

Adopting a Macro-Economic Slide Formula

【After the system revision】

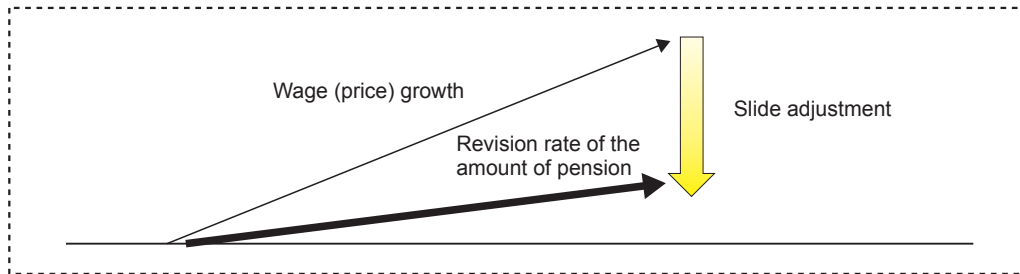
- The amount of pension for those who newly start receiving pension → is revised based on wage growth
- The amount of pension for those who are currently receiving pension → is revised based on price growth

In calculating amount of pension, until balanced benefits come to be provided within burdens, the system that adjust growth of the amount of pension i.e. micro-economic slide formula is adopted, instead of direct use of wage and price growth.

New System of Adjusting the Amount of Pension (Macro-Economic Slide Formula)

People who newly start receiving pension (new decision recipients): wage growth — slide adjustment rate※
 People who are currently receiving pension (previous decision recipients): price growth — slide adjustment rate※
 ※ Slide adjustment rate
 Increase rate of the total number of people covered by public pensions + fixed rate with consideration of growth rate of average life expectancy (total about 0.8%)

〔 Annual average from FY 2012 to FY 2038 〕



- Start the adjustment of the amount of benefits in the case where it is anticipated, in the actuarial verification that is held at least once every five years, that keeping the financial equilibrium of pension is difficult throughout the financial equilibrium period, even though keeping necessary amount of pension reserve (approximately one year of the amount of benefit) so as not to be detrimental to pension payment at the end of the approximately 100 years of the financial equilibrium period.
- The amount of pension usually increase in response to wage and price increase. However during adjustment period of pension benefit, the revision of pension benefit will be reflected in the decrease of the force that bears pension system and growth of average life expectancy so that the increase of the amount of pension shall be suppressed to be lower than the increase of wage and prices. (This system is called as “Macro-Economic Slide Formula”)
- In subsequent actuarial verification, at a time when the financial equilibrium of pension is anticipated to be sustainable, those adjustment of the amount of benefits shall be concluded.