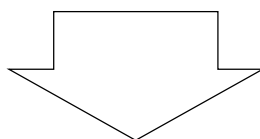


History of the Public Pension System and Its Major Revisions

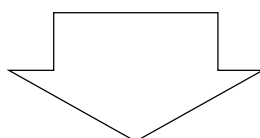
<Creation of Schemes>

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| 1942 | : The Workers Pension Insurance Act was enacted (Renamed in 1944 as the Employees' Pension Insurance Act.) |
| 1954 | : The Employees' Pension Insurance Act was entirely revised (Actual start of benefit payment for the elderly) <ul style="list-style-type: none">• Introduction of a benefit payment system of "fixed rate part + remuneration-based proportional part"• Introduction of modified funding method |
| 1961 | : Implementation of the National Pension System (Launch of "universal pension system") |



<Improvement of Schemes>

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|------|---|
| 1965 | : Improvement of benefit payment level, achievement of "10,000 yen pension," establishment of the Employees' Pension Fund |
| 1966 | : Achievement of "10,000 yen pension" for married couples in the National Pension System |
| 1969 | : Achievement of "20,000 yen pension" (Standard pension benefits of Employees' Pension Insurance: 20,000 yen, the National Pension: 20,000 yen for married couples) |
| 1973 | : Introduction of Price Indexation System and reevaluation of salary (Achievement of "50,000 yen pension") |



<Measures for the Arrival of the Full-scale Aging Society>

[The revision of 1985]

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| <ul style="list-style-type: none">○ Establishment of nationally common Basic Pension system supported by citizens.○ Adjustment of benefit payment to be made more appropriate (Payment unit and payment rate were decreased gradually, assuming the participation period would be extended to 40 years at the mature phase)○ Enforced participation of dependent spouses (housewives) of employees to the National Pension System (Establishment of Category-3 insured persons system), and by this, establishment of pension right for women○ Improvement of disability pension (Insurance of Disability Basic Pension for persons who became disabled before 20 years old)○ Expansion of the Employees' Pension coverage for companies with less than five workers○ Raising of pensionable age of women for the Old-Age Employees' Pension (From 55 years old to 60 years old by 2000) |
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[The revision of 1989]

- Introduction of full automatic Price Indexation System
- Enforced participation of students to the National Pension System
- Establishment of the National Pension Fund (Establishment of the regional-type National Pension Fund, relaxation of the conditions for establishment of business area-type National Pension Fund)
- Establishment of the Financial Interchange Program among the Employee's Pension System (Abolished in FY1997)

[The revision of 1994]

- Revision of the Old-Age Employees' Pension for people in their early 60s (Raising of pensionable age for the fixed rate part gradually from 60 years old to 65 years old by 2013)
- Improvement of Old-Age Pension for Active Workers (Change to a system in which total amount of wage and pension benefits will increase as wage increases), Balance adjustment with unemployment insurance payment
- Change of the reevaluation system of salary (Reevaluation corresponding to raising rate of disposable income after increases in tax and social insurance fee)
- Improvement of the Survivors' Pension (Corresponding to an increase of double-income households, it allowed the double-payment of 1/2 of each Old-Age Employees' Pension to reflect wives' premium on the pension benefits.)
- Exemption from the Employees' Pension Insurance premium (for the person in question) while on child-care leave.
- Creation of the special premium (1%) based on bonus, etc. for the Employees' Pension Insurance

[The revision of 1996]

- Integration of three Mutual Aid Associations of the former public corporations (JR, JT, and NTT) into the Employees' Pension Insurance

[The revision of 2000]

- Raising of pensionable age for the remuneration-based proportional part of the Old-Age Employees' Pension (Gradually from 60 years old to 65 years old by 2025)
- Change of the pension revision system (Listed subscribers' pension (65 years old and over) was revised as only by Price Indexation System)
- Adjustment of benefit payment of the Employees' Pension Insurance to be made more appropriate (Adjustment of 5% of the remuneration-based proportional part. Previous payment amount was guaranteed.)
- Expansion of the Employees' Pension Insurance coverage for the people in their late 60s (To expand to people under 70 years old. Establishment of the Old-Age Pension for Active Workers for workers of 65 to 69 years old.)
- Introduction of full remuneration-based system (Same rate premium on bonus, etc. was imposed and reflected on the benefit payment. Special premium was abolished.)
- Exemption from the Employees' Pension Insurance premium (for the payment by business owner) while on child-care leave.
- Enhancing the National Pension System by expansion of premium exemption, etc. (Establishment of the half premium exemption system, establishment of the exceptional payment system for students)

[The revision of 2001]

- Integration of the Mutual Aid Associations of Agriculture, Forestry and Fishery Cooperative Employees into the Employees' Pension Insurance

[The revision of 2004]

- Reviewing the benefit payment and contribution
(Introducing the insurance premium level fixation method and the macro-economic indexation, utilizing the pension reserve as resource funds, and raising the proportion funded by the national subsidy for the Basic Pension to 1/2. (* This will be implemented in a certain fiscal year separately specified in the Act.)
- Reviewing the system of the Old-Age Pension for Active Workers
(Reviewing the system of the Old-Age Pension for Active Workers who are in their early 60s, introducing the system of delaying pensionable age for those who are 65 years or over, and adjusting the amount of benefit payment of the Old-Age Employees' Pension for those insured employees who are 70 years old or older.)
- Enhancing considerate measures for the insured who engage in childcare (Enhancing the measure for exempting those who are on child-care leave from paying the premium and introducing the measure for deemed standard monthly remuneration during the childcare period to be equal to the former standard monthly remuneration)
- Reviewing the Survivors' Pension system
- Introducing the division of benefit payment of the Employees' Pension Insurance in cases of divorce, etc. and the division of the duration to be Category-3 insured person of the Employees' Pension Insurance

Developments of the Public Pension System

