## Adjustment of benefits and burdens in the 2004 Revision of the Pension Schemes

Benefit level Employees' pension (including basic

Also in the future society with declining birthrate, standard pension benefit level shall be over 50% of the ratio to an average income of household of active salaried worker (replacement ratios of income,) at the time to start receiving pension benefit (65-year-old.)

From FY 2023 onward, 50.2%

Adjust benefit level, that is currently 59.3%, along with a declining working-age population. However amount of pension that older people receive today will not be reduced.

Amount of pension benefit (nominal amount) after the year to start receiving pension benefit will be increased depending on the price increase, however the proportion to incomes of the active working people of respective ages will become lower because the wage increase rate is higher than that of prices in a normal case.

[Reference] (As of FY 2009) Basic pension (40-year subscription) ¥66,008 month Employees' pension (Average pension benefits of a husband and a wife) \$232,592 month

Premium burden (Employees' pension · National pension)

Before revision Employees' pension: 13.58% (6.79% for a person insured him/herself) National pension: ¥13,330

(Employees' pension)

(Employees pension)
- Since October 2004
Yearly 0.354% increase (0.177% for a person insured him/herself)
?Standard working person (¥360,000 of monthly income and bonus equivalent of 3.6 months' salary)
¥650 month for a person insured him/herself him/herself ¥1,150 at each bonus (twice a year) (National pension)
- Since April 2005 Yearly ¥280 month increase The pension premium in FY 2004

FY 2017 and later Employees' pension: 18.30% (business owner National pension: ¥16,900 (the pension premium in FY 2004)

\*\* "Premium at FY 2004 value" : represent the amount of pension premium by a calculation based on the wage level in FY 2004. The actual imposition of pension premium shall be determined by the amount of the premium at FY 2004 value that is multiplied by the wage increase rate up to the time of the imposition. Accordingly

the amount will change depending on the future status of wage increase.

[Reference] Current (as of August 2009) pension premium Employees' pension 15.35% National pension ¥14,660

Expansion of state subsidy rate for basic pension and the path to it

FY 2004: launch

Financial resources: reexamination of tax levy of pension (reexamination of deduction for public pension, etc. and abolition of deduction for the elderly)

From approximately 240 billion of the increased revenue, 160 billion that is the portion left after excluding the amount equivalent to local allocation tax will be allocated for basic pension. (11/1000)

FY 2005 and 2006: expand to an appropriate

- In FY 2005, 110.1 billion from the
- reduction of the temporary tax cut will be allocated for basic pension.

  In FY 2006, based on reduction and abolition of the temporary tax cut, 25/1000 of the fund will be covered by tate ou be about 10 miles. state subsidy in addition to 1/3.
  • In FY 2007, based on reduction and
- abolition of the temporary tax cut, 32/1000 of the fund will be covered by state subsidy in addition to 1/3.

By FY 2009: State subsidy will cover 1/2 of