

2003. 5. 20

国立社会
保障・
人口問題
研究所

Working Paper Series (E)

No.19

"Have we really reached the western standard of retired income security?
-From the viewpoints of public and private pension schemes-"

Yukiko M. Katsumata

May 2003

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“Have we really reached the western standard of retired income security?

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Outline of the paper:

This paper focuses on the roles of public and private schemes in the income security of retired Japanese. When we debate pension reform in Japan, we often ignore the role of corporate pensions. The Japanese government makes comparisons of pension benefit standards with other industrialized nations only in terms of public pension schemes. In the following chapters, first I present data quoted from an annual report published by the Japanese government. The international survey of retired persons conducted by the Japanese government is also introduced; this includes the income components of retired persons in five nations: Korea, Germany, U.S.A., Sweden, and Japan. Second, I summarize Japanese pension schemes, both public and private. The total volumes of pension benefits in Japan are estimated to show the position of the private sector. Third, I present a historical analysis of Japanese corporate pensions, as the development of corporate pensions in Japan has a close connection with fiscal policy. Finally, I present new corporate pension acts introduced in 2001 and 2002. Personal views on the forthcoming changes in Japanese public pension reform are presented in connection with corporate pensions.

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1. Introduction

We have to admit the fact that the Japanese government has lacked the perspectives of including corporate pensions in the policy considerations of public pension reform. Until the recent introduction of two corporate pension-plan acts¹, private pension plans were not recognized as even having a supplemental role to public pensions. I would like to point out two reasons for this. First, the Ministry of Health, Labour and Welfare (MHLW) insisted the top policy priority for pension measures was universal coverage. The government kept presenting the rosy scenario to the public that they could fully rely on public pension income to compensate for loss of income after retirement. They simply ignored alternatives to public pension schemes. Second, the present corporate pension plans were born as a result of political bargaining between employers and government, especially from the viewpoint of fiscal strategy. In Japan, social policy and fiscal policy have little linkage due to traditional bureaucrat behavior. Therefore, there was no consideration given to using the corporate pension scheme for social policy. Although, in the most recent tax reform discussions, reducing favorable tax treatment for pension income has been seriously considered, it has been a completely separate discussion from public pension reform in 2004. The MHLW has autonomy over the social security special accounts that finance all social insurance. On the other hand, the fiscal authority has little power over them. In short, there is no vision to coordinate both public and private pension plans in the context of retired people's income security.

The two new acts of the corporate pension plan were enacted in 2001. There are serious economic considerations for employers, but not much consideration for fiscal policy. Therefore, I believe there is a good chance of incorporating public and private schemes by introducing these acts.

The major corporate pension schemes established in conjunction with public pension plans, Employees Pension Funds (EPFs), have faced major changes in recent years. An increasing number of funds have dissolved in the last few years due to financial crises resulting from the poor performance of stock markets. From 2003, "return of the contracted out portion" became possible for individual EPFs. Already, one third of the total funds opted out in the first year, and some economists have expressed their anxiety about adverse effects in the market with large sales by EPF to reduce debt with the return of the contracted out portion.

¹ Defined Contribution pension Plan Act (DC plan) launched in October 2001, and Defined Benefit Corporate pension Plan Act (DB plan) launched in April 2002.

2. Level of Japanese pension benefits compared to other industrialized nations

Let me start with a very basic question, "Have we really reached the western standard of retired income security?" Figure 1 is based on data from the annual report of MHLW in 2000.² The average wage rate of production workers and old-age pension benefits are compared for five nations including Japan. The vertical left axis indicates the national currency unit of Japan, yen, and for each nation the left bar chart indicates the average monthly wage of production workers and the right one indicates the average monthly pension benefits paid by public pension schemes. The right vertical axis indicates the share of pension benefits to average wage. To ease communication with the Japanese public, the amounts of other nations were converted into Japanese currency unit using the IMF annual average exchange rate.

Figure 1 Comparison of average of old-age pensions (monthly amount)

I have much to say about background data and comparability from a researcher's point of view³, however, the main reason for quoting this figure is not to discuss the reliability of the data, but to show the Japanese government's silent message, which I assume is that "Our pension benefits level have already reached international standards." Often they show in international comparative data of benefit levels, schemes are limited to public plans. According to Figure 1, the public old age pension benefit ratio to the average working generation's income is approximately 42% in Japan, 48% in U.S.A., 58% in Sweden, 29% in Germany, and 32% in UK. But, if we include corporate pension plans, the outcome would be very different.

A survey conducted by the Japanese government asked retired people from the five nations about the main financial sources for daily life. This survey was a questionnaire survey. The questionnaire asked people to choose one answer among presented examples. Table 1 shows the result of the 2001 survey. The bottom line indicating "2+3" are aggregated ratios both of public and private pensions. For instance, Germany was 84.9% and Sweden was 82.0%, U.S.A. was 73.0% and Japan was 69.1%. The role of private pensions is more important in Germany and the U.S.A. than in other

² MHLW (2000) International Comparison of Pension Systems, Overview Basic Structure of the Pension Systems of Several Countries, p418

³ The data were not calculated from the micro-level data but from macro-level data. It was assumed that the model was a husband and wife household, and the average benefits are the sum of basic and supplemental public pensions.

nations. In Sweden and Japan people supplement their incomes with earnings from work. If the private or corporate pension benefits are taken into consideration, people's pension benefits would be changed in Germany, the U.S.A., and even Sweden. But, in the case of Japan it is not likely to change the income level even if corporate pension is added, because the private pension benefit share of retired income is very limited. In the following chapter, estimates of private and corporate pensions in Japan are presented.

Table 1: What is the main source of your living expenses?

3. Status of Corporate Pension Plans in Japan

Figure 2 is an overall view of Japanese pension schemes, both public and private.⁴ In the private scheme, retirement allowances are also indicated. The majority of Japanese people may feel it is incompatible to consider the retirement allowance to be the same as a corporate pension, because it has been recognized as a reward from employers. In some companies, the retirement allowance is still voluntary and is paid at the discretion of employers. However, as Figure 2 indicates, in-house reserve funds are changing into defined contribution corporate pension plan.⁵

Figure 2: Overall picture of Japanese pensions

The total amount of pension benefits paid as income security after retirement in Japan is estimated in Table 2. The total of public pensions and private pensions including corporate pension, life insurance, and postal insurance is 40,159.8 billion yen (1998). Assuming this is the total amount of pension benefits paid in Japan, the amount paid by corporate pensions is only 7.8% of the total. As indicated in Figure 3, the share of private benefits to the total is only 12.6%. The amount of severance pay in the last line of Table 2 is not included in the total. Those familiar with Japanese industrial relations may question why the amount is so small. I have intentionally shown severance pay separately so as not to mislead. The data are taken from national tax

⁴ More information on the schemes is available in the publication entitled *Social Security in Japan*. Abe (2002). This is also published in the website of NIPSSR at <http://www.ipss.go.jp/English/Jasos2002/Jasos2002.html>.

⁵ Retirement allowances are legally not well protected. Employees of bankrupt companies are likely lose their retirement allowances. It is the same as the case of the tax-qualified pension scheme. One purpose of introducing the two new corporate pension acts is to protect employees.

bureau and include only employees whose annual income is above 10 million yen. The majority of retiring employees receive their retirement allowances with taxes withheld at source, therefore, we cannot estimate the amount.⁶ If we can correctly estimate retirement allowances, the impression of the private sector may change, however, the percentage of retired people who receive retirement allowances is not so large and is limited only to big corporations.

Table 2: Japan's Pension Estimates in 1998

Figure 3: Public and private shares

Figure 4 shows subscribers to the basic pension. They should be almost equal to the whole population between the ages of 20 and 65 covered by universal pension principles. However, approximately 10% of the eligible population do not subscribe.⁷ The share of the employees in the private sector is 46% and among them 16% are subscribers to corporate pension plans in addition to the employees' pension. The total beneficiaries were estimated to be 35.670 million in 2000, and among them corporate pension insurers were estimated to be 2.97 million persons. The ratio to total beneficiaries is only 8%. This indicates some characteristics of Japanese corporate pension plans. Both the number of beneficiaries and the scale of benefits are relatively small. In addition, there are differences among different sizes of enterprise. In short, only bigger and healthier enterprises have corporate pension plans.

Figure 4: Subscribers to basic pension

According to the annual report of the EPFs association, the average pension benefits per month are estimated to be 246,000 yen, which is 58,000 yen higher than

⁶ Tax data in Japan are very limited and this has been a big obstacle for people making empirical studies on fiscal policy. Regarding personal income tax, only aggregate data are available for those who file own final income tax returns. The majority of taxpayers come under the withholding tax system. The Ministry of Finance exclusively controls their data.

⁷ The ten percent of non-subscribers are considered to be a big problem called '*Kuudoka*' in Japanese. Especially among the younger generation, non-subscribing employees population account for a large number. The issue is mainly discussed within the scheme of the national basic pension, however, people have started talking about '*Kuudoka*' in terms of employees' pensions, as well due to the fact that subscribers to employees' pensions have been decreasing. The decrease of subscribers is caused by economic stagnation and increased part-time and defined-contract workers.

those without EPFs in 2000. If this amount is compared to employees' average wages⁸ in the same year, it is approximately 44%. This result is a little higher than the estimate shown in Figure 1. But, we have to remember that EPF beneficiaries have a relatively advantageous position among pensioners.

The conditions of corporate pension plans differs according to the size of a company. According to the government survey, approximately 50% of companies in Japan have a corporate pension plan (including retirement allowances with lump-sum payment). The quality of corporate pensions provided is substantially different among corporations, depending on corporate scale. Corporations with a retirement allowance system account for 50% of all corporations and 90.4% of large corporations with more than 1,000 employees, while only 43.9% of small corporations with more than 30 and fewer than 100 employees provide retirement allowances.⁹ Furthermore, from statistics on the distribution of employees in Japan, 42.1% of all regular employees are employed by small and medium-sized corporations with less than 100 employees, while 29.5% of all regular employees are employed by large corporations with more than 1,000 employees.¹⁰ In other words, about half of all employees are employed by small and medium-sized corporations with no provision for corporate pensions, while only about 30% of all employees are employed by large corporations with corporate pensions. About 30% of all employees are provided with corporate pensions that are lower than the 48% in England and 45% in both Germany and the U.S.A. ¹¹

4. Historical development of corporate pension plans

Figure 5 shows the relationship between the corporate pension and the public pension chronologically. The establishment and the development of the Japanese corporate pension plan is closely related to Japanese fiscal policy. Three historical events are pointed out as examples.

The tax revisions of 1951 and 1952 were the turning point for the postwar development of the corporate pension, from a benevolent retirement allowance to a corporate pension. The former revision applies separate taxation to retirement allowances as retirement income. The latter revision raised corporate income tax from 35% to 42%. The reserve fund for retirement compensation was introduced to reduce the

⁸ Household of employee: average number of family members is 3.46 and the age of head of household is 46.2 years old.

⁹ Ministry of Labor, Japan (1997)

¹⁰ Recalculated based on data from Statistics Bureau, Management and Coordination Agency, Japan, 1999

¹¹ EPFs Association (1998) p195.

tax burden. Thus, payment of the retirement allowance acted as an effective legal means of reducing taxes.

In 1961, the universal public pension plan, including not only employees but also self-employed persons, was established under the slogan of a public pension for the whole population. Accordingly, the number of employees joining the employees' pension rapidly increased. As a result, many employers were forced to increase production costs because of the increase in contributions they had to bear. The purpose of introducing the tax-qualified pension in 1962 was to arrange a tax system to meet the shift from a retirement allowance to a pension.

In 1966, the Employees Pension Funds were established as an adjustment pension plan intended to adjust for the increased burden on corporations for employees' pension insurance, due to the introduction of the pension for the whole population and the cost of corporate retirement allowances, and this was introduced at the request of corporations. Corporations that established employees' pension funds made contributions to the earning-related benefits of the employees' pension, and the earning-related component was exempted from application of the employees' pension (exempted contribution) and was put into the fund.¹²

Figure 5: A Chronological table of Japanese corporate pension schemes

5. New Corporate Pension Plan Acts

The Defined Contribution Corporate pension Plan Act (DC Plan), which is referred to as 401K in the United States, was introduced first, because the International Accounting System (IAS) would be introduced from April 2001, and the future obligations of the retirement allowance and the corporate pension, which had been dealt with as off-balance sheet items by the former corporate accounting policy, have to be included according to the new corporate accounting policy as Projected Benefit Obligation.¹³

Figure 6 :Outline of Japan's defined contribution corporate pension plan

The Defined Benefit Corporate pension Plan Act (DB Plan) introduced next

¹² It is called contracted-out or opting-out in the UK. But, in Japan contracted-out has a different meaning from that of UK. For more details, read the forthcoming Katsumata paper 2003.

¹³ Ito, S. and Kotani, T. (2000) pp.85-90

was designed to provide legal arrangements for the tax-qualified pension. The tax-qualified pension was determined to stop making new contracts from April 2002 and to exist until March 2012, thereafter to transfer to a new system because even the defined benefit pension has demerits regarding the tax exemption compared to the employees' pension fund, and problems protecting benefit rights due to insufficient provisions.¹⁴

The two acts were introduced without major arguments with the fiscal authority. The government approached the introduction of this DC Plan positively for four major reasons: 1) portability of corporate pensions can meet the rising demands for labor mobility, 2) trend of liberalization in designs of corporate pensions is established, 3) reduction of public pension benefits resulted in increased importance of self-help, and 4) Individuals' assets flowing into stock markets through the new type of pensions would vitalize the markets, as was seen in the United States where the model originated. On the other hand, the Japanese Trade Union Confederation has been against introduction of the DC Plan, arguing that it jeopardizes income security after retirement.¹⁵ Some experts are cautious about its introduction on the ground that in the case of introducing the DC Plan, where individuals choose the method of operation, it is necessary for individuals to have a thorough understanding and training regarding the system, citing experiences in the UK where many individuals received reduced benefits due to the expansion of the exemption of application.

¹⁴ Tax-qualified pension has fewer regulations than the employees' pension fund, and all corporate contributions are included in non-taxable expenses. However, the only preferential tax measure for the employee's contribution is the insurance premium reduction (about 50 000 yen per year). In addition, because there is a levy of a special corporation tax of 1% and inhabitant tax of 0.173% on the currently frozen pension fund, it has been pointed out that there are non-taxable merit differentials between the tax-qualified pension and the employees' pension fund.

¹⁵ . Mr. Tadayuki Murakami, the group chief of policy-making of the Japan Trade Union Confederation stated: "Because the Japanese corporate pension is a deferred payment of the retirement allowance, it has to be a defined benefit. It is not reasonable to say that because corporations cannot take the operating risk, employees have to take it." Weekly Social Security No.2155. p.43

When the employees' pension fund was set up as an adjustment pension, trade unions were also against it. The reasons for this objection were: because the amount of benefits paid by the employees' pension was small, it was necessary to upgrade the public pension plan, and some large corporations with the capacity to contribute might upgrade their own corporate pension plans, and thereafter might withdraw from the public pension plan, damaging the public pension. Unions were cautious about the strategies of management; namely, the retirement allowance would be terminated with the introduction of the adjustment pension, and ultimately this introduction would be used as a means of cost reduction. General Council of Trade Unions of Japan, (1996) p.225

The DC Plan, however, has both positive and negative aspects. In the case of poor performance, both individual and corporate pensions have to bear risk with the principal. Operating profits depend on market conditions. However, considering the fact that the yield of a ten-year national bond, a typical financial instrument with principal guaranteed, is 1.2% and the yield of a ten-year time deposit of postal savings and banks is 1% at best, actual profits after deducting commission to a life insurance company are very small. Stock markets in Japan have been sluggish, particularly since 2001, and corporations are reluctant to shift to the defined contribution corporate pension, although they previously intended to make the change.¹⁶

6. Conclusion

Enforcement of the new acts of the DC and DB plans can be said to be a very important historical event for the Japanese policy of retired income security. They were introduced without fiscal bargaining for the first time. The MHLW published a statement in December 2002, "The summary of discussions on the forthcoming public pension reform." It declares that the DC and DB plans are expected to play supplementary roles to the public pension schemes.¹⁷ In the statement, they emphasized the need for fiscal measures to promote the DC plan. It is very dangerous to introduce new fiscal measures to promote the DC and DB plans, because they distort

¹⁶ . According to the Yomiuri Newspaper dated 22 September, 2001, Hitachi, Ltd., decided to introduce the defined contribution corporate pension plan first among major Japanese manufacturing companies. Hitachi, Ltd., contributes 60% of its corporate pension fund to the employees' pension fund, and contributes 40% of its corporate pension fund to the retirement allowance. Thereafter, however, half of the retirement allowance is to be transferred to the defined contribution corporate pension. According to the Asahi Newspaper dated 2 October, in reality, the majority of corporations are reluctant to introduce the new plan. The corporations that decided to introduce this plan are new corporations that do not have corporate pension plans or have a short history of corporate pension plans. On the other hand, only large corporations can introduce the conventional corporate pension plan because of its heavy burden, while the defined contribution corporate pension plan is affordable for small and medium-sized corporations to introduce. Some people point out this merit.

¹⁷ MHLW (2002) p.49 Supplementary roles of corporate pension schemes and the DC plan to the public pension scheme. (1)In principle, the public pension benefits support a fundamental part of elderly retired life, however, the private and corporate pension plans have the roles of compensating for loss of income by various risks and to meet the needs of individuals in long period of retirement. (2)Following the future public pension benefits adjustment, corporate pension plans and the DC plan such as the Japanese 401k plan should be promoted further and developed further using fiscal policy including favorable treatment of tax for such plans. (3) Based upon the above assumptions, the corporate pension plans, as well as the DC plan, should be promoted for the forthcoming public pension reform act in 2004.

the equity of income distribution.

Fairness was the key issue discussed when the DC plan act was written. In fact, the Japanese DC Plan Act does not allow people to join both corporate and individual types at the same time, unlike the 401k plan in the U.S.A. In the case of the corporate type, only employers contribute, and in the case of the individual type, only the insured contribute. This is because emphasis was laid on the fairness of the pension system as a whole. In Japan, large corporations provide corporate pensions, while many small and medium-sized corporations do not. Because employees of large corporations covered by corporate pensions are already receiving tax incentives, the government seemed to judge that additional tax incentives from the defined contribution corporate pensions might adversely affect the fairness of the pension as a whole.¹⁸

Fairness is the central topic that Japanese should debate when proposing and implementing new public pension reform in 2004. In an interesting study conducted by OECD in 2001, the eight member nations¹⁹ show the same result that the 1st and 2nd deciles of older people have the highest disposable incomes relative to their working-age counterparts. Japan is the only exception and the lowest-income group; the 1st decile of older people has a lower income than the highest income group, the 10th decile.²⁰ (Table 3) This is an example of the distortion in the Japanese public pension scheme.

Table 3: Disposable income of the population aged 65 and over by income decile

Some people believe that the Japanese employees' pension plan, the second tier, should give up its income redistribution functions and, instead the basic national pension, the first tier, should be improved for fair income redistribution through tax financing methods. Income inequality has been widening in Japan over the last decade and one of the reasons is the favorable treatment and mechanism of the employee pension fund. There are a number of employees who are not allowed to join the employee pension. For instance, those who work for very small firms, those who work part-time, and those who work on short-term contracts. They have no choice but to prepare for retirement using the national basic pension. These groups of employees

¹⁸ "The 401 K in the United States, the model plan for the defined contribution corporate pension plan, has the two characteristics of pension and savings, but the saving function is excluded and it is specified to function as a pension in Japan." Presentation at the symposium of the Ministry of Health, Labor and Welfare Weekly Social Security (2001) p.41

¹⁹ Canada, Finland, Germany Italy, Netherlands, Sweden, UK, USA

²⁰ OECD (2001) p.24 Table 2.2

have relatively low earned income compared to people having employee pension and even DC or DB plans.

The various tax breaks relating to members of families should be abolished; for instance, employee's spouse tax break, dependent family tax break, dependent old age spouse tax break, and dependent handicapped family member tax break. It is well known fact that tax breaks adverse affect income equity. The people in higher deciles are more likely to have advantages over their lifetimes.

Various cash transfers should be introduced instead of the abolished tax breaks. For instance, child allowances should be raised during the child-rearing period. In this way, people will revalue social insurance measures. The DC and DB plans will be targeted only at well-paid employees, and they share risk and responsibility without special fiscal treatment.

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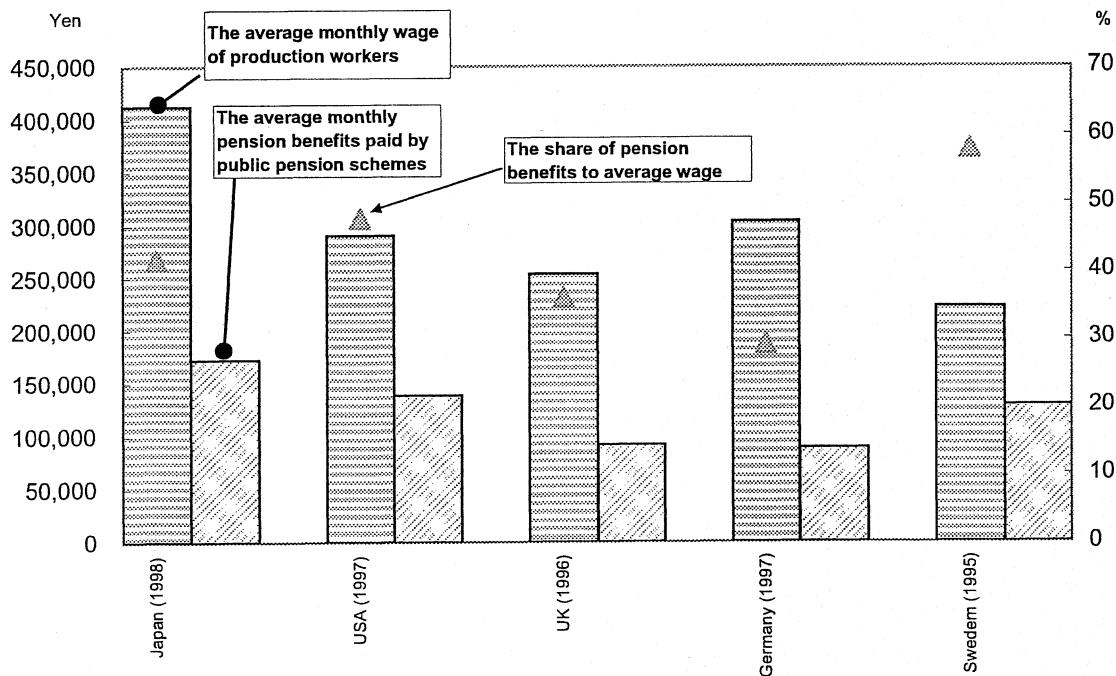
Weekly Social Security No.2155 (2001) Symposium given by the Ministry of Health and Welfare 2001

Table1: What is the main source of your living expenses? 2001

		(%)				
		Japan	USA	Korea	Germany	Sweden
1	Earnings from work	20.8	13.9	28.1	7.1	11.8
2	Public pension (national pension, welfare pension, etc)	67.5	56.6	5.9	75.8	80.1
3	Private pension (company pension, individual pension, etc)	1.6	16.4	0.6	9.1	1.9
4	Withdrawals from savings	1.6	0.9	9.6	1.3	0.6
5	Income from investments (dividends, interest, rental income, etc)	2.3	7.0	5.6	1.9	0.2
6	Support from child(ren)	3.4	0.1	43.2	0.2	0.0
7	Relief or livelihood assistance / supplementary benefits	0.9	0.5	5.0	1.5	2.9
8	Others	1.7	3.1	2.2	3.1	2.2
9	2+3	69.1	73.0	6.5	84.9	82.0

Source: Table 28, The International Study on Living and Consciousness of Senior Citizens , Policy Office for the Aged, Cabinet Office Government of Japan, 2001

Figure1: Comparison of average of old-age pensions (monthly amount)



Source: The graph was made from data on p.418, Annual Report on Health, Labour and Welfare 2000-2001, Ministry of Health, Labour and Welfare, 2000

Table 2: Japan's Pension Estimates in 1998

	unit: 100mill Yen	per GDP (%)	Share to the total (%)
Total	401,598	7.8	100.0
Public	351,186	6.8	87.4
employees'	193,379	3.8	48.2
other (national pension)	157,807	3.1	39.3
Private	50,412	1.0	12.6
Corporate Pension	31,443	0.6	7.8
Employees' Fund ⁽¹⁾	9,267	0.2	2.3
Tax-qualified	20,421	0.4	5.1
Farmers' Fund	1,755	0.0	0.4
Individual	18,969	0.4	4.7
life insurance	10,303	0.2	2.6
Postal saving	8,666	0.2	2.2
Severance Pay ⁽²⁾	386	0.0	

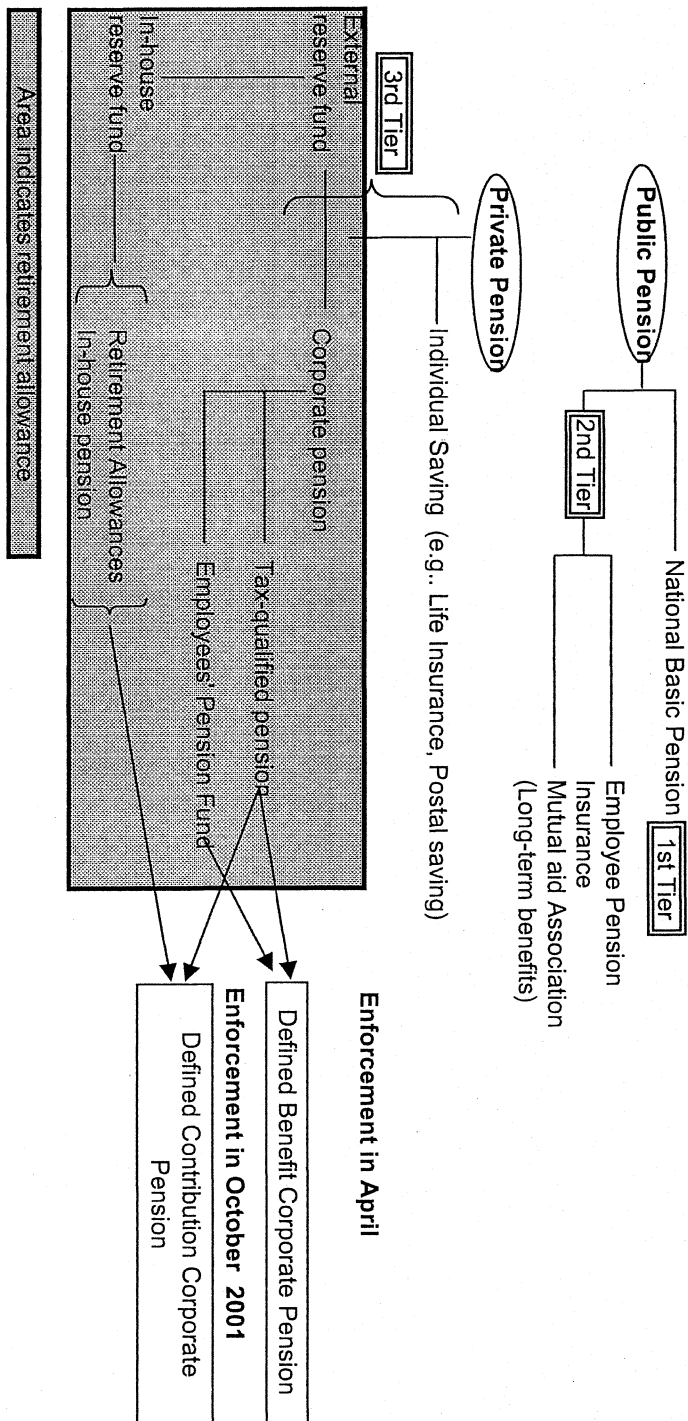
Notes:

(1) Deducted opting-out for employee's pension insurance.

(2) The data taken from National Tax Bureau, where only including only employees' whose annual incomes are above 10 million yen. Most of employees' data for severance pay is not available due to withholding system.

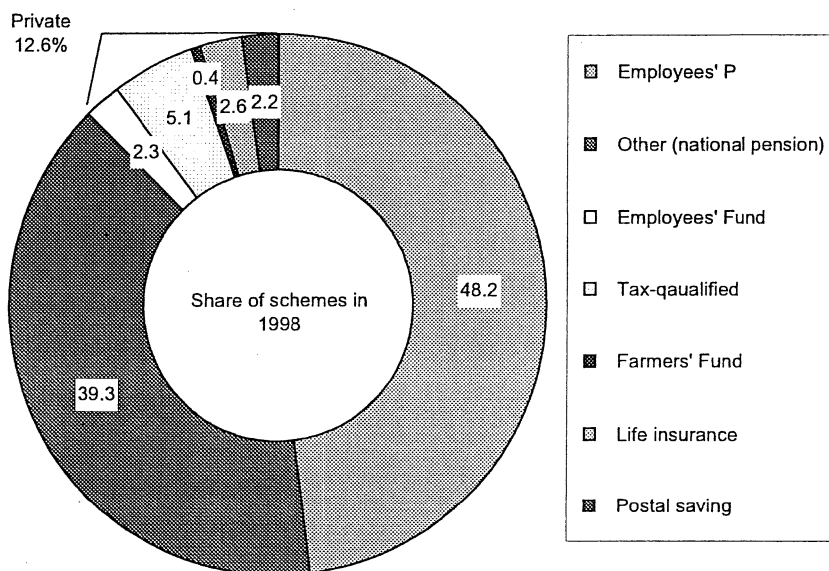
Source : Katsumata (2003)

Figure 2: Overall Picture of Japanese Pensions



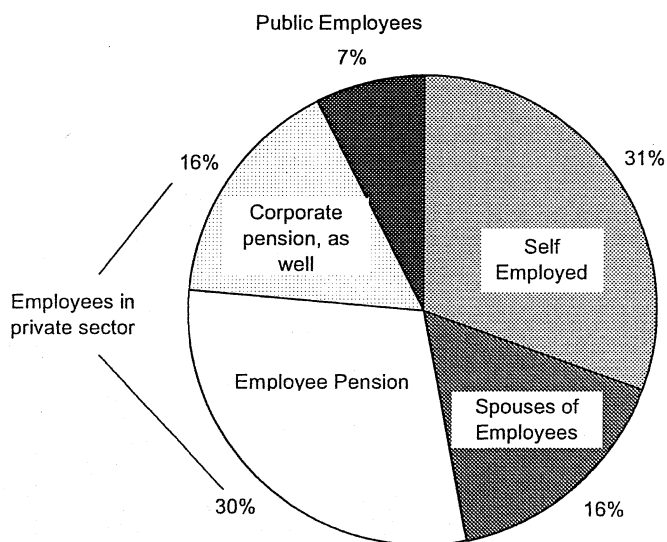
Source: Katsumata (2003)

Figure 3: Public and Private Shares




Source: Table 2

Figure 4: Subscribers to the basic pension



Source: Annual report of Social Security Agency, Government of Japan 2000

Figure5: A Chronological table of Japanese Corporate Pension Schemes

Corporate Schemes	Public Schemes
	1942 Labor Pension Insurance Renamed above
	1944 Employees' Pension Insurance enforced
----- <i>End of WW II</i> -----	
1952 Income deduction for corporate tax on reserve fund to cover retirement payment	1954 New Act of Employees' Pension Insurance
1956 Increasing numbers of corporations introduced pension plans	
1960 Seaman's retirement pension founded	1961  National Pension Insurance enforced
1962 Tax Qualified Retirement Pension enforced	1965 Employees' Pension Insurance 10,000 yen Pension benefit (36%)
1966 Employees' Pension Fund established	1969 Employees' Pension Insurance 20,000 yen Pension benefit (45%) National Pension Insurance 8,000 yen per person
	1973 Benefit level improved under Tanaka Cabinet
	1985 National Basic Pension enforced
1989 National Pension Fund established	1994 Employees' Pension Insurance Pensionable age for the first tier amended to 65 years starting from 2001 to 2013 Introduced indexation by net disposable income
	2000 Employees' Pension Insurance Reduced 5% of benefit of Employees' Pension Insurance Pensionable age for the second tier amended to 65 years starting from 2013 to 2030 / Abolished indexation by earnings
2001 Defined Benefit Corporate Pension Law June Passed (Oct. 2001) Defined Contribution Corporate Pension Law Passed (April 2002)	

Source: Katsumata (2003)

Figure 6: Outline of Japan's Defined Contribution Corporate Pension Plan

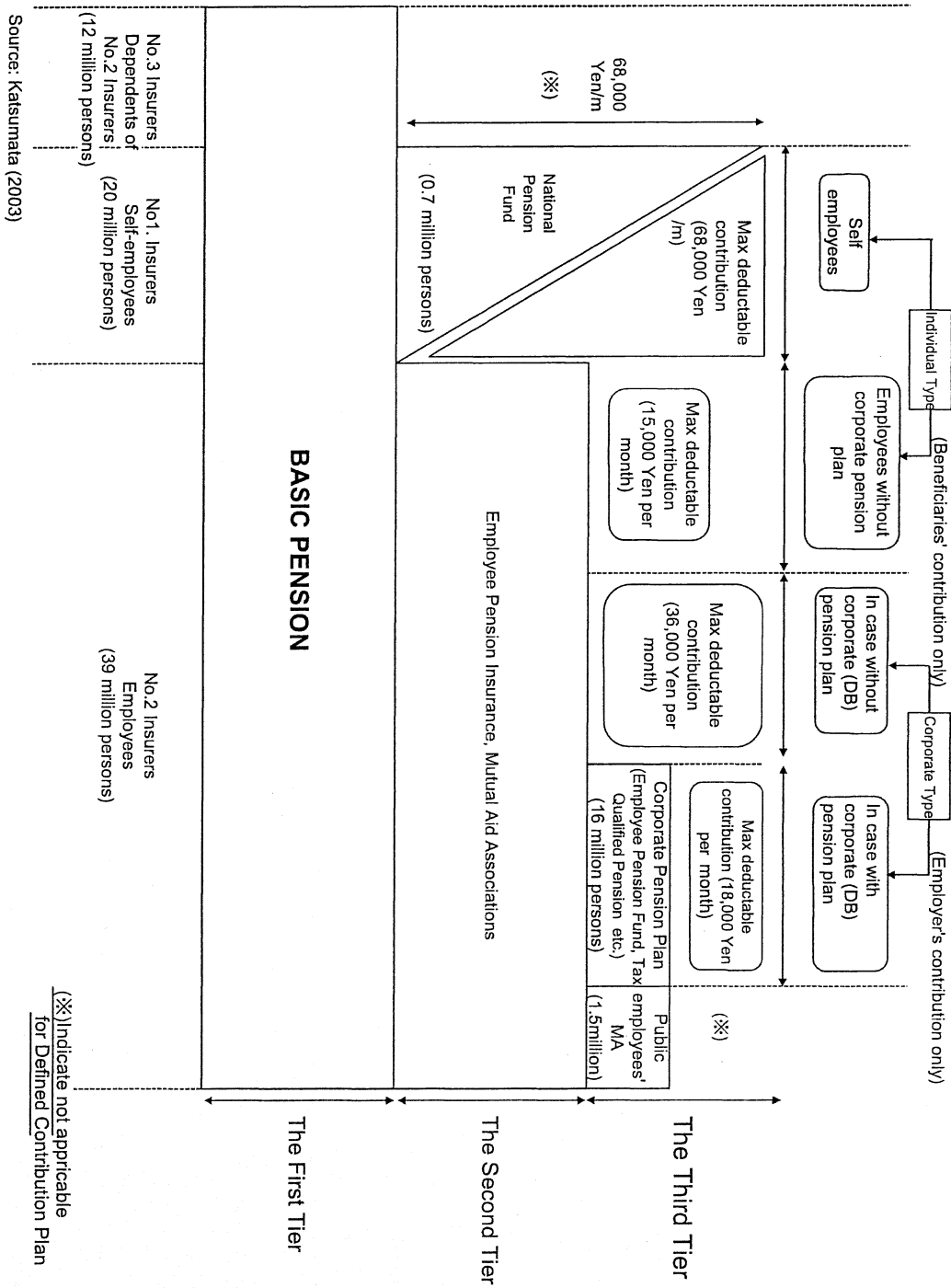


Table 3: Disposable income of the population aged 65 and over by income decile
(compared to population aged 18 to 64 of the same income decile)

Percentages, mid-90's ^{a)}

(unit: %)

	Canada	Finland	Germany	Italy	Japan	Netherlands	Sweden	United Kingdom	United States
Decile 1 ^{b)}	148	101	102	128	72	83	89	76	80
Decile 2	107	83	90	92	73	77	84	69	78
Decile 3	94	78	84	86	75	74	81	66	77
Decile 4	87	75	82	81	77	72	80	64	78
Decile 5	85	73	80	78	77	74	79	64	78
Decile 6	86	72	79	76	78	77	79	65	81
Decile 7	86	72	78	76	81	80	79	67	83
Decile 8	86	72	79	77	84	82	83	72	94
Decile 9	87	73	81	77	87	80	79	67	83
Decile 10	96	75	79	75	94	82	83	72	94

a) Disposable income of the retirement-age population in decile x by the disposable income of the working-age in decline x.

b) Decile is based on each population incomes.

Source: Calculations from the OECD questionnaire on distribution of household incomes (1999)

OECD (2001) p.21 Table 2.2

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