

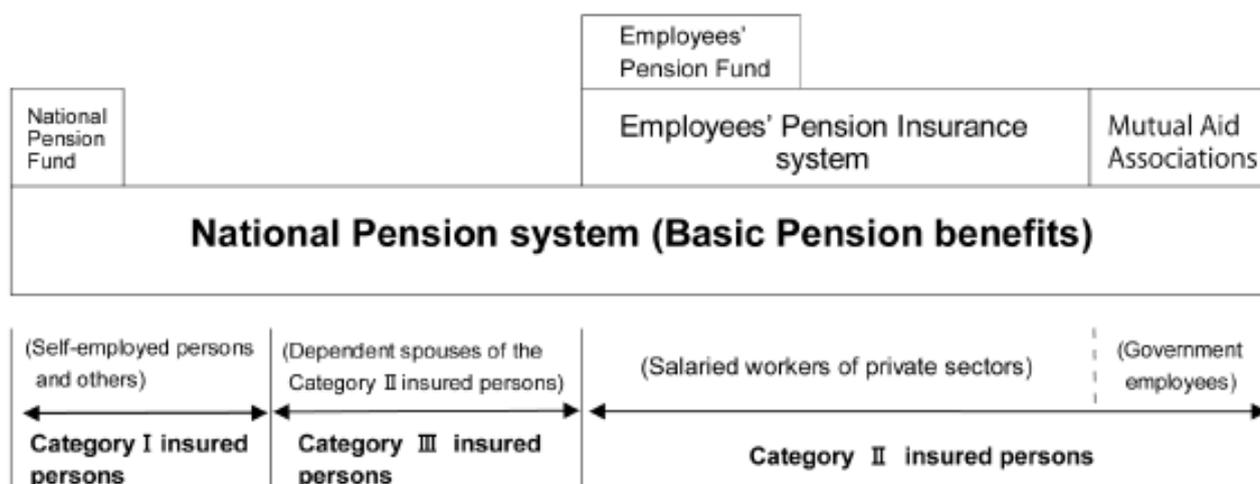
The Pension System in Japan for Non-Japanese Residents

The Japan Pension Service now provides much information in English on their new home page at <http://www.nenkin.go.jp/international/english/index.html>

Much of the information presented below was extracted from the following page.

<http://www.nenkin.go.jp/international/english/nationalpension/nationalpension.html>

Some of the key points are included in this summary. The National Pension System is complex with many exceptions based upon various factors as to who must pay into the system based upon one's employment status, which is outlined in the diagram below. As you can see everyone is required to be part of the National Pension System, while some residents can also join private pension plans in addition to the basic pension.



The National Pension is a public pension system, in which participation is required by all persons aged 20 to 59 years who have an address in Japan, which provides “Basic Pension” benefits due to old age, disability, or death. Old age basic pension benefits are to begin from age 65, however one can elect to receive the pension from 60 years of age (70% of full value) or delay benefits until 70 years of age (receiving 142% of full value for the remainder of your life).

Coverage is Compulsory: All registered residents of Japan aged 20 to 59 years must be covered by the National Pension System are categorized according to status as follows:

Category I insured persons: All registered residents of Japan aged 20 to 59 years who are not Category II or III insured persons (agriculture, forestry, or fishery business operators, self-employed persons, students, etc.)

Category II insured persons: government workers, persons enrolled in the Employees' Pension Insurance system or Mutual Aid Associations (except for those aged 65 to 69 years who are eligible to receive a pension due to old age or retirement)

Category III insured persons:

Category II insured person's dependent spouse aged 20 to 59 years

Compulsory Coverage and Contributions in the Japan Pension System

For those who are employed full-time, the employer is required to see that the employees are enrolled in the system, and they also must contribute to the pension fund. Part-time workers and even those who are unemployed are still required to register for the system and make monthly contributions. The contribution amount for the National Pension is ¥15,590/month (for the fiscal year 2015: to be increased every April). You can pay your contributions in cash at banks and other financial institutions, post offices, and convenience stores. You can also pay it using automatic bank transmission or through Internet payments.

Contribution Payment Exception System

When your income is too low to pay contributions or you have other reasons, you can apply for the exemption from contribution payments at your local Municipal Office. Those who are unsure as to their status should visit one of the JPS branch offices to discuss their situation. It was recommended that a foreign resident, who is not able to communicate comfortably in Japanese, visit the office with a bilingual family member or friend who can help explain the information provided. The staff at these offices cannot be expected to explain adequately in English or another foreign language. A directory of JPS Branch Offices with telephone contact numbers can be accessed at the following link:

<http://www.nenkin.go.jp/international/english/offices/offices.html>

Pension Handbook

When your enrollment procedure is completed, you will receive your Pension Handbook. Please note you will need it throughout your lifetime and make sure you always keep it in a safe place. Your Pension Handbook is essential to prove your identity when you apply for your benefits or inquire about your benefits.

Number of Contribution Years to be Fully Vested to Receive Old-age Benefits

Under the current law, in order for you to receive the Old-Age Basic Pension when you turn 65, you need to have paid into the system for at least 25 years. However, the minimum requirement period for the premium payment is scheduled to be shortened from 25 years to 10 years in 2019. This is planned to coincide with the increase in sales tax to 10%. Of course, the exact details must be followed closely when it is time for implementation.

Lump-sum Withdrawal Payments (Exclusively for Non-Japanese Residents)

If you are not a Japanese citizen and you had resided in Japan and paid into the Japanese system for at least six months, you can claim the Payments within two years after your departure from Japan. You can claim the Payments if you have at least 6 months of due coverage periods under the National Pension system (contribution-exempted periods are proportionally calculated) and you are not eligible for pension benefits. For more detailed information in a variety of foreign languages please visit this page: <http://www.nenkin.go.jp/international/english/lumpsum/lumpsum.html>.

International Social Security Agreement (Elimination of Dual Coverage and Totalization Agreements)

Japan has a variety of agreements with different countries, and are working out new agreements. It is important that each person investigate the effect of any agreement between their home country where they have made social security contributions and Japan. Therefore, please read the details provided at the following website links.

<http://www.nenkin.go.jp/international/english/international/socialsecurity.html>

The Private School Mutual Aid System

Teachers at Private Schools may be eligible for additional benefits outside of the National Pension System. Eligibility and other issues pertaining to this system is explained at the following website.

<http://www.shigakukyosai.jp/en/about/about02.html>

Overview of the Japan Pension Service and its Operation

There is an excellent PDF file which outlines in flowchart format all aspects of the Japan Pension Service Operation. It is recommend that you focus on the second half of that document from pages 7-12.

http://www.nenkin.go.jp/files/about_jps_operation.pdf