

Kanagawa International Foundation Social System Seminar

Let's Learn about Japan's Pension System!

~Knowing how the system works will give you peace of mind about later in life or if you were to get injured~



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Today's topics to be presented:

- National pension system
- Who enrolls in this system
- Monthly contributions
- 'Nenkin teikibin' notice
- Receiving pension payments
- Social security agreement



What is the National Pension System?

Japan's national pension system is a system that allows everyone to support one another.



- ① Growing old (65 years old +) (⇒old-age pension)
- ② Illness/injury cause disability(⇒disability pension)
- ③ After death (⇒survivors' pension)

The person or their family can receive a pension to ensure a minimum standard of life.

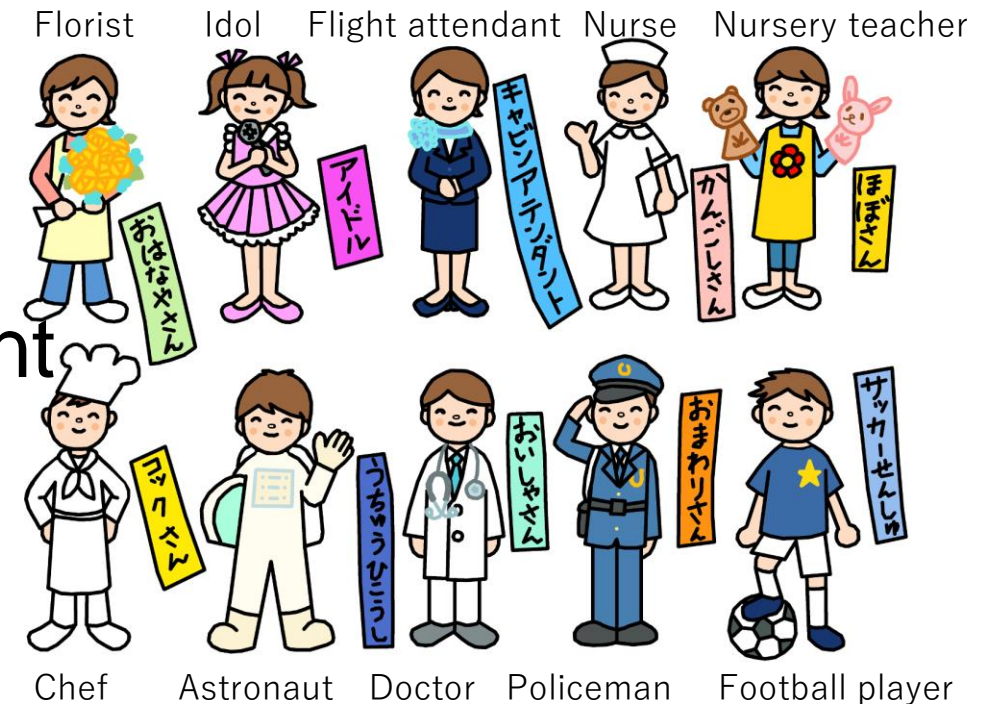
Who enrolls for a pension?

- In principle, all those aged 20 to under 60 years of aged living in Japan should be enrolled in the national pension.

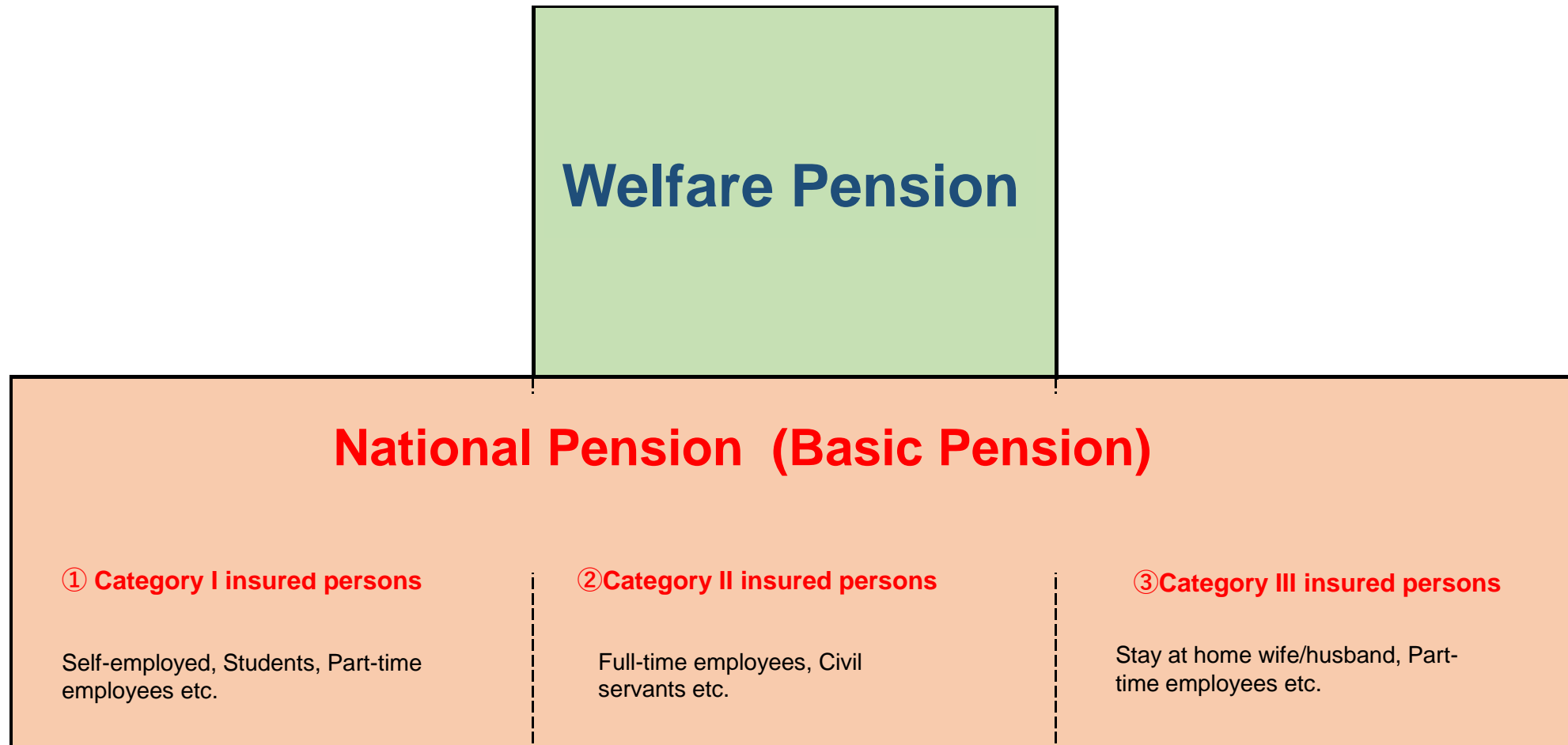
- Regardless of nationality.

- There are 3 categories of enrolment

- ① Category I insured persons
- ② Category II insured persons
- ③ Category III insured persons



National Pension & Welfare Pension



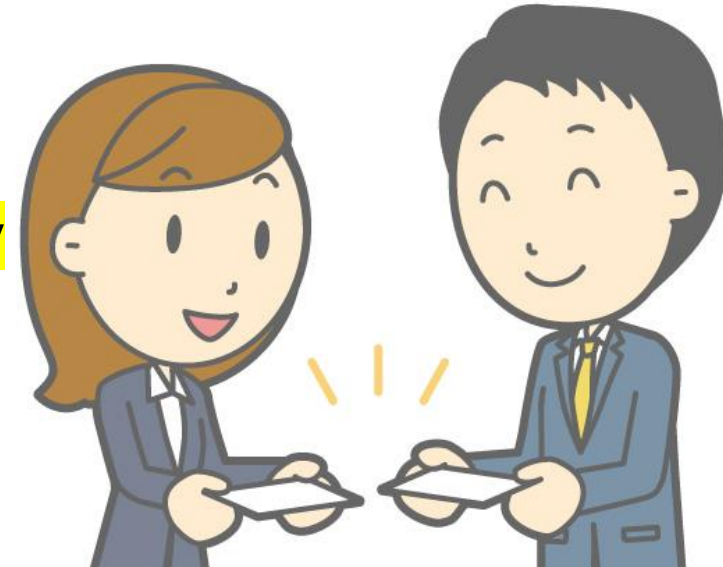
CATEGORY 2

◎Insured persons

- Full-time employees, civil servants etc.
- Those enrolled in the **welfare pension** (excluding those aged over 65 applicable to receive the old-age pension)
- Possible to enrol under the age of 20 / from 60, or if living overseas
- **Place of employment** carries out enrolment procedures

◎Monthly contributions

- Monthly benefits (standard bonus amount) $\times 18.3\%$
- **Insured person and employer pay monthly contribution evenly**
- Monthly contribution is removed from salary and **paid by the employer**



Category 3

◎Insured persons

- Stay at home wife/husband, part-time employee etc.
- Dependant spouse of Category 2 insured person (according to national health insurance standards)
- Resident in Japan and aged 20-59 years old
- Enrolment procedure carried out by place of employment of Category 2 insured person

◎Monthly contributions

- No payments by this person



Category 1



© Insured persons

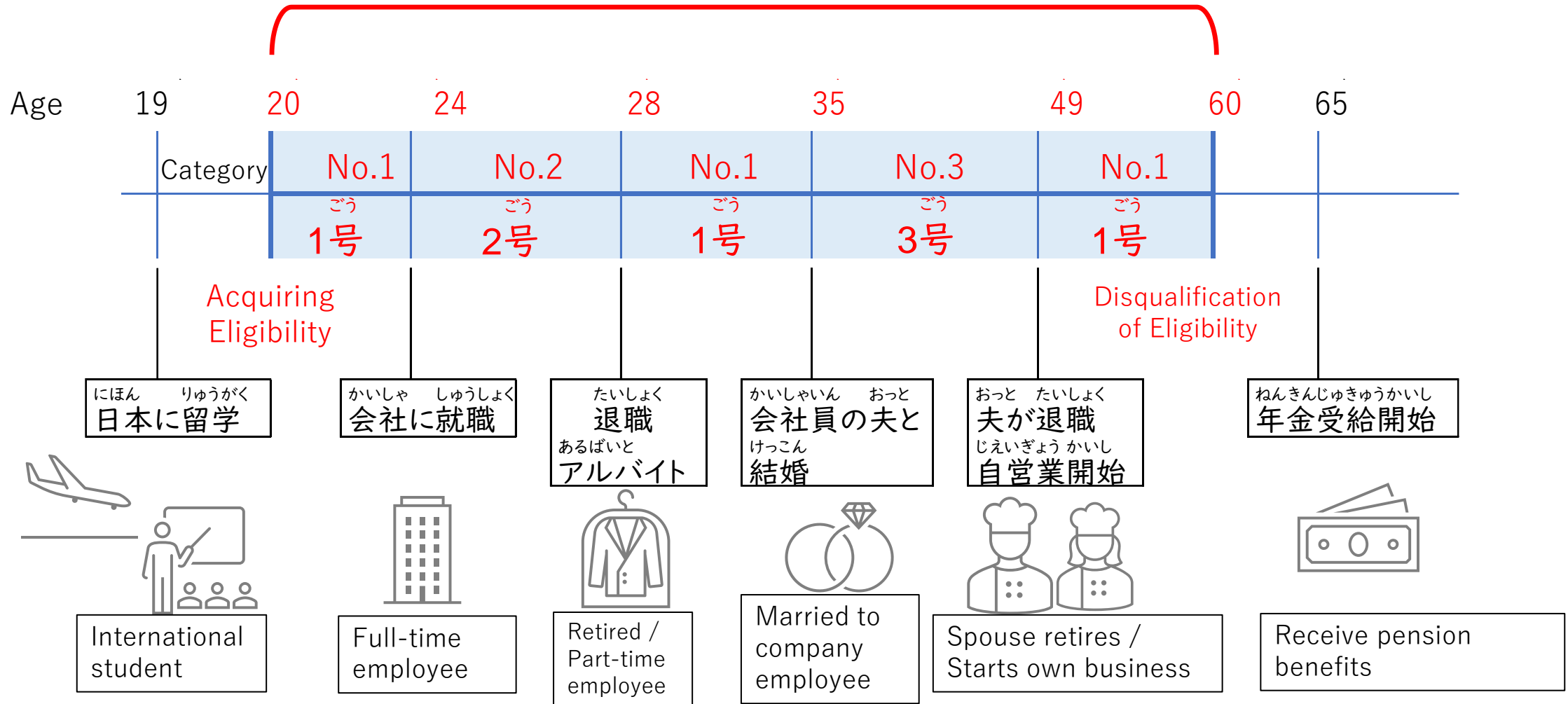
- Resident in Japan and aged 20-59 years old
- Not applicable for **Category 2/3**
- Self-employed, student, part-time employee, employee at workplace not covered by welfare pension, person with multiple jobs etc.
- Enrolment procedures to be carried at closest municipal office and pension office to place of residence.

© Monthly contribution

- Fixed amount: 16,610 JPY per month (2021) **Payment to be made by insured person**
- Exemption System/Postponement System
- Additional payments (400 JPY per month)

What Category are you?

Enrolment in the
national pension



Important! If Category 1, you are responsible for procedures!

Where to carry out procedures: Municipal office & pension office closest to your place of residence

◎ Changing from Cat. 2 -> 1

- Retired from company

◎ Changing from Cat. 3 -> 1

- Cat. 2 husband/wife retired
- Divorced
- Own income increased (approx. 1,300,000+ per year)
- Cat. 2 husband/wife turns 65 years old and begin to receive old-age pension



Exemption System / Postponement System for Category 1

This system is for those who are financially unable to pay the monthly contributions. Payments can be postponed by up to 10 years (additional payments also possible).

① Exemption System

Application can be made when your own/head of home/spouse('s) income for the previous year is below a certain amount. Applicants can be made partially or fully exempt from monthly contributions.

2021 FY	Full Payment	25% Exemption	50% Exemption	75% Exemption	Full Exemption
Monthly Contribution	¥16,610	¥12,460	¥8,310	¥4,150	¥0
Ref: Old-age Basic Pension	100.0% (¥780,900)	87.5% (¥683,288)	75.0% (¥585,675)	62.5% (¥488,063)	50.0% (¥390,450)

Exemption System / Postponement System for Category 1

② Postponement System

You may apply to have payments postponed if you are aged **under 50 years old** and **you/your spouse** has an income below a certain amount.

③ Special Payment System for Students

Students with an income below a certain amount from the previous year can apply to have their payments postponed.

⇒ **Eligibility period of 10 years increases** for ②、③ above, but the benefits amount from the **old-age basic pension will not increase**. If procedures are not carried out (un-paid) **neither increase**.

⇒ Those who have been made **unemployed** or have a reduced income due to **COVID-19** may also apply for exemption/postponement.

Exemption System / Postponement System for Category 1

©Approx. income to apply for exemption/postponement

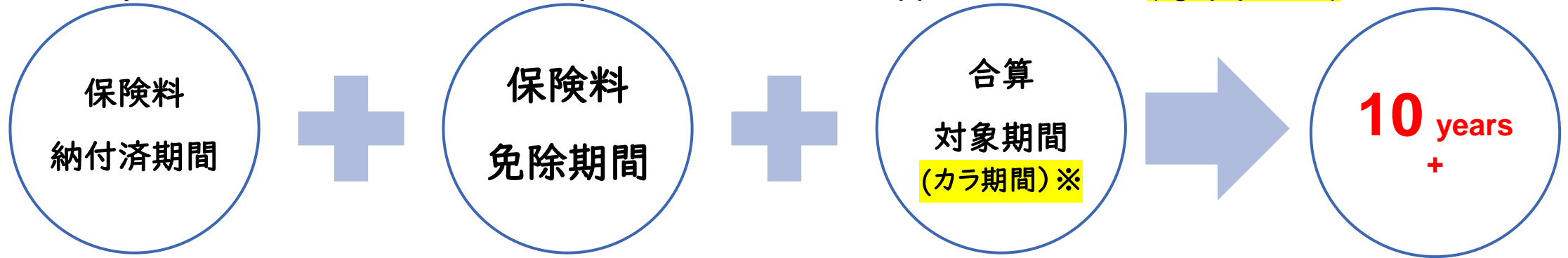
Income of previous year (or two years prior if applying Jan.-Jun.) should be equal to or less than the amounts shown below.

- (1) Full exemption: $(\text{Number of dependents} + 1) \times 350,000 + 320,000$ JPY
- (2) 75% exemption: $880,000 + \text{number of dependents} \times 380,000$ JPY *
- (3) 50% exemption: $1.28 \text{ million yen} + \text{number of dependents} \times 380,000$ JPY *
- (4) 25% exemption: $1.68 \text{ million yen} + \text{number of dependents} \times 380,000$ JPY *
- (5) Postponement System: $(\text{Number of dependents} + 1) \times 350,000 + 320,000$ JPY
- (6) Special Payment System for Students: $1.28 \text{ million yen} + \text{number of dependents} \times 380,000$ JPY *

*480,000 JPY if supporting spouse/elderly relative, or 630,000 JPY for specific dependent relatives aged 16 to 23

Eligibility period of 10 years required

Monthly Contributions Period + Exemption Period + Total Applicable Period (*gap period)



In principle, benefits paid from 65 years of age

***Gap period**

Special period for extending eligibility period (pension benefits cannot be increased)

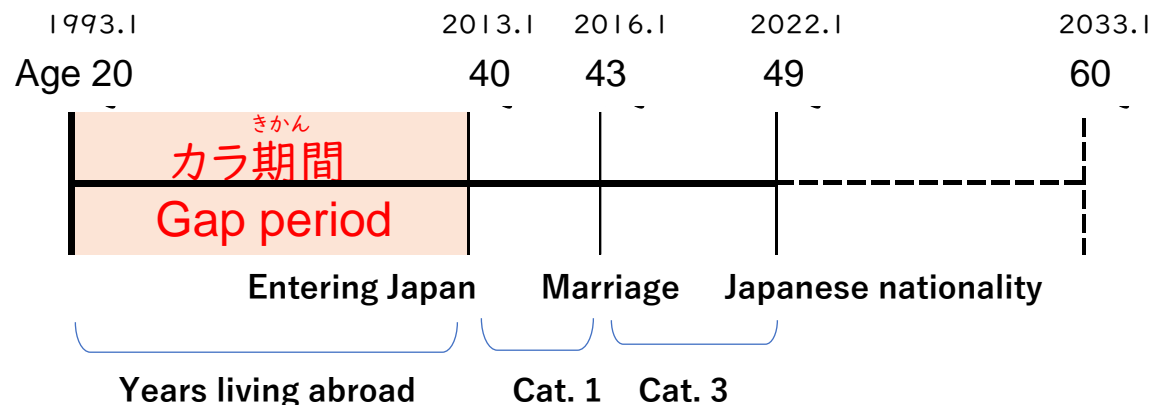
Gap period example

Japanese nationals / permanent residents aged 20-64 after May 1st 1961

① Those who were resident in Japan but unable to enrol in the pension system between April 1961-Dec. 1981

② From day prior to obtaining Japanese nationality (April 1961 onwards) while aged 20-59 for those residing overseas

*Case study of a foreign woman coming to Japan and acquiring Japanese nationality after marrying an office worker living in Japan



Documents to prove gap period (presented by person in question)

Shows date of arrival in Japan/obtaining nationality

- Foreign registration card (issued by Ministry of Justice, Immigration Bureau)
- Passport
- Resident card (juminhyo)
- Family register record (koseki touhon) etc.



Check your ‘nenkin teikibin’ notice!

- Content **Old-age pension** information
- Eligible persons **National pension/welfare pension insured persons** (including those receiving old-age pension benefits)
- Period Posted annually in **month of birth** (or previous month for those born on the first day of the month)



Eligible category	Format	Content	
Under age 50	Postcard	Ensured status for the past year	<ul style="list-style-type: none">• Monthly payment amount• Pension enrolment period• Benefits based on past monthly payments etc.
35/45 years old (turning point)	Sealed document	Info. on pension record for full enrolment period	
Age 50 +	Postcard	Ensured status for the past year	<ul style="list-style-type: none">• Monthly payment amount• Pension enrolment period• Expected benefit amount (excluding recipient)
59 years old (turning point)	Sealed document	Info. on pension record for full enrolment period	

Reading the enrolled period of your 'nenkin teikibin' notice

Enrolled period (In principle, qualifying period of 120 months or more required for receiving old-age pension benefits)

2. これまでの年金加入期間 (老齢年金の受け取りには、原則として120月以上の受給資格期間が必要です)

国民年金 (a) National pension (a)			船員保険 (c)	Enrolled period total 年金加入期間 合計 (未納月数を除く) (a + b + c)	合算対象期間等 (d)	受給資格期間 (a + b + c + d)
第1号被保険者 (未納月数を除く)	第3号被保険者	国民年金計 (未納月数を除く)				
75 月	0 月	75 月	0 月			
厚生年金保険 (b) Welfare pension (b)				455 月	0 月	455 月
一般厚生年金	公務員厚生年金	私学共済厚生年金	厚生年金保険計			
380 月	0 月	0 月	380 月			

Qualifying period
for receiving
benefits

National pension
total

Welfare pension
total

Is it over 120 months (10 years)?

⇒ important for old-age pension etc.

Is it over 300 months (25 years)?

⇒ important for survivors' pension etc.

Using your 'nenkin teikibin' when applying for permanent residency

Evidence of payment of pension **monthly contributions for recent 2 years** required for permanent residency application from 2019.

See below for details of required documents.

① 'Nenkin teikibin' notice (showing payment status for total period)

Card notice sent to home not applicable. Document showing payment status for total period in Japan is issued by Japan's pension authority (P.27)

② 'Nenkin Net' (screen print outs of all monthly payments)

Register a 'nenkin net' account on Japan's pension authority website.

Ref.: https://www.nenkin.go.jp/n_net/index.html

③ National pension monthly contribution receipt (copy)

Old-age pension



- Those with eligible period of 10 years or more and aged 65+ can receive 'old-age basic pension' from the national pension for

Annual amount: 780,900 JPY

(as per 2021 FY for those who contributed for 40 years)

* Just having 10 years is not enough

Amounts to just :

$780,900 \text{ JPY} \times 10 \text{ YRS} / 40 \text{ YRS} = 195,225 \text{ JPY}$

- Those who were enrolled at some time in the welfare pension get an additional 'old-age welfare pension'. Benefits vary according to past payments and period of enrolment.

Disability pension

- Those enrolled in the national pension with a **grade 1 or grade 2 disability** from an **injury or illness with a clear starting date** are applicable to receive a '**Disability Basic Pension**' from the national pension.

Annual amount	976, 125 JPY (grade 1 as per 2021)
	780, 900 JPY (grade 2 as per 2021)

*period of non-payment may disqualify from receiving benefits

- Those enrolled in the welfare pension receive additional benefit: "**disability welfare pension**". Pension benefit amount varies according to **previous payments and enrolment period**.



Survivors' pension



- If a national pension insured person passes away
Relatives supported by insured person's living expenses
(spouse with children or children) can receive a 'Survivors' Basic Pension' from the national pension.

Pension benefit amount 1,005,600 JPY (780,900+224,700 JPY)
(for a spouse with 1 child as per 2021)

*period of non-payment may disqualify from receiving benefits

- Those enrolled in the welfare pension, surviving relatives receive additional benefit ('Survivors' Welfare Pension'). Pension benefit amount varies according to previous payments and enrolment period. The extent of persons included also increases.

(①Spouse+child(ren) ②Parent(s) ③Grandchild(ren) ④Grandparent(s) who were supported by deceased)

Lump sum payment after death

- If the total of monthly contributions as **Category 1** exceeds a total of **36 months (3 years)** and the insured person passes away without receiving benefits from either the **Old-age Basic Pension** or the **Disability Basic Pension**, benefits will be paid to the **relatives who were supported by the insured person's living expenses**.

(①Spouse ②Child(ren) ③Parent(s) ④Grandchild(ren) ⑤Grandparent(s) ⑥Sibling(s))

No. of months paying for pension benefits			Amount
36 months or more	Less than	180 months	120,000 JPY
180	~	240	
240	~	300	145,000
300	~	360	170,000
360	~	420	220,000
420	~		270,000
			320,000

Lump sum withdrawal when leaving Japan



◎Who can apply

Foreign residents in Japan enrolled in the national pension or welfare pension for 6 months or more who no longer have the right to receive the basic old-age pension can apply for a lump sum payment within 2 years of no longer having an address in Japan. The period subject to the lump sum withdrawal is not included in the eligible period; this is important for those who may return to Japan and receive a pension in the future.

◎Procedures

- ① Submit Moving Registration (tenshutsu todoke)
- ② Send request for lump sum withdrawal and supporting documents to Japan's pension authority after leaving Japan
(Takaidonishi 3-5-24, Suginami Ward, Tokyo, Japan 168-8505)

Amount of Lump sum withdrawal when leaving Japan (national pension)

Max. amount returned is 50% of monthly contributions paid
(2021)

No. of months paying for pension benefits		Rate for calculating benefit amount	Benefit amount
6 months or more	Less than 12 months	6	49,830 JPY
12	~ 18	12	99,660
18	~ 24	18	149,490
24	~ 30	24	199,320
30	~ 36	30	249,150
36	~ 42	36	298,980
42	~ 48	42	348,810
48	~ 54	48	398,640
54	~ 60	54	448,470
60	~	60	498,300

What is the social security agreement?

In principle, if you are dispatched from a company and work overseas, you are supposed to join the pension system of both your own country and the partner country. Therefore, you may have to pay both monthly contributions at the same time and may not qualify for pension benefits in the partner country despite making monthly contributions due to too short of a contributing period.

©Avoiding of double enrolment

If you are dispatched to and working for a short period (often within 5 years) in one of the countries on the right, you only need to enrol in the pension system of your home country.



What is the social security agreement?

©Total combined period enrolled in pension system

(excluding the United Kingdom, Rep. of Korea, and the People's Rep. of China)

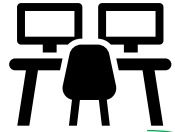
Ensured persons enrolled in a foreign pension system may not meet the required period for benefits, and **not receive anything for payments made**. In order to avoid this, the social security agreement allows for contributions made overseas to be **transferred to your home country**, and be **counted towards the old-age pension**.

Request for pension payment can be made to the appropriate body between **both countries**, or request forms for pension invoice etc. to the appropriate body in each country for download.

Inquiries/Contact Information

◎In person inquiries

- Pension office
- Pension consultation center
- Local municipal office



Visit the Japan Pension Service website for more information.

<https://www.nenkin.go.jp/>

Find your nearest pension office here.

<https://www.nenkin.go.jp/section/index.html>

◎Telephone inquiries



(when calling from a 050 number)

- Reservations only 0570-05-4890 OR 03-6631-7521
- Pension call center 0570-05-1165 OR 03-6700-1165
- Nenkin teikibin notice/Nenkin Net Website inquiries
0570-058-555 OR 03-6700-1144

In conclusion...

The pension system exists to help you and your family in case of emergency. Not doing anything because you don't understand how the system works could lead to a lot of difficulty for you later in life or if you get injured.



Carry out the necessary procedures correctly, and contribute to building a safe society together!

Thank you for your kind attention!

