pension Numbers.

[Figure 2-3-1: Trends in the number of beneficiaries]

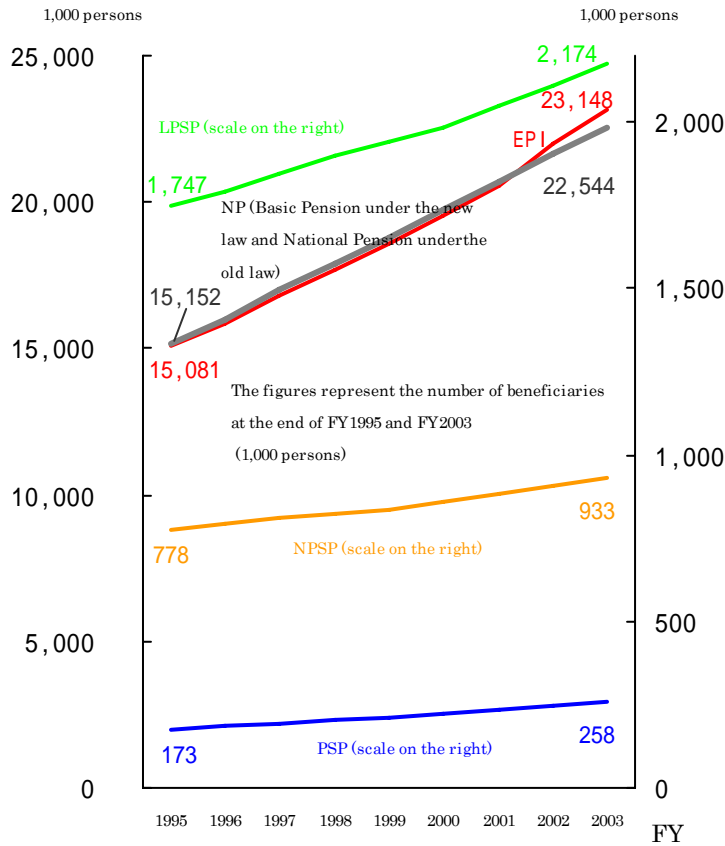
end of FY	EPI			NPSP	LPSP	PSP	NP Basic Pension under the new law and National Pension under the old law
	1,000 persons	3 former MAAs 1,000 persons	Former AFF 1,000 persons				
1995	14,448	633	266.0	778	1,747	173.5	15,152
1996	15,239	632	278.2	794	1,793	184.6	16,010
1997	16,813		290.4	810	1,848	193.5	16,987
1998	17,679		302.8	823	1,898	202.5	17,871
1999	18,571		314.9	835	1,942	212.7	18,795
2000	19,529		330.7	862	1,984	223.8	19,737
2001	20,559		348.1	883	2,049	235.3	20,669
2002	21,980			906	2,109	245.9	21,653
2003	23,148			933	2,174	258.2	22,544
Rate of change against previous FY (%)							
1996	5.5	0.2	4.6	2.0	2.6	6.4	5.7
1997	10.3	《5.9》	4.4	2.1	3.1	4.8	6.1
1998	5.2		4.3	1.6	2.7	4.7	5.2
1999	5.0		4.0	1.5	2.3	5.0	5.2
2000	5.2		5.0	3.1	2.2	5.2	5.0
2001	5.3		5.3	2.5	3.2	5.1	4.7
2002	6.9	《5.1》		2.6	3.0	4.5	4.8
2003	5.3			2.9	3.1	5.0	4.1

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Regarding the rates of change against previous FY appearing in << >> in the EPI column, the figure for FY1997 is the rate if the 3 former MAAs are included in FY1996, and the figure for FY2002 is the rate if the former AFF is included in FY2001.

Looking at trends in the number of beneficiaries (Figure 2-3-1 and Figure 2-3-2), it continued to increase for all public pension plans. From FY1996, while the rates of increase for EPI, PSP and NP were in the range of 4 to 6% level, for NPSP and LPSP were somewhat low, being in 1% to 3% level. Looking at FY2003 rates of increase against the previous fiscal year for employee pension plans, for EPI was 5.3%, for PSP was 5.0%, for LPSP was 3.1%, and for NPSP was 2.9%. The number of NP beneficiaries (Basic Pension under the new law and National Pension under the old law) increased by 4.1%.

[Figure 2-3-2: Trends in the number of beneficiaries]



Number of beneficiaries (excluding those who were stopped paying all amount of pensions)

Looking at the trends in the number of beneficiaries (excluding those who were stopped paying all amount of pensions) (Figure 2-3-3), they are largely the same as the trends in the number of beneficiaries that was examined above.

Note: Payment of all or a part of pensions may be stopped in accordance with multiple benefit adjustment and the framework of old-age pensions paid during employment.

[Figure 2-3-3: Trends in number of beneficiaries (excluding those who were stopped paying all amount of pensions)]

end of FY	EPI			NPSP	LPSP	PSP	NP Basic Pension under the new law and National Pension under the old law
	1,000 persons	3 former MAAs 1,000 persons	Former AFF 1,000 persons				
1995	13,621	-	257.7	-	1,680	157.8	14,751
1996	14,324	-	270.2	-	1,729	167.6	15,611
1997	15,778		282.7	-	1,783	176.7	16,585
1998	16,503		294.1	-	1,833	185.9	17,469
1999	17,233		305.3	811	1,875	195.8	18,362
2000	18,074		319.6	837	1,913	206.7	19,304
2001	19,005		335.8	857	1,970	217.3	20,238
2002	20,315			879	2,029	221.8	21,222
2003	21,369			906	2,088	234.5	22,111
Rate of change against previous FY (%)							
1996	5.2	-	4.8	-	3.0	6.2	5.8
1997	10.2		4.6	-	3.1	5.5	6.2
1998	4.6		4.0	-	2.8	5.2	5.3
1999	4.4		3.8	-	2.3	5.3	5.1
2000	4.9		4.7	3.2	2.0	5.6	5.1
2001	5.2		5.0	2.4	3.0	5.1	4.8
2002	6.9	《5.0》		2.6	3.0	2.1	4.9
2003	5.2			3.0	2.9	5.7	4.2

Note 1: For years up to FY1996, EPI does not include the 3 former MAAs, and for years up to FY2001, it does not include the former AFF.

Note 2: Regarding the rates of change against previous FY appearing in << >> in the EPI column: The figure is the rate if the former AFF is included in FY2001.

(2) Situation by type of pension

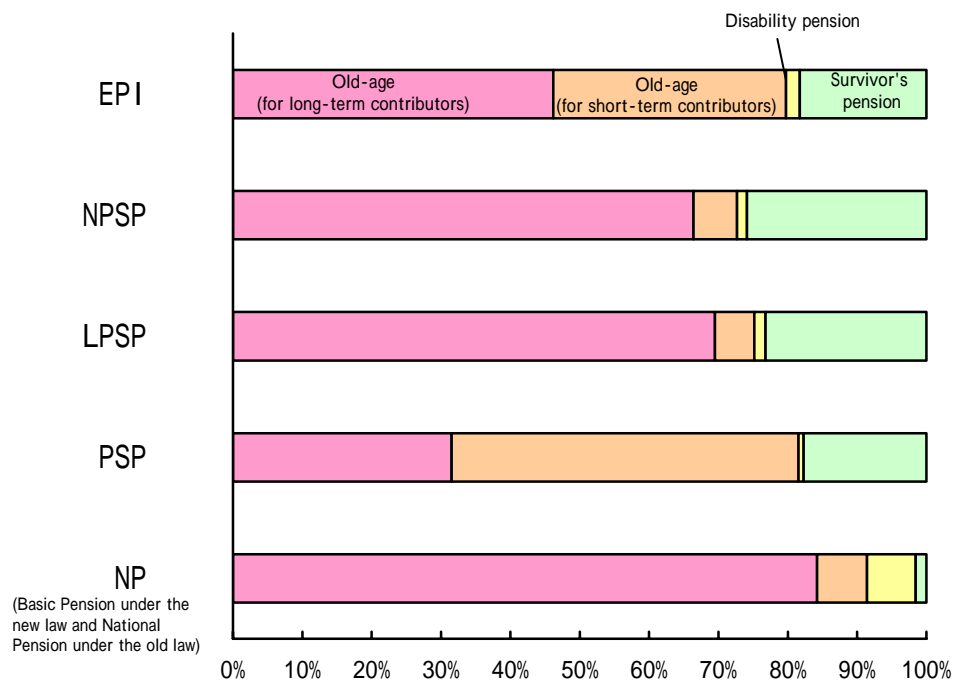
a. Situation at the end of FY2003

This section will look at beneficiaries by type of pension. Types of pension are:

- 1) Old-age pension (for long-term contributors) (hereinafter “old-age (for long-term contributors)”*)
- 2) Old-age pension (for short-term contributors) (hereinafter “old-age (for short-term contributors)”*)
- 3) Disability pension
- 4) Survivor’s pension

Note: “Old-age (for long-term contributors)” is the one under the new law that requires fulfilment of the eligible period in one plan stipulated in the old-age basic pension (25 years; including 20 years of contributions in the interim measure and 15 years of contributions in the special measure for the middle and older age), as well as the old-age and retirement pension of the old law prior to implementation of the Basic Pension system. “Old-age (for short-term contributors)” refers to old-age EPI pension and retirement mutual aid pension under the new law that do not apply to “old-age pension (for long-term contributors)” and totalize old-age pension and totalize retirement pension under the old law. It should be mentioned that, in the case of NP, all old-age basic pensions under the new law are referred to as "old-age (for long-term contributors)".

[Figure 2-3-4: Composition by type of pension of beneficiaries (at the end of FY2003)]



The proportion of beneficiaries by type of pension shows that, although there are some differences on the plan, old-age (for long-term contributors) generally has the most.

This trend remains largely the case for the number of beneficiaries (excluding those who were stopped paying all amount of pensions) as well (Figure 2-3-4 and Figure 2-3-5).

Few survivor's pension beneficiaries in NP

However, in NP, there are fewer survivor's pension beneficiaries than disability pension beneficiaries. The share of survivor's pension beneficiaries in NP is 1.6%, while the plan having the lowest share among employee pension plans is PSP at 17.7% (the share in EPI is 18.3%). It is thought that this situation is due to the fact that, as opposed to NP's Survivor's Basic Pension*, which in general only paid to children less than 18 years old* and to widows having children less than 18 years old, the survivor's pensions of employee pensions, as a rule, pay to the spouses of old-age pension beneficiaries who have died.

Note: In addition to the survivor's basic pension, there are "widow's pensions" and "lump-sum death benefits" in NP. The number of survivor's pension beneficiaries include the number of widow's pension beneficiaries, though the weight is small. Furthermore, a "child less than 18 years old" is properly seen as being so until the final day of the fiscal year in which he or she reached the age of 18. A "child less than 18 years old" also applies to a child with a Class-1 or Class-2 disability who is less than 20 years old.

The number of old-age (for short-term contributors) beneficiaries is small for NPSP and LPSP

Meanwhile, the shares of old-age (for short-term contributors) beneficiaries reached only 6.3% and 5.6%, respectively, for NPSP and LPSP. These shares are relatively small when compared to the same for other employee pension plans, which are over 30% (EPI: 33.6%; PSP: 50.1%). This suggests that the ratios of persons having long contribution periods for NPSP and LPSP are high compared to other employee pension plans. For example, average insured periods for old-age (for long-term contributors) varies; NPSP (418 months) and LPSP (413 months) have long period compared to EPI (374 months) and PSP (374 months).

The number of old-age (for short-term contributors) beneficiaries is large for PSP

PSP is unique among the plans in that its share of old-age (for short-term contributors) beneficiaries is larger than its share of old-age (for long-term contributors) beneficiaries,

standing at 50.1% compared to 31.5%. (For EPI, the old-age (for long-term contributors) beneficiaries had a 46.2% share against old-age (for short-term contributors) beneficiaries' share of 33.6%.)

[Figure 2-3-5: Number of beneficiaries and beneficiaries (excluding those who were stopped paying all amount of pensions) by type of pension (end of FY2003)]

Classification	EPI	NPSP	LPSP	PSP	NP (Basic Pension under the new law and National Pension under the old law)
Number of beneficiaries	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons
Total	23,148	933	2,174	258.2	22,544
Old-age and retirement pension	10,690	620	1,511	81.3	18,985
{ Old-age(for long-term contributors)					
{ Old-age(for short-term contributors)	7,770	58	123	129.2	1,625
Disability pension	463	13	35	1.9	1,580
Survivor's pension	4,225	241	505	45.7	353
Composition ratio	%	%	%	%	%
Total	100.0	100.0	100.0	100.0	100.0
Old-age and retirement pension	46.2	66.4	69.5	31.5	84.2
{ Old-age(for long-term contributors)					
{ Old-age(for short-term contributors)	33.6	6.3	5.6	50.1	7.2
Disability pension	2.0	1.4	1.6	0.7	7.0
Survivor's pension	18.3	25.9	23.2	17.7	1.6
Beneficiaries (excluding those who were stopped paying all amount of pensions)	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons
Total	21,369	906	2,088	234.5	22,111
Old-age and retirement pension	10,074	604	1,467	67.3	18,890
{ Old-age(for long-term contributors)					
{ Old-age(for short-term contributors)	7,086	57	118	119.9	1,620
Disability pension	341	9	22	1.6	1,460
Survivor's pension	3,868	236	481	45.6	142
Composition ratio	%	%	%	%	%
Total	100.0	100.0	100.0	100.0	100.0
Old-age and retirement pension	47.1	66.7	70.3	28.7	85.4
{ Old-age(for long-term contributors)					
{ Old-age(for short-term contributors)	33.2	6.3	5.7	51.2	7.3
Disability pension	1.6	1.0	1.0	0.7	6.6
Survivor's pension	18.1	26.0	23.0	19.5	0.6

Note: The NPSP "total" includes benefits for seamen and occupational benefits.

b. Trends

Looking at trends in the number of beneficiaries by type of pension (Figure 2-3-6), other than old-age (for short-term contributors) and survivor's pension of NP, all plans have

continued to grow for all pension types.

Old-age (for long-term contributors): Large increases for EPI and PSP

Looking at rates of change against the previous fiscal year for old-age (for long-term contributors), in FY2003, PSP (6.3%) and EPI (5.4%) had large growth among employee pension plans, with LPSP (2.7%) and NPSP (1.6%) following behind (Figure 2-3-6). At the same time, the number of NP old-age (for long-term contributors) beneficiaries (including Old-Age Basic Pension beneficiaries) grew 5.2%.

Growth of NPSP and LPSP old-age (for long-term contributors) has been slow compared to other plans. This is due to the fact that these two plans sum up their past period for the "bestowals" payment, so have a relatively high level of maturity. Although the pace of growth in the number of beneficiaries is slow compared to other plans, it should be remembered that, from the perspective of pension finances, the number of people having the past period for the "bestowals" payment will decrease in the future, then financial resources will shift to contributions from subsidies for "bestowals" payments of prior period that are borne by the national government, local governments etc. as enterprise owners.

Old-age pension (for short-term contributors): Larger increases than old-age (for long-term contributors) for all plans except PSP

A comparison of developments in old-age (for short-term contributors) with old-age (for long-term contributors) shows that, for all employee pension plans except PSP, old-age (for short-term contributors) had larger increase. In FY2003 rates of change against the previous fiscal year were as follows: 6.5% increase for EPI, 18.0% increase for NPSP, and 4.9% increase for LPSP—all of these rates are higher than old-age (for long-term contributors). NPSP, in particular, has continued to have two-digit increases over the past four years. On the other hand, PSP had growth in old-age (for short-term contributors) of 4.5%, as opposed to a 6.3% growth for old-age (for long-term contributors). Old-age (for short-term contributors) of NP has seen year-on-year decreases due to the fact that its beneficiaries are totalize old-age pension beneficiaries under the old law.

Disability pension

Disability pension continued to increase for all plans. Although, with the exception of NPSP, the growth rates were low overall compared to old-age pension and survivor's

pension, its FY2003 rates of change against the previous year was 4.5% increase for LPSP and 4.9% increase for PSP, which were higher than those of survivor's pension.

Survivor's pension

Survivor's pension saw continuous growth for all plans except NP. Looking at FY2003 rates of change against the previous fiscal year, EPI was 3.5% increase, NPSP was 3.3% increase, LPSP was 3.6% increase, and PSP was 4.1% increase.

[Figure 2-3-6: Trends in the number of beneficiaries by type of pension]

end of FY	EPI					NPSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age long-term contribution	Old-age short-term contribution				Old-age long-term contribution	Old-age short-term contribution		
	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons
1995	15,081	7,051	4,606	378	3,047	778	565	25	11	176
1996	15,871	7,386	4,923	386	3,177	794	570	28	11	184
1997	16,813	7,822	5,299	393	3,299	810	576	30	11	192
1998	17,679	8,217	5,625	404	3,433	823	579	32	11	200
1999	18,571	8,580	5,975	415	3,601	835	580	35	12	208
2000	19,529	9,014	6,352	425	3,737	862	592	39	12	218
2001	20,559	9,486	6,764	436	3,873	883	601	43	13	226
2002	21,980	10,145	7,299	452	4,084	906	610	49	13	234
2003	23,148	10,690	7,770	463	4,225	933	620	58	13	241
Rate of change against previous FY (%)										
1996	5.2	4.7	6.9	2.1	4.3	2.0	0.9	9.2	2.2	4.6
1997	5.9	5.9	7.6	2.0	3.8	2.1	1.1	8.1	2.5	4.3
1998	5.2	5.0	6.1	2.7	4.1	1.6	0.5	7.6	1.8	4.1
1999	5.0	4.4	6.2	2.8	4.9	1.5	0.2	7.9	1.7	4.0
2000	5.2	5.1	6.3	2.4	3.8	3.1	2.1	10.9	4.5	4.8
2001	5.3	5.2	6.5	2.5	3.6	2.5	1.5	12.7	3.3	3.5
2002	6.9	6.9	7.9	3.8	5.4	2.6	1.5	13.8	3.5	3.5
2003	5.3	5.4	6.5	2.4	3.5	2.9	1.6	18.0	3.3	3.3
end of FY	LPSP					PSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age long-term contribution	Old-age short-term contribution				Old-age long-term contribution	Old-age short-term contribution		
	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons
1995	1,747	1,266	88	28	364	173.5	49.0	92.7	1.4	30.3
1996	1,793	1,290	92	29	382	184.6	53.6	97.4	1.5	32.2
1997	1,848	1,322	95	30	401	193.5	56.8	101.0	1.5	34.1
1998	1,898	1,349	98	30	420	202.5	60.2	105.0	1.6	35.8
1999	1,942	1,372	101	31	438	212.7	63.5	109.3	1.6	38.1
2000	1,984	1,394	104	32	454	223.8	67.8	114.1	1.7	40.1
2001	2,049	1,434	112	32	470	235.3	72.3	119.2	1.8	42.0
2002	2,109	1,471	117	34	488	245.9	76.5	123.6	1.8	43.9
2003	2,174	1,511	123	35	505	258.2	81.3	129.2	1.9	45.7
Rate of change against previous FY (%)										
1996	2.6	1.9	4.0	2.3	5.0	6.4	9.3	5.0	4.3	6.1
1997	3.1	2.5	3.7	2.2	4.9	4.8	6.0	3.7	2.5	6.1
1998	2.7	2.0	3.2	2.3	4.7	4.7	5.9	3.9	3.3	4.8
1999	2.3	1.7	2.6	2.1	4.3	5.0	5.6	4.2	4.0	6.6
2000	2.2	1.6	3.5	1.8	3.6	5.2	6.7	4.4	3.8	5.2
2001	3.2	2.8	7.3	2.9	3.6	5.1	6.6	4.4	2.5	4.8
2002	3.0	2.6	4.5	3.6	3.7	4.5	5.9	3.7	3.5	4.5
2003	3.1	2.7	4.9	4.5	3.6	5.0	6.3	4.5	4.9	4.1
end of FY	NP (Base: Pension under the new law and National Pension under the old law)									
	Total	Old-age and retirement pension		Disability pension	Survivor's pension					
		Old-age long-term contribution	Old-age short-term contribution							
	1,000 persons	1,000 persons	1,000 persons	1,000 persons	1,000 persons					
1995	15,152	11,400	2,109	1,309	334					
1996	16,010	12,276	2,063	1,338	332					
1997	16,987	13,276	2,011	1,370	331					
1998	17,871	14,186	1,952	1,402	331					
1999	18,795	15,090	1,890	1,437	377					
2000	19,737	16,061	1,829	1,473	373					
2001	20,669	17,030	1,764	1,508	367					
2002	21,653	18,053	1,697	1,543	360					
2003	22,544	18,985	1,625	1,580	353					
Rate of change against previous FY (%)										
1996	5.7	7.7	2.2	2.3	0.5					
1997	6.1	8.1	2.6	2.3	0.2					
1998	5.2	6.9	2.9	2.3	0.1					
1999	5.2	6.4	3.2	2.6	13.7					
2000	5.0	6.4	3.2	2.5	0.9					
2001	4.7	6.0	3.5	2.3	1.7					
2002	4.8	6.0	3.8	2.3	2.1					
2003	4.1	5.2	4.2	2.4	1.9					

Note 1: For years up to FY2001, EPI does not include the former AFF. For years up to 1996, EPI includes the 3 former MAAs.

Note 2: The NPSP “total” includes benefits for seamen and occupational benefits.

[Figure 2-3-7: Trends in the compositional breakdown of number of beneficiaries by type of pension]

end of FY	EPI					NPSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age/for long-term contributions	Old-age/for short-term contributions				Old-age/for long-term contributions	Old-age/for short-term contributions		
%	%	%	%	%	%	%	%	%	%	%
1995	100.0	46.8	30.5	2.5	20.2	100.0	72.6	3.3	1.4	22.7
1996	100.0	46.5	31.0	2.4	20.0	100.0	71.8	3.5	1.4	23.2
1997	100.0	46.5	31.5	2.3	19.6	100.0	71.1	3.7	1.4	23.7
1998	100.0	46.5	31.8	2.3	19.4	100.0	70.3	3.9	1.4	24.3
1999	100.0	46.2	32.2	2.2	19.4	100.0	69.5	4.2	1.4	24.9
2000	100.0	46.2	32.5	2.2	19.1	100.0	68.8	4.5	1.4	25.3
2001	100.0	46.1	32.9	2.1	18.8	100.0	68.1	4.9	1.4	25.6
2002	100.0	46.2	33.2	2.1	18.6	100.0	67.3	5.5	1.4	25.8
2003	100.0	46.2	33.6	2.0	18.3	100.0	66.4	6.3	1.4	25.9
Rate of change against previous FY										
1996		0.2	0.5	0.1	0.2		0.8	0.2	0.0	0.6
1997		0.0	0.5	0.1	0.4		0.7	0.2	0.0	0.5
1998		0.0	0.3	0.1	0.2		0.8	0.2	0.0	0.6
1999		0.3	0.4	0.0	0.0		0.9	0.2	0.0	0.6
2000		0.0	0.4	0.1	0.3		0.7	0.3	0.0	0.4
2001		0.0	0.4	0.1	0.3		0.7	0.4	0.0	0.2
2002		0.0	0.3	0.1	0.3		0.8	0.5	0.0	0.2
2003		0.0	0.4	0.1	0.3		0.9	0.8	0.0	0.1
Rate of change against previous FY										
Rate of change against previous FY										
end of FY	LPSP					PSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age/for long-term contributions	Old-age/for short-term contributions				Old-age/for long-term contributions	Old-age/for short-term contributions		
%	%	%	%	%	%	%	%	%	%	%
1995	100.0	72.5	5.1	1.6	20.8	100.0	28.3	53.4	0.8	17.5
1996	100.0	71.9	5.1	1.6	21.3	100.0	29.0	52.7	0.8	17.4
1997	100.0	71.5	5.1	1.6	21.7	100.0	29.4	52.2	0.8	17.6
1998	100.0	71.1	5.2	1.6	22.1	100.0	29.7	51.8	0.8	17.7
1999	100.0	70.7	5.2	1.6	22.6	100.0	29.9	51.4	0.8	17.9
2000	100.0	70.3	5.3	1.6	22.9	100.0	30.3	51.0	0.8	17.9
2001	100.0	70.0	5.5	1.6	23.0	100.0	30.7	50.7	0.7	17.9
2002	100.0	69.7	5.5	1.6	23.1	100.0	31.1	50.3	0.7	17.9
2003	100.0	69.5	5.6	1.6	23.2	100.0	31.5	50.1	0.7	17.7
Rate of change against previous FY										
1996		0.5	0.1	0.0	0.5		0.8	0.7	0.0	0.1
1997		0.4	0.0	0.0	0.4		0.3	0.5	0.0	0.2
1998		0.5	0.0	0.0	0.4		0.4	0.4	0.0	0.0
1999		0.4	0.0	0.0	0.4		0.2	0.4	0.0	0.3
2000		0.4	0.1	0.0	0.3		0.4	0.4	0.0	0.0
2001		0.3	0.2	0.0	0.1		0.4	0.3	0.0	0.1
2002		0.3	0.1	0.0	0.2		0.4	0.4	0.0	0.0
2003		0.2	0.1	0.0	0.1		0.4	0.2	0.0	0.2
Rate of change against previous FY										
end of FY	NP (Basic Pension under the new law and National Pension under the old law)									
	Total	Old-age and retirement pension		Disability pension	Survivor's pension					
		Old-age/for long-term contributions	Old-age/for short-term contributions							
%	%	%	%	%						
1995	100.0	75.2	13.9	8.6	2.2					
1996	100.0	76.7	12.9	8.4	2.1					
1997	100.0	78.2	11.8	8.1	1.9					
1998	100.0	79.4	10.9	7.8	1.9					
1999	100.0	80.3	10.1	7.6	2.0					
2000	100.0	81.4	9.3	7.5	1.9					
2001	100.0	82.4	8.5	7.3	1.8					
2002	100.0	83.4	7.8	7.1	1.7					
2003	100.0	84.2	7.2	7.0	1.6					
Rate of change against previous FY										
1996		1.4	1.0	0.3	0.1					
1997		1.5	1.1	0.3	0.1					
1998		1.2	0.9	0.2	0.1					
1999		0.9	0.9	0.2	0.1					
2000		1.1	0.8	0.2	0.1					
2001		1.0	0.7	0.2	0.1					
2002		1.0	0.7	0.2	0.1					
2003		0.8	0.6	0.1	0.1					

Note 1: For years up to FY2001, EPI does not include the former AFF. For years up to 1996, EPI includes the 3 former MAAs.

Note 2: The NPSP “total” includes benefits for seamen and occupational benefits.

Proportion of beneficiaries by type of pension

Looking at trends in the proportion of beneficiaries by type of pension of (Figure 2-3-7), while in PSP and NP shares of old-age (for long-term contributors) had increased, in EPI share of old-age (for short-term contributors) had increased, and in NPSP and LPSP shares of old-age (short-term contributors) and survivor’s pension had increased. It is thought that these trends reflect the level of maturity of each plan.

(3) Total pension amount

a. Situation at the end of FY2003

The total pension amounts at the end of FY2003 (total amount of pensions for beneficiaries) were as follows; EPI: 24.7 trillion yen, NPSP: 1.8 trillion yen, LPSP: 4.5 trillion yen, PSP: 267.5 billion yen, and NP (Basic Pension under the new law and National Pension under the old law): 13.9 trillion yen (Figure 2-3-8). The NP figure of 13.9 trillion yen does not include the amount equivalent to Basic Pension of employee pensions under the old law (the so-called “Tier 1” of the pension under the old law). The public pension plans as a whole was 45.1 trillion yen. Looking at the beneficiaries (excluding those who were stopped paying all amount of pensions) base shows a total of 43.4 trillion yen. For pensions that are partially paid, the total pension amount prior to partial suspension is included in the total pension amount of the beneficiaries (excluding those who were stopped paying all amount of pensions) base. Accordingly, even if it is called “the total pension amount of the beneficiaries (excluding those who were stopped paying all amount of pensions) base,” this does not mean that the entire amount is paid. In the following, the total pension amount shall be the beneficiaries’ base unless otherwise stated.

Looking at shares by type of pension, old-age (for long-term contributors) has 70% to 80% share for all plans. PSP has a low share, at 65.7%, compared to other plans; however, PSP has old-age (for short-term contributors) share of 20.9%, which is high compared to other plans. In addition, looking at employee pension plans, survivor’s pension in general has 17% to 20% share (only PSP has 12.6% share) while disability pension has less than 2% share. On the other hand, for NP, survivor’s pension has a

small share of 1.9%, while disability pension has 10.2% share.

This trend remains largely the case for the beneficiaries (excluding those who were stopped paying all amount of pensions) base as well.

[Figure 2-3-8: Total pension amount by type of pension (at the end of FY2003)]

Classification	EPI	NPSP	LPSP	PSP	Total for employee pension plans	NP (Basic Pension under the new law and National Pension under the old law)	Public pension plans as a whole
Beneficiaries	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
Total	246,729	17,690	44,892	2,675	311,987	139,433	451,420
Old-age and retirement pension	178,098	13,732	36,031	1,758	229,618	119,062	348,680
Disability pension	4,223	186	546	22	4,978	14,236	19,213
Survivor's pension	41,872	3,507	7,607	337	53,324	2,613	55,937
Composition ratio	%	%	%	%	%	%	%
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Old-age and retirement pension	72.2	77.6	80.3	65.7	73.6	85.4	77.2
Disability pension	1.7	1.1	1.2	0.8	1.6	10.2	4.3
Survivor's pension	17.0	19.8	16.9	12.6	17.1	1.9	12.4
Beneficiaries (excluding those who were stopped paying all amount of pensions)	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
Total	233,971	17,240	43,584	2,306	297,101	136,701	433,802
Old-age and retirement pension	169,643	13,410	35,197	1,438	219,688	118,585	338,273
Disability pension	2,999	132	362	19	3,512	13,205	16,716
Survivor's pension	40,287	3,443	7,341	336	51,407	1,401	52,809
Composition ratio	%	%	%	%	%	%	%
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Old-age and retirement pension	72.5	77.8	80.8	62.4	73.9	86.7	78.0
Disability pension	1.3	0.8	0.8	0.8	1.2	9.7	3.9
Survivor's pension	17.2	20.0	16.8	14.6	17.3	1.0	12.2

Note: The NPSP "total" includes benefits for seamen and occupational benefits.

b. Trends

Looking at trends in total pension amount (Figure 2-3-9), a continuing overall increase was evident. For employee pension plans, FY2003 rates of change against the previous

fiscal year were as follows; PSP: 3.4% increase, EPI: 2.9% increase, LPSP: 1.0% increase, and NPSP: 0.2% increase.

On the other hand, the total pension amount of NP (Basic Pension under the new law and National Pension under the old law) in FY2003 increased 4.4%.

Old-age (for long-term contributors)

Looking at old-age (for long-term contributors), FY2003 rates of change against the previous fiscal year were as follows; EPI: 3.0% increase, NPSP: 0.5% decrease, LPSP: 0.6% increase, PSP: 4.3% increase, and NP: 5.2% increase.

Survivor's pension

Rates of change in FY2003 against the previous fiscal year for the total pension amount of survivor's pension were as follows; EPI: 2.8% increase, NPSP: 2.4% increase, LPSP: 3.1% increase, and PSP: 3.8% increase. On the whole, since FY1996 survivor's pension has been growing at higher rate than old-age (for long-term contributors) among employee pension plans.

Composition by type of pension

Looking at trends in the composition by type of pension of the total pension amount of beneficiaries (Figure 2-3-10), the share of old-age (for long-term contributors) has been decline and the share of survivor's pension increased for EPI, NPSP, and LPSP, in general. On the other hand, the share of old-age pension (for long-term contributors) has been increasing for PSP and NP.

[Figure 2-3-9: Trends in total pension amount by type of pension (beneficiaries' base)]

end of FY	EPI					NPSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age for long-term contributors	Old-age for short-term contributors				Old-age for long-term contributors	Old-age for short-term contributors		
	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
1995	183,438	134,094	16,411	3,899	29,033	16,845	13,979	183	183	2,490
1996	189,722	138,338	17,056	3,904	30,423	16,935	13,935	193	181	2,615
1997	197,655	144,158	17,835	3,910	31,752	17,013	13,888	200	180	2,736
1998	207,943	151,383	18,775	4,001	33,784	17,290	13,985	210	181	2,906
1999	216,023	156,716	19,580	4,064	35,663	17,331	13,880	217	180	3,045
2000	223,292	161,781	20,287	4,095	37,129	17,557	13,947	226	183	3,193
2001	228,204	164,588	20,898	4,130	38,587	17,534	13,803	234	184	3,305
2002	239,806	172,892	21,965	4,225	40,724	17,656	13,794	245	185	3,424
2003	246,729	178,098	22,536	4,223	41,872	17,690	13,732	258	186	3,507
Rate of change against previous FY (%)										
1996	3.4	3.2	3.9	0.1	4.8	0.5	0.3	5.7	0.9	5.0
1997	4.2	4.2	4.6	0.1	4.4	0.5	0.3	3.6	0.6	4.6
1998	5.2	5.0	5.3	2.3	6.4	1.6	0.7	4.8	0.5	6.2
1999	3.9	3.5	4.3	1.6	5.6	0.2	0.7	3.3	0.7	4.8
2000	3.4	3.2	3.6	0.8	4.1	1.3	0.5	4.1	1.7	4.8
2001	2.2	1.7	3.0	0.8	3.9	0.1	1.0	3.6	0.7	3.5
2002	5.1	5.0	5.1	2.3	5.5	0.7	0.1	4.7	0.8	3.6
2003	2.9	3.0	2.6	0.0	2.8	0.2	0.5	5.4	0.3	2.4
end of FY	LPSP					PSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age for long-term contributors	Old-age for short-term contributors				Old-age for long-term contributors	Old-age for short-term contributors		
	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
1995	40,053	33,686	654	534	5,180	1,922	1,193	496	19	214
1996	40,437	33,769	659	531	5,479	2,043	1,286	511	20	227
1997	41,059	34,088	662	528	5,780	2,117	1,340	516	19	241
1998	42,287	34,889	674	534	6,190	2,232	1,423	531	20	258
1999	42,901	35,165	675	536	6,526	2,327	1,489	540	21	278
2000	43,257	35,244	680	532	6,802	2,432	1,569	548	21	294
2001	43,789	35,463	702	535	7,089	2,497	1,615	551	21	309
2002	44,435	35,810	707	541	7,377	2,587	1,685	555	22	324
2003	44,892	36,031	708	546	7,607	2,675	1,758	559	22	337
Rate of change against previous FY (%)										
1996	1.0	0.2	0.8	0.5	5.8	6.3	7.8	2.8	2.5	6.0
1997	1.5	0.9	0.5	0.5	5.5	3.6	4.2	1.0	2.0	6.4
1998	3.0	2.3	1.8	1.2	7.1	5.4	6.2	2.9	4.0	6.8
1999	1.5	0.8	0.1	0.2	5.4	4.3	4.7	1.7	2.2	7.6
2000	0.8	0.2	0.7	0.6	4.2	4.5	5.4	1.6	2.8	5.8
2001	1.2	0.6	3.3	0.5	4.2	2.7	3.0	0.5	0.6	5.3
2002	1.5	1.0	0.8	1.1	4.1	3.6	4.3	0.8	1.9	4.8
2003	1.0	0.6	0.1	1.0	3.1	3.4	4.3	0.6	2.9	3.8
end of FY	NP (Basic Pension under the new law and National Pension under the old law)									
	Total	Old-age and retirement pension		Disability pension	Survivor's pension					
		Old-age for long-term contributors	Old-age for short-term contributors							
	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen					
1995	79,731	61,091	4,361	11,866	2,413					
1996	86,324	67,546	4,281	12,097	2,399					
1997	93,767	74,846	4,185	12,344	2,391					
1998	102,532	83,123	4,151	12,821	2,437					
1999	110,700	90,629	4,059	13,216	2,796					
2000	118,360	98,136	3,945	13,505	2,775					
2001	125,830	105,494	3,821	13,782	2,733					
2002	133,598	113,159	3,692	14,064	2,683					
2003	139,433	119,062	3,522	14,236	2,613					
Rate of change against previous FY (%)										
1996	8.3	10.6	1.8	1.9	0.6					
1997	8.6	10.8	2.2	2.0	0.3					
1998	9.3	11.1	0.8	3.9	1.9					
1999	8.0	9.0	2.2	3.1	14.7					
2000	6.9	8.3	2.8	2.2	0.8					
2001	6.3	7.5	3.1	2.1	1.5					
2002	6.2	7.3	3.4	2.0	1.8					
2003	4.4	5.2	4.6	1.2	2.6					

Note 1: For years up to FY2001, EPI does not include the former AFF. For years up to 1996, EPI includes the 3 former MAAs.

Note 2: The NPSP "total" includes benefits for seamen and occupational benefits.

[Figure 2-3-10: Trends in the composition by type of pension of total pension amount]

end of FY	EPI					NPSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age (for long-term contributors)	Old-age (for short-term contributors)				Old-age (for long-term contributors)	Old-age (for short-term contributors)		
	%	%	%	%	%	%	%	%	%	%
1995	100.0	73.1	8.9	2.1	15.8	100.0	83.0	1.1	1.1	14.8
1996	100.0	72.9	9.0	2.1	16.0	100.0	82.3	1.1	1.1	15.4
1997	100.0	72.9	9.0	2.0	16.1	100.0	81.6	1.2	1.1	16.1
1998	100.0	72.8	9.0	1.9	16.2	100.0	80.9	1.2	1.0	16.8
1999	100.0	72.5	9.1	1.9	16.5	100.0	80.1	1.3	1.0	17.6
2000	100.0	72.5	9.1	1.8	16.6	100.0	79.4	1.3	1.0	18.2
2001	100.0	72.1	9.2	1.8	16.9	100.0	78.7	1.3	1.0	18.9
2002	100.0	72.1	9.2	1.8	17.0	100.0	78.1	1.4	1.0	19.4
2003	100.0	72.2	9.1	1.7	17.0	100.0	77.6	1.5	1.1	19.8
Rate of change against previous FY										
1996		0.2	0.0	0.1	0.2		0.7	0.1	0.0	0.7
1997		0.0	0.0	0.1	0.0		0.7	0.0	0.0	0.6
1998		0.1	0.0	0.1	0.2		0.7	0.0	0.0	0.7
1999		0.3	0.0	0.0	0.3		0.8	0.0	0.0	0.8
2000		0.1	0.0	0.0	0.1		0.6	0.0	0.0	0.6
2001		0.3	0.1	0.0	0.3		0.7	0.0	0.0	0.7
2002		0.0	0.0	0.0	0.1		0.6	0.1	0.0	0.5
2003		0.1	0.0	0.1	0.0		0.5	0.1	0.0	0.4
Rate of change against previous FY										
Rate of change against previous FY										
end of FY	LPSP					PSP				
	Total	Old-age and retirement pension		Disability pension	Survivor's pension	Total	Old-age and retirement pension		Disability pension	Survivor's pension
		Old-age (for long-term contributors)	Old-age (for short-term contributors)				Old-age (for long-term contributors)	Old-age (for short-term contributors)		
	%	%	%	%	%	%	%	%	%	%
1995	100.0	84.1	1.6	1.3	12.9	100.0	62.0	25.8	1.0	11.1
1996	100.0	83.5	1.6	1.3	13.5	100.0	62.9	25.0	1.0	11.1
1997	100.0	83.0	1.6	1.3	14.1	100.0	63.3	24.4	0.9	11.4
1998	100.0	82.5	1.6	1.3	14.6	100.0	63.7	23.8	0.9	11.6
1999	100.0	82.0	1.6	1.2	15.2	100.0	64.0	23.2	0.9	11.9
2000	100.0	81.5	1.6	1.2	15.7	100.0	64.5	22.5	0.9	12.1
2001	100.0	81.0	1.6	1.2	16.2	100.0	64.7	22.1	0.9	12.4
2002	100.0	80.6	1.6	1.2	16.6	100.0	65.2	21.5	0.8	12.5
2003	100.0	80.3	1.6	1.2	16.9	100.0	65.7	20.9	0.8	12.6
Rate of change against previous FY										
1996		0.6	0.0	0.0	0.6		0.9	0.8	0.0	0.0
1997		0.5	0.0	0.0	0.5		0.4	0.6	0.1	0.3
1998		0.5	0.0	0.0	0.6		0.4	0.6	0.0	0.2
1999		0.5	0.0	0.0	0.6		0.2	0.6	0.0	0.4
2000		0.5	0.0	0.0	0.5		0.5	0.7	0.0	0.1
2001		0.5	0.0	0.0	0.5		0.2	0.5	0.0	0.3
2002		0.4	0.0	0.0	0.4		0.5	0.6	0.0	0.1
2003		0.3	0.0	0.0	0.3		0.5	0.6	0.0	0.0
Rate of change against previous FY										
end of FY	NP (Basic Pension under the new law and National Pension under the old law)									
	Total	Old-age and retirement pension		Disability pension	Survivor's pension					
		Old-age (for long-term contributors)	Old-age (for short-term contributors)							
	%	%	%	%	%					
1995	100.0	76.6	5.5	14.9	3.0					
1996	100.0	78.2	5.0	14.0	2.8					
1997	100.0	79.8	4.5	13.2	2.6					
1998	100.0	81.1	4.0	12.5	2.4					
1999	100.0	81.9	3.7	11.9	2.5					
2000	100.0	82.9	3.3	11.4	2.3					
2001	100.0	83.8	3.0	11.0	2.2					
2002	100.0	84.7	2.8	10.5	2.0					
2003	100.0	85.4	2.5	10.2	1.9					
Rate of change against previous FY										
1996		1.6	0.5	0.9	0.2					
1997		1.6	0.5	0.8	0.2					
1998		1.2	0.4	0.7	0.2					
1999		0.8	0.4	0.6	0.1					
2000		1.0	0.3	0.5	0.2					
2001		0.9	0.3	0.5	0.2					
2002		0.9	0.3	0.4	0.2					
2003		0.7	0.2	0.3	0.1					

Note 1: For years up to FY2001, EPI does not include the former AFF. For years up to 1996, EPI includes the 3 former MAAs.

Note 2: The NPSP “total” includes benefits for seamen and occupational benefits.

(4) Beneficiaries of old-age (for long-term contributors)

This section will look at the situations surrounding composition of males and females, average age, and average monthly amount of pension with focus on old-age (for long-term contributors). Numbers of beneficiaries of old-age (for long-term contributors) at the end of FY2003 were 10.69 million persons for EPI and 18.99 million persons for NP (number of beneficiaries of old-age Basic Pension under the new law and old-age pension of NP under the old law). For the MAA's, the numbers were 0.62 million persons for NPSP, 1.51 million persons for LPSP, and 81,000 persons for PSP (Figure 2-3-11).

The share of females among old-age (for long-term contributors) beneficiaries is highest in PSP with 39.6%. This is followed by LPSP with 31.3%, EPI with 31.1%, and NPSP with 16.0%. The share in NP was 58.1%.

Looking at average age of beneficiaries, all employee pension plans had an average of around 70 years. NP was slightly higher than employee pension plans with an average age of 73.2 years.

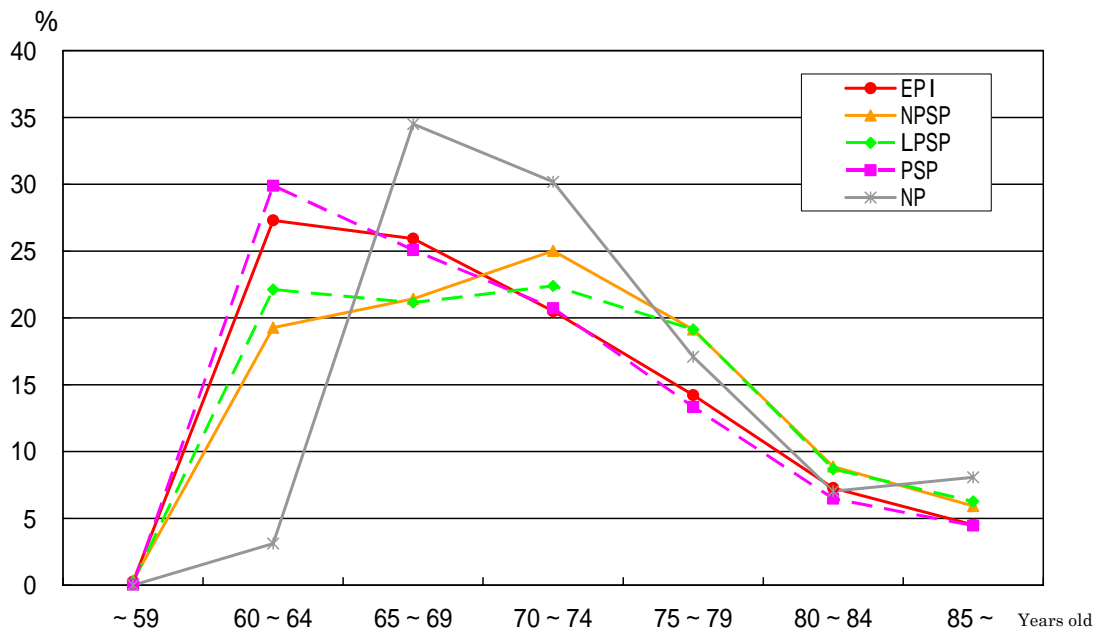
It should be noted that "the number of Old-Age Basic Pension etc. beneficiaries: 22,837,000 persons" in the figure 2-3-11 refers to the number of person aged 65 or older that have pension benefit eligibility for an old-age/retirement pension (the number also includes persons aged less than 65 who have elected to move up their Old-Age Basic Pension benefits). This number is the sum of the number of Old-Age Basic Pension beneficiaries, number of old-age pension beneficiaries of NP under the old law, and number of old-age/retirement pensions beneficiaries aged 65 or older of employee pension plans under the old law, added to estimates of persons who would be eligible for old-age (for long-term contributors) if the pensions of beneficiaries of totalize old-age pensions/totalize retirement pensions under the old law were added up.

[Figure 2-3-11: Number and average age of beneficiaries of old-age (for long-term contributors) (at the end of FY2003)]

Classification	EPI	NPSP	LPSP	PSP	NP (Basic Pension under the new law and National Pension under the old law)	Total for employee pension plans
Number of beneficiaries	1,000 people	1,000 people	1,000 people	1,000 people	1,000 people	1,000 people
Total	10,690	620	1,511	81.3	18,985	22,837
Males	7,363	521	1,039	49.1	7,952	Number of Old-Age Basic Pension etc. beneficiaries
Females	3,328	99	472	32.2	11,033	
Share of females (%)	31.1	16.0	31.3	39.6	58.1	
Average age	Years old	Years old	Years old	Years old	Years old	
Total	70.5	71.8	71.5	69.8	73.2	
Males	70.3	71.6	71.5	69.1	72.0	
Females	71.1	72.3	71.6	70.7	74.0	

Looking at the age composition of old-age (for long-term contributors) beneficiaries (Figure 2-3-12), Distribution in NPSP and LPSP shows a shift toward higher ages compared to EPI and PSP.

[Figure 2-3-12: Age composition of old-age (for long-term contributors)]



Average monthly amount of pension

Looking at the average monthly amount of pension* (including the amount of the Old-Age Basic Pension), LPSP had the highest average with 228,000 yen, followed by NPSP with 213,000 yen, PSP with 212,000 yen, and EPI (including the portion paid by Employees' Pension Fund on behalf of EPI) with 170,000 yen.

Note: Average monthly amount of pension is the average value of the entitled pension amount of beneficiaries, and is the amount prior to suspension of payment by the system of old-age pension paid during employment.

When comparing average monthly amount of pension, it is important to bear in mind the following points: 1) The earnings-related portion multiplying factor of mutual aid pensions is higher than that of EPI by an amount equivalent to the so-called "occupational pension portion"; 2) average monthly amount of pension becomes higher if the average contribution period is longer; and 3) average monthly amount of pension in terms of gender-based totals decreases if the share of female beneficiaries (females have a lower average monthly amount of pension compared to males) is large.

Calculating average monthly amount of pension by excluding

- beneficiaries whose pension is decreased or increased compared to their standard pension because they have elected to move up or postpone payment; and
- beneficiaries who are receiving the earnings-related portion of old-age/retirement pension of special payment, but who aren't receiving the fixed amount portion because they have not yet reached the age at which payment of the fixed amount portion starts (With regard to old-age/retirement pension of special payment to people aged less than 65 years, sequential raising of the age at which payment of the fixed amount portion starts began in FY2001. Payment of the earnings-related portion remains unchanged at 60 years of age.)

resulted in the following amounts; LPSP: 233,000 yen, NPSP: 225,000 yen, PSP: 217,000 yen, and EPI: 171,000 yen (including the portion paid by Employees' Pension Fund on behalf of EPI).

With the exception of payments that are moved up or postponed, the Old-Age Basic

Pension under the new law averages 59,000 yen. It should be mentioned that, if the portions of Old-Age Basic Pension beneficiaries that have elected to move up or postpone payment and the portion of Old-Age Pension beneficiaries of NP under the old law are included, the average becomes 52,000 yen (“52,261 yen” in the figure).

[Figure 2-3-13: Average monthly amount of pension of old-age (for long-term contributors)]

Classification	EPI	NPSP	LPSP	PSP	NP (Basic Pension under the new law and National Pension under the old law)
Average monthly amount of pension (Including the amount of the Old-Age Basic Pension)	Yen	Yen	Yen	Yen	Yen
Total	169,696	213,447	227,775	212,121	52,261
Males	196,352	219,376	240,332	235,904	58,189
Females	110,717	182,326	200,152	175,886	47,988
Female-to-male ratio ("males"=100)	56.4	83.1	83.3	74.6	82.5
Average contribution period	Month	Month	Month	Month	Month
Total	374	418	413	374	307
Males	415	422	427	386	345
Females	284	399	380	354	280
Average monthly amount of pension excluding moved up and postponed portions*1 (Including the amount of the Old-Age Basic Pension)	Yen	Yen	Yen	Yen	Yen
Total	171,379	224,967	232,917	216,984	57,842
					59,000yen

Note 1: Excluding beneficiaries whose pension is decreased or increased compared to their standard pension as they have elected to move up or postpone payment

For old-age/retirement pension of special payment, excluding beneficiaries who have reached age 60 at which payment of the earnings-related portion starts but who have not yet reached the age at which payment of the fixed amount portion starts

Average monthly amount of pension figures for NP do not include reduced payment.

Note 2: Average monthly amount of old-age basic pension excluding moved up or postpone payments

(Average monthly amount of pension of females: the difference between males and females are small in NPSP and LPSP)

Looking at the average monthly amount of pension of females (including the amount of the Old-Age Basic Pension) (Figure 2-3-13), the average for EPI was 111,000 yen, which

was just under 60% of the average of males (196,000 yen) with 56.4%. On the other hand, the average monthly amount of pension of females for NPSP was 182,000 yen, which was 83.1% of the average of males (219,000 yen), and that for LPSP was 200,000 yen, which was 83.3% of the average of males (240,000 yen); each represents small differences between males and females. These small differences are thought because, under NPSP and LPSP, there are small differences between males and females in contribution periods and standard monthly remuneration per capita.

Average monthly amount of pensions by standard payment and special payment

This section will take an even more detailed look at the average monthly amount of pensions of old-age (for long-term contributors).

In accordance with legal stipulations, payment of old-age/retirement pensions begins when the beneficiary reaches 65 years of age, and Old-Age pension by special payment is paid as interim measures to the beneficiary between 60 and 64 age. The age when payment of the fixed amount portion of the special payment begins has been raised in line with date of birth through FY1994 system revision; payment of pensions to relevant beneficiaries began in FY2001 (see Figure 3 of the Glossary). Figure 2-3-14 provides an overview of this arrangement.

At the end of FY2003, average monthly amount of pensions of the standard payment (including the amount of the Old-Age Basic Pension) for beneficiaries aged 65 and older under the new law, which are seen as becoming the major component of future pensions, were 177,000 yen for EPI, 228,000 yen for NPSP, 235,000 yen for LPSP and 233,000 yen for PSP. These values are higher than the average for old-age (for long-term contributors) as a whole.

Looking at the average monthly amount of pensions by special payment for beneficiaries up to age 64 under the new law, for ages 61 to 64, this average was 165,000 to 167,000 yen for EPI, 206,000 to 212,000 yen for NPSP, 213,000 to 222,000 yen for LPSP, and 188,000 to 203,000 yen for PSP; these values are slightly lower than the average of standard payment. On the other hand, the average monthly amount of pension for beneficiaries aged 60 is lower than that of other ages. This is because the age at which payment of the fixed amount portion starts has been raised sequentially since FY2001, and because the males (males and females for mutual aid pensions) who

reached the age of 60 during FY2003—or in other words, the beneficiaries that were aged 60 at the end of FY2003—became eligible for the earnings-related portion alone without the fixed amount portion. It should be mentioned that these beneficiaries will also receive payment of their pensions with the fixed amount portion after they reach the age of 62, which is the age at which payment of the fixed amount portion starts. (Reference: The age at which payment of the fixed amount portion starts for beneficiaries aged 61 and 62 at the end of FY2003 was 61; thus pensions including the fixed amount portion are already being paid.)

Trends in average monthly amount of pension

Looking at trends in average monthly amount of pension, including the amount of the Old-Age Basic Pension (Figure 2-3-15), rates of change in FY2003 against the previous fiscal year for employee pension plans were as follows; EPI: 1.3% decline, NPSP: 1.2% decline, LPSP: 1.4% decline, and PSP: 1.3% decline. All of these plans have had continuous declines over the past four years. As indexation was minus 0.9% in FY2003, this is expanding declines in average monthly amount of pension.

On the other hand, the average monthly amount of pension for NP (average of the Old-Age Basic Pension under the new law and the old-age pension of NP under the old law) continued to increase, having 0.1% rate of change against the previous fiscal year in FY2003 to become 52,261 yen.

Looking at trends in average monthly amount of pension without the amount of the Old-Age Basic Pension, an overall decline in employee pension plans has been continuing since FY1996, with the exception of FY1998.

[Figure 2-3-14: Average monthly amount of pension of old-age (for long-term contributors) <detail> at the end of FY2003]

Total for males and females		EPI	NPSP	LPSP	PSP	
Average monthly amount of pension of old-age (for long-term contributors)		138,832	184,669	198,664	180,122	
[including the amount of the Basic Pension]		[169,696]	[213,447]	[227,775]	[212,121]	
Under the new law	Special payment	Less than 60 years old	147,389	111,731	149,575	106,154
		60 years old	108,969	127,105	147,156	126,954
		[including the amount of the Basic Pension]	[...]	[127,235]	[147,194]	[126,954]
		61 years old	165,626	205,857	213,305	188,286
		[including the amount of the Basic Pension]	[...]	[205,901]	[213,348]	[188,299]
		62 years old	167,446	211,822	220,247	199,254
		[including the amount of the Basic Pension]	[...]	[211,866]	[220,285]	[199,254]
		63 years old	166,657	210,716	221,581	203,125
Under the old law	Standard payment for beneficiaries aged 65 or older [including the amount of the Basic Pension]	64 years old	165,125	208,176	218,757	202,875
		Standard payment for beneficiaries aged 65 or older [including the amount of the Basic Pension]	[177,386]	[227,680]	[235,074]	[233,056]
Under the old law		166,677	204,432	231,799	180,931	
			171,781	162,396	150,152	

Males		EPI	NPSP	LPSP	PSP	
Average monthly amount of pension of old-age (for long-term contributors)		163,383	189,770	208,244	201,555	
[including the amount of the Basic Pension]		[196,352]	[219,376]	[240,332]	[235,904]	
Under the new law	Special payment	Less than 60 years old	168,866	117,962	181,756	110,875
		60 years old	110,445	129,986	156,370	138,282
		[including the amount of the Basic Pension]	[...]	[130,125]	[156,411]	[138,282]
		61 years old	189,724	212,106	227,295	206,693
		[including the amount of the Basic Pension]	[...]	[212,151]	[227,349]	[206,710]
		62 years old	192,571	217,719	234,996	220,690
		[including the amount of the Basic Pension]	[...]	[217,758]	[235,043]	[220,690]
		63 years old	192,780	216,128	236,029	224,949
Under the old law	Standard payment for beneficiaries aged 65 or older [including the amount of the Basic Pension]	64 years old	191,725	213,398	233,369	224,514
		Standard payment for beneficiaries aged 65 or older [including the amount of the Basic Pension]	[202,514]	[232,390]	[245,471]	[256,407]
Under the old law		204,599	211,848	246,880	211,364	
			174,317	191,547	159,716	

Females		EPI	NPSP	LPSP	PSP	
Average monthly amount of pension of old-age (for long-term contributors)		84,512	157,888	177,594	147,370	
[including the amount of the Basic Pension]		[110,717]	[182,326]	[200,152]	[175,886]	
Under the new law	Special payment	Less than 60 years old	77,347	96,871	113,558	105,210
		60 years old	105,508	112,610	128,050	102,438
		[including the amount of the Basic Pension]	[...]	[112,688]	[128,082]	[102,438]
		61 years old	103,119	171,007	183,411	153,380
		[including the amount of the Basic Pension]	[...]	[171,054]	[183,429]	[153,380]
		62 years old	100,464	177,576	187,472	158,940
		[including the amount of the Basic Pension]	[...]	[177,642]	[187,488]	[158,940]
		63 years old	98,591	177,672	187,001	161,298
Under the old law	Standard payment for beneficiaries aged 65 or older [including the amount of the Basic Pension]	64 years old	96,359	175,140	184,439	163,675
		Standard payment for beneficiaries aged 65 or older [including the amount of the Basic Pension]	[116,314]	[200,093]	[204,345]	[193,371]
Under the old law		110,004	174,026	209,119	163,613	
			112,280	131,454	142,577	

Note 1: Figures within [] are average monthly amount of pension includes the estimated value of the amount of Basic Pension. There are some beneficiaries in the age 60, 61, and 62 categories who are partially moving up their Old-Age Basic Pension in line with the rise in age at which payment of the fixed amount portion starts.

Note 2: The figures for the “under the new law” of MAAs exclude people for whom the “deemed previous amount guarantee“ applies.

Note 3: The “under the old law” of MAAs refers to the following values:

Upper: People for which the old law applied and calculated using the totalizing method

Lower: People for which the old law applied and who were calculated using the standard method and/or people for whom the deemed previous amount guarantee applies

[Figure 2-3-15: Trends in average monthly amount of pension (old-age [for long-term contributors])]

○ Including the amount of the Old-Age Basic Pension

end of FY	EPI	NPSP	LPSP	PSP	NP (Basic Pension under the new law and National Pension under the old law)
	Yen	Yen	Yen	Yen	Yen
1995	171,478	216,304	232,691	218,302	44,656
1996	171,793	216,147	232,008	218,014	45,851
1997	172,168	215,781	231,810	217,599	46,982
1998	174,906	219,176	234,638	220,922	48,828
1999	176,161	220,062	235,604	221,772	50,047
2000	175,865	219,605	234,931	221,343	50,918
2001	172,795	217,058	232,333	216,495	51,622
2002	171,892	216,062	230,953	215,017	52,233
2003	169,696	213,447	227,775	212,121	52,261
Rate of change against previous FY (%)					
1996	0.2	0.1	0.3	0.1	2.7
1997	0.2	0.2	0.1	0.2	2.5
1998	1.6	1.6	1.2	1.5	3.9
1999	0.7	0.4	0.4	0.4	2.5
2000	0.2	0.2	0.3	0.2	1.7
2001	1.7	1.2	1.1	2.2	1.4
2002	0.5	0.5	0.6	0.7	1.2
2003	1.3	1.2	1.4	1.3	0.1

Note: For years up to FY1996, EPI does not include amount of the Basic Pension for the 3 former MAAs. For years up to FY2001, it does not include the former AFF.

○ Not including the amount of the Old-Age Basic Pension

end of FY	EPI	NPSP	LPSP	PSP
	Yen	Yen	Yen	Yen
1995	155,814	206,265	221,687	202,671
1996	153,534	203,724	218,158	199,788
1997	153,578	200,846	214,859	196,547
1998	153,523	201,242	215,515	196,978
1999	152,207	199,261	213,615	195,315
2000	149,564	196,201	210,629	192,790
2001	144,584	191,367	206,105	186,302
2002	142,017	188,413	202,839	183,529
2003	138,832	184,669	198,664	180,122
Rate of change against previous FY (%)				
1996	1.5	1.2	1.6	1.4
1997	0.0	1.4	1.5	1.6
1998	0.0	0.2	0.3	0.2
1999	0.9	1.0	0.9	0.8
2000	1.7	1.5	1.4	1.3
2001	3.3	2.5	2.1	3.4
2002	1.8	1.5	1.6	1.5
2003	2.2	2.0	2.1	1.9

Note: For years up to FY2001, EPI does not include the former AFF.

Average insured period: Increasing for all plans, especially for NP

Looking at trends in average insured period, which influences on trends in average monthly amount of pension (Figure 2-3-16), all plans saw year-by-year increases. Looking particularly at NP from FY1995 on, there were annual increases of between 7 and 10 months, from 241 months in FY1995 to 307 months in FY2003. During this time, EPI and PSP, which had the largest increases among the employee pension plans, had annual increases of between 2 and 4 months. It should be mentioned that increases in average contribution periods for NPSP and LPSP were small compared to EPI etc..

[Figure 2-3-16: Trends in average contribution period (old-age pension [for long-term contributors])]

end of FY	EPI	NPSP	LPSP	PSP	NP	
					(Basic Pension under the new law and National Pension under the old law)	
	Month	Month	Month	Month	Month	Month
1995	347	410	405	353		241
1996	350	410	405	355		251
1997	354	411	407	357		260
1998	357	412	408	360		268
1999	360	414	408	362		276
2000	364	413	410	366		284
2001	367	416	410	368		292
2002	371	417	411	371		300
2003	374	418	413	374		307

Change against previous FY

1996	3	0	0	2		10
1997	4	1	2	2		9
1998	3	1	1	3		8
1999	3	2	0	2		8
2000	4	1	2	4		8
2001	3	3	0	2		8
2002	4	1	1	3		8
2003	3	1	2	3		7

Note: For years up to FY2001, EPI does not include the former AFF.

Causes for decrease in average monthly amount of pension

Despite growing average insured periods, average monthly amount of pension of employee pension plans has been showing a downward trend in recent years. The following are thought to be reasons behind this trend:

- Pensions with low benefit multiplying factors are being added year each year (The benefit multiplying factor is set to become gradually smaller in accordance with fiscal year of birth—from 7.308/1000 for beneficiaries born on or before April 1, 1927, to 5.481/1,000 for beneficiaries born on or after April 2, 1946.)
- Regarding the FY2003 decrease, there was minus 0.9% price indexation
- Regarding FY1996 to FY1997 and FY2000 to FY2002, there was a freezing of pension price indexation, which did not lead to increases in average monthly amount of pension
- Regarding the FY2001 decrease, the age at which payment of the fixed amount portion of old-age pension by special payment was raised to 61 for males (males

and females for mutual aid pensions) who reach the age of 60 during FY2001. These people became eligible for the earnings-related portion alone without the fixed amount portion.

(For FY2002 and FY2003, the age at which payment of the fixed amount portion starts for males (males and females for mutual aid pensions) who reach the age of 60 during the relevant fiscal year was 61 years and 62 years, respectively. However, the situation whereby beneficiaries who are 60 years of age at the end of the fiscal year are eligible for pensions without the fixed amount portion is unchanged from FY2001, and thus this is not a factor leading to decreases in average monthly amount of pension.)

4. Current conditions and trends of fiscal indices

The above sections looked at current conditions for each item of fiscal revenue and expenditure. Although there were some differences depending on the plan, a trend was evident whereby revenue from contributions fell, benefits rose, and the number of beneficiaries rose for many plans.

In order to accurately ascertain financial status, it is important to gain a comprehensive understanding of the movements of each item. For example, movement in benefits should be recognized together with movements in income from contributions and in total standard remuneration amount.

The Actuarial Subcommittee traditionally prepared five fiscal indices: Pension support ratio, which has been used to express maturity; comprehensive cost rate; independent benefits cost rate; expenditure/revenue ratio, which expresses revenue and expenditure status; and reserve ratio, which expresses reserve status. These indicators help in ascertaining financial status. Furthermore, pension-type cost rate was introduced from last fiscal year.

(1) Definition and meaning of fiscal indices

< Pension support ratio >

This is the ratio of the number of insured persons against the number of beneficiaries (number of old-age pension for long-term contributors beneficiaries). It is an indicator that expresses the number of insured persons that are supporting one old-age pension (for long-term contributors) beneficiary.

Pension support ratio =

$$\frac{\text{Number of insured persons at the end of the fiscal year}}{\text{Number of old-age pension (for long-term contributors) beneficiaries at the end of the fiscal year}}$$

If the pension support ratio is high, this means that the number of insured persons that are supporting one old-age pension (for long-term contributors) beneficiary is large.

In general, the pension support ratio was high for a while following the establishment of the pension plan, but move into downward trend in later years. This is because, while beneficiaries having long contribution periods that are handled under old-age pension

(for long-term contributors) were few compared to insured persons at the beginning, as time has passed, the number of old age beneficiaries having long contribution periods has grown (accumulated) comparatively. This is called maturation of plan, and the pension support ratio indicates the level of maturity of the plan in terms of number of people.

Moreover, for pension plans that adopt pay-as-you-go financing, low pension support ratio indicates a large burden on insured persons, while a high pension support ratio indicates a small burden on insured persons in general.

< Comprehensive cost rate >

This is an indicator that expresses “Real expenditure minus subsidies by state etc.”, which is the portion of expenditure should be covered by contribution, as a percentage of total standard remuneration amount.

Comprehensive cost rate =

$$\frac{\text{Real expenditure - subsidies by state etc.}}{\text{Total standard remuneration}} \times 100$$

Here, “real expenditure” refers to the amount of expenditure as benefits and contribution to Basic Pension deduced by contributions to the equivalent benefits of Basic Pension and subsidies for "bestowals" payment of prior period*. “real expenditure minus subsidies by state etc.” is the amount of expenditure that must be covered with contributions, reserves, and investment income; in other words, it is the amount of expenditure for which the plan should prepare revenue sources on its own.

*Please refer to “actual expenditure” in the Glossary for the specific formula.

The comprehensive cost rate expresses the level of expenses for which independent revenue sources must be prepared as a ratio against total standard remuneration amount. It is a basic index in ascertainment of pension finances.

In addition, the comprehensive cost rate can be described as showing the maturity level of a plan on a monetary base if the number of insured persons of the pension support ratio is replaced by total standard remuneration amount and number of beneficiaries is

replaced by real expenditure minus subsidies by state etc. (however, as opposed to the pension support ratio, the result rises together with plan maturity).

Furthermore, the comprehensive cost rate is equivalent to the contribution rate when financial management involves a complete pay-as-you-go method (i.e., no reserves and no investment income from reserves). In this sense, the comprehensive cost rate is called net pay-as-you-go contribution rate.

It should be noted that, from FY2003, imposition of contributions shifted from standard monthly remuneration base to total remuneration base. Thus, unless otherwise stated, results up to FY2002 are based on standard monthly remuneration while those for FY2003 and later years are based on total remuneration. (The same applies to independent benefits cost rate, Basic Pension cost rate, and pension-type cost rate.) Furthermore, comprehensive cost rate is not prepared for National Pension which is applicable to self-employed people, etc., because the remuneration concept is lacking.

< Independent benefits cost rate and Basic Pension cost rate >

Here we consider the “real expenditure minus subsidies by state, etc.”, numerator in the comprehensive cost rate formula, divided into expenditure pertaining to items other than Basic Pension (hereinafter referred to as “expenditure pertaining to independent benefits”) and expenditure pertaining to Basic Pension.

Expenditure pertaining to independent benefits

= real expenditure - subsidies by state etc. - contributions to Basic Pension * 2/3*

Expenditure pertaining to Basic Pension = contributions to Basic Pension * 2/3*

*Contributions to Basic Pension are used at two-thirds because one-third of contributions to Basic Pension is financed by subsidies by state etc.

The independent benefits cost rate and Basic Pension cost rate are indices which show these expenditures as percentages of total standard remuneration amount.

Independent benefits cost rate =

$$\frac{\text{real expenditure} - \text{subsidies by state, etc.} - \text{contributions to Basic Pension} * 2/3^*}{\text{Total standard remuneration amount}} * 100$$

Basic Pension cost rate =

$$\frac{\text{Contributions to Basic Pension} * 2/3^*}{\text{Total standard remuneration amount}} * 100$$

These cost rates show cost pertaining to independent benefits and cost pertaining to Basic Pension among costs that must have revenue sources independently prepared as a ratio against total standard remuneration.

It should be noted that

“comprehensive cost rate = independent benefits cost rate + Basic Pension cost rate” is formed from the definition.

< Expenditure/revenue ratio >

This is an indicator that expresses “real expenditure - subsidies by state etc.” which is a portion of expenditure for which independent revenue sources must be prepared, as a percentage of “contributions + investment income.”

$$\text{Expenditure/revenue ratio} = \frac{\text{Real expenditure} - \text{subsidies by state etc.}}{\text{Contributions} + \text{investment income}} \times 100$$

If this ratio meets or falls below 100%, the portion for which independent revenue sources must be prepared is covered by contributions and investment revenue. If the ratio exceeds 100%, other measures such as withdrawal of reserves are required.

< Reserve ratio >

This is the index that how many years the reserve corresponds to the portion of expenditure for which independent revenue sources should be prepared. It is the ratio of reserves at the end of the previous fiscal year against “real expenditure - subsidies by state etc.” of the relevant fiscal year.

$$\text{Reserve ratio} = \frac{\text{Reserves at the end of the previous fiscal year}}{\text{Real expenditure} - \text{subsidies by state, etc.}}$$

It should be noted that the "extent of reserve" is a concept resembles reserve ratio. Extent of reserve is an index that points to the year of actual total expenditure (= actual expenditure + subsidies for "bestowals" payments of prior period) that includes subsidies by state etc. and subsidies for "bestowals" payments of prior period to which reserves held at the end of the previous fiscal year correspond. It differs from the reserve ratio, which points to the year of the portion of real expenditure covered by contributions (portion excluding subsidies by state etc.) to which reserves held at the end of the previous fiscal year correspond.

$$\begin{aligned} \text{Extent of reserve} &= \frac{\text{Reserves at the end of the previous fiscal year}}{\text{Actual expenditure + subsidies for "bestowals" payments of prior period}} \\ &= \frac{\text{(Reserve ratio numerator)}}{\text{(Reserve ratio denominator) + subsidies by state etc. + subsidies for "bestowals" payments of prior period}} \end{aligned}$$

As opposed to the reserve ratio which is an index that sees the level of reserves in terms of burden, extent of reserve can be described as an index that sees the level of reserves in terms of expenditure. From the perspective of financial status, we analyze using the reserve ratio, which shows the level to which reserves are held through comparison with expenses for procuring independent revenue sources, excluding the influence of subsidies by state etc. and subsidies for "bestowals" payments of prior period, whose provision is established by law.

< Pension-type cost rate >

As was mentioned above, the pension support ratio is an index that shows level of maturity based on number of people, and uses "old-age pension for long-term contributors beneficiaries" in its numerator. However, public pension plans also include old-age pension for short-term contributors, survivor's pensions, and disability pensions. The number of people who receive benefits from these pensions is not included in the pension support ratio. Because of this, the following by-pension-type cost rates are also evaluated as supplementary index when looking at the pension support ratio.

$$\text{Old-age pension cost rate} = \frac{\text{Amount corresponding to old-age pension benefits of (real expenditure - subsidies by state etc.)}}{\text{Total standard remuneration amount}}$$

$$\text{Disability pension cost rate} = \frac{\text{Amount corresponding to disability pension benefits of (real expenditure - subsidies by state etc.)}}{\text{Total standard remuneration amount}}$$

$$\text{Survivor's pension cost rate} = \frac{\text{Amount corresponding to survivor's pension benefits of (real expenditure - subsidies by state etc.)}}{\text{Total standard remuneration amount}}$$

(Note: Contributions to Basic Pension are not included in old-age pension benefits, disability pension benefits, or survivor's pension benefits.)

Pension-type cost rate is an index that expresses amounts corresponding to old-age pension benefits, disability pension benefits, or survivor's pension benefits within "real expenditure - subsidies by state etc." which is a portion of expenditure for which independent revenue sources must be prepared, as a percentage against total standard remuneration amount. Comprehensive cost rate and pension-type cost rate have the following relationship:

$$\begin{aligned} &\text{Comprehensive cost rate} \\ &= \text{old-age pension cost rate} + \text{disability pension cost rate} + \text{survivor's pension cost rate} \\ &+ \text{other (contributions to Basic Pension) cost rates} \end{aligned}$$

(2) Pension support ratio: high in PSP, low in NPSP and LPSP; Decreases for all plans

Pension support ratio for FY2003 was highest at 5.34 for PSP, followed by 3.00 for EPI, 2.09 for LPSP, and 1.76 for NPSP. Moreover, NP attains a ratio of 3.05 if the numerator is made of the number of Category-1 through Category-3 insured persons and the denominator is made of the number of Old-Age Basic Pension etc. beneficiaries (Figure 2-4-1). PSP, which has a high pension support ratio, is not matured compared with EPI etc. Conversely, NPSP and LPSP which have low pension support ratios, can be described as mature plans.

[Figure 2-4-1: Pension support ratio (end of FY2003)]

Classification	EPI	NPSP	LPSP	PSP	NP
	1,000 people	1,000 people	1,000 people	1,000 people	1,000 people
Number of insured persons	32,121	1,091	3,151	434.4	69,740
Old-age pension for long-term contributors beneficiaries	10,690	620	1,511	81.3	22,837
Pension support ratio	3.00	1.76	2.09	5.34	3.05

Note: For NP, calculation was made using the number of Category 1 to Category 3 insured persons as the numerator and the number of Old-Age Basic Pension etc. beneficiaries as the denominator.

In general, low pension support ratio means that the burden of insured persons is high in the pay-as-you-go plan. The fact that NPSP and LPSP have low pension support ratios is thought to be partially caused by a large denominator due to their "bestowals" pension period is deemed to their contribution periods. However, in the case of NPSP and LPSP, these benefits for "bestowals" pension period which was the prior period of these plans, falls entirely under the burden of the enterprise owner (national government, local government etc.), then it does not become contribution burden. Thus, it cannot always be said that these plans have large burdens compared to other plans.

The trends in the pension support ratio shows that all plans are declining (Figure 2-4-2 and Figure 2-4-3). The year-on-year degree of decline is small for NPSP and LPSP, at less than 0.1 points, while year-on-year degree of decline is 0.1 points or more for other plans. The decline for EPI is large, falling roughly 0.2 to 0.3 points each year. The pace of decline for PSP is also roughly 0.3 to 0.4 points per year, with the exception of FY2002, when the number of insured persons rose significantly in line with the adjustment in the age of employee pension plan insured persons to less than 70 years of age (See Figure 2-2-3).

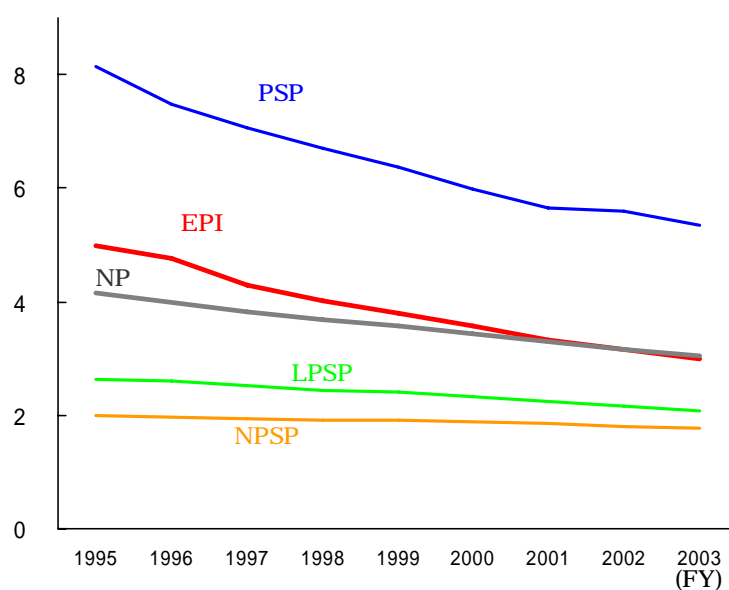
[Figure 2-4-2: Trends in pension support ratio]

end of FY	EPI	NPSP	LPSP	PSP	NP
1995	4.98	1.99	2.64	8.15	4.15
1996	4.76	1.97	2.59	7.47	4.00
1997	4.28	1.95	2.52	7.06	3.83
1998	4.01	1.92	2.45	6.70	3.69
1999	3.79	1.91	2.40	6.36	3.57
2000	3.57	1.89	2.32	5.98	3.43
2001	3.33	1.85	2.24	5.65	3.29
2002	3.17	1.81	2.16	5.60	3.16
2003	3.00	1.76	2.09	5.34	3.05

Change against previous FY (points)					
1996	0.22	0.02	0.05	0.68	0.15
1997	0.48	0.02	0.07	0.41	0.17
1998	0.27	0.03	0.07	0.36	0.14
1999	0.22	0.01	0.05	0.34	0.12
2000	0.22	0.02	0.08	0.38	0.14
2001	0.24	0.04	0.08	0.33	0.14
2002	0.16	0.04	0.08	0.05	0.13
2003	0.17	0.05	0.07	0.26	0.11

Note: For NP, calculation was made using the number of Category-1 to Category-3 insured persons as the numerator and the number of Old-Age Basic Pension etc. beneficiaries as the denominator.

[Figure 2-4-3: Trends in pension support ratio]



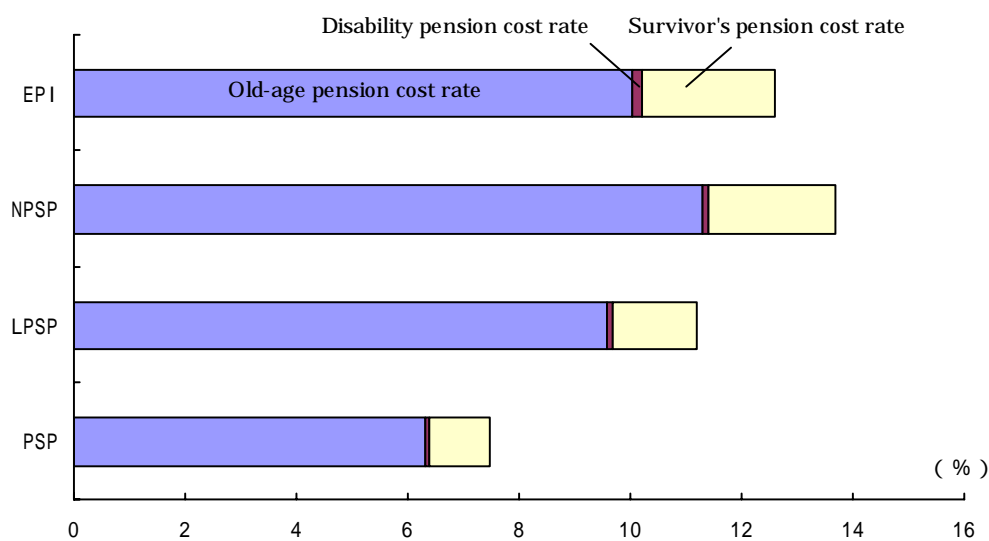
Looking at pension-type cost rate for FY2003 (Figure 2-4-4 and Figure 2-4-5), the old-age pension cost rate, disability pension cost rate, and survivor's pension cost rate for EPI are 10.0%, 0.2%, and 2.4%, respectively. For NPSP, these same cost rates are 11.3%, 0.1%, and 2.3%, respectively; for LPSP, 9.6%, 0.1%, and 1.5%, respectively; and for PSP, 6.3%, 0.1%, and 1.1%, respectively.

[Figure 2-4-4: Pension-type cost rate (FY2003)]

Classification	EPI	NPSP	LPSP	PSP
	%	%	%	%
Old-age pension cost rate	10.0	11.3	9.6	6.3
Disability pension cost rate	0.2	0.1	0.1	0.1
Survivor's pension cost rate	2.4	2.3	1.5	1.1
(Reference: Comprehensive cost rate)	17.3	17.4	14.4	11.3

Note: EPI benefit is estimated on a base that includes substitutional portion of EPFs.

[Figure 2-4-5: Pension-type cost rate (FY2003)]



Note: EPI benefit is estimated on a base that includes substitutional portion of EPFs.

(3) Comprehensive cost rate

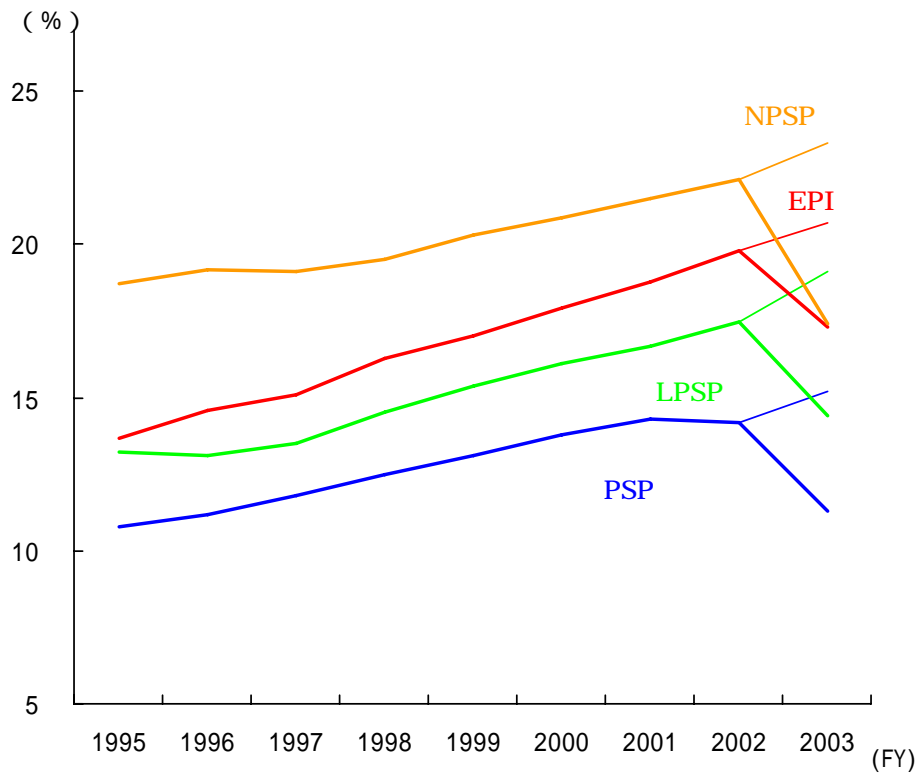
Looking at comprehensive cost rate for FY2003, NPSP had the highest ratio at 17.4%, followed by EPI at 17.3%, LPSP at 14.4%, and PSP at 11.3% (Figure 2-4-6 and Figure 2-4-7). The FY2000 amendment resulted in employee bonuses being included in “remuneration” from FY2003. Consequently, it must be remembered that in the comprehensive cost rates, independent benefits cost rates etc. it is used in total standard remuneration amount prior to FY2003 and in FY2003 and later years are not continuous.

[Figure 2-4-6: Trends in comprehensive cost rate]

FY	EPI	NPSP	LPSP	PSP
	%	%	%	%
1995	<13.7>	<18.7>	<13.2>	<10.8>
1996	<14.6>	<19.2>	<13.1>	<11.2>
1997	<15.1>	<19.1>	<13.5>	<11.8>
1998	<16.3>	<19.5>	<14.5>	<12.5>
1999	<17.0>	<20.3>	<15.4>	<13.1>
2000	<17.9>	<20.9>	<16.1>	<13.8>
2001	<18.8>	<21.5>	<16.7>	<14.3>
2002	<19.8>	<22.1>	<17.5>	<14.2>
2003	17.3	17.4	14.4	11.3
	<20.7>	<23.3>	<19.1>	<15.2>
Change against previous FY (points)				
1996	<0.9>	<0.5>	< 0.1>	<0.4>
1997	<0.5>	< 0.1>	<0.4>	<0.6>
1998	<1.2>	<0.4>	<1.0>	<0.7>
1999	<0.7>	<0.8>	<0.9>	<0.6>
2000	<0.9>	<0.6>	<0.7>	<0.7>
2001	<0.9>	<0.6>	<0.6>	<0.5>
2002	<1.0>	<0.6>	<0.8>	< 0.1>
2003	...	...	...	...
	<0.9>	<1.2>	<1.6>	<1.0>

Note: Values enclosed by < > are based on standard monthly remuneration.

[Figure 2-4-7: Trends in comprehensive cost rate]



Note: Thin lines are based on standard monthly remuneration.

Although the total remuneration system was introduced in FY2003, if comprehensive cost rate is looked based on the standard monthly remuneration for purposes of comparison with past years, each plan is rising by between 0.5 to 1.2 points each year. Since FY1995, the plan having the largest increase is EPI, which increased from 13.7% in FY1995 to 20.7% in FY2003. Followed by LPSP, NPSP, and PSP, which had increases over this eight-year period of 5.9, 4.6, and 4.4 points, respectively.

The rise in comprehensive cost rate is primarily due to increases in “real expenditure minus subsidies by state etc.” of the numerator on the one hand, and on the other hand, total standard remuneration amount decreases or even in instances where it rises, such rise did not match the rise of the numerator (Figure 2-4-10). Looking at “real expenditure minus subsidies by state etc.” of the numerator, there is a continuing increase for all plans. The rates of increase against the previous fiscal year for FY2003 are 3.4% increase in EPI, 3.1% increase in NPSP, 6.5% increase in LPSP, and 8.7%

increase in PSP. On the other hand, at the total standard remuneration amount of the denominator, EPI had a 1.2% decrease, NPSP had a 2.2% decrease, LPSP had a 2.2% decrease, and PSP had a 1.4% increase. As a result, the FY2003 comprehensive cost rate rose for all plans, with an increase of 0.9 points for EPI, 1.2 points for NPSP, 1.6 points for LPSP, and 1.0 points for PSP.

(Comprehensive cost rate pertaining to the EPI equivalent portion)

As the MAAs include the “occupational portion” which EPI does not have, it is necessary to include comparisons that use cases having the same benefit conditions when comparing comprehensive cost rate among plans. Consequently, when looking at comprehensive cost rate pertaining to the EPI equivalent portion, which excludes the occupational portion (Figure 2-4-8 and Figure 2-4-9), in FY2003, NPSP had of 1.9%, LPSP of 4.8%, and PSP of 7.6% low ratio compared to EPI (estimate of actual values). It is thought that this situation include the fact that NPSP and LPSP have high standard remuneration per capita compared to EPI, while PSP has a high pension support ratio compared to EPI (in other words, low maturity).

[Figure 2-4-8: Comprehensive cost rate pertaining to EPI equivalent portion]

FY	NPSP	LPSP	PSP	EPI	
	Actual values (estimated) %	Actual values (estimated) %	Actual values (estimated) %	Actual value %	Estimated actual values %
1998	<18.5>	<13.5>	<12.3>	<16.3>	
1999	<19.0>	<14.2>	<12.8>	<17.0>	
2000	<19.2>	<15.0>	<13.4>	<17.9>	<18.5>
2001	<19.8>	<15.5>	<13.7>	<18.8>	<19.6>
2002	<20.5>	<16.3>	<13.4>	<19.8>	<20.7>
2003	16.2 <21.7>	13.3 <17.7>	10.5 <14.2>	17.3 <20.7>	18.1 <21.7>

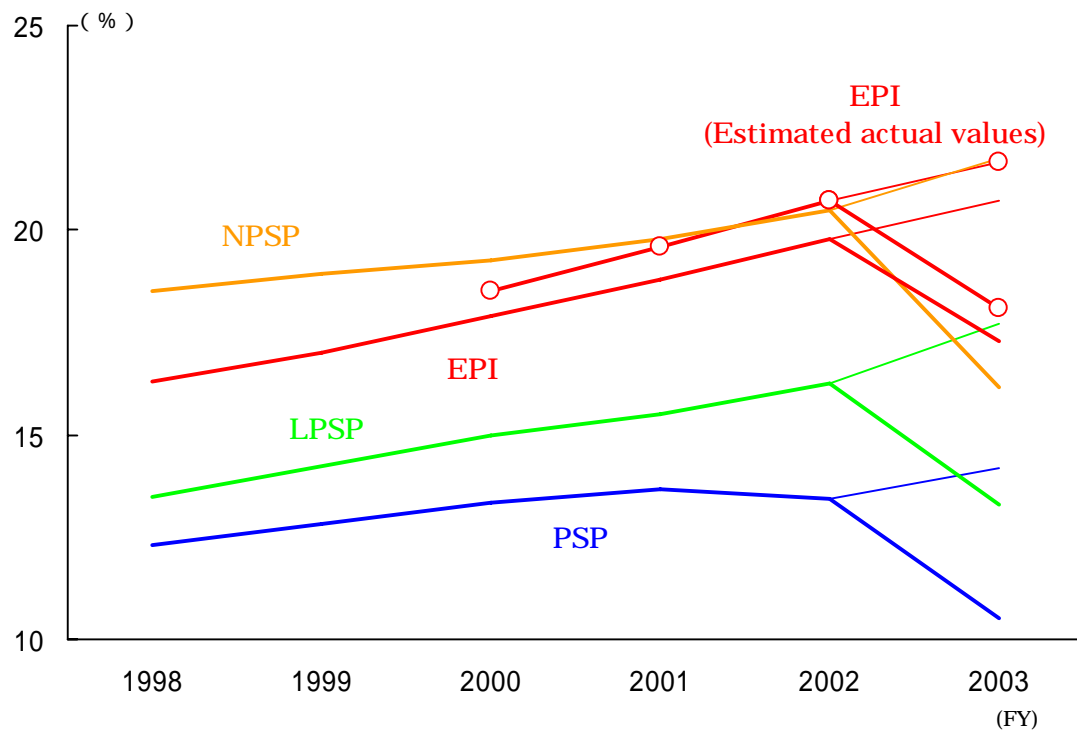
Note 1: For the method of estimating Estimated actual values in EPI, please see “estimated actual values” in the Glossary.

Note 2: Values enclosed by < > are values based on standard monthly remuneration.

Note 3: Here, 1) for benefits excluding the occupational portion, values calculated through multiplication with a certain percentage are used for MAAs under the old law (prior to revision in 1985), and settled pension amounts at the end of

the fiscal year are used for MAAs under the new law; and 2) subsidies by state etc. and subsidies for "bestowals" payments of prior period are calculated using values estimated in proportional of benefits.

[Figure 2-4-9: Comprehensive cost rate pertaining to EPI equivalent portion]



Note: Thin lines are based on standard monthly remuneration.

[Figure 2-4-10: Numerators and denominators of comprehensive cost rate and independent benefits cost rate]

FY	EPI	NPSP	LPSP	PSP	Rate of change against previous FY			
					EPI	NPSP	LPSP	PSP
	100 million yen	100 million yen	100 million yen	100 million yen	%	%	%	%
A. Real expenditure - subsidies by state etc. (numerator of comprehensive cost rate)								
1995	172,834	9,411	22,208	1,774				
1996	186,631	9,848	22,486	1,870	8.0	4.6	1.3	5.4
1997	193,579	9,926	23,479	2,012	3.7	0.8	4.4	7.6
1998	208,061	10,187	25,640	2,164	7.5	2.6	9.2	7.6
1999	211,624	10,739	27,287	2,296	1.7	5.4	6.4	6.1
2000	221,574	11,350	28,470	2,454	4.7	5.7	4.3	6.9
2001	231,240	11,759	29,479	2,570	4.4	3.6	3.5	4.7
2002	244,147	11,960	30,775	2,700	5.6	1.7	4.4	5.1
2003	252,364	12,334	32,763	2,936	3.4	3.1	6.5	8.7
B. Real expenditure - subsidies by state etc. - contributions to Basic Pension × 2/3 (numerator of independent benefits cost rate)								
1995	125,253	7,662	17,307	1,232				
1996	136,373	8,026	17,334	1,305	8.9	4.7	0.2	5.9
1997	142,131	8,027	18,132	1,426	4.2	0.0	4.6	9.3
1998	152,632	8,137	19,935	1,542	7.4	1.4	9.9	8.1
1999	152,801	8,547	21,191	1,627	0.1	5.0	6.3	5.5
2000	160,726	8,994	22,002	1,719	5.2	5.2	3.8	5.7
2001	169,208	9,354	22,905	1,812	5.3	4.0	4.1	5.4
2002	178,173	9,480	24,037	1,911	5.3	1.4	4.9	5.4
2003	183,707	9,736	25,725	2,093	3.1	2.7	7.0	9.5
C. Contributions to Basic Pension × 2/3								
1995	46,770	1,749	4,901	542				
1996	49,413	1,822	5,152	565	5.7	4.1	5.1	4.2
1997	51,449	1,898	5,347	586	4.1	4.2	3.8	3.8
1998	55,430	2,050	5,705	623	7.7	8.0	6.7	6.2
1999	58,823	2,192	6,096	669	6.1	7.0	6.9	7.5
2000	60,848	2,356	6,469	735	3.4	7.5	6.1	9.9
2001	62,032	2,405	6,574	758	1.9	2.1	1.6	3.1
2002	65,974	2,479	6,738	789	6.4	3.1	2.5	4.2
2003	68,657	2,599	7,038	842	4.1	4.8	4.4	6.7
D. Total standard remuneration amount (denominator of comprehensive cost rate and independent benefits cost rate)								
1995	<1,238,385>	<50,431>	<168,207>	<16,431>				
1996	<1,259,298>	<51,314>	<171,635>	<16,745>	<1.7>	<1.8>	<2.0>	<1.9>
1997	<1,281,286>	<51,893>	<174,521>	<17,004>	<1.7>	<1.1>	<1.7>	<1.5>
1998	<1,272,631>	<52,368>	<176,293>	<17,279>	< 0.7>	<0.9>	<1.0>	<1.6>
1999	<1,247,826>	<52,854>	<177,712>	<17,500>	< 1.9>	<0.9>	<0.8>	<1.3>
2000	<1,240,660>	<54,319>	<176,426>	<17,777>	< 0.6>	<2.8>	< 0.7>	<1.6>
2001	<1,231,930>	<54,583>	<176,435>	<18,016>	< 0.7>	<0.5>	<0.0>	<1.3>
2002	<1,233,692>	<54,065>	<175,486>	<19,005>	<0.1>	< 1.0>	< 0.5>	<5.5>
2003	1,458,725	71,088	228,236	26,076	...	...	...	...
	<1,219,199>	<52,860>	<171,616>	<19,275>	< 1.2>	< 2.2>	< 2.2>	<1.4>
B/A (%)								
1995	72.5	81.4	77.9	69.5				
1996	73.1	81.5	77.1	69.8				
1997	73.4	80.9	77.2	70.9				
1998	73.4	79.9	77.7	71.2				
1999	72.2	79.6	77.7	70.9				
2000	72.5	79.2	77.3	70.0				
2001	73.2	79.5	77.7	70.5				
2002	73.0	79.3	78.1	70.8				
2003	72.8	78.9	78.5	71.3				

Note 1: EPI does not include the 3 former MAAs for years up to 1996 and the former AFF for years up to 2001.

Note 2: The total standard remuneration amount and standard remuneration per capita of LPSP are values when converted to a total remuneration base or standard monthly remuneration base.

Note 3: Values enclosed by < > are values based on standard monthly remuneration.

(4) Independent benefits cost rate and Basic Pension cost rate

Independent benefits cost rate in FY2005 was highest for NPSP with 13.7%, followed by EPI with 12.6%, LPSP with 11.3%, and PSP with 8.0% (Figure 2-4-11 and Figure 2-4-12). Basic Pension cost rate was highest for EPI with 4.7%, followed by NPSP with 3.7%, PSP with 3.2%, and LPSP with 3.1% (Figure 2-4-13 and Figure 2-4-14). The differences in Basic Pension cost rate among the plans is attributable to the fact that standard remuneration per capita and ratios of Category-3 to Category-2 insured persons vary.

Like comprehensive cost rate, when the trends of both ratios are examined on a standard monthly remuneration base for purposes of comparison with past trends, the independent benefits cost rate has increased between roughly 0.2 and 1.3 points per year, while the Basic Pension cost rate has increased between roughly 0.1 and 0.3 points per year.

This is due to the fact that, like comprehensive cost rate, “real expenditure - subsidies by state etc. - contributions to Basic Pension * 2/3” and “contributions to Basic Pension * 2/3” of the numerator are increasing, while total standard remuneration amount of the denominator decreases or even in instances where there was a rise in the total standard remuneration amount, such rise did not match the rise of the numerator (Figure 2-4-6).

The size of year-on-year increase is larger for independent benefits cost rate than that of Basic Pension cost rate. However, the fluctuation in the numerator for independent benefits cost rate (real expenditure - subsidies by state etc. - contributions to Basic Pension * 2/3 [Figure 2-4-10 section B]) and that in the numerator for Basic Pension cost rate (contributions to Basic Pension * 2/3 [Figure 2-4-10 section C]) are compared, no significant difference between these two ratios is apparent (i.e., the share of section

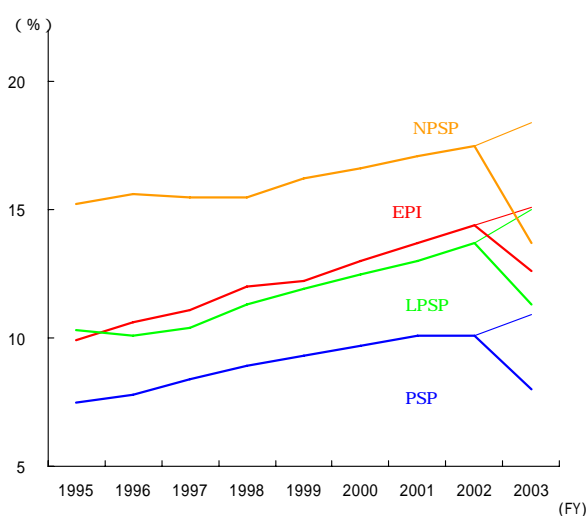
B in section A of Figure 2-4-10 is not varying greatly). The fact that the size of increase for independent benefits cost rate is larger than that of Basic Pension cost rate is attributable to the magnitude of both ratios.

[Figure 2-4-11: Trends in independent benefits cost rate]

FY	EPI	NPSP	LPSP	PSP
	%	%	%	%
1995	<9.9>	<15.2>	<10.3>	<7.5>
1996	<10.6>	<15.6>	<10.1>	<7.8>
1997	<11.1>	<15.5>	<10.4>	<8.4>
1998	<12.0>	<15.5>	<11.3>	<8.9>
1999	<12.2>	<16.2>	<11.9>	<9.3>
2000	<13.0>	<16.6>	<12.5>	<9.7>
2001	<13.7>	<17.1>	<13.0>	<10.1>
2002	<14.4>	<17.5>	<13.7>	<10.1>
2003	12.6 <15.1>	13.7 <18.4>	11.3 <15.0>	8.0 <10.9>
Change against previous FY (points)				
1996	<0.7>	<0.4>	< 0.2>	<0.3>
1997	<0.5>	< 0.1>	<0.3>	<0.6>
1998	<0.9>	<0.0>	<0.9>	<0.5>
1999	<0.2>	<0.7>	<0.6>	<0.4>
2000	<0.8>	<0.4>	<0.6>	<0.4>
2001	<0.7>	<0.5>	<0.5>	<0.4>
2002	<0.7>	<0.4>	<0.7>	<0.0>
2003	... <0.7>	... <0.9>	... <1.3>	... <0.8>

Note: Values enclosed by < > are based on standard monthly remuneration.

[Figure 2-4-12: Trends in independent benefits cost rate]



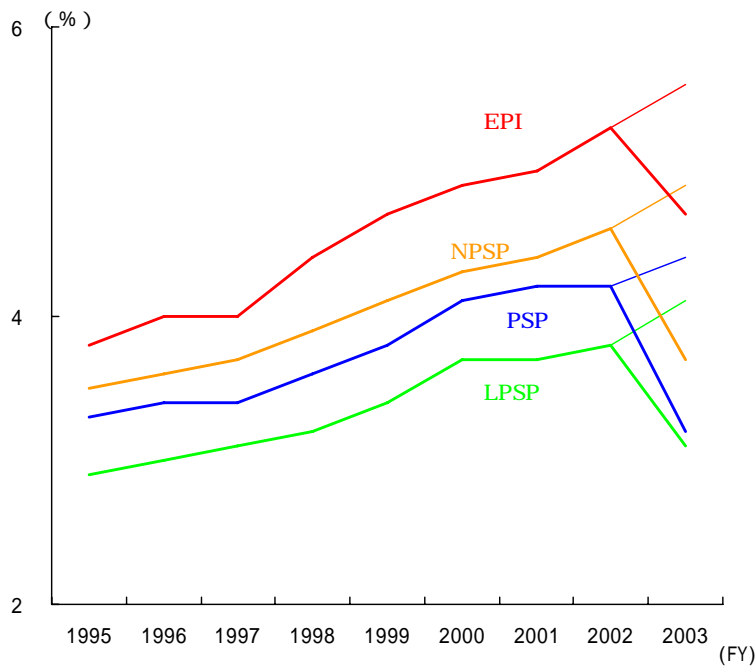
Note: Thin lines are based on standard monthly remuneration.

[Figure 2-4-13: Trends in Basic Pension cost rate]

FY	EPI	NPSP	LPSP	PSP
	%	%	%	%
1995	<3.8>	<3.5>	<2.9>	<3.3>
1996	<4.0>	<3.6>	<3.0>	<3.4>
1997	<4.0>	<3.7>	<3.1>	<3.4>
1998	<4.4>	<3.9>	<3.2>	<3.6>
1999	<4.7>	<4.1>	<3.4>	<3.8>
2000	<4.9>	<4.3>	<3.7>	<4.1>
2001	<5.0>	<4.4>	<3.7>	<4.2>
2002	<5.3>	<4.6>	<3.8>	<4.2>
2003	4.7	3.7	3.1	3.2
	<5.6>	<4.9>	<4.1>	<4.4>
Change against previous FY (points)				
1996	<0.2>	<0.1>	<0.1>	<0.1>
1997	<0.0>	<0.1>	<0.1>	<0.0>
1998	<0.4>	<0.2>	<0.1>	<0.2>
1999	<0.3>	<0.2>	<0.2>	<0.2>
2000	<0.2>	<0.2>	<0.3>	<0.3>
2001	<0.1>	<0.1>	<0.0>	<0.1>
2002	<0.3>	<0.2>	<0.1>	<0.0>
2003	...	...	...	...
	<0.3>	<0.3>	<0.3>	<0.2>

Note: Values enclosed by < > are based on standard monthly remuneration.

[Figure 2-4-14: Trends in Basic Pension cost rate]



Note: Thin lines are based on standard monthly remuneration.

(5) Expenditure/revenue ratio: Increases in all plans

Comparing the expenditure/revenue ratio of FY2003 on a book value base, EPI was the highest with 117.2%, followed by NPSP with 98.0%, NP (National Pension Account) with 97.6%, LPSP with 89.3%, and PSP with 86.2% (Figure 2-4-15). EPI has over 100% expenditure/revenue ratio. This means that the portion of real expenditure for which independent revenue resources should be prepared is larger than the total of contributions and investment income, so this portion of expenditure cannot be covered without other sources of income. Moreover, when looked at on a market value base, each plan has less than 100% expenditure/revenue ratio due to favorable investment conditions.

The trend of expenditure/revenue ratio shows a rising trend on a book value base for all plans. This is due to the increases in “real expenditure minus subsidies by state etc.” of the numerator on the one hand, and the decreases in “contributions + investment income” of the denominator on the other (Figure 2-4-10 section A, Figure 2-4-15, and Figure 2-4-16).

[Figure 2-4-15: Trends in expenditure/revenue ratio]

FY	EPI	NPSP	LPSP	PSP	NP (National Pension Account)
	%	%	%	%	%
1995	69.0	75.1	57.0	55.3	72.5
1996	72.4	76.0	57.2	58.4	59.1
1997	73.8	75.7	57.7	60.6	71.7
1998	80.5	80.8	63.2	64.4	75.6
1999	84.9	85.1	64.5	67.3	75.3
2000	91.0	89.3	72.6	74.3	80.2
2001	97.2	95.2	78.1	79.2	89.2
	[102.4]	[101.4]			[93.6]
2002	104.7	97.2	84.3	83.0	96.7
	[119.2]	[100.6]		[108.2]	[108.5]
2003	117.2	98.0	89.3	86.2	97.6
	[98.3]	[91.3]	[70.2]	[82.8]	[85.7]
Change against previous FY (points)					
1996	3.4	0.9	0.2	3.1	13.4
1997	1.4	0.3	0.5	2.2	12.6
1998	6.7	5.1	5.5	3.8	3.9
1999	4.4	4.3	1.3	2.9	0.3
2000	6.1	4.2	8.1	7.0	4.9
2001	6.2	5.9	5.5	4.9	9.0
2002	7.5	2.0	6.2	3.8	7.5
	[16.8]	[0.8]			[14.9]
2003	12.5	0.8	5.0	3.2	0.9
	[20.9]	[9.3]		[25.4]	[22.8]

Note 1: Values in enclosed in [] are based on market value.

Note 2: The ratio of market value based for NPSP was 82.0 in FY1998, 82.0 in FY1999, and 95.5 in FY2000.

[Figure 2-4-16: Trends in the denominator (contributions + investment income) of expenditure/revenue ratio]

FY	EPI	NPSP	LPSP	PSP	NP (National Pension Account)
	100 million yen	100 million yen	100 million yen	100 million yen	100 million yen
1995	246,410	12,529	38,980	3,209	21,435
1996	255,812	12,959	39,300	3,199	22,505
1997	262,469	13,105	40,721	3,323	22,858
1998	258,315	12,609	40,570	3,359	23,084
1999	249,384	12,623	42,327	3,413	23,261
2000	243,579	12,704	39,211	3,304	22,507
2001	237,967	12,356	37,729	3,244	21,800
	[225,901]	[11,593]			[20,783]
2002	233,105	12,299	36,526	3,254	20,855
	[204,765]	[11,887]		[2,497]	[18,587]
2003	215,310	12,588	36,676	3,406	21,149
	[256,657]	[13,513]	[46,672]	[3,545]	[24,108]
Change against previous FY (%)					
1996	3.8	3.4	0.8	0.3	5.0
1997	2.6	1.1	3.6	3.8	1.6
1998	1.6	3.8	0.4	1.1	1.0
1999	3.5	0.1	4.3	1.6	0.8
2000	2.3	0.6	7.4	3.2	3.2
2001	2.3	2.7	3.8	1.8	3.1
2002	2.0	0.5	3.2	0.3	4.3
	[9.4]	[2.5]			[10.6]
2003	7.6	2.4	0.4	4.7	1.4
	[25.3]	[13.7]		[42.0]	[29.7]

Note 1: Values in enclosed in [] are based on market value.

Note 2: Contributions for PSP includes prefectural subsidies

Note 3: The market value based value for NPSP was 1.24 trillion yen in FY1998, 1.31 trillion yen in FY1999, and 1.18 trillion yen in FY2000.

(6) Reserve ratio

The reserve ratio on a book value base shows that LPSP was the highest with 11.4 times, followed by PSP with 10.7 times, NPSP with 7.0 times, EPI with 5.5 times, and NP (National Pension Account) with 4.8 times (Figure 2-4-17).

It was lower in FY2003 compared to the previous fiscal year for all plans. Furthermore, looking at trends over recent years, all plans are showing declines. While growth in “reserves at the end of the previous fiscal year” of the nominator is tending to be slow (Figure 2-1-16), growth of “real expenditure - subsidies by state etc.” of the denominator is comparatively fast (Figure 2-4-10 section A); as a result, reserve ratio, which represents this ratio, is decreasing.

[Figure 2-4-17: Trends in reserve ratio]

FY	EPI	NPSP	LPSP	PSP	NP (National Pension Account)
	Times	Times	Times	Times	Times
1995	6.3	7.4	12.2	12.9	4.1
1996	6.2	7.4	12.8	13.0	5.2
1997	6.1	7.6	13.0	12.7	4.8
1998	6.0	7.7	12.6	12.4	4.9
1999	6.2	7.6	12.4	12.3	5.1
2000	6.1	7.3	12.4	11.9	5.2
2001	5.9	7.3	12.3	11.7	5.0
2002	5.6	7.2	12.0	11.4	4.9
	[5.5]	[7.3]			[4.8]
2003	5.5	7.0	11.4	10.7	4.8
	[5.2]	[7.1]	[11.2]	[10.8]	[4.6]
Change against previous FY (points)					
1996	0.1	0.0	0.6	0.1	1.1
1997	0.1	0.2	0.2	0.3	0.4
1998	0.1	0.1	0.4	0.3	0.1
1999	0.2	0.1	0.2	0.1	0.2
2000	0.1	0.3	0.0	0.4	0.1
2001	0.2	0.0	0.1	0.2	0.2
2002	0.3	0.1	0.3	0.3	0.1
2003	0.1	0.2	0.6	0.7	0.1
	[0.3]	[0.2]			[0.2]

Note 1: Values in enclosed in [] are based on market value.

Note 2: The ratio on market value based of NPSP was 7.7 in FY1998, 7.5 in FY1999, and 7.4 in FY2000.

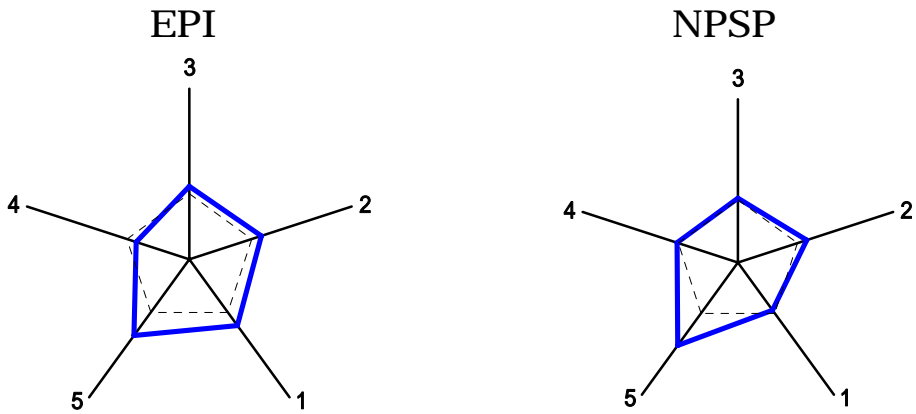
(7) Characteristics of each plan viewed by financial indicators

Finally, this section will look at how pension support ratio, comprehensive cost rate, independent benefits cost rate, expenditure/revenue ratio, and reserve ratio stand overall when mutually compared in “radar charts” (Figure 2-4-18). For pension support ratio, a measure was established that sets the ratio at 2 (two people support one person) at the highest maturity. With comprehensive cost rate set to be 20% of annual income at the final stage, in the charts the reciprocal of ratio to 20 is used (the reciprocal is used so that the ratio will become smaller as maturity advances). Based on the same approach, independent benefits cost rate takes the reciprocal of ratio to 14, and expenditure/revenue ratio takes the reciprocal of ratio to 100. For reserve ratio, the measure was set based on consideration that it will become smaller as maturity advances*.

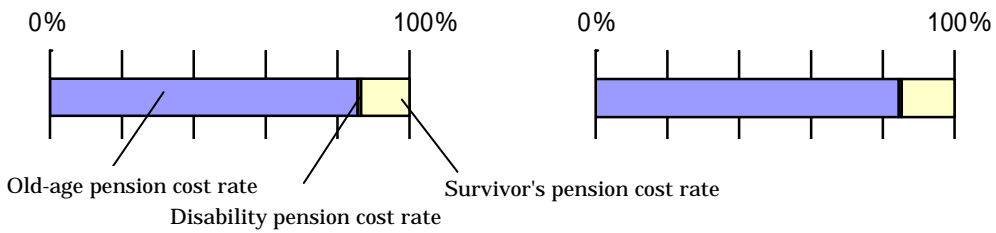
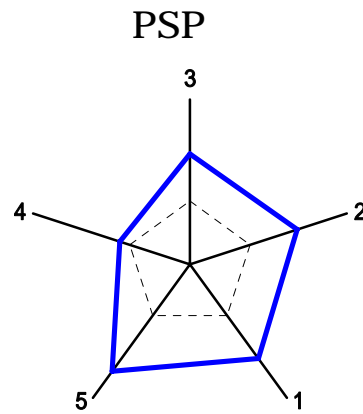
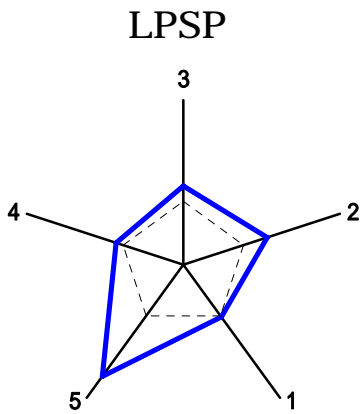
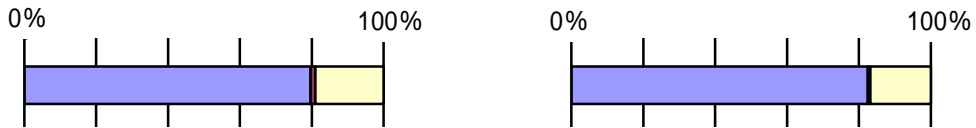
* Process to facilitate understanding of the charts.

The results are as shown in the charts. The radar chart shapes fall into two types: group 1 (NPSP and LPSP) and group 2 (EPI and PSP). The pension support ratio lines of group 1 (NPSP and LPSP) do not stick out as far as those of group 2 (showing advanced maturity), while their reserve ratio lines stick out considerably (showing relatively high reserves). And, while the shapes of group 2 (EPI and PSP) are similar, EPI has a smaller chart, which indicates more advanced maturity.

[Figure 2-4-18: Financial indicator radar charts]



Reference: Percentage of each pension-type cost rate



—	End of FY2003	1. $(\text{Pension support ratio} + 2) \div 4$
- - -	Baseline	2. $20 \div \text{comprehensive cost rate}$
		3. $14 \div \text{independent benefits cost rate}$
		4. $100 \div \text{expenditure/revenue ratio}$
		5. $(\text{Reserve ratio} + 6) \div 8$