

Outline of the Act on the Partial Revision of the National Pension Act, etc. to strengthen the country's pension system

(No.40 of 2020 promulgated on June 5)

Purpose of revision

The revision intends to help enhance the financial security of the elderly after retirement as more and more people continue to work in various forms. To achieve this goal, under the revision, various measures are taken such as: expanding social insurance coverage for part-time workers, reviewing pension payments to elderly workers who continue to work, giving people an option of starting to receive pension benefits at a more advanced age, relaxing requirements for joining defined contribution pension plans.

Outline of revision

1. Expand social insurance coverage [Employees' Pension Insurance Act, Health Insurance, Act on the Partial Revision of the National Pension Act and Related Laws, for Reinforcing the Fiscal Basis of the Public Pension System and its Minimum Social Security Function (revised in 2012), National Public Officers Mutual Aid Association Act, Local Public Officers Mutual Aid Association Act.]

Under the revision, the government plans to:

- Act** ① expand the coverage of the social insurance scheme in stages to include part-time workers : currently part-timers working at companies with the payroll of 501 or more are subject to the scheme, but those hired by companies with 101 or more employees will be subject to the scheme from 2022 and those employed by firms with 51 or more workers will be become eligible from 2024
- ② include businesses with five or more employees conducted by certified lawyers and accountants in the scope of the social insurance coverage
- ③ expand the scope of workers subject to short-term benefits provided by the mutual aid retirement plan for public servants to part-time staff at the central and local government offices who are covered by the employee pension insurance and the health insurance plan

2. Review the pension payment to workers who continue to work [Employees' Pension Insurance Act]

Under the revision the government plans to:

- ① adjust the amount of pension payment once a year for workers aged 65 or above who continue to work and receive benefits from the employee pension insurance in order to reflect their contributions in the amount of pension benefits as early as possible
- ② raise the income threshold for pension benefit reductions from ¥280,000 to ¥470,000 (as of 2020) : currently, workers aged between 60 and 64 are subject to benefit reductions if their wages and pensions together exceed ¥280,000 per month

3. Expand options for pension recipients [National Pension Act, Employees' Pension Insurance Act, etc.]

The revision allows people to choose when to start receiving their pension benefits between the ages of 60 and 75 : they can currently choose it between the ages of 60 and 70

4. Review requirements for joining defined contribution pension schemes, etc. [Defined Contribution Pension Act, Defined-Benefit Corporate Pension Act, Act on the Farmers Pension Fund, Independent Administrative Agency, etc.]

Under the revision, the government plans to :

- ① relax the age requirement for joining defined contribution pension plans (※) The government also plans to raise the upper age limit for starting to receive pensions
- ※ Corporate-type D C : from those covered by a corporate pension scheme under 65 to those under 70
Individual-type D C (iDeCo) : from those covered the public pension plan under 60 to those under 65
- ② improve the schemes and simplify application process, for instance, by expanding the eligibility of small and medium-sized companies for defined contribution pension plans (firms with 100 employees or fewer→those with 300 workers or fewer, or relaxing the requirement for corporate-type DC participants to join iDeCo

5. Others [National Pension Act, Employees' Pension Insurance Act, Act on Payment for Supplemental Benefits for Low-income Pensioners, Child Rearing Allowance Act etc.]

Under the revision, the government plans to :

- ① stop issuing new pension handbooks in favor of notices for basic pension numbers
- ② exempt unmarried single parent from having to pay premiums for the national pension program
- ③ revise the maximum number of years on which the lump-sum withdrawal payments (※) is calculated ※ only for foreigners
- ④ allow the authority in charge of supplemental benefit payment for low-income pensioners to collect information about their incomes and household assets from those other than the recipients, such as municipal officials
- ⑤ allow eligible recipients to receive both child-rearing allowances and disability benefits

Enforcement period

April 1, 2022 (October 1, 2022 and October 1, 2024 for 1① ; October 1, 2022 for 1②・③ ; April 1, 2022 and May 1, 2022, etc. for 4① ; the date to be specified by a Cabinet order within a period not exceeding 6 months after the announcement of the revised law and October 1, 2022, etc. for 4② ; April 1, 2021 for 5②・③ ; the date of promulgation for 5④ ; March 1, 2021, etc. for 5⑤)