

Table 3.3 Outline of the public pension system in Japan

(All numbers are as of 2011, unless otherwise noted)

	Note	Public Pension			Semi-Private Pension	
		Basic Pension	Employees' Pension Insurance	Mutual Aid Pension	Employees' Pension Funds	National Pension Funds
Type of Insurance		Basic 1st Tier Mandatory	Supplemental 2nd Tier Mandatory	Supplemental 1/2/3 Tier Combined Mandatory	Supplemental 3rd Tier Optional	Supplemental 3rd Tier Optional
Insurer		Government	Government	Mutual Aid Associations	Employers of more than 500 employees	Government
Eligible persons	①	All residents (categories 1-3)	Category 2 private-sector workers under 65 who work at workplaces with more than 5 employees	National and local civil servants, teachers, etc.	Employees of above	Category 1
Number of subscribers (millions)	②	72.72	34.41	4.44	4.11	0.61
% to all residents(20-59years)	②/pop	90%	43%	6%	6%	1%
Number of current pension recipients	③	69.43	31.98	4.29	2.68	0.42
% to all subscribers	③/②	95%	93%	97%	65%	69%
Premium Type		Flat rate	Fixed % of salary	Fixed % of salary	Fixed % of salary	Subscriber's choice
Average contribution (% to total salary) Employee		--	7.50%	6.04~7.754%	1.2 ~ 2.5%	--
Employer		None	7.50%	6.04~7.754%	1.2 ~ 2.5%	None
Average contribution (¥)	⑤	¥15,020(for Category 1 & 2), ¥0 (Cat.3)	(including premium for National Pension)	(including premium for National Pension)		¥5,500~¥16,910
Average monthly salary of subscribers	⑥	Not Available	¥304,589	¥415,227		Not Available
Tax exemption Employee		Exempt	Exempt	Exempt	Exempt	Exempt up to ¥68,000
Employer		Exempt	Exempt	Exempt	Exempt	
% of subscribers exempt from paying premium		16.8%	0%	0%		
Benefit (Old Age) Type		Flat rate	Income-related	Income-related	Income-related	Premium-related
Calculation method		$\sqrt{792,100 \times ((\text{insured months} + 1/2 \times \text{exempt months})/480)}$	(Monthly income * 0.55% * insured months * slide rate)+ dependants allowance	(Monthly income * 0.55% * insured months * slide rate)+ dependants allowance	Average monthly salary during insured months * fixed rate + alpha	Depending on premium & age at the time of entry
Average monthly benefits	⑦	¥54,612	¥149,334	¥264,011	¥40,658	
Replacement ratio (average)	⑦/⑥	Not available	49.0%	64%	Not available	Not available
Starting age	years	65	65	65	65	65
Benefits (Disability) Type		Flat rate	Income-related	Income-related		
Calculation method		¥990,100 (1st degree) or ¥792,100 (2nd degree) + dependants allowance	1st degree: old age pension * 1.25 + dependants allowance, 2nd degree: old age pension + dependants allowance, 3rd degree: old age pension	1st degree: old age pension * 1.25 + dependants allowance, 2nd degree: old age pension + dependants allowance, 3rd degree: old age pension		
Average monthly benefits		¥73,882	¥100,139			
Benefits (Widow/Widower) Type		Flat rate	Income-related	Income-related		
Calculation method		¥792,100+ children allowance for wives	3/4 of old age pension for spouse or close family	3/4 of old age pension for spouse or close family		
Average monthly benefits		¥64,927	¥73,490			

Source:The Data on Corporate Pensions(Kigyō Nenkin ni kansuru Siryo in Japanese),Pension Fund Association ,2012

 Web-site of Ministry of Health, Labour and Welfare (MHLW) <http://www.mhlw.go.jp/topics/nenkin/zaisei/01/01-01.html> in Japanese Access Aug. 25th 2013