In case wages (prices) rose on some level

Wage (prices) increase rate ≥ Indexation adjustment rate
⇒ Carry out the adjustment of indexation.

In case wages (prices) rose slightly

Wage (prices) increase rate < Indexation adjustment rate
⇒ Carry out the adjustment of indexation.
(Pension revision rate does not become negative.)

In case wages (prices) fell

⇒ Carry out no indexation adjustment.
Raising the National Subsidy Ratio for the Basic Pension and the Course

The tax revenue increase due to optimization of taxation on pension in fiscal 2004 tax system revision was appropriated.

Fiscal 2004: ¥27.2 billion
Fiscal 2005 and onward: 11/1000 of contribution (benefits)

Fiscal 2004: ¥27.2 billion
Fiscal 2005: Tax revenue increased by ¥110.1 billion (14/1000, ¥220 billion)
Fiscal 2006: Tax revenue increased by ¥110 billion (7/1000, ¥220 billion)
Fiscal 2007: Tax revenue increased by ¥112.4 billion (7/1000, ¥220 billion)

Approximately 35.1%
Approximately 35.8%
Approximately 36.5%

To be appropriated from the tax revenue increase due to the reduction end abolition of fixed rate tax reduction in fiscal 2005 and 2006 tax reforms

Equivalent to approximately 18/1000 of contribution
Reviewing the System to Meet with Diverse Patterns of Life and Work

[Review ①: Pension for working elderly]
I have heard that when a person in his early 60s begins to work, the pension he will receive decreases. The pension system makes elderly people have no desire to work.

20% of the pension benefit of working persons in their early 60s is cut until today. This cut will be discontinued.

If the total of pension proportional to remuneration and salary of a 70-year-old working person exceeds the average monthly income of working generations (¥480,000 including bonuses), the pension proportional to remuneration is adjusted (the basic pension is not reduced).

[Review ②: Pension upon divorce]
I worked for a short period and had a long time as a full-time housewife. After I divorced my husband, the amount of pension I can receive is very little.

The total of the old-age employees' pension during married life may be divided up in half when a divorced husband and wife agree to do so or when the court decides to do so.

[Review ③: Pension for persons who raise children]
I think that a home raising children should have more support. Do you have measures to improve the situation in the pension system?

The revised pension system will promote a zero-waiting strategy for schools, upgrade children's allowances, reinforce measures against child abuse, and review the system of child-care leave. In addition, the revised pension system will expand the period of child-care leave for one-year old babies to three-year-old infants, during which premium contribution is exempted.

[Review ④: Disability pension]
I have worked until I was 65 years old, though I am partly disabled. The amount of pension remains unchanged at the level of disability basic pension. Are the premiums that I contributed not reflected in my pension?

The revised pension system will take measures so that a disabled person who contributed premiums while working can receive both disability basic pension and old-age employees' pension.
In cases when the total amount of monthly wages (monthly income including bonuses) and a pension benefit, including the fixed portion (equivalent to the basic pension benefit of a person aged 65 or older), exceeds ¥280,000*1, a certain amount of pension benefit is suspended by the proportion of 1 in the pension benefit against 2 in wage increase.

In cases when the monthly wages exceeds ¥480,000*2, the amount of the pension benefit is suspended by the same amount of the wage increase.

* According to the 2004 revision of the system, the scheme of 20% pension benefit suspension during the working period was abolished.

The full amount of the basic pension benefit will be paid.

In cases when the total amount of monthly wages (monthly income including bonuses) and the benefit from the Employee’s Pension (the remuneration-based portion) exceeds ¥480,000*2, a certain amount of pension benefit (the remuneration-based portion) is suspended by the proportion of 1 in the pension benefit against 2 in wage increase (introduced due to revision in 2002).

The pension system after revision in 2004 treats 70-year-old or older persons the same as persons between 65 and 69 years old.

(However, no premiums are levied.)

Prior to the 2004 revision, full amount of pension benefit was paid.

The impact of the system of benefit suspension during the working period on pension finance corresponds to about 0.7% in terms of final insurance rate.

*1 Although the total was ¥220,000 (standard benefit level for a pension-receiving family (a married couple’s basic pensions and the husband’s employees’ pension)) before the introduction of the total remuneration system, it increased to ¥280,000 when the system was introduced in April 2004 (based on the amount before the introduction multiplied by 1.3).

*2 Although the total was ¥370,000 (average wage for a working male insured employee) before the introduction of the total remuneration system, it increased to ¥480,000 when the system was introduced in April 2004 (based on the amount before the introduction multiplied by 1.3).