

Chapter 2

Efforts to Reform the Ministry of Health, Labour and Welfare

As described in the Chapter 1, the Ministry of Health, Labour and Welfare thus far lacked an effort on appropriate operations and improvement of the administrative system, which brought failure to take timely steps. In addition, there were many problems in officers' consciousness. From now on, in order to regain public trust in the administrative system, the Ministry of Health, Labour and Welfare needs to strive to review how to operate and improve the system with senses of mission and responsibility. Including the measures on the issues surrounding the former Social Insurance Agency and the cases of drug-induced hepatitis that are mentioned in the Chapter 1, this chapter will introduce streamlining efforts toward efficient and effective administration, eliminating "waste", and other attempts for regaining the public trust by the Ministry of Health, Labour and Welfare.

Section 1

Foundation of the Japan Pension Service and Measures to deal with Pension Records Issues

The pension system takes on a key role in secure life and living of the citizens. Public pensions account for about 70% of the income of senior households, and about 60% of senior households make their livelihoods all from public pension *1. Though the individual records of the pension are enormous in total, and their data keeping spans long period of time, they are indispensable because each of them is directly connected to the pension. To restore public trust in the pension system, the Ministry of Health, Labour and Welfare must shape up by itself with sincere remorse for the critical problems lying in administrative operations and organizational structures of the Ministry of Health, Labour and Welfare and the former Social Insurance Agency and also strive to establish a new administrative system for the pension service that will never cause the problems like that.

*1 Reference: "Comprehensive Survey of Living Conditions 2008" (Statistics and Information Department of the Minister's Secretariat of Ministry of Health, Labour and Welfare)

Through formulating and implementing the “Urgent Response Program” in November 26, 2004 and the “Work Restructuring Program” in September 27, 2005, the former Social Insurance Agency was making progress on review of operation procedures and establishment of the organization as two big bases like two wheels of one cart. However, with the aim at stabilizing the operations of the social insurance services, a reform beyond provisional improvements is necessary so as to get rid of all structural problems that led to public’s distrust.

Based on the “Experts Study on function of the former Social Insurance Agency” held by the chief cabinet secretary in August 2004, and the “Experts Study on realization of new organization of the social insurance service” held by the health minister in July 2005, the Social Insurance Agency reform second bill suggesting dissolution and reorganization of the former Social Insurance Agency was submitted to the Diet, but during the Diet discussion on the bill the problem with inappropriate clerical transaction of exemption of national pension premiums in the former social insurance offices rose to the surface(see Section 2-(3), Chapter 1), which led to public distrust, and, resulting in incomplete discussion and withdrawal of the bill.

After review in responding to the people’s voice saying that government should put efforts for thorough discipline and improvement in service efficiency, as a new public corporation consisting of non-government workers, the "Japan Pension Service" was decided to establish. The Social Security Agency reform-related bills (the “bill on the Japan pension organization” and the bill for partial amendments to the National Pension Act to improve operations of the national pension corporations) indicating the said content were submitted to the 166th regular Diet session in March 2007, and were passed in June 2007 *2.

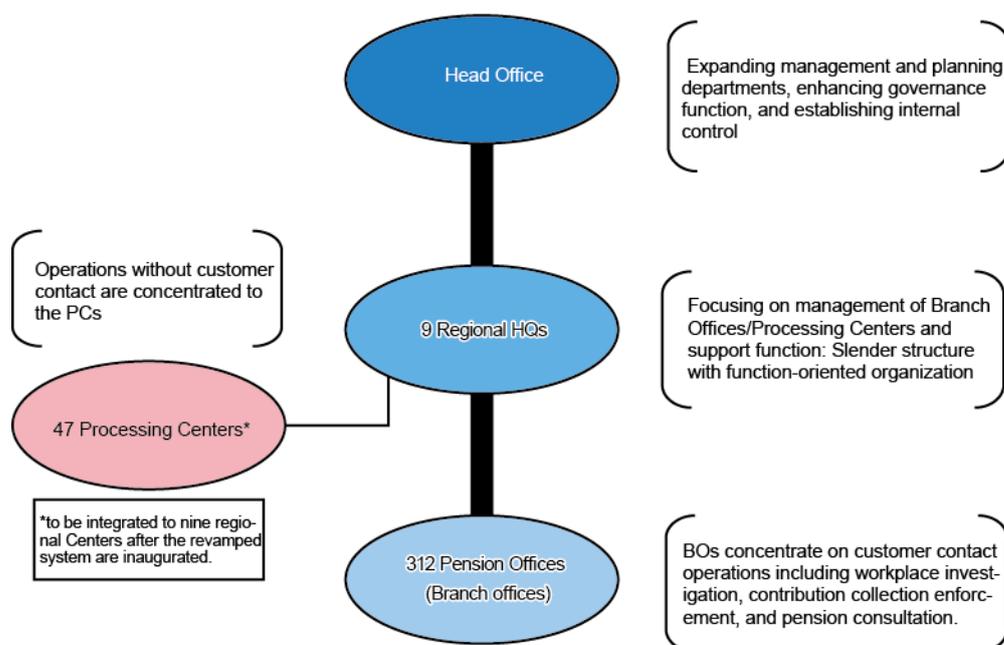
With regard to the “Basic Plan” established by government, which is stipulated by the Japan Pension Organization Act, the government is obliged to listen in to experts’ opinions with the aim at neutral and fair judgment before establishment. In response to it, as a panel for hearing, the “public pension service and organizational renewal council” were formed under the cabinet secretariat in August, 2007. After successive discussion with hearing opinions of outside experts as well as the former Social Insurance Agency and Ministry of Health, Labour and Welfare in the panel, the final agreement on the fundamental policy of the Japan Pension Service operations was made up on June 30, 2008. Based on the final agreement the basic plan was approved by the Cabinet on July 29, 2009.

*2 In accordance with the revision of the Health Insurance Act in 2006, the government-managed health insurance system that the former Social Insurance Agency administered in tandem with the public pension has been taken over in the national health insurance institute that was established in August, 2008 as a public corporation consisting of non-public employees.

1) Organization of the Japan Pension Service (Organizational Governance Establishment)

In response to the report by the examination group on the pension records issue that pointed out that the Social Insurance Agency lacked the organizational governance as a result of its three-layer structure in employment classes, the staff union problem, and the issues on the system of local officials, the “Final Agreement” specifies that an organization be reformed in remorse for the past to sweep out the problems in the structure of the organization and its quality such as lack of organizational governance, the IT governance, compliance (legal compliance), or inadequate consciousness of accomplishing the operations and duties so as to ensure the public trust.

Chart 2-1-1 Organization of Japan Pension Service



In respect to the internal control system, the information as to any incidents, accidents,

clerical handling errors was consolidated to prevent operational risks or such and to quickly respond to them if encountered, and besides, a new section studying comprehensive preventive measures was organized as establishment of frameworks preventing reoccurrence.

To examine whether the internal control system functions effectively through the bottom of the organization, an internal audit section directly linking to the head of the organization was established with a view to reinforcing in-house audit function. Utilizing advices from the outside experts through the function of the effective internal audit system such as random or focused inspections, the Japan Pension Service is making ceaseless effort to reform by itself with the PDCA (Plan-Do-Check-Action) cycle.

On the other hand, though the practical operations on the public pension service highly depends on and commonly utilizes the IT system, the former Social Insurance Agency lacked IT governance, which triggered the pension records issue, and thus the IT mechanism development including IT governance is regarded as one of the top priority tasks.

Concerning the system development, in connection with the legal authority of possession of the records Minister of Health, Labour and Welfare has the final responsibility, but the Japan Pension Service practically uses the system to handle service operations.

Under the institutional framework like this, to avoid obscure correlation in authorities and responsibilities between the Ministry of Health, Labour and Welfare and the Japan Pension Service, the framework was well-organized by clarifying the role between the Ministry of Health, Labour and Welfare and the Japan Pension Service in an efficient and effective way.

(Recruitment Method for Sweeping the Stereotypical Three-layer Structure)

The report by examination group on the pension records issue noted that the “Three-layer Structure” split the organization and led to a lack of organizational governance, and thus it was decided that the recruiting classification into the central government and the local governments and personnel transfer restricted based on employment classes be completely abolished, and new employees be recruited together at the head office and also the personnel affairs of local government executive be handled at the head office. Besides, a basic carrier pattern was standardized as the leader development curriculum through nation-wide transfers among central and local organizations to improve their experiences both of management affairs and field practices.

(The Construction of the Healthy Labour-Management Relations)

As the background of the public service taking the people's standpoint being neglected long time, there are inappropriate labour relations, and that recognition were presented by both of labor and management sides at the public service/organization reform meeting as well as by the committee reports on the pension records issue.

Since the Japan Pension Service consists of nonpublic employee, pursuant to the Labour Act working regulations were to be established and the 36th agreements (Article 36 of the Labour Standards Act, a labour-management agreement about overtime work/day-off work) were to be signed. It was also presented that both labor and management sides should make a deep self-examination on the issue to perceive that the meaning of their existence is to offer better service taking public peoples standpoint, and should strive to construct healthy labour-management relations.

The labour-management policy to build the healthy and stable relations (based on Article 14 of the Labour Union Act) is now under discussion between both sides toward conclusion.

Chart 2-1-1 Point of Basic Plan for Immediate Service Operation of Japan Pension Organization

- Abolish Social Insurance Agency and newly establish Japan Pension Organization
- Determine a basic plan regarding immediate service operation of Japan pension organization, in accordance with the provisions of Article 3 of the Supplementary Provisions of the Japan Pension Organization Act, on the basis of final organizing by the public pension service and organizational renewal council, which is established in the cabinet secretariat.

1. Structure of the organization

- ◇Force through a reform that sweep problems related to organizational structure and constitution by establishing department and the like that will handle internal control, internal audit and legal compliance.
- ◇Establishing IT system is one of the high-priority issues. Authority, responsibility and human resources for clerical work regarding system development, administration and operation shall be centralized to Japan pension organization. The nation will make necessity minimum engagement.
- ◇Formulating a rule for leader development by collective recruitment at headquarters and nation-wide transfer to sweep an issue of three-layer recruitment structure. Chief of pension offices shall be selected from competent young and middle career staff, being regarded as a post to be early experienced by future officer candidates. Recruitment of external personnel shall be actively carried out.
- ◇In the case that a person from the Health, Labour and Welfare Ministry is appointed to officer or senior executive of the Japan Pension Organization, basically "no-return-rule" shall be applied.

2. Basic idea of outsourcing promotion of business

- ◇In addition to current services, outsourcing shall be newly made on these; primary screening of notification, etc., telephone inquiry about employees' pension and health insurance, encouraging exemption for national pension, encouraging payment of employees' pension, operation of pension counseling centers, back-office operation.
- ◇Regarding public biddings and contracts, precise preliminary review and strict examination by inspector and accounting auditor shall be made.
- ◇To construct an outsourcing management system, establish a section in charge of outsourcing and carry out monitoring, etc.
- ◇Perform adequate information keeping regarding outsourcing. With regard to information of the outsourcing place concerning entrusted works, strive to fulfill disclosure of official information that follows an object of The Access to Government Information Act.
- ◇Make positive use of comprehensive outsourcing, multi-year contract and others so that operations become easier to be entrusted by vendors.

3. Basic idea of staff adoption

- ◇Members, etc. of a council for recruitment of official are all personnel from private sector. At screening, interview shall be required as far as it is necessary.
- ◇For a recovery of trust in public pension service, a reprimanded person cannot be hired as neither full-time employee nor fixed-term employee.
- ◇In determination of adoption judgment of the Social Insurance Agency Staff, the council for recruitment of official shall examine results of personnel evaluation. Eventually the judging shall be made by the council itself.
- ◇Among services assumed by permanent staff of Social Insurance Agency, personnel equivalent to the amount of works supposed to be reduced after establishment of the Japan Pension Organization, shall be hired as fixed-term employee.
- ◇Shifting fixed-term employee to full time employee is possible even in this case, recruitment examination shall be carried out fairly and strictly by the Japan Pension Organization.

4. Number of Necessary Staff of the Japan Pension Organization

	Full time employee	Fixed-term employee	Total
As of the foundation (January 2010)	Approx. 10,880 (approx. 1,000 are recruitment from the outside)	Approx. 6,950 (approx. 1,400 are fixed term employees shifted from scheduled number of reduction)	Approx. 17,830
As of the time the reform is accomplished (2 years after the achievement of system renovation)	Approx. 10,770	Approx. 3,700	Approx. 14,470

- ◇ Regarding the response to the pension record problems, assigned staff shall basically cope with it. Even in case there is a difficulty, it shall be handled by utilizing outsourcing, fixed-term employee and others as much as possible.

Column

The basic concepts on the outsourcing promotion of the operations of the Japan Pension Service

The Japan Pension Service reviewed, rationalized and streamlined its operation through systematizing and then planned to positively conduct outsourcing the operation that can increase efficiency of the operation, reduce the cost and improve the service for citizens.

Since standardizing operation is essential to promote the outsourcing, the work flow can be reformed within as wide level as it does not interfere with their creativity and standardized.

In the organization, the operations that are actually outsourced are as follows.

- ① Operation involving processing of various notifications and applications
Operation such as receiving notifications that do not require face to face procedure and to receiving applications by mail, inputting data, printing and issuing notification, etc.
- ② Operation involving inquiries by telephone
Operation for inquiries about the application status of the Employees' Pension Insurance and the Health Insurance from employers
- ③ Operation involving application
Information collection on unapplied employers of the Employees' Pension Insurance and the Health Insurance, and recommendation for participation
- ④ Operation involving contribution collection
Operation advising people to pay the National Pension Insurance contributions and notification of exemption, sending reminders of the Employee's Pension Insurance contributions and reminding employers, who fail to pay contributions for the first time, of payment by telephone
- ⑤ Consulting
Telephone pension consultation at call centers, consultation by dispatching a consultant and estimation of the amount of the pension by Internet
- ⑥ Back office operation
Travel expenses, authorization for allowances, welfare programs and management of the office building

(2) Basic Idea for Employment of Personnel

(Required Portrait of Staff)

The prerequisite condition of recruiting is that the staff employed by the Japanese

Pension Service shall pursue precise and effective accomplishment of public pension services with a sense of purpose to offer citizen-oriented service, be liable for compliance with the rules including Acts and have an energy and ability for reforms.

(Strict screening for employment)

In respect with employment at the time of the organization establishment, all of the members of the screening panel (meeting of the experts who were elected by the establishment committee assigned by the Minister of Health, Labour and Welfare) and all the interviewers under it shall be persons from private sectors.

(Handling of the Officials Who Harmed Trust in the Public Pension Affairs)

As to adoption from the former Social Insurance Agency, any persons who harmed public trust in the public pension including regulation violators, or those are negative about reform shall not be hired irresponsibly. For a recovery of trust in the public pensions, any reprimanded persons cannot be employed as either full-time employee or fixed-term employee.

(Personnel Evaluation)

In determination of adoption judgment of the former Social Insurance Agency staff, it was decided that assessment be made through an objective perspective based on proven records showing past work performance, especially attitudes to the pension records issue, and their will and accomplishment regarding the work process streamlining, and the screening panel review the personnel evaluation and make assessment on its own judgment.

(Active Recruitment from Outside)

Any outside persons with superior abilities shall be actively hired from the private sectors and also from the other ministries and government offices, so that the Japan Pension Service will pursue effectiveness, fair and transparency of operations while making efforts for improving the service quality. In particular, in the fields of enhancement of business management and the personnel administration, organization governance (organizational control) including the compliance (legal compliance) and the IT governance, the internal audit function, and the corporate accounting, capable or experienced person shall be recruited from the outside and posted as the core of each field because such experience will rarely available only from the former Social Insurance Agency staff (about 300 persons hired as management posts from the private sectors as of January 1, 2010.)

(3) Consciousness reform of the staff toward service improvement

The Japan Pension Service was established so as to reborn the organization from the former Social Insurance Agency where there were the various problems that caused distrust of people, it must be the service institution in a true meaning.

It was a big problem that the administrative works of the former Social Insurance Agency deviated from the general people's eyes as it is described in Chapter 1. The way to recover the trust of citizens who are the customers does not have any royal road. As a first step, every staff must change his/her mindset and reflect it in daily works, and according to the results further steps to deepen the consciousness reform are necessary to be taken.

(Customer-oriented Service Provision)

To offer the customer-oriented service, the Japan Pension Service has raised concrete aims as "Our 10 promises to our customers" such as "Explain details about your pension in easy-to-understand terms," "Answer the visitors and calls as fast as possible," "Positively improve service through quick responses to customer's opinions or requests," "try to shorten waiting time," "Provide the correct benefit as quick as possible on basis of precise records," "Offer information on pension including Pension Coverage Regular Notice (Nenkin Teiki Bin) sent in individual birth month," and "Protect the private information," and all staff shall put in practice(Chart 2-1-3).

Prior to formation of the Japanese Pension Service, persons relating to pension consultations in the former Social Insurance Office started to hand a business card to the visitors at the window from the end of October, 2009, and the Japan Pension Service has been continuing this, as one of the activities aiming at courteous service with easy-to-understand explanation.



Picture of a Pension branch office

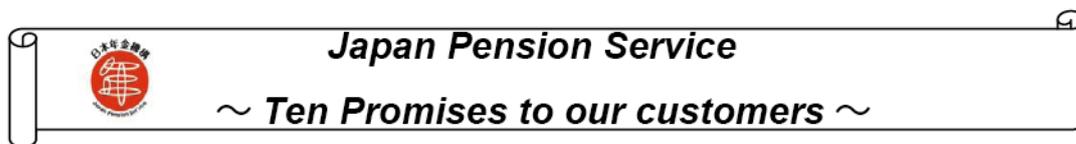
(Service operation and information disclosure in response to customer opinions)

In addition to the conventional activities such as the customer satisfaction questionnaire,

email / letter to the Japan Pension Service's president (a former email / letter to the commissioner") ", "fact-finding of the window service" and "staff suggestion system", the Japan Pension Service decided to adopt "customer monitoring meeting" from FY 2010 to respond quickly to various opinions from customers with the view to improvement of the service quality.

With the aim of creating reader-friendly documents, an examination team for documents addressed to customers and its monitor meeting (former notice letter monitor meeting) was organized and has reviewed the notices, letters etc. addressed to beneficiaries / insured persons for easier reading from the customers' eyes.

As disclosure to customers, an annual report about the achievement situation of "ten promises to the customers" customers' voice on the described activities and its reflection, concerning the business results, budget/financial results, executive allowance in each fiscal year was decided to be created to publicize various information concerning the organization in easy-to-understand manners.



- ◆ Our mission is to pay our customers correct pension benefits certainly.
- ◆ We strive to be your closest and trustworthy organization.
- ◆ We put importance on ;
 - Faithful service by understanding your view point, and
 - Correct and reliable operation.

~Our promises to the customers~

【Understanding your view point】

1. We will explain details about your pension in easy-to-understand terms.
2. We will try to offer one more tips for your pension benefits.
3. We will answer your phone within three rings.
4. When you call us or visit our Branch Office, we will answer your questions promptly. If we are unable to give you the answer on the spot, we will contact you within two days to inform you how your case is being examined for solution.
5. When you visit our Branch Office, we try not to keep you waiting over 30 minutes. In case it is overcrowded, we will try to minimize your waiting time and show estimated waiting time for you.
6. We will make our notices, applications, and reporting forms easy-to-follow and reader-friendly, as much as possible.
7. We will hear your requests and opinions and proactively improve our services.

【Correctness and sureness】

8. We will pay your pension benefits as soon as possible, by swift, correct and sure processing.
9. We will enhance our pension information service for you, including "NENKIN TEIKI BIN: Pension Coverage Regular Notice" which we send you in your birth month.
10. We will keep your private information with great care, and handle them with maximum attention.

We will annually report you whether we could keep these promises

Column

Inauguration of the Japan Pension Service

In January 1, 2010, the Japan Pension Service (hereafter "JPS") was inaugurated. It was reborn from the former Social Insurance Agency and embarked to retrieve people's reliance while citizens keep their eyes on it strictly.

The JPS is a public corporation in charge of business operation related to public pension

system under the Minister of Health, Labour and Welfare. The JPS has its headquarters in Suginami-ward Tokyo, 9 regional headquarters, 47 processing centers and 312 branch offices in the whole country with over 20000 employees including new employed persons from the private sector (including employees for a finite term).

In order to retrieve people's reliance, it is necessary to accurately and perfectly fulfill its services of applying the pensions, collecting contributions, managing the pension records, conducting pension consulting, providing the benefits, while improving the service quality and ceaselessly implementing business reform from customer's view in addition to measures for "Pension record problem" as the first priority subject that the JPS must address immediately.

As for the establishment of the JPS, Mr. Nagatsuma, the Minister of Health, Labour and Welfare contributed the article of "To improve the services ~ about the inauguration of the Japan Pension Service ~" to the Hatoyama Cabinet E-mail Magazine. The followings are extracted from the article.

Many citizens come for pension consulting as if they felt "the pension is my last resort". There may be those who cannot tell us what they really want to tell when they face a counselor.

We will educate the employees of the Japan Pension Service to attend to people sincerely as if they were their parents or family.

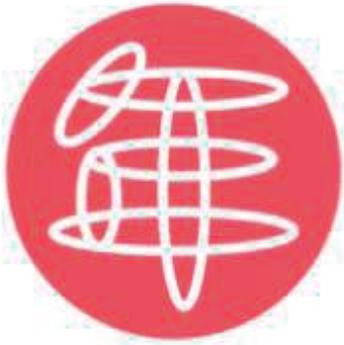
In order to listen to the voice of the nation and offer citizens-oriented services, we will put our effort into the service with "10 promises to the customers".

Someday we would like to obtain as good reputation as people think "Learn what a service is from the Japan Pension Service".



Headquarters of the Japan Pension Service (Takaido-Nishi, Suginami-ward, Tokyo)

Although it has been short since the inauguration of the JPS and still needs to work more for improvement of business operation, the JPS is making efforts to realize the reliable organization. It is required that the JPS recognize the great importance of the task that it is obliged to carry out and each one of employees performs their duties with vocation and pride.



The Ministry of Health, Labour and Welfare will support the JPS and work together toward the mutual goal “Reliable Pension”.

The logo of the Japan Pension Service (June 25, 2009)

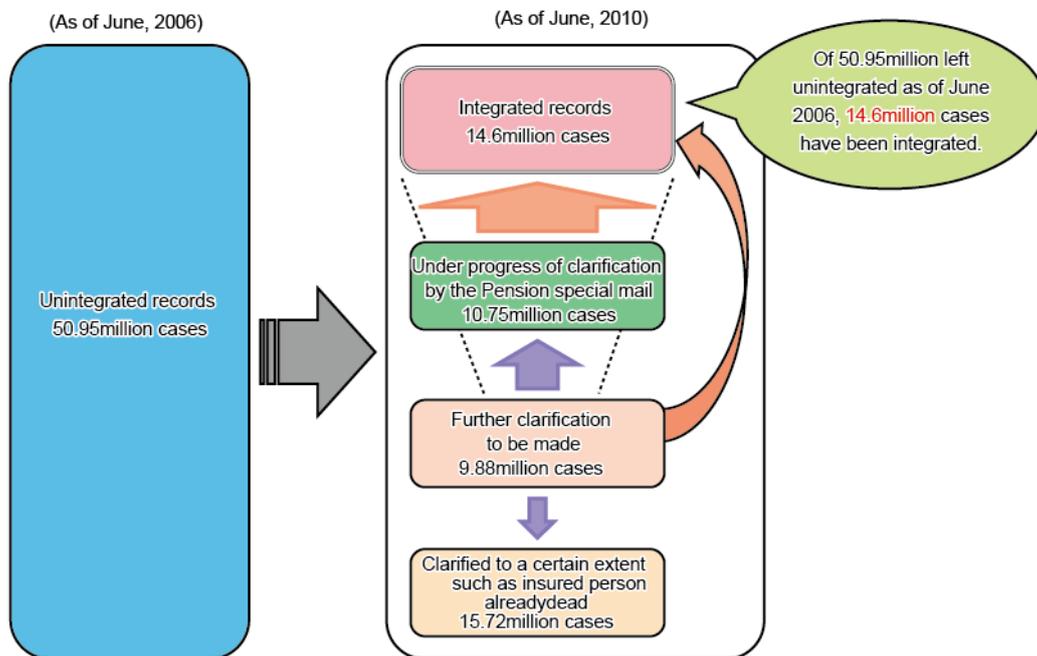
Representing that the organization is to administrate the public pension system for people by symbolizing “年 (Pension)” over “日の丸 (the Sun Flag)”.

2 Measures to Deal with the Pension Records Issue

By the foundation of the Japan Pension Service, a new pension system in which structural problems in the former Social Insurance Agency were solved was developed, but it is necessary to pay efforts in parallel to the missing pension records that are not yet tied to pension benefits. On this account, the necessary countermeasure is positioned as a national project, expanding conventional measures, where concentrating efforts are given to the said matter in two years FY 2010 to 2011 and every possible solution is taken in four years until FY 2013. On October 16, 2009, through the “Advisory Committee for Pension Records Restoration” (chairperson: Isomura Motoshi, Hakodate University guest professor), opinions and advice on the measures for correcting pension records and benefits based on the corrected record were discussed from the viewpoint of citizens, and the further action has been promoted based on the discussion by the committee while getting the cooperation from Ministry of Internal Affairs and Communications for checking pension records.

As for responses to this matter after January, 2010 was succeeded from the former Social Insurance Agency to the Japan Pension Service and they are making all efforts to deal with this issue as a top priority task.

Chart 2-1-4 Clarification Status of 50.95million Unintegrated Records



(1) Records Integration into the Basic Pension Numbers

The Japan Pension Service dispatched “Special Pension mails” from December, 2007 to October, 2008 to all beneficiaries and insured persons, which are about 109 million people, so that people verify their own individual records to check if there is any “omissions” or “mistakes”. Those who have replied the said mail were about 80% of the total, 80.84 million as of March 26, 2010. Of these, 78.59 million records were verified.

In order to cope with the expected increase in number of consolations as a result of dispatching the “Special Pension Mail”, the service of telephone consultation and visit consultation were prepared, and dissemination / publicity about the “Special Pension Mail” were also made through newspaper, television, radio, and website. These measures were promoted in cooperation with municipalities, enterprises, labor unions, and social insurance consultants.

In parallel with such approaches, other efforts have been made to solve / unify un-integrated records through various methods such as careful attention to the case of customers’ former names being left on the records, utilizing the Basic Resident Register Network System and, the follow-up inquiries over telephone calls or visiting through the “Special Name Matching Mail” described in the Section 12 – 1 - ③, Chapter 2 of Part 2, and record confirmation through the cooperation of municipalities concerning the “Special Name Matching Mail”.

As a result of such efforts, about 50.95 million records that had not been integrated into the Basic Pension Numbers as of June 2006 decreased to 14.6 million records completed integration, 10.75 million records now in progress of clarification by the said special mail, 9.88 million records remaining to be clarified, 15.72 million records clarified to a certain extent including those belonging to people who have already died (Chart 2-1-4), as of June, 2010.

(2) Matching of Pension Records on Paper-Based Records with Computerized Records

In the solution of the pension records issue, it is necessary to secure the accuracy of the record by matching the records on paper copies with those on computers.

Thus far, relatively passive approaches like the “Special Pension Mail” asking the people for confirmation were taken. It is also important but as future approaches it is necessary to match the records between paper-based and computer-based and to inform the people of the result in more active manners.

On this account the Japan Pension Service will start matching the paper records with computer records of employees’ pension insurance and the national pension from FY 2010 after development of the Retrieval System”, which is a system enabling retrieve / browse the images of paper records from terminals. The matching process will be implemented in order of priority where the elderly people with old records is placed as a high rank, and will be completed for whole records in four years until FY 2013.

(3) Measures on Retroactive Adjustment including Standard Monthly Remuneration

With regard to the problem of inappropriate retroactive adjustment process including the standard remuneration, in parallel with the cause investigation (page3, Section 1 of Chapter 1) of background circumstances, in order to correct the records of those who encountered loss, the verification and survey have been conducted on about 20 thousand of employees’ pension beneficiaries among approximately 69 thousand suspected records ※3 by visiting door-to-door from October, 2008, which was mostly finished by March, 2009. As of March same year, looking at the business position of those surveyed in the period of the retroactive adjustment being processed, a business owner was 53%, an executive 24%, and an employee 21%. The positions of business owners and executive posts account for about three-fourths. As to whether the adjusted pension records are consistent to the fact, not-consistent was 54%, and consistent 32%, which shows not-consistent was a little over a half.

To cope with such situation promptly, from December, 2008 when any who applied for restoration of the pension records and if his/her occupation was an employee (not a

business owner or an executive post) and the case meets a certain requirement for instance his/her salary is verified by pay slip or such statement, the correction of the record is acceptable at a pension branch office (former social insurance office) in principal without submitting to the Third-Party Committee to Check Pension Record (Section 1, 2 (4) 1)). From December, 2009, another requirement was added to the standard and acceptable cases were expanded to the 69 thousand possible cases of inappropriate retroactive adjustment process, * 3 which is restored at the pension branch office (former social insurance office) in principal if it is an employee's case.

In the door-to-door survey on 20 thousand cases of employs' pension beneficiaries, the reply indicating any officials were involved in the inappropriate process have been investigated successively, and as a result, as of December, 2009 four officials turned out to be involved and were reprimanded or given necessary punishment.

* 3 The records with possibilities of being processed with inappropriate retroactive adjustment (about 69,000 cases) is defined as those correspond to all of the following three conditions.

- ① The disqualification procedure was processed on the same day or the next day of the reduction procedure of standard monthly remuneration.
- ② The standard monthly remuneration was retroactively reduced to the five grades or more.
- ③ The standard monthly remuneration was reduced, retroactive to six months before or more.

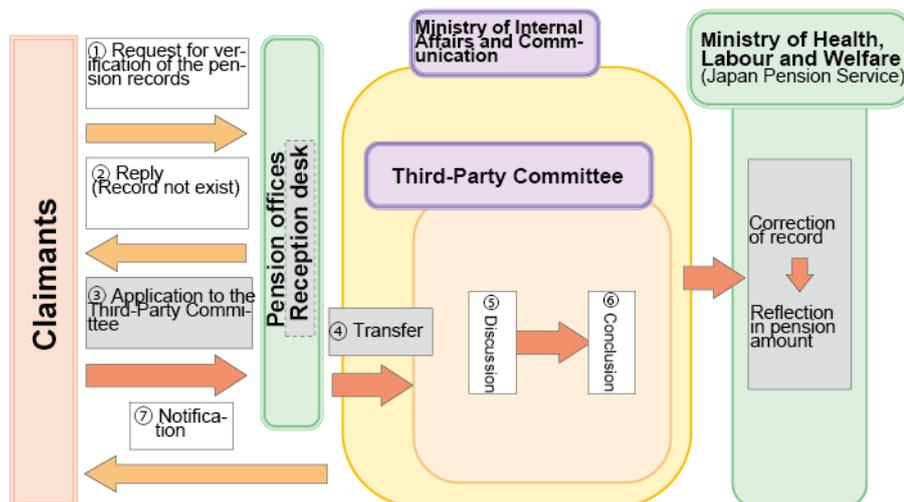
(4) Approaches to Promote the Restoration of the Pension Records

1) The Third-party Committee to Check Pension Records

The said third-party committee set up under Ministry of Internal Affairs and Communications is a council system consisting of legal professionals, academic experts, social insurance consultants / licensed tax accountants who were familiar with practical pension affairs. Its duties are to receive statements of objection or other appeals on the confirmation result of the pension office (the former social insurance office), thoroughly comprehend the intent of the statement and collect various related documents or information, examine and judge the case with justice at the viewpoint of public so that the correction of the pension record will be made with a fair decision. According to the judgment of the committee, when the Minister of Internal Affairs and Communications

issued mediation on the statement to the Minister of Health, Labour and Welfare, the judgment would be respected, and the record is corrected, adjusting the amount of pension.

Chart 2-1-5 Workflow from Claim to the Third Party for Pension Record Confirmation to Record Correction



The said third party committee is located in each prefecture throughout Japan (the head office and branches of the Regional Administrative Evaluation Bureau in 50 places nationwide) to be able to cope with the matters in the people's neighbor. At the national pension offices (former social insurance offices) and counseling centers, a statement to the regional third-party committee is accepted.

The Third Party Committee has dealt with about 140,000 cases (as of July 27, 2010).

2) Standardization of Pension Records Restoration

Several standards have been set so that the records lodged will immediately restored at a pension office (former social insurance offices) without sending documents to the third party committee. In April, 2008 if any statement reference to the national pension was lodged to the third party committee and it met a certain requirement such as being proven by the document corresponding to the statement such as the copy of final tax return, and in December, 2008 if the statement reference to the employees' pension was lodged to the third party committee and the case has a possibility of being affected by the inappropriate retroactive adjustment process, the case is coped with at the pension office (an former social insurance office) (Section 1, 2 (3), PP.25).

Besides, in tandem with the said third-party committee, the pension record restoration committee analyzed the mediated cases in order to promote standardization for the

restoration. In December, 2009 new criteria were added regarding the national pension, the employees' pension, and the withdrawal allowance, and in April, 2010 a new criterion regarding withdrawal allowance was added (Chart 2-1-6).

Chart 2-1-6 Notice of Standards for Pension Record Recovery

The pension records involved in issues so-called
“Missing pension record” will be recovered quicker.

If your pension record is categorized in any of following cases, it will be corrected directly after examination by a pension office, without screening by the Third-Party Committee to Check Pension Records.

Several cases have been newly standardized for quick recovery of incorrect pension records.

1. Employees' Pension ~Standard monthly remuneration falsification doubted~

- Your pension record meets the requirement that there is a description stating that your standard monthly remuneration was lowered retroactively to six months before or more and it is incorrect, etc.

2. Employees' Pension ~Incorrect statement about withdrawal allowance~

- If you have employees' pension insurance certificate issued by 1974, and there is no mark of “脱” on it that means your withdrawal allowance was paid etc.
- Prior to receipt of withdrawal allowance, there is a participation period in the employees' pension which is excluded from the basis of calculation etc.

3. National pension ~Record omission equivalent or less than two years~

- The period of record omission is estimated at two years or less and other than this period all contributions were paid etc.

In addition to these, there are more criteria such as in the cases that you have the copy of final tax return or that after closure of your work place your participation records of employees' pension retroactively changed.

(Reference) The Ministry of Health, Labour and Welfare' s website

<http://www.mhlw.go.jp/topics/bukyoku/nenkin/nenkin/pdf/100430-02.pdf>

3) Approach to correct the pension records and the amount of benefits(re-award)

In respect to re-award that means correcting a pension record and payment of the benefit, the pension office (the former social insurance office) accepts the application from a pensioner and the headquarters of the Japan Pension Service conducts actual processes.

In terms of period to payment of the benefit, there has been an increased amount of criticism from pensioners saying that benefit is not readily paid after application.

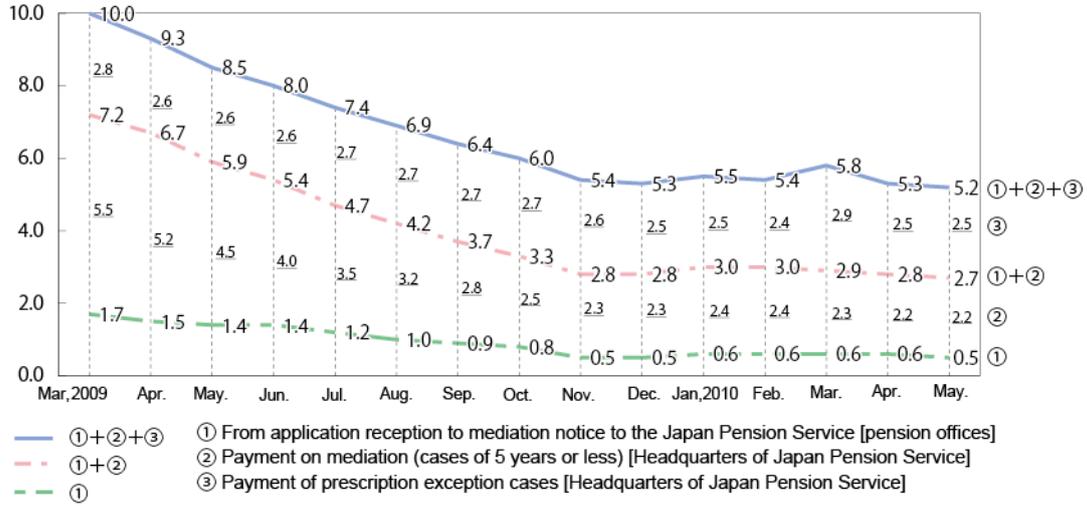
This was caused by not being well-organized to process an enormous amount of application, taking around six months to pay benefit after application as of the end of March, 2009. In response to this, from April, 2009 measures has been taken by increasing personnel to approximately 500 staffs and performing concentration placement of the staff who was familiar with complicated transaction and reinforcement of the system. As of the end of May, 2010 the average transaction time from application to payment shortened to 2.7 months for the cases of past five years or younger, and to 5.2 months for older than five years before(Chart 2-1-7).

In addition, the increase of the amount of benefit through the record correction (an annual sum) advances steadily. From May 2008 to the first week of June, 2010 in June, 2010 the accumulated number is 1.09 million cases, and the accumulated amount of increased pension is 58.1 billion yen *4 (Chart 2-1-8).

With regard to the measures concerning the pension records issue, it is important to announce the progress status to public. On this account, the Japan Pension Service updates the information weekly on its website such as the period to pension payment and increased amount of benefit corresponding to records correction to show the progress of measures on pension records issue.

Chart 2-1-7 Processing Period from Pension Recovery to Benefit Reception

(Processing period: months)

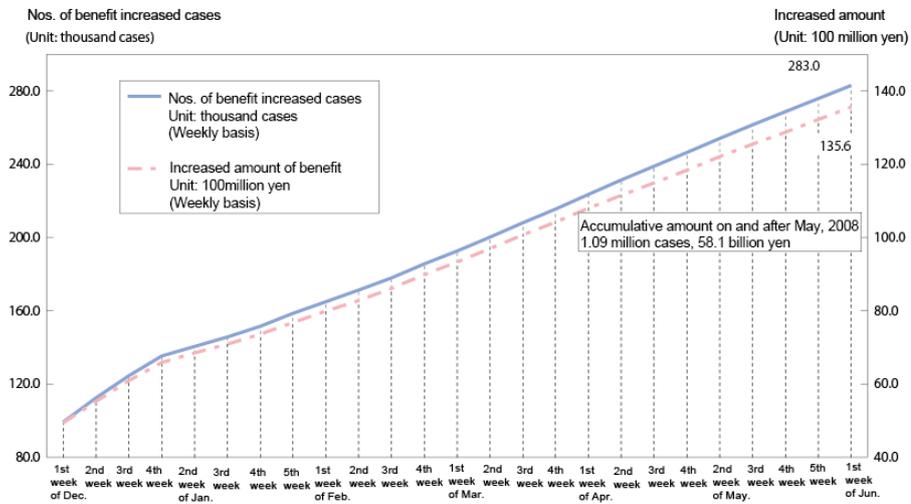


April	May	June	July	August	September	October	November	December	2010, January	February	March	April	May
19.1	19.1	19.0	18.1	16.6	14.0	14.2	12.9	10.4	6.3	6.5	7.5	6.0	5.0
9.1	10.6	8.6	8.2	7.9	7.4	6.8	6.8	5.5	3.3	3.4	3.4	2.9	2.8
61.7	53.6	44.2	35.5	28.8	22.8	17.4	12.8	10.3	12.7	11.1	8.4	7.9	7.8

(Note) 1) The average processing periods on mediation and prescription exemption are shown above, but each individual case may take longer time depending on its situation because there are two types of processing method, systematic and manual-handling.

*4 This amount is an estimate based on the pension benefit formula which is informed the beneficiary of at time of pension record correction.

Chart 2-1-8 Amount of Pension Benefit Increase (Annual) by Record Correction [Accumulative]



	December				January					February				March				April				May				June				
	1st week	2nd week	3rd week	4th week	1st week	2nd week	3rd week	4th week	5th week	1st week	2nd week	3rd week	4th week	1st week	2nd week	3rd week	4th week	1st week	2nd week	3rd week	4th week	1st week	2nd week	3rd week	4th week	5th week	1st week			
Nos. of benefit increased cases (Weekly basis)	95.2	112.3	124.3	135.2	145.5	162.7	179.5	195.6	209.8	216.8	221.2	227.9	236.4	242.1	249.2	256.5	263.8	270.1	276.4	282.7	289.0	295.3	301.6	307.9	314.2	320.5	326.8	333.1	339.4	
Increased amount of benefit (Weekly basis)	(12.3)	(13.2)	(12.9)	(13.8)	(15.2)	(15.2)	(15.9)	(17.0)	(18.2)	(18.4)	(18.6)	(17.2)	(17.9)	(17.6)	(17.8)	(17.5)	(18.0)	(18.8)	(19.6)	(20.4)	(21.2)	(22.0)	(22.8)	(23.6)	(24.4)	(25.2)	(26.0)	(26.8)	(27.6)	(28.4)
Increased amount of benefit (Unit: 100million yen)	48.4	56.3	59.9	59.9	69.9	73.9	79.9	79.9	82.9	86.1	86.9	89.9	92.9	92.9	95.9	99.9	104.2	108.9	113.9	118.9	124.1	129.1	134.1	139.1	144.1	149.1	154.1	159.1	164.1	
	(8.2)	(8.9)	(8.6)	(8.5)	(11.6)	(12.4)	(12.7)	(13.2)	(13.1)	(12.8)	(13.3)	(13.8)	(13.4)	(13.7)	(13.7)	(13.9)	(14.4)	(14.8)	(15.3)	(15.8)	(16.3)	(16.8)	(17.3)	(17.8)	(18.3)	(18.8)	(19.3)	(19.8)	(20.3)	

(Note) 1) The shown data is based on the estimation calculated by the pension benefit formula given to the beneficiary when the pension record is corrected. The increase of benefit amount (annual) is not the amount of retroactive lump-sum payment. The average life expectancy at time of 65 years (2008 abridged life table) is male 18.6 years, female 23.6.

2) The data shows accumulative numbers / amounts from the first week of October, 2009 when the weekly report started.

Response to the pension record problem by legislation

①) Act on Special Provisions concerning Extinctive Prescription for Insurance Benefit of Employees' Pension Insurance and Benefit of National Pension (Special Act on the Pension Prescription)

Since the right to receive the pension benefit lapses five years due to the prescription, the pension benefits which have not been claimed for five years are not paid.

Before the enforcement of the Act, even if the amount of the pension was increased as a result of pension record correction, the pension for last five years was paid. In July 2007, "Special Act on the Pension Prescription" was enacted, under which the prescription was abolished in case that the amount of pension benefits was increased by pension record correction, and the benefits which used to be lapsed due to the prescription can be paid.

②) Act on Special Provisions concerning Extinctive Prescription for Insurance Benefit of Employees' Pension Insurance and Benefit of National Pension (Special Act on the

Employee's Pension Insurance)

As for the Employee's Pension Insurance, if employers withdrew contributions at source from their employees (withheld from salaries) without notifying the pension office, the data were not recorded in the pension records and they were not reflected on the pension benefits that the employees will receive in the future.

However, "Special Act on the Employee's Pension Insurance" enacted in December 2007 enables employees who have already paid contributions by being withheld from salaries to receive the pension benefits by correcting the records with advice from the third-party committee to check pension records, saying it is not clear enough whether or not the contribution was paid because the employers did not notify the pension office.

The Special Act on the Employee's Pension Insurance prescribes that the Japan Pension Service shall advise employers to pay the due contributions even after lapse by the prescription (two years).

③) Act on Concerning Provision of Interest on Benefit Caused by the Delay in the Payment of Insurance Benefits of the Employees' Pension Insurance and the National Pension Insurance (Act Concerning Addition to Pension Benefits of Delayed Payment)

Even if the pension amount was risen up by revising the pension records, the pension was paid according to the records without being reflected regardless of the system in which increased amount got paid with great deferment.

As for this issue, with "Act Concerning Addition to Pension Benefits of Delayed Payment" enacted in May 2009, the systems have been changed so that the insured can receive "the additional amount for benefits of delayed payment" on the basis of price rise between the day when increased amount should have been paid and the day on which it was actually paid. However, the additional amount for benefits of delayed payment is limited to increased pension benefits by tracing back to over five years in according to the Special Act on the Pension Prescription.

<The benefit status of the special additional amount for benefits of delayed payment>

	Target pensioners	Average amount	Maximum amount
The first payment ※1 (5/14/2010)	147,000 pensioners	About 45,000 yen	7.997 million yen
The second payment ※2 (6/15/2010)	1,032,000 pensioners	About 40,000 yen	15.42 million yen
The third payment ※3 (7/15/2010)	76,000 pensioners	About 61,000 yen	17.73 million yen

※1 The first target beneficiaries: Those who received the Extinctive Prescription Benefits (which the proceeding from the said person is not required) after April 30, 2010 (Enforcement date of the Act Concerning Addition to Pension Benefits of Delayed Payment)

※2 The second target beneficiaries: Those who received the Extinctive Prescription Benefits,(claim from the said person is not required) between May 1, 2009 (one day before the promulgation date of the Act Concerning Addition to Pension Benefits of Delayed Payment) and April 29, 2010 (one day before the enforcement date of Act Concerning Addition to Pension Benefits of Delayed Payment)

※3 The third target beneficiaries: Those who received the Extinctive Prescription Benefits on July 15, 2010

After then, they can receive pension benefits with the Extinctive Prescription Benefits which is paid on the benefit payment due date.

※4 From now on, notifications shall be sent to each of those who received the Extinctive Prescription Benefits by April 30, 2009 (claim from the said persons is necessary) and who received over 1,000 yen (about 400,000 beneficiaries)

(5) Development of infrastructure enabling easy access to pension records

Pension records issue should never be caused again. In parallel with hurrying the restoration of the pension records, as a preventative measure it is important to build a infrastructure enabling pensioners and insured persons to check own records any time in easy to access manner.

1) Regular mailing service of Pension Coverage Regular Notice (Nenkin Teiki Bin)

From April, 2009, a notice about the pension service called “Pension Coverage Regular Notice (Nenkin Teiki Bin)” have been dispatched to all active scheme members of national pension / employees' pension in the member's individual birth month every year to have them check the record of own.

In this notice contains personal information about the pension scheme in addition to the contents described in Page 24 (Section 1- 2- (1)), such as standard monthly remuneration, contribution payment status of national pension premiums, payment indicator of premiums and benefit estimates based on actual coverage so that members became able to check their own records.

According to this mailing service, the former Social Insurance Agency started to publicize this service through its website (the Japan Pension Service's website from January, 2010) and government publicities for the members of a national pension / the employees' pension insurance from March, 2009. In addition, an exclusive line for telephone consultation on the letters, and in the consultation windows of the pension branch offices (former social insurance offices) social insurance consultants deal with visit consultation.



Pension Coverage Regular Notice (Service of Nenkin Teiki Bin)

2) Confirmation of the pension records at home, municipalities, or post offices

In terms of confirmation of the pension records, a system has been installed so that the members became accessible for record inquiries by the Internet from March, 2006. In fiscal 2010, the infrastructure is to be developed more access-friendly for even those who do not use a computer, so that they will check their own premium payment status with the assistance of the staff on the computers set at public offices and post offices.

From FY 2011, a new system has been developed to enable members to check benefit estimates.

From the perspective of user-friendly, concerning its format and design such as accessible information coverage about pension passbook, accessible places, how to represent benefit estimates and its contents nation-wide public opinions will be surveyed and decided to develop.

Column

Efforts of the Japan Pension Service toward the pension record problem

The Japan Pension Service set up the mid-term plan to achieve the mid-term plan until the end of FY2013 as the first step. This plan indicates to address the pension record problem as the first priority and the following efforts are being taken according to the plan at the present.

~Mid-term Plan of the Japan Pension Service~

Approach to the pension record problem

○ The following efforts are being taken toward the resolution of the pension record problem.

(1) Analysis of the actual situation of the unsolved issues of the pension record problem

- Analyzing the actual situation of the unsolved issues through the implementation of various types of sample surveys

(2) Pension Number

- Analysis/integration of unintegrated records shall be accelerated by continuously implementing the record check with the replies to "Pension Coverage Special Notice" and "Pension Coverage Regular Notice", and "Notice of Confirmation of Pension Record (Yellow Notice) on the basis of the various works for resolution.

(3) Confirmation of pension records by inquiring of beneficiaries/the insured and cooperation with municipalities for the pension record confirmation

- Checking the pension records of beneficiaries/the insured through "Pension Coverage Special Notice".
- Especially as for "Name Identification Special Notice", implementing follow-up for the records with high possibility of belonging to those who have not answered yet and who answered "No correction needed".
- As implementing the follow-up, facilitating the pension record confirmation by being provided with information of telephone numbers and addresses owned by municipalities, and by asking people for the record confirmation by telephone and visiting

(4) Record check by comparing records in the paper ledger with the records in the computer using the book search system

- In the early FY2010, the book search system will be built and the record confirmation will be efficiently conducted by comparing the records in the paper ledger with the records in the computer, starting from the record with a top priority.

(5) Establishment of a system to correct the pension records and to pay benefits swiftly after re-awarding

<ul style="list-style-type: none"> Establishing a system to implement swift operation after re-awarding according to the situation of the pension record integration
<p>(6) Analysis of the actual situation of the retroactive correction of the standard remuneration and swift restoration of the records</p>
<ul style="list-style-type: none"> After beneficiaries/the insured confirm their own pension records, pension branch offices shall restore the records if they meet the specified condition in order to restore them swiftly
<p>(7) Provision of information on the insured through the system including the Pension Coverage Regular Notice to enable them to check their own pension records at any time</p>
<ul style="list-style-type: none"> Delivering "Pension Coverage Regular Notice" to insured persons to let them know their records of the amount that they have already paid and their prospective amount of the benefits. Establishing a system where the insured can always check their pension records (including the prospective amount of benefits and paid contributions)

(Reference)

Current approaches on the pension records issue (Basic data collection)

1. Restoration Situation of the Pension Records

○ Total number of those whose record was found with increase of pension benefit amount (May, 2008 to the 2nd week of July, 2010): Total 1,120,000 people (see Note)

Note) The cases of having been found before May 2008 with benefit increase is now calculated, which will be likely to increase this total number.

- Total increase in pension benefits (annual amount) by record identification: 59.8 billion yen

(※) This is calculated on the basis of the estimate (from May, 2008) that the pension branch offices was informed the pensioners of at timing of record correction (re-award claimed cases), not the actual number of corrected cases / amount of benefit increase. In addition, the benefit amount (annual) is not paid retroactively in a lump sum.

Reference: Increased benefit amount (annual) per case is 53,000 yen on average.

- Total restored amount in a case of receiving from 65 years old (lifelong gross)

Approximately 1.2 trillion yen (see Note)

Note) Total pension benefit increase (annual sum) of about 59.8 billion yen in the above

3. Pension Coverage Regular Notice “Nenkin Teiki Bin” (As of June 25, 2010)

※ This is a mailing service of sending enrollment records to all beneficiaries and insured persons (from December, 2007 to October, 2008) in order to have them confirm for omissions and mistakes. If any reply was that there is an omission or a mistake, it is to be verified and the result is to be informed the person of.

- Mail to: All of beneficiaries and insured persons
 - Responded: Approximately 80,980,000 (Approx. 74% of total mailing)

Responded Correction necessary: Approximately 12,470,000 (Approx. 15% of all respondents)

-Breakdown-

Corrected/integrated:	Approx.8,310,000(About 67% of※)
Beneficiaries :	Approx. 2,200,000
Insured persons :	Approx. 6,110,000
Not clarified:	Approx. 2,930,000 (About 23% of ※)
Under investigation :	Approx. 1,230,000(Approx. 10% of ※)

Correction no need: Approximately 68,510,000 (About 85% of all respondents)

※ The number of “under investigation” includes the cases changed from no need of correction to correction necessary via follow-up inquiries

※ The number of “correction necessary” includes the cases of inquiries about the period of Mutual Aid Association.

- No response: Approximately 25,360,000 (About 23% of total mailing)
- Not delivered: Approximately 2,390,000 (About 2% of total mailing)

4. The situation of follow-up inquiries to beneficiaries for name matching special mail(The end of May, 2010)

※ To the total of about 880,000 people of possible cases of an unconsolidated record (not matched to the basic pension number) even though their reply was "No need of correction" or no reply for the Name matching special mail sent by March, 2008, a confirmation follow-up approach by a telephone, a visit and a document has been promoted as a

follow-up inquiry.

In addition, since October, 2009 when the pension branch office cannot contact the person, the involved municipality has a contact to them for checking the records.

(5. Cooperation of municipalities in pension records investigation)

○ Numbers of persons to inquire: 880,000

Breakdown

▪ Record confirmation completed :	750,000
Record identified as that of his/her own :	570,000
Not identified as that of his/her own :	180,000
▪ Under confirmation at a pension office:	40,000
▪ Reply refused / Unable to contact:	90,000

※ In addition, among the object beneficiaries of the Name matching special mail but excluded from the above-mentioned confirmation, record confirmation is to perform around by this September.

5. The cooperation situation of municipalities for the record investigation (the end of May, 2010)

※ Among the people with a reply of "No need of correction" or no reply to the Name matching special mail, if the pension branch office cannot contact the person, information about him/her has been provided or/and the involved municipality has a contact to them for checking the records.

○ The number of municipalities asked for cooperation (any involved person lives): 1,505

The number of municipalities for cooperation: 1,457(96.8%)

○ Person several:00 when a record correction was performed as a result of investigation by the city and district municipalities: 5,652 people

※ Increased amount (annual) of the benefits is about 243,810,000 yen in total.

※ Increased amount (lifetime) of the benefits is about 4,950,000,000 yen in total (see Note).

Note) With the cooperation of municipalities, the increased amount (annual) of the benefits through record identification, 243,810,000 yen, is proportionally distributed into the male-female ratio of the people older than 65 years old, and multiplied and summed on a basis of the gender-segregated average life expectancy at time of 65 years old as a benefit

payment.

※ The ratio (2007) of the amount of old-age pension benefits older than 65 years old by gender is male 65.4%, female 34.6%.

※ The average life expectancy at time of 65 years old (Abridged life tables 2009) is male 18.88 years, female 23.97 years.

(240 million yen x 0.654 x 18.88 years + 240 million yen x 0.346 x 23.97 years \doteq 4,950 million yen)

6. Pension Coverage Regular Notice (Nenkin Teiki Bin)

※ From April, 2009, a notice about the pension service called “Pension Coverage Regular Notice (Nenkin Teiki Bin)” have been dispatched to all insured members of national pension / employees' pension in the member's individual birth month every year to inform of his/her own pension enrollment period, premium payment and benefit estimate. If any reply was that there is a omission or an mistake, it is to be verified and the result is to be informed the person of.

1) Fiscal 2009

※ In 2009, to all insured members and, about his/her own pension enrollment period, the benefit estimate, standard monthly remuneration and premium payment status during the enrollment period.

- The number of mails dispatched: About 66,760,000(From April, 2009 to March, 2010)

2) Fiscal 2010

※ From fiscal 2010, the records have been sent the record information same as the one of fiscal 2009 to the persons who reaches knot ages like 35, 45 or 58 years old, and the others is informed of the enrollment period, benefit estimate, standard monthly remuneration and premium payment status of past one year.

- The number of mails dispatched: About 15,980,000(From April, 2010 to June, 2010)

7. The notice of standard remuneration and related information to beneficiaries

※ To the beneficiaries of the employees' pension, a notice about his/her standard monthly remuneration and eligible period has been mailed to have them check for any omissions or mistakes. From December, 2009, dispatch began and any replies of there being an omission or a mistake has been reviewed and the result has been informed them of.

- The number of mails planed to dispatch: About 28,000,000

Of these, 15,900,000 mails have been already dispatched.

8. Notice of the confirmation of the pension records (Yellow mail)

※ As for 50 million unintegrated records, the records have been examined against the resident-registry network system and histories of change in name and in any cases with possibilities of unconsolidated records notices of confirmation on the pension record have been dispatched to the owners from June, 2008 to December, 2009.

○ The number of mailed cases: About 2,620,000

As of the end of May, 2010

Breakdown

- Responded: About 1,620,000 (100%)
 - Correction necessary: About 1,500,000 (about 93%)
 - No need of correction: About 120,000 (about 7%)
- Not responded: About 880,000
- Not delivered: About 120,000

9. Clarification status of approximately 50 million unintegrated records (June, 2010)

○ Unified to basic pension numbers

(As of December, 2007)		(As of June, 2010)
3,100,000 cases	=>	14,600,000 cases

(※) As of July 16, 2010, about 14.82 million cases have been integrated.

○ Identification in progress through mailing services

(As of December, 2007)		(As of June, 2010)
11,000,000 cases	=>	10,750,000 cases

○ Further clarification necessary

(December, 2007)		(June, 2010)
24,450,000 cases	=>	9,880,000 cases

○ A certain clarification such as the person already deceased (received a death benefit/ the withdrawal allowance) was found.

(December, 2007)		(June, 2010)
12,400,000 cases	→	15,720,000 cases

10. Status of sample survey

(1) The sample survey of spotted cases (※) of the withdrawal allowance

※ It is the case in which there is (an) uncalculated enrollment period/s of the employees' pension insurance prior to payment of withdrawal allowance. The withdrawal allowance is a lump sum paid to the person withdrawing the insurance because of marriage or such reasons after short period of enrollment (abolished in principle now).

○ This sample survey was implemented for all spotted cases extracted by computer (about 190,000 cases) from February, 2010.

○ According to the findings announced in July, 2010, about 10% of the people who were able to have an interview have not been given the withdrawal allowance in fact.

(2) It is the sample survey of the records with a possibility of inappropriate retroactive adjustment on the standard remuneration being performed

※ Among about 69,000 records (which fall under all three following conditions) that there is a possibility that inappropriate retroactive adjustment processing was performed, for 20,000 records of the employees' pension beneficiaries door-to-door survey was implemented from October, 2008, which is almost finished by March, 2009. Thorough this survey, the Pension Coverage Regular Notice (Nenkin Teiki Bin) and the notice of standard remuneration, necessary restoration of records has been promoted with record owners' confirmation.

① The disqualification procedure was processed on the same day or the next day of the reduction procedure of standard monthly remuneration.

② The standard monthly remuneration was retroactively reduced to the five grades or more.

③ The standard monthly remuneration was reduced, retroactive to six months before or more.

○ As for the records falling under only two or one of the conditions (about 218,000; 795,000 cases individually), the sample survey is implemented from April, 2010.

○ According to the findings of survey of July 2010, 12% of owners of records falling under two conditions, and 3% of those of records falling under one condition replied that there were unmatched points in their records.

- Based on this results, measures how to cope with are to be studied promptly.

11. Effects of collating the paper-based registry with computer-based records

(1) Collating of the national pension special registry and computer-based records

※ The national pension special registry is a registry with records regarding exceptional premium payment, advanced premium payment and unpaid premium in the fiscal year.

- About 30,960,000 records stock as the national pension special registry started to be comparing with the computer-based records from May, 2008 and completed in the end of June, 2010.

- Among about 30,960,000, the records that does not accord with the computer-based records: About 300,000

(Note)About 1% of the national pension special registry

Breakdown

Able to inform the record owner: Approximately 168,000 cases (100%)

A notice already sent: Approximately 143,000 cases (85%)

Of them, a notice sent regarding benefit increase: Approximately 73,000 cases

Of them, reached to mediation: Approximately 56,000 cases

(Note 1) Among the records that do not accord with a computer record, notices was sent to the persons excluding those who are deceased or those who has no number as a basic pension number.

(Note 2) The number of about 168,000 includes the cases of correction being complete through mailing but, cases at least more than 80% (85%), the record owner was not aware of error in record.

- The situation of the increase in beneficiaries' benefit amount (annual sum)

Average amount: approx. 14,000 yen

Highest amount: approx. 384,000 yen

Lowest amount: 550 yen

- Cost-effectiveness

- An indispensability expense: approx 10.6 billion yen

- Increased amount of benefits: approx. 38.4 billion yen(lifetime)

Increased amount of old-age basic pension benefits: approx. 26.8 billion yen (Note①)

Increased amount for insured persons: approx. 11.6 billion yen(Note②)

(Note①) It is the proportional amount of restored total for beneficiaries that is calculated by proportionally distributing the total pension benefit increase (annual sum) of approximately 1.3 billion yen into the male-female ratio of people older than 65 years old who are eligible for old-age pension benefits, and multiplying and summing on a basis of the gender-segregated average life expectancy at time of 65 years old.

※ The gender-segregated ratio of amount of old-age benefits older than 65 years old (2007) is male 65.4%, female 34.6%.

※ The average life expectancy at time of 65 years (2009 abridged life table) is male 18.88 years, female 23.97 years.

$(1.3 \text{ billion yen} \times 0.654 \times 18.88 \text{ years} + 1.3 \text{ billion yen} \times 0.346 \times 23.97 \text{ years}) \div 26.8$
billion yen)

(Note2) It is the proportional amount of restored total for insured persons that is calculated by proportionally distributing the total pension benefit increase (annual sum) of approximately 540 million yen into the male-female ratio of people older than 65 years old who are eligible for old-age pension benefits, and multiplying and summing on a basis of the gender-segregated average life expectancy at time of 65 years old.

※ The gender-segregated ratio of insured persons (2007) is male 50.2%, female 49.8%.

※ The average life expectancy at time of 65 years (2009 abridged life table) is male 18.88 years, female 23.97 years.

$(540 \text{ million yen} \times 0.654 \times 18.88 \text{ years} + 540 \text{ million yen} \times 0.346 \times 23.97 \text{ years}) \div 26.8$
billion yen)

(2) Sample survey on the list of employees' pension insurers/original enrollment slips

○ About 20,000 cases sampled from the employees' pension list of person insured / original slips (paper : approx. 250,000,000, microfilm : approx. 390,000,000) a sampling survey was implemented (results announced in June, 2008).

○ The rate of inconsistency with the computer records: 277 cases(approx. 1.4%)

Of the above, the one of beneficiaries with a need of the benefit amount increase: 77 cases (Approx. 0.4%)

※ Average benefit increase per beneficiary (Annual sum): approx. 17,000 yen

(3) Sample survey on the list of national pension insureds at municipalities

○ About 2,000 cases sampled from the national pension list of person insured (140 million cases) a sample survey was implemented (results announced in December, 2009).

○ The rate of inconsistency with the computer records: 7 cases (approx. 0.3%)

Of the above, the one of beneficiaries with a need of the benefit amount increase: 5 cases (Approx. 0.3%)

※ Average benefit increase per beneficiary (Annual sum): approx. 104,000 yen

(4) Collating of the lists of the persons insured at national pension / employees' pension insurance with computer-based records (targeted timing of beginning: fall this year)

○ Listed volume(As of July 13, 2010): approx 950,000,000 records

Repetition excluded: approx. 720,000,000

※ Cases matched the computer record at present: approx. 600,000,000

○ According to the sample survey, the most of 120 million unmatched cases (difference of 720 million cases and 600 million cases) have an omission or a mistake in pension number or name of paper-based registry, which are unable to match by mechanical works. These cases will be clarified one by one on request from the record owner on basis of information such as "my record tracking chart (See Note)" provided by the owner.

(Note) It is a chart showing the history such as marriage, employment or change of address, which is useful to tie the memory of own to the record.

12. Measures to reduce the future cases of no pension benefit

○ The number of people with no pension benefit (as of April, 2007) (※): 1,180,000 (incl. 420,000 people over 65 years old

(※) The people who does not reach (25 years) the receipt qualification period even if they pay the period to 70 years old

- To persons of 63 years old or over who do not satisfy a receipt qualification period of 25 years on the basis of online record (approx. 500,000 as of January, 2009) a notice has been sent in December, 2009

※ The person who became eligible to receive a benefit after notice dispatch among

approx. 500,000(The end of March, 2010): approx. 10,000

- A notice is to send to the people of 69 years old or over who have not claimed on the basis of online records while they are eligible by satisfying a receipt qualification period.
- To the persons 64 years old and over (as of January, 2010) who will satisfy the qualification of 25 year period by paying premiums until 70 years old, a notice is to be sent.
- An effect by the bill to extend the period of the national pension premium payment in 10 years from two years (under discussion)
 - Benefit increase possible among people under 65 years old: approx. 16,000,000 at maximum
 - The number of people who can avoid no pension benefit life: approx. 400,000 at maximum.

13. The provision situation for the delay payment

※ If the pension record was restored and payment of benefit was behind the original payment day more than five years, and a pension was paid, the amount of benefit shall be added with inflation and overdue interest. (Act passed by legislation introduced by a Diet member on April 21, 2010)

	① The first payment (May 14, 2010)	②The second payment (June 15, 22)	③The third payment (July 15, 22)
	※ The person whom benefit was paid to after April 30, 2010 (the enforcement day of the Act of delayed payment of benefit) No need of claim procedures)	※ The person whom benefit was paid to from May 1, 2009 to April 29, 2010 (the enforcement day of the Act of delayed payment of benefit) no need of claim by the person affected	※The person whom benefit payment was paid to on July 15, 2010. 【】 After this date the payment is to perform according to the Act of prescription exception payment.
People affected	147,000	1,032,000	76,000

Avg. additional payment (approx.)	45,000 yen	40,000yen	61,000yen
Max. payment	7,997,000yen	15,420,000yen	17,740,000yen

14. The establishment process of the record restoration standards at the pension office

- The first step: Three new restoration standards were added(December, 2009).
 - ① In the case of falling under the 69,000 cases with high possibility of inappropriate retroactive adjustment processing, and the occupation of the person affected is an employee.
 - ② The appeal is on national pension with the period equal to or less than two years, and the person affected satisfies the requirement such as there is not the failure to pay the national pension premium other than the claimed period, and either of a spouse and the relative living together enroll the national pension and its payment is complete during the period same as claim.
 - ③ When the appeal is of withdrawal allowance not being received, and there is no description showing the payment of a withdrawal allowance was made in the Certificate of Insured Person.
- The second step: Further restoration standard was to be added in April.
 - ④ Prior to the payment of withdrawal allowance, there is a period not included in the basis of calculation for withdrawal allowance (spotted enrollment period).