

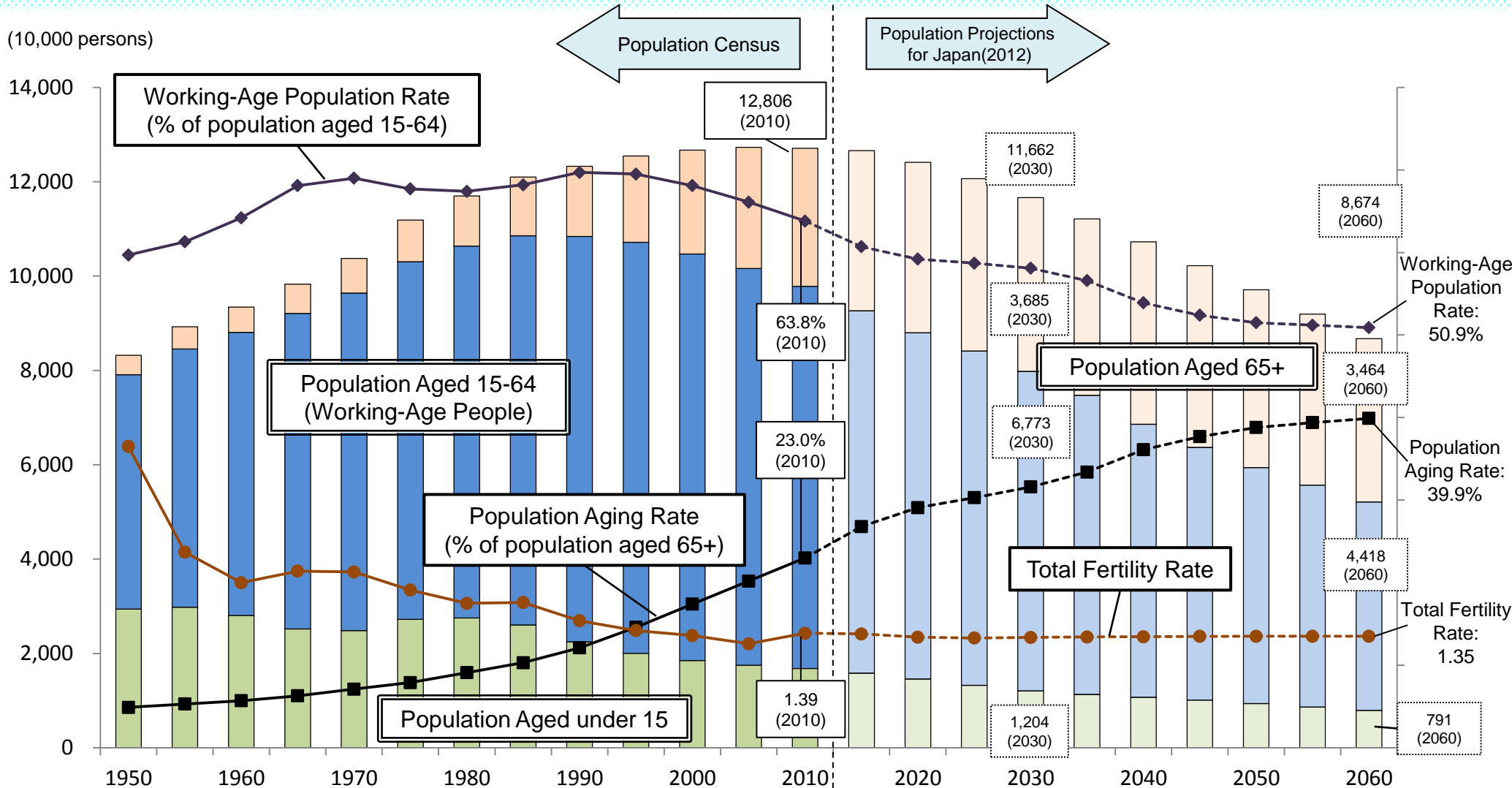


Overview of Employment Measures for Older Persons

**Employment Measures for the Elderly Div.
Employment Development Dept.
Employment Security Bureau
Ministry of Health, Labour and Welfare**

Demographic Change in Japan

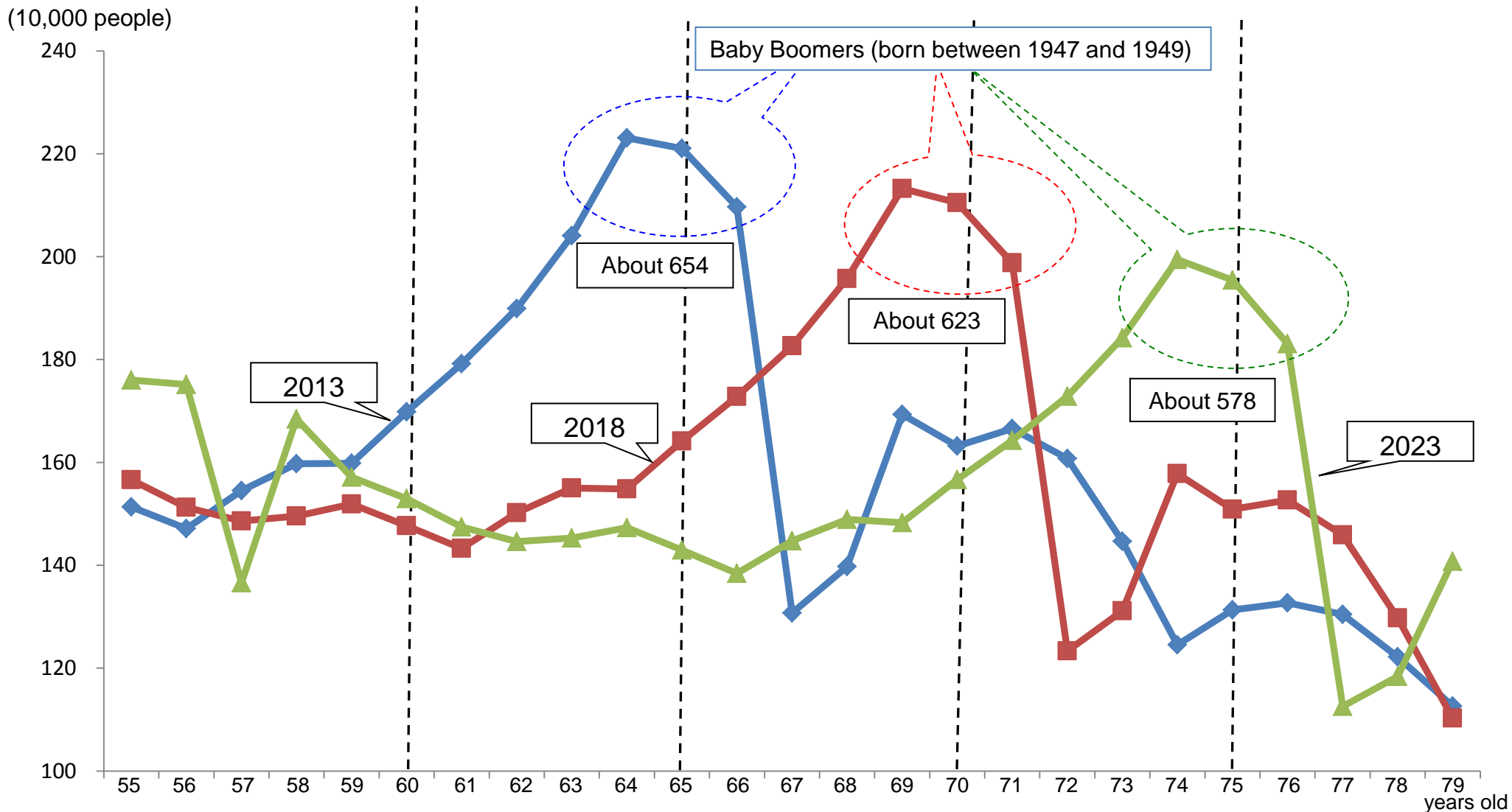
Japanese population remained on the same level during recent years, but it is estimated to decline in the future. In 2060, Japanese population is estimated to be 90 million and the percentage of elderly people is estimated to be around 40%.



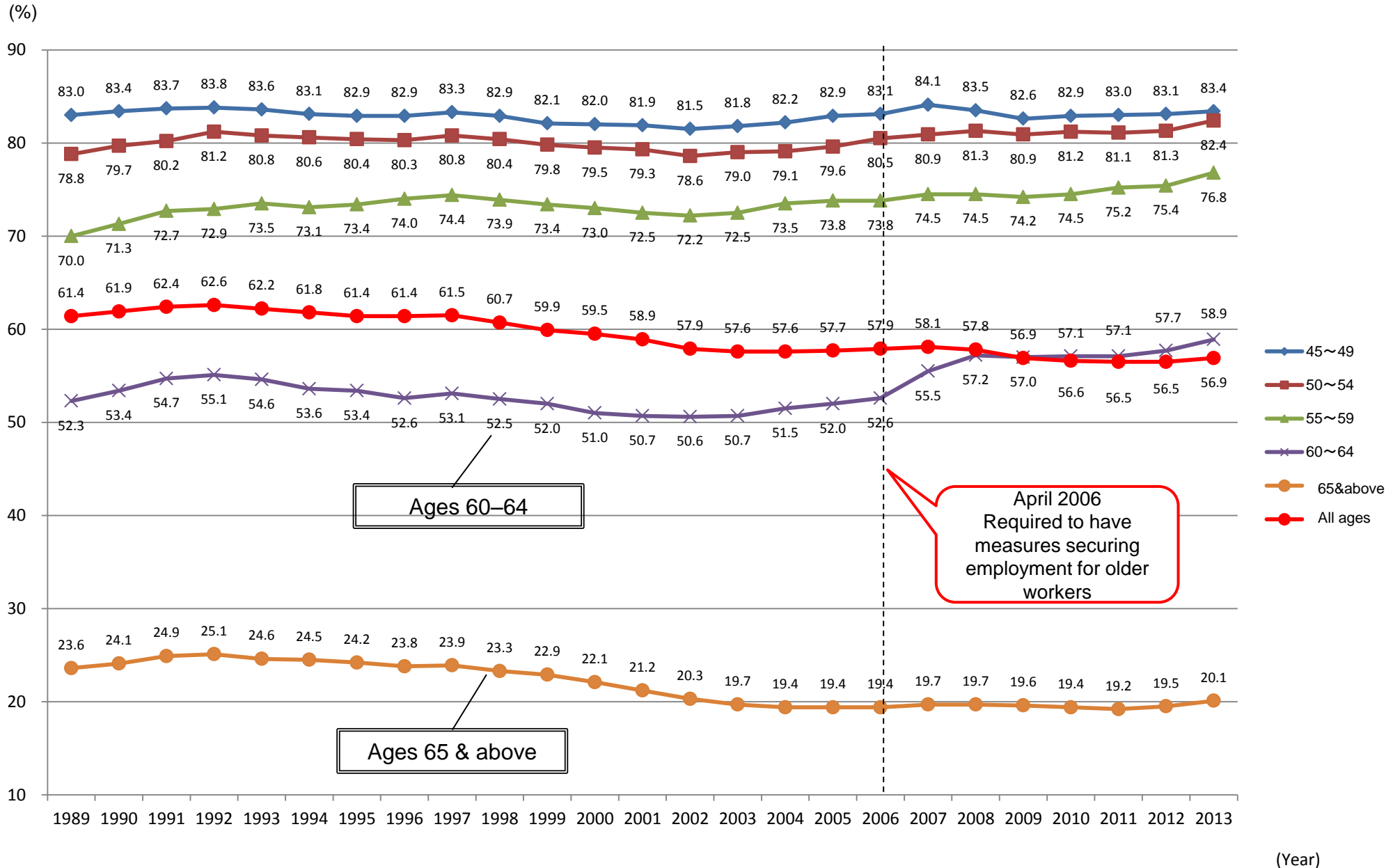
Sources : "Population Census," Statistics Bureau, Ministry of Internal Affairs and Communications
 "Population Projections for Japan," (January 2012), National Institute of Population and Social Security Research
 "Vital Statistics" Ministry of Health, Labour and Welfare

Aging of Baby Boomers

Considering the people born between 1947 and 1949 as baby boomers, they will become 65 years old in 2014, and thus the Japanese population aged between 60 to 64 will decrease while the population aged between 65 and 69 will increase.



Change in Employment Rate

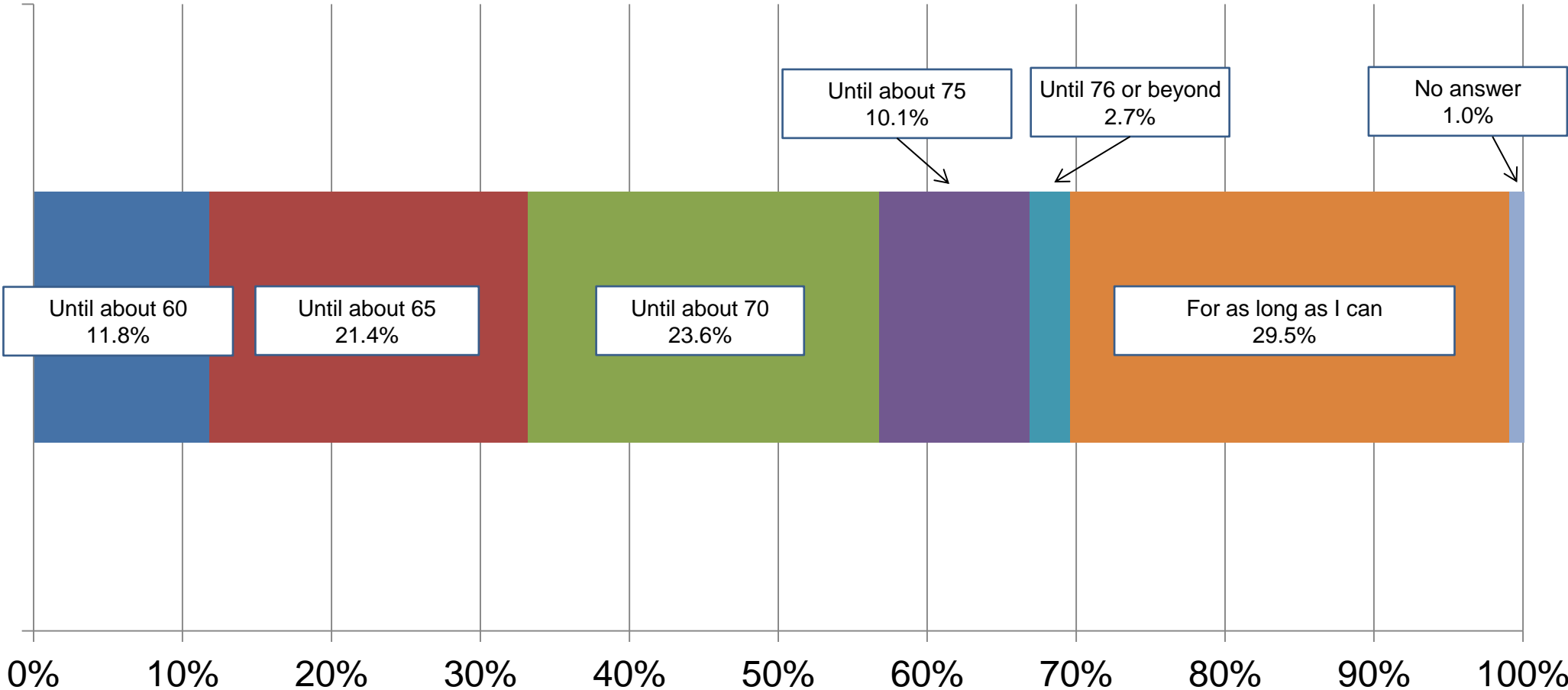


(Data source) "Labour Force Survey," Ministry of Internal Affairs and Communications

Strong Willingness to Work Among Older Persons

Older Japanese people show a very strong willingness to work. According to the “Survey of Awareness Concerning Participation of Older Persons in the Regional Society”(2013) by the Ministry of Internal Affairs and Communications, approximately 80% of respondents answered that they wanted to continue working to age 65 or beyond.

Until what age do you wish to work? (People age 60 & above)



Data source: “Survey of Awareness Concerning Participation of Older Persons in the Regional Society” (2013), Ministry of Internal Affairs and Communications
(Note) Survey of men and women ages 60 and above (n=1,999)

Mandatory Retirement System in Japan

Tentative Translation

- A mandatory retirement system is a system in which an employment contract is automatically terminated when the employee reaches a certain age.
- In the past, many companies tended to set a retirement age at 55, but an amendment of the Act on Stabilization of Employment of Elderly Persons in 1994 (enforced April 1, 1998) legally prohibited companies from setting a retirement age at below 60.
- Most Japanese companies are based on a mandatory retirement system; the percentages of companies that employ such a system is 93.3% for companies of all sizes, and 99.8% for companies with 1,000 or more employees (data source: 2013 General Survey on Working Conditions conducted by the Ministry of Health, Labour and Welfare).
- The traditional Japanese personnel system is characterized by long-term employment with a seniority wage system and a mandatory retirement system.

Reference: Act on Stabilization of Employment of Elderly Persons (Abstract)

- Article 8

In cases where employers set the retirement age of their employees, such retirement age shall not be lower than 60.
(The rest of this article is omitted.)

- Article 9, Paragraph 1

In cases where employers set the retirement age (limited to those under 65 years old), the employer shall take any of the following measures to secure stable employment for their employees until the age of 65.

1. Raise the mandatory retirement age.

2. Introduce a continuous employment system (a system that requires the continuous employment of elderly employees beyond their retirement age if they so desire).

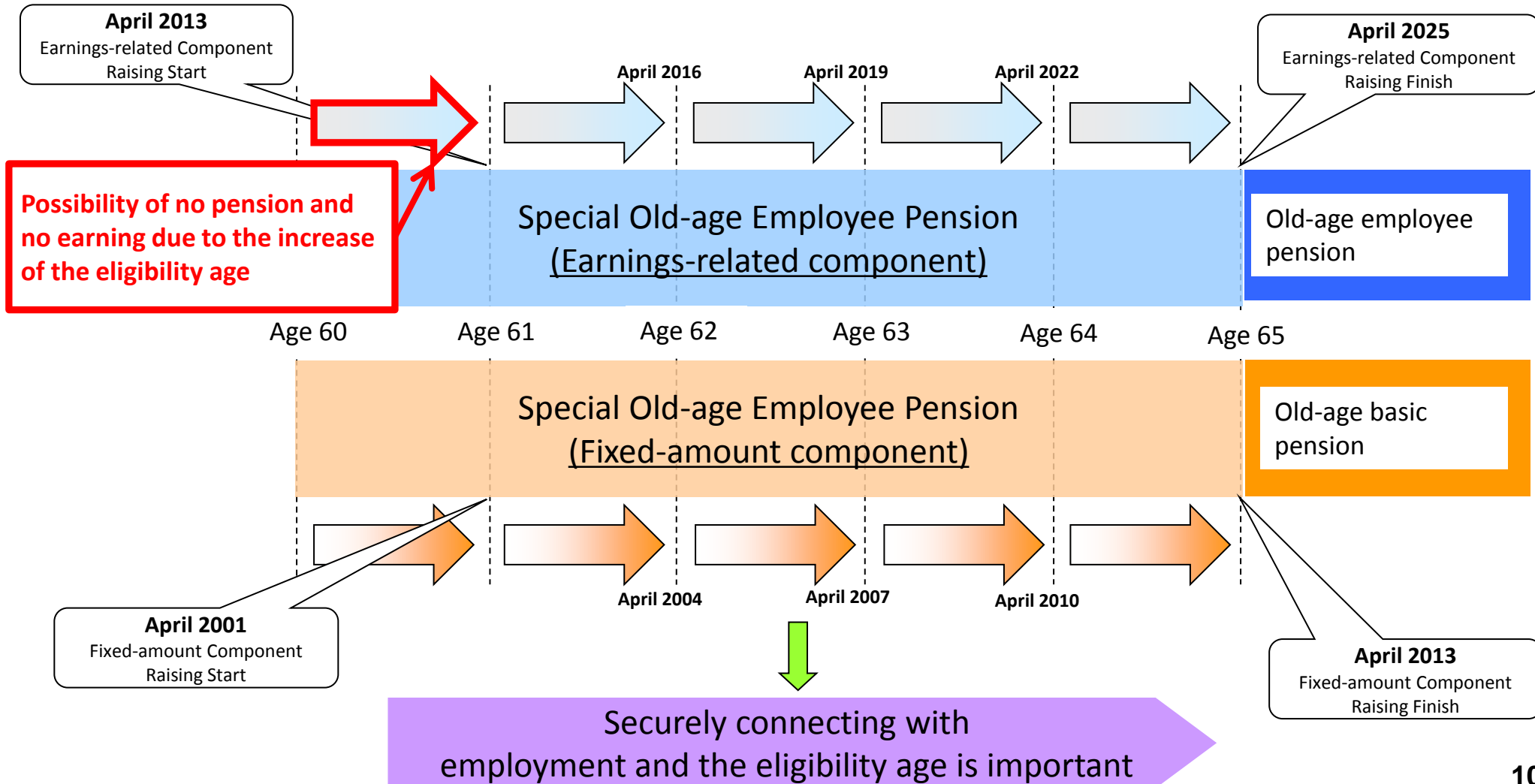
3. Abolish the mandatory retirement age.

Increase of the Eligibility Age for the Employee Pensions

Tentative Translation

From April 2013, because of the increase of the eligibility age for old-age employee pensions, elderly persons who desire to continue working after their retirement age of 60 may be not employed with the exception of the continuous employment system as well as not receive pension.

Gradually Raising the Eligibility Age for the Employee Pensions through the Pension Reform



Abolition of the Scheme to Limit the Elderly Person Covered by the Continued Employment System

- The current system of elderly employment under the Act on Stabilization of Employment of Elderly Persons prohibits the setting of a mandatory retirement age of lower than 60. (Article 8 of the Act)
- An **amendment to the Act in 2004 obliges** employers that have set a retirement age of lower than 65 to introduce any of the following measures (for the securement of elderly employment) so as to secure employment for employees until the age of 65. (Article 9 of the Act)

- (1) Raise the mandatory retirement age.
- (2) Introduce the continued employment system. (Criteria established through a labor-management agreement can exclude some persons from the system even if they desire to remain in employment.)
- (3) Abolish the mandatory retirement age. ↑

**The underlined provision will be abolished from April 2013.
(Amendment to the Act in 2012.)**

Implementation of any of the measures is already obligatory.

* Companies are obliged to adopt any of these measures as their system; they are not obliged to employ each individual employee.

* Raising the mandatory retirement age is one of the options and is not obligatory.

- Percentage of companies that have introduced measures to secure elderly employment: 97.3%
- Percentage of all employees that, having reached the retirement age in the last year, retired as they failed to meet the standards (approx. 430,000 persons): 1.6% (approx. 6,800 persons)
(For both figures, the calculations were made based on companies that had 31 or more employees as of June 1, 2012)

System of Measures for Employment of Older Persons in Fiscal 2014

