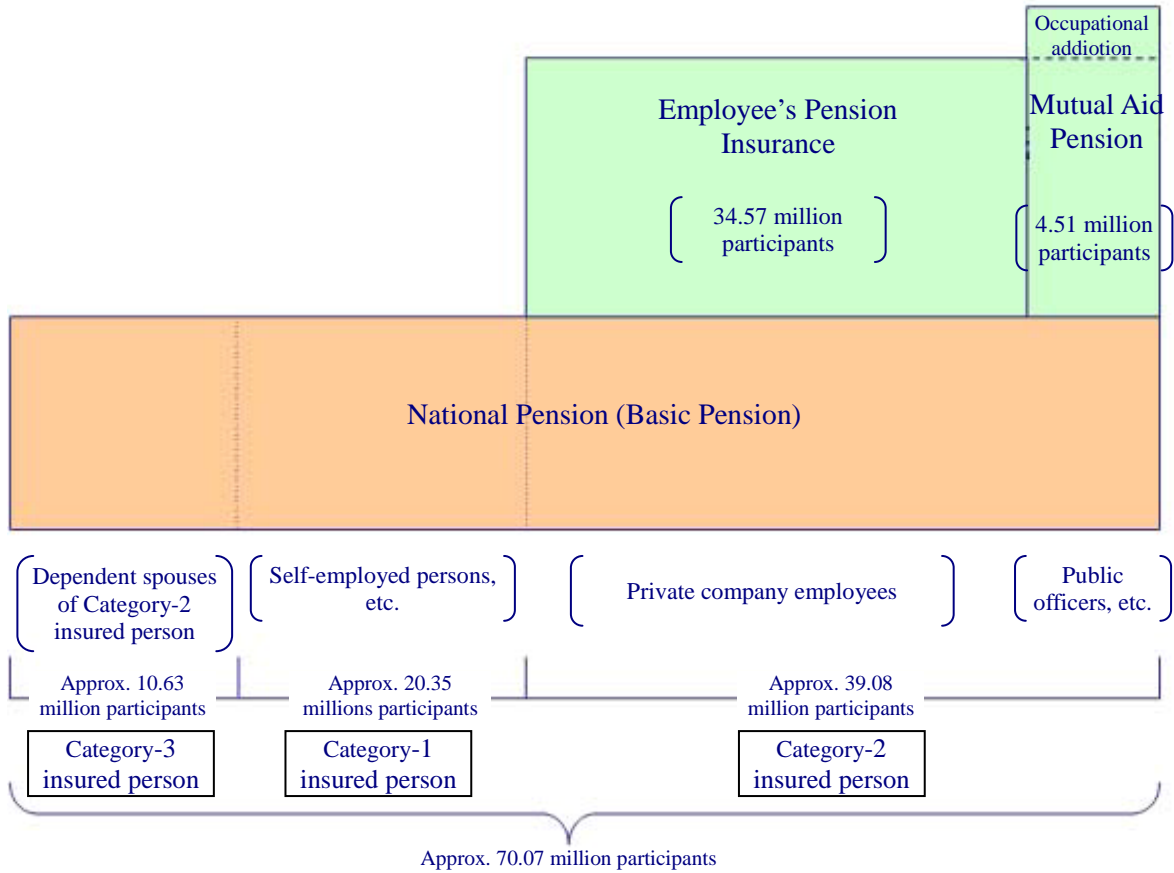


# Chapter 1 Overview of the Pension System in Japan

## [Structure of the Public Pension System]

(The figures are as of 31 March 2008.)



Category-1 insured person	Category-2 insured person	Category-3 insured person
<ul style="list-style-type: none"> <li>○ Self-employed persons, farmers, etc. aged 20 or over but under 60.</li> </ul>	<ul style="list-style-type: none"> <li>○ Private company employees, public officers.</li> </ul>	<ul style="list-style-type: none"> <li>○ Dependent spouses of private company employees, public officers.</li> </ul>
<ul style="list-style-type: none"> <li>○ Each pays a fixed amount of premium. 14,660 yen per month (From April 2009 through March 2010)</li> </ul>	<ul style="list-style-type: none"> <li>○ Remuneration-based premium. Premium rate of the Employees' Pension Insurance is fixed at 15.704% (from Sep. 2009 to Aug. 2010)                             <ul style="list-style-type: none"> <li>• The premium is raised by 0.354% every year.</li> <li>• Insurance premiums based on total remunerations in April 2003 and after.</li> <li>• Appropriated for the Basic Pension and Employees' Pension Insurance (remuneration-based portion) for Category-2 and Category-3 insured person.</li> </ul> </li> <li>○ Employers and employees bear evenly the premium.</li> </ul>	<ul style="list-style-type: none"> <li>○ The insured themselves bear no cost.</li> <li>○ The premium is paid by the insurer of the pension the husband (wife) is participating in.</li> </ul>
The national subsidy ratio is 1/2 for the basic pension.		

## Basic data

- Amount of the Old-Age Pension benefit (as of April 2009)
  - Self-employed persons (amount for a Category-1 insured person of 40 years of enrollment period): 66,008 yen per month
  - Retired salaried workers and spouses  
Total of the Employees' Pension Insurance of Category-2 insured person (average income for 40 years of enrollment period) and of the Basic Pension (40 years of enrollment period) for a husband & wife couple: 232,592 yen per month
- The number of public pension beneficiaries (as of 31 March 2008): 34.8 million persons
- Premium income from the entire public pension system (based on the FY2009 budget): 32 trillion yen
- The amount funded by the national subsidy from the entire public pension system (based on the FY2009 budget): 10.8 trillion yen
- Benefits from the Public Pensions (as of 31 March FY2009): 49.7 trillion yen
- Reserve (The National Pension and the Employees' Pension Insurance) (based on the current value at the end of FY2008): 124 trillion yen)

## Categories and Premiums of Insured Persons (Members)

All people of working generation must participate in the National Pension. According to their occupations, they are classified into three categories of the National Pension such as Category- 1, 2 and 3 insured person. Also, this categorization decides possible additional pension system in which they can join.

The pension benefits are determined by the schemes with which insured persons are covered before their application for pension benefits.

## Categories and Premiums of Members

Occupation etc.		Schemes and premium	
		Scheme	Premium
Self-employed persons, farmers, students, etc. (those of 20 years and over – under 60 years old, excluding those shown in the following columns)		National Pension [No. 1 insured person]	
		14,660 yen per month (fixed amount) * The premium is increased by 280 yen each year and finally fixed at 16,900 yen.	
Emplo- yees	Employees under 70 years old in private sector covered by the Employees' Pension Insurance (Private company workers etc.)	National Pension [Category-2 insured person]	Employees' Pension Insurance
	Public employees and private schools' teachers and employees	National Pension [Category-2 insured person]	Mutual Aid Pension
Full-time housewives etc. Dependent spouse of the employee (wife or husband), who make a living mainly by the employees' income)		National Pension [Category-3 insured person]	
		The insured pay no premium (it is borne by the Employees' Pension System (the Employees' Pension or the Mutual Aid Pension) in which his or her spouse has participated)	

(Note) The premium rates are the standard as of October 2009.

## Structure of Financial Resources for the Basic Pension

The financial resources of the Basic Pension comprise ① contributions of the National Pension (Category-1 insured person pays contribution individually), ② contributions from insured persons of the Employees' Pension Insurance and Mutual Aid Associations (the Employees' Pension Insurance and Mutual Aid Associations contribute to the National Pension according to the number of Category-2 insured person and their spouse, Category-3 insured person.), ③ National subsidy (in principle, 1/2 of the expense of the Basic Pension).

### Cost Burden for the Basic Pension

