

Good and bad of the Automatic Balancing Mechanism
of Japan's Public Pension Plans

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Abstract

Japan introduced the automatic balancing mechanism (ABM) (into both the Basic Pension and the earning related portion of) the public pension plans by the 2004 Pension Reform. The mechanism has certainly enhanced the sustainability of the plans. However, it has also contributed a lot to make extremely light of the consideration on the adequacy of public pension benefits. In this presentation, we will compare the discussions exchanged and materials submitted to the Pensions Subcommittee of the Social Security Council on the issue of the adequacy of pension benefits before and after the introduction of the ABM and point out the major differences between them, taking into account the influence caused by the reports of the ad-hoc National Congress on Reforming the Social Security Systems. Based on this analysis we will consider where the problems exist in the process of the discussions in the Pensions Subcommittee since the 2004 Pension Reform and how we should proceed hereafter with the issue of ensuring and enhancing the adequacy of pension benefits. Lastly, we will point out the role that social security actuaries should play for ensuring the balanced discussions on the issue of adequacy and sustainability of pensions.

Key Words

Automatic Balancing Mechanism, Adequacy, National Congress on Reforming the Social Security Systems, Social Security Actuaries

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1. Introduction

- 1.1 In Japan, the automatic balancing mechanism of reducing the benefit level of the public pension plans, taking account of the long-term financial balance of the plans, was introduced by the 2004 Pension Reform. The mechanism is sometimes called the “Macro Economic Indexation (MEI).” At the time of enacting the 2004 Pension Reform, the competent Minister declared with his loud voice that the public pension plans should be safe for the next 100 years. Since then, there has been very scarce discussions on the issue of adequacy of pension benefits and on raising the statutory pensionable ages (SPAs) beyond 65 to ensure the adequacy of pension benefits.
- 1.2 This situation poses very sharp contrast with those in many developed countries in Europe and North America. One of the major backgrounds of this situation would be that the ad-hoc National Congress on Reforming Social Security Systems published a report in 2013 saying that there is no need to raise the SPA beyond 65 for ensuring the financial sustainability of public pension plans. The NC report explains that it is because the total expenditure of the public pension plans is controlled by the MEI, and the total expenditure would be same even if the SPA is raised. Then people tend to understand that paying consideration on whether to raise the SPA is meaningless anymore and we should rather realise the society where people can freely choose when to start receiving public pension benefits along with his/her health status and earning income.
- 1.3 This claim of the NC report has influenced profoundly the political and academic thinking on the issue of the SPA and as well as the issue of adequacy of pension benefits. Thus, the NC report is considered to be one of the major reasons why the discussion on the issue of adequacy has not been the major agenda item of the Pensions Subcommittee of the Social Security Council after the 2004 Pension Reform. There is no schedule stated in law of raising the SPA beyond 65 in Japan, while the life expectancy of Japanese citizens is one of the highest among the world.
- 1.4 However, the question is whether the Japanese society can really survive without raising the SPA beyond 65 in the future. Keeping this concern in mind, we will first confirm the positioning of the NC and the arguments developed in the NC report on how the issue of the SPA should be paid consideration (Section 2). Then, we will verify whether the consideration on the issue of the adequacy of

pension benefits has certainly been inactive in the discussion of the Pensions Subcommittee since the publication of the NC report (Section 3). Then, we will make it clear why the argument of the NC report is inappropriate (Section 4). Further, we will review the challenges about the ABM and point out the deficiencies specific to the ABM system in Japan which have not been explained well in the literatures written in English and thus rarely understood internationally (Section 5). Lastly, we will propose what kind of roles social security actuaries should play, when we consider the political propensity in Japan of both avoiding the discussion on the issue of adequacy as much as possible and postponing the discussion on raising the SPA beyond 65 as long as possible, taking into account the public expectation to the profession (Section 6).

2. The Report of the ad-hoc National Congress on Reforming the Social Security Systems and general understanding of the report

2.1 Firstly, we will confirm the positioning of the NC. The NC was set up by the Act for furthering the reform of social security, which was enacted in 2012 as one of the eight Acts for integrally reforming the social security systems and the tax systems. The Democratic Party, the Liberal Democratic Party and the New Komei Party jointly selected 15 members of the NC. At that time, there was the change of government from the Cabinet of the DP to the coalition Cabinet of LDP and the NKP. However, the NC started its consideration in November 2012 without any interruption and summarised its report and submitted it to Prime Minister Sinzo Abe in August 2013.

2.2 Then, the Abe government and the ruling LDP and the NKP determined the contents of the bill of scheduling how to proceed the reform of the social security systems, along with the contents of the report. The bill was submitted to the Diet in October 2013 and was enacted in December 2013. Thus, the NC report has played an extremely important role in the field of social security in Japan. It should be noted that the NC report focused rather on Health and Long-term Care schemes because the major reform of the public pension schemes had already been carried out by the Acts of integrally reforming the social security system and the tax system. The NC allocated only eight pages on pension reform in its 46 pages-long report.

2.3 However, with its relatively short description, the claim of the NC report on pension reform has influenced a lot to the discussion in Japan until now. On the

relationship between working in elder ages and receiving old-age pension benefits, the NC report claims that the issue of the SPA is not an issue of financing the public pension plans, but is to be recognised as an issue of how to balance the working period and the retirement period of individual persons on the micro-basis, and how to balance the working population and the non-working population on the macro-basis under the circumstance that the Japanese society is gradually ageing as a whole.

2.4 The report claims further that we should consider the appropriate combination of the work style of the elderly and how to receive old-age pension benefits, taking account of the aims and the contents of the pension reforms tackled in many developed countries. The report adds that efforts should be made to expand the opportunities of working for the elderly and consideration should be given to how much flexibilities should be given to the manner of receiving old-age pension benefits. The flexibilities enable to deal with smooth transition from working with divergent work style to retirement, thinking together the old-age pensions for those still working.

2.5 Thus, the NC report keeps ambiguous stance about the issue of raising the SPA. But the point here would be that the NC report says nothing about the adequacy of pension benefits in the future. It might invite people to such understandings that there is no need to raise the SPA because the financial problem has already been fixed by the MEI mechanism and even if the adequacy of the pension benefits were lost in the future, individual beneficiaries are able to deal with the issue by adjusting the working period appropriately, depending his/her health status and the working conditions.

3. Discussions in the Pensions Subcommittee after the introduction of the macro-economic indexation into the public pension plans in Japan

3.1 The Pensions Subcommittee of the Social Security Council is the standing body of paying official consideration to various issues of the pension systems in Japan, corresponding to the inquiry of the Ministry of Health, Labour and Welfare. The MHLW is responsible for policies on social security and administration of public pension plans, including investment management of pension reserves.

3.2 We have analysed the discussions in the Pensions Subcommittee after the introduction of the MEI mechanism in 2004. There have been 61 meetings held from the kicking off the 2009 Valuations to the very recent meeting toward the

2019 Valuations. Here, we should note that actuarial valuations are carried out every five years in Japan. The 2009 Valuations was the valuation next to the 2004 Pension Reform where the MEI mechanism was introduced in Japan. The table put on the end of this paper summarises the agenda items of each meeting of the Pensions Subcommittee. The table lists the agenda items just as actually stated on the agendas. Sometimes the expression is vague, but we can understand the true meaning of the agenda item by tracing back to the corresponding materials submitted to the meeting.

3.3 We evaluated each agenda item in this way and checked whether any adequacy-related agenda items were included. We also counted the number of key words such as “benefit level”, “replacement rate” and “adequacy” or “adequate” appeared in the minutes of the Subcommittee meeting. These words are often used when paying consideration to the issue of adequacy and the minutes are prepared very close without any abbreviations. However, we should pay attention to the fact the word “benefit level” and the word “replacement rate” are also used in the discussions on the MEI, because the MEI uses the replacement rate of 50% as the criterion of the minimum level of benefits to be ensured after applying the MEI mechanism. Therefore, appearance of the word “benefit level” or the word “replacement rate” does not necessarily mean that the issue of adequacy was paid proper consideration at the meeting.

3.4 It became very clear from this analysis that there have been no agenda items directly dealing with the issue of adequacy since the 2004 Pension Reform. Certainly, the issue of adequacy is sometimes referred in the meeting. The agenda item such as “transformation of employment and pensions” might have included the issue of adequacy within its scope. However, the appearance of the word “adequacy” was very sporadic even in the discussions on such agenda items. Considering together that the appearance of the word “adequate” or “adequacy” was very scarce, we can conclude that the main theme of the discussions on the agenda item was not the issue of adequacy.

3.5 The word “adequacy” does not appear in the minutes of the Pensions Subcommittee meetings held after the publication of the NC report in 2013, except the meetings held in 2013/11/27, 2014/3/12, 2014/10/01 and 2018/7/30. Here, we should consider the fact that 2009 and 2014 Valuations revealed that the period that the MEI mechanism is applied to the Basic Pension would be much longer than the period estimated in the 2004 Valuation. If the issue of

adequacy of the Basic Pension had been put on the agenda, there should have been much more discussions and the word “adequacy” should appear with much more frequency. Therefore, we can conclude that the NC report exercised a profound influence on the discussion of the Pensions Subcommittee on the issue of adequacy.

3.6 In summary, it can be said at the minimum that in Japan, the Pensions Subcommittee has not paid enough consideration to the issue of adequacy at least after the introduction of the MEI in 2004. One of the backgrounds of this regrettable fact would be that the agenda items of the meeting of the Pensions Subcommittee are generally set by the MHLW, not by the Chair of the Pensions Subcommittee. In addition, the government has been very careful or even reluctant to deal with the issue of adequacy in the meetings of the Pensions Subcommittee, since the MEI is applied to the Basic Pension whereas it seems difficult to find acceptable solutions to the expected gradual deterioration of the Basic Pension.

3.7 At the time of introducing the Basic Pension in 1981, its benefit level was set to cover the minimum level of consumption of the elderlies. Applying the MEI not only to the earnings-related portion but also to the Basic Pension means that the government must be extremely careful about dealing with the issue of adequacy. This is because there is a concern that paying consideration to the issue of adequacy in the Pensions Subcommittee may lead to heated discussions on the urgent need to overhaul the public and private pension systems.

3.8 Deflationary circumstance has continued persistently for more than 20 years in Japan up to now and due to the restrictions posed on the MEI mechanism for protecting the nominal amounts of pension benefits, it is said that the real value of the Basic Pension has increased a little since the introduction of the MEI in 2004. On the other hand, both the insurance premiums and the self-pay burdens of the public health insurance and the long-term care insurance have been raised tremendously. The benefit level of the Basic Pension set in 1981 did not take into account the expenditure of paying insurance premiums of the public health insurance (and the long-term insurance), because they are not in the category of consumption and the benefit level of the Basic Pension was set to cover the basic portion of the consumption of the elderly.

3.9 As one of the natural consequences of the current benefit level of the Basic Pension, no Japanese consider that the benefit level of the Basic Pension is

adequate to maintain the decent or moderate life after retirement. However, it should be emphasised that the Basic Pension comprises one of the indispensable financial resources for the elderly. It can be said that it consists one of the given conditions when people in Japan make financial planning after retirement, irrespective of whether the benefit level of the BP is adequate.

4. What is wrong in the arguments stated in the NC report on how the relation between working in old ages and receiving old-age pensions should be

4.1 As explained in 2.3 above, the NC report claims that the issue of the SPA is not an issue of financing the public pension plans, but is to be recognised as an issue of how to balance the working period and the retirement period of individual persons on the micro-basis, and how to balance the size of the working population and that of the non-working population on the macro-basis, under the circumstance that the Japanese society is gradually ageing as a whole.

4.2 However, this argument stands only on condition that the benefit level of the public pension plans will be kept adequate even after the benefit level would have been adjusted by the MEI mechanism until the time when the long-term financial balance of the plan will be maintained for the next 100 years. Here, we should remind that there is no criterion on the minimum level of the Basic Pension to be protected against the MEI adjustment. The application of the MEI mechanism has to be stopped when it is estimated to be difficult to keep the replacement rate of 50% for the sum of the earning-related portion and the Basic Pension.

4.3 If adequacy of the pension benefits would not be secured, then the issue of the SPA is not just the issue of how to balance the working period and the retirement period. Namely, people have to postpone receiving old-age pension benefits to increase the amount of pension benefits until the age that the amount of pension benefits increased 0.7% a month surpasses the minimum level of adequacy for him/her. However, if he/she continue working beyond 65, then the mechanism of old age pension for those still working will be applied, depending how much he/she earns from the work. The amount of pension benefits will be reduced when the total of the earning income and the earning-related portion of his/her pension benefits surpasses JPY 460,000 per month. Further, the reduced

amount is not subject to the actuarial increment of benefits forever, even if the beneficiary had postponed receiving his/her old-age pensions beyond 65. Thus, keeping the right balance between the working period and the retirement period does not necessarily mean that the amount of old-age pensions will be adjusted in actuarially fair way, along with the balance he/she considered appropriate.

4.4 This means a logical contradiction of the arguments stated in the NC report. Namely, the issue of the SPA is not just the issue of how to balance the working period and the retirement period on the micro-basis, but a really serious issue of how to enhance the pension benefits and not to fall below the minimum adequacy level by individually delaying receiving pension benefits, while keeping his/her salary in relatively low level in order not to be subject of the mechanism of reducing old-age pensions for still-working beneficiaries. This means that the beneficiary has to endure the period from 65 to the age when he/she starts receiving benefits, with relatively low annual salary of about JPY 3.6 million (which is equal to JPY300,000 per month and without any bonus).

4.5 In summary, it would be highly inappropriate not to mention at all the issue of adequacy when we pay consideration to how the SPA should be, even under the circumstance that an automatic adjustment mechanism is incorporated in the pension system.

5. General issues to be addressed on the ABMs and deficiencies specific to the ABM incorporated in the social security pension plans in Japan

5.1. There are several issues to be addressed when we consider utilising the ABM mechanism. They are: 1) intergenerational fairness and/or justice, 2) relationship with ensuring the adequacy of benefits, 3) effectiveness of the ABM concerned, 4) various technical issues of the ABM concerned, 5) how the actuarial valuation of the plan equipped with some ABM should be, and, 6) how the disclosure of the financial status of the plan should be and how the adequacy level of the benefits to be informed to individual participants.

5.2. First issue is one of the focal points of the design of shared risk plans now being considered in the Netherlands, the UK and Germany. In the case of occupational pensions, statutory participation is not always guaranteed. Therefore, the role of buffer funds should be restrictive. On the other hand, in the case of the public pension plans in Japan, the idea of raising the SPA was

abandoned at the 2004 Pension Reform, because raising the SPA allows the current beneficiaries to escape from benefit reduction and is problematic from the aspect of intergenerational fairness.

5.3. Second issue has also been a focal point in Japan. The ABM introduced may reduce the benefit level beneath the least point of adequacy to be protected, for the aim of securing the plan sustainability. In the case of Japan, the least level of benefits expressed by replacement rate for employees is set at 50%. The pension law states that when the benefit level is expected to be less than the least replacement rate of 50% for the stylised model household within the next five years, then activation of the ABM has to be stopped and overall consideration should be given to the issue. As we have seen before, the NC report implicitly ignored that possibility. Further, the pension law says nothing about the overall consideration to be paid when the activation of the ABM has to be stopped. Everybody knows that a financially unsustainable plan cannot be maintained in the long run and consider that eventually the benefit level would be diminished inevitably. It is said that one of the backgrounds of the persistent deflationary economic environment in Japan is this uneasiness of the general public about their own elder ages.

5.4. As for the third point, in the case of the ABM introduced in Japan, we had assumed implicitly that the salary growth rate would be greater than the consumer price increase rate in the long run. Several technical restrictions were imposed on the ABM to secure the nominal value of the benefits, also assuming this implicit expectation. However, the deflationary environment in Japan has been extremely persistent and some economists even poses question about this implicit assumption, notably by Thomas Piketty. There have been such criticisms that the economic assumptions assumed in the quinquennial valuation of public pension plans are too much optimistic. On the other hand, it is obvious that apparently very effective ABM cannot be easily introduced. Expressing the issue in another words, we have to devise a mechanism that will work gently in the short term but effectively in the long term.

5.5. As for the fourth issue, it can be said that the ABM introduced in Japan is technically incomplete. First, the mechanism works only for the direction of reducing the benefit level. Secondly, various restrictions were imposed on the mechanism when it was introduced in the 2004 Pension Reform, for obtaining support from the coalition party and the opposition parties. More than ten years

after the 2004 Pension Reform, we are now in the process of stripping those restrictions one by one. It might be a relatively easy task for a capable actuary to devise a technically complete ABM. However, obtaining enough political support to the mechanism is completely a different matter.

5.6. As for the fifth and sixth issue, the meaning of the actuarial valuation will be shifted from verifying the sustainability of the plan to expecting how long the ABM will be activated and as the result of that how much the benefits will be reduced. Sometimes it will also be required to show the possible year of stopping the activation of the ABM. Therefore, we have to consider well how to show the results to the public. For instance, we should consider how to put priority on each set of demographic and economic assumptions. Determining the stopping year based on the pessimistic or optimistic assumption sets would be inappropriate but it might be also problematic to say which scenario is pessimistic or optimistic, when we think about the limitation of human understandings about the long-distant future.

5.7. As for the issues specific to Japan's ABM, one major issue may be that the same adjustment mechanism is applied to both the Employees' Pension Insurance and the National Pension. Although the Basic Pension is common between the two plans, the activation period of the Basic Pension is solely determined by the financial status of the NP. Then, the expected periods of the ABM's being activated will be different in due course, because the financial situation of the EPI is different from that of the NP. When the adjustment period of the NP becomes longer than that of the EPI, the proportion of the Basic Pension in the total benefit of the EPI will be diminished. This means the role of the intra-generational redistribution the equipped in the EPI will shrink, which is not the purpose of the ABM.

5.8. The Basic Pension is the common part of the EPI and the NP and is financed by the contributions of the EPI and the NI and government subsidies. The NP is a plan for providing the Basic Pension benefits corresponding to the periods during which a beneficiary was not covered by the EPI. The shares of contributions of the two plans are determined on the pay-as-you-go basis in proportion to the number of active participants between age 20 and 60 of the plans at the time of paying contributions to the Basic Pension. Therefore, if the number of active participants of the NP decreases, its financial burden of paying the contribution to the Basic Pension will be lessened. It would be inevitable to

introduce some kind of partial integration of the two schemes, if we want some acceptable balance between the Basic Pension and the earnings-related portions.

6. What kind of roles social security actuaries should play, answering the public expectation to the profession?

6.1. In Japan, social security actuaries are public servants and placed under the very stringent top-down governance structure of general governmental organisations. Therefore, SS actuaries do not have enough freedom on which results should be made public for carrying out their responsibilities. Especially in Japan, there is no official standards or guidelines adopted by the social security institutions (i.e. MHLW) that relevant social security actuaries should respect.

6.2. However, it would be too early to give up what is considered appropriate to do, when referring to the ISAP2 and the ISSA-ILO guidelines. For instance, it may be possible to propose to show the possible distribution of the benefit levels of beneficiaries with different salary profiles. In applying the MEI mechanism, we have been depending on the single measure of adequacy, namely the replacement rate for the stylised hypothetical couple where a bread-earner continues earning the average salary during his entire period of employment. However, with lengthening of the working period, such an artificial model would lose its meanings. Instead, it would become a natural trend to show the possible distribution of the benefit levels using decimals, etc.

6.3. One possibility for the SS actuaries in Japan would be utilising the Pension Actuarial Subcommittee, which is generally understood as a strong supporter of the actuarial profession. Further, the PAS is a subcommittee with the same status as the Pensions Subcommittee. It is currently recognised in Japan that the roles and the activities of the PAS are indispensable to enhance disclosure of the financial status and ensure the financial sustainability of public pension plans, even under the circumstance that the employees' pension plans are integrated, but not consolidated. Showing the expected divergence of the benefit levels among the beneficiaries with different salary profiles would be beneficial to the discussion on how to ensure adequate level of income after retirement, combining earnings, benefits from occupational pensions and pension benefits from the public pension plans.

6.4. Recently the secretariat of the PAS started reporting to the Pensions Subcommittee about the activities and the achievements of the PAS. PAS also holds every year a panel-discussion as a special session of the PAS meetings. This public-viewing event would contribute a lot to enhance the understanding of pension experts in Japan on the achievements of the Social Security Committee of the IAA. It is expected that general (including political) understandings on the role that SS actuaries should play will also be enhanced through such consecutive efforts. We mentioned previously the political tendency in Japan, being reluctant to dealing with the issue of adequacy by the Pension Subcommittee. For overthrowing the present such blockage situation, SS actuaries should continue steady efforts mentioned above and accumulate the documentary evidences on what they have done from the professional viewpoints.

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Appendix: Agenda Items of the Pensions Subcommittee of the Social Security Council

No.	Date	Agenda	Any adequacy-related agenda items?	# of adequacy-related words appeared in the minutes
No.7 (most recent)	2019/1/30	(1) Amendment of the National Pensions Act in accordance with the amendment of Health Insurance Act aiming at reasonable and efficient administration of the NI system (2) How to proceed hereafter the 2019 actuarial valuation (3) (Report) Meetings of a study group on the adaptation of social insurance programs to the diverging work style in recent years (4) (Report) Considerations on private pensions (Kicking off the Subcommittee on Corporate and Individual Pensions of the Social Security Council) (5) Miscellaneous items	YES	Minutes not prepared yet
No.6	2018/11/02	(1) Transformation of employment and the pension systems (lengthening of elder ages, extension and divergence of active ages, and, the pension systems) (2) Miscellaneous items	YES	・“benefit level”: 4 times ・“replacement rate”:11 times ・“adequacy”: 2 times
No.5	2018/10/10	(1) Transformation of employment and pensions (mainly on working at elder ages and pensions) (2) Miscellaneous items	YES	・“benefit level”: 5 times ・“replacement rate”:1 time ・“adequacy”: 2 times

No.4	2018/9/14	(1) Coverage expansion of the Employees' Pension Insurance (2) Interim report of the special subcommittee on economic assumptions for 2019 actuarial valuations (3) Miscellaneous items	NO	—
No.3	2018/7/30	(1) Trends of pension systems worldwide (2) Indexation rules of benefits and macro-economic indexation	YES	<ul style="list-style-type: none"> • “benefit level”: 16 times • “replacement rate”: 31 times • “adequacy”: 7 times
No.2	2018/6/22	(1) The actuarial report on the financial status of the social security pension plans in fiscal 2016 (2) The purposes and the roles of actuarial valuation	YES	<ul style="list-style-type: none"> • “benefit level”: 12 times • “replacement rate”: 22 times • “adequacy”: none
No.1	2018/4/04	(1) How the Pensions Subcommittee should proceed the considerations hereafter (2) Review of the pension reforms so far	YES	<ul style="list-style-type: none"> • “benefit level”: 7 times • “replacement rate”: 8 times • “adequacy”: none
No.39	2016/7/25	(1) GPIF's approach to investments into alternative asset classes (2) (Report) Recent activities of the GPIF (3) Periodic verification of the strategic asset allocation and stock names included in the portfolio	NO	—

No.38	2016/3/14	(Report) The reform bill of the National Pensions Act and related reform bills to enhance the sustainability of public pension systems	NO	—
—	2016/2/08	Sorting out of the discussions on reform of the GPIF	Not Relevant	—
No.37	2016/2/08	(1) How the governance of the investment management institutions of public pension reserves (IMI) should be (2) How the investment management of IMIs should be	NO	—
No.36	2016/2/02	On IMIs	NO	—
No.35	2016/1/28	(1) How the governance of IMIs should be (2) How the investment management of IMIs should be	NO	—
No.34	2016/1/19	How the investment management of IMIs should be	NO	—
No.33	2016/1/12	How the investment management of IMIs should be (public hearing)	NO	—
No.32	2015/12/25	How the governance of IMIs should be	NO	—
No.31	2015/12/08	(1) Financial report of the public pension plans (2) On IMIs (3) Other items	NO	—

No.30	2015/1/23	How the governance of IMIs should be	NO	—
—	2015/1/21	Sorting out of the discussions exchanged in the Pensions Subcommittee	Not relevant	—
No.29	2015/1/21	Draft aligning the discussions in the Pensions Subcommittee	YES	<ul style="list-style-type: none"> • “benefit level”: 5 times • “replacement rate”: 2 times • “adequacy”: none
No.28	2014/11/19	<p>(1) Sorting out of the discussions in the Pensions Subcommittee so far</p> <p>(2) Revision of the strategic asset allocation</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 7 times • “replacement rate”: 9 times • “adequacy”: 1 time
No.27	2014/11/04	<p>(1) Social security systems neutral to the work style</p> <p>(2) How to deal with the contributions to be paid by the 1st category insured during the before and after childbirth</p> <p>(3) How the survivor’s pensions should be</p>	YES	<p>“benefit level”: 1 time“</p> <p>replacement rate”: 1 time</p> <p>“adequacy”: none</p>
No.26	2014/10/15	<p>(1) How the indexation of the amounts of pensions should be</p> <p>(2) Strengthening the re-distribution function of public pension plans for high income earners</p> <p>(3) Governance structures of the GPIF</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 10 times • “replacement rate”: 24 times • “adequacy”: none

No.25	2014/10/01	Working in elder ages and pensions	YES	<ul style="list-style-type: none"> • “benefit level”: none • “replacement rate”: 15 times • adequacy”: 4 times
No.24	2014/9/18	Coverage expansion of the employees’ pension plans to part-time workers	NO	—
No.23	2014/8/20	<p>(1) How to proceed the consideration hereafter</p> <p>(2) (Report) The progress of consideration by the Corporate Pension Subcommittee</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 7 times • “replacement rate”: 6 times • “adequacy”: 1 time
No.22	2014/6/27	(Addendum report) 2014 actuarial valuations of the public pension plans and the simulations results of the cases optionally assumed	YES	<ul style="list-style-type: none"> • “benefit level”: 4 times • “replacement rate”: 66 times • “adequacy”: none
No.21	2014/6/03	(Report) 2014 actuarial valuations of the public pension plans and the simulation results of cases optionally assumed	YES	<ul style="list-style-type: none"> • “benefit level”: 20 times • “replacement rate”: 65 times • “adequacy”: none
No.20	2014/3/12	<p>(1) Basic framework of the 2014 actuarial valuations</p> <p>(2) (Report) How the economic assumptions for the 2014 actuarial</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 2 times • “replacement rate”: 10 times

		valuations and the investment management of pension reserves should be		• “adequacy”:4 times
No.19	2014/1/23	Revision of the administration of public pension plans	NO	—
No.18	2013/12/18	(1) Revision of the administration of public pension plans (2) How to proceed the next actuarial valuations of public pension plans (3) How the investment management of public pension reserves	YES	• “benefit level”: 2 times • “replacement rate”: 2 times • “adequacy”: none
No.17	2013/11/27	(1) Public pensions and national economies (2) Trends of pension reforms of major overseas developed countries	YES	• “benefit level”: 7 times • “replacement rate”: 12 times • “adequacy”: 7 times
No.16	2013/10/24	(1) Meanings of the actuarial valuations under the financial frame established by the 2004 pension reform (2) Investment management of the pension reserves of the EPI and the NP	YES	• “benefit level”: 4 times • replacement rate”: 8 times • “adequacy”: none
No.15	2013/10/07	(1) Selection of Chair and Vice-chair of the Pensions Subcommittee (2) Discussions on the pension systems so far (3) How to proceed the consideration hereafter of the Pensions Subcommittee (4) Setting up of a special committee on strengthening the collection	YES	• “benefit level”: 1 time • “replacement rate”: 1 time • “adequacy”: none

		system of insurance premiums of public pension plans		
No.14	2013/4/01	(1) A reform bill amending the Employees' Pension Insurance Act, etc. for ensuring the financial soundness and public trust to the public pension systems (2) Miscellaneous items	NO	—
No.13	2012/10/24	(1) Setting up of a special committee on Employees' Pension Fund scheme (2) Status of the pensions related bills integrally reforming the social security and the tax systems	NO	—
No.12	2012/4/24	(1) The bills submitted to the 180th originally session of the Diet (2) Intergenerational relationship between the benefits and the burden of paying premiums of the public pensions systems	YES	<ul style="list-style-type: none"> • “benefit level”: 4 times • “replacement rate”: 5 times • “adequacy”: none
No.11	2012/2/14	Pension reform based on the draft ‘integral reform of the social security systems and the tax systems’	YES	<ul style="list-style-type: none"> • “benefit level”: 2 times • “replacement rate”: none • “adequacy”: 1 time
No.10	2012/2/06	Pension reform based on the draft ‘integral reform of the social security systems and the tax systems’	YES	<ul style="list-style-type: none"> • “benefit level”: 2 times • “replacement rate”: none • “adequacy”: none

No.9	2012/1/23	Pension reform based on the draft 'integral reform of the social security systems and the tax systems'	NO	—
No.8	2011/12/16	Sorting out of the discussions so far	YES	<ul style="list-style-type: none"> • “benefit level”: none • “replacement rate”: none • “adequacy”: none
No.7	2011/12/01	Sorting out of the discussions so far	YES	<ul style="list-style-type: none"> • “benefit level”: none • “replacement rate”: 1 time • “adequacy”: none
No.6	2011/11/11	<p>(1) Sorting out of the discussions so far</p> <p>(2) Miscellaneous items</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 2 times • “replacement rate”: 1 time • “adequacy”: 1 time
No.5	2011/10/31	<p>(1) Exemption of paying the public pension premiums during the maternity leave</p> <p>(2) Raising the upper limit of the standardised remuneration</p> <p>(3) Miscellaneous items</p>	NO	—
No.4	2011/10/11	<p>(1) Statutory pensionable age</p> <p>(2) Revision of the scheme of reducing the old age pension when being employed</p> <p>(3) Miscellaneous items</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 1 time • “replacement rate”: none • “adequacy”:

				none
No.3	2011/9/29	(1) Macro-economic indexation (2) Revision of the system of not requiring the third-category insured persons to pay public pension premiums	YES	<ul style="list-style-type: none"> • “benefit level”: 9 times • “replacement rate”: 3 times • “adequacy”: none
No.2	2011/9/13	(1) Strengthening the guaranteeing the minimum benefits (shortening the entitlement period, addition to low income earners, etc.) (2) Adjusting the amount of benefits for high income earners	YES	<ul style="list-style-type: none"> • “benefit level”: 1 time • “replacement rate”: none • “adequacy”: none
No.1	2011/8/26	(1) Selection of Chair and Vice-chair (2) The concrete plan of integrally reforming the social security systems and the tax systems (3) Government subsidy to the Basic Pensions (4) How to proceed the considerations hereafter	YES	<ul style="list-style-type: none"> • “benefit level”: 1 time • “replacement rate”: 0 time • “adequacy”: none
No.15	2009/5/26	(1) The act of amending the Employees’ Pension Insurance Act to reducing the money in arrears of social insurance premiums (2) The act of paying additions when payments of benefits of the EPI and the NP are delayed (3) Materials of the 2009 actuarial valuations (4) Recent trends of pension systems around the world (5) Miscellaneous items	NO	—

No.14	2009/2/23	<p>(1) The bill amending the Act of amending the National Pension Act, etc.</p> <p>(2) A bill amending the Defined Contribution Pension Act, etc., for streamlining the corporate pension schemes, etc.</p> <p>(3) Other results of 2009 actuarial valuations</p> <p>(4) Miscellaneous items</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 11 times • “replacement rate”: 28 times • “adequacy”: none
—	2008/11/27	Interim alignment of the discussions in the Pensions Subcommittee	Not relevant	—
No.13	2008/11/19	<p>(1) Interim alignment of the discussions in the Pensions Subcommittee</p> <p>(2) Miscellaneous items</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 2 times • “replacement rate”: 3 times • “adequacy”: 1 time
No.12	2008/11/12	<p>(1) Economic assumptions for the 2009 actuarial valuations</p> <p>(2) Interim alignment of the discussions in the Pensions Subcommittee (draft frame proposal for discussions)</p> <p>(3) Miscellaneous items</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 2 times • “replacement rate”: 1 time • “adequacy”: none
No.11 □	2008/9/29	<p>(1) Status of considerations in the special committee on economic assumptions</p> <p>(2) Points of view on the remaining issues after the 2004 pension reform</p> <p>(3) Miscellaneous items</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 1 time • “replacement rate”: 2 times • “adequacy”: none

—	2008/7/11	Sorting out of the discussions so far in the Pensions Subcommittee	Not relevant	—
No.10	2008/7/02	(1) Remaining issues after the 2004 pension reform (2) Miscellaneous items	YES	<ul style="list-style-type: none"> • “benefit level”: 0 time • “replacement rate”: 3 times • “adequacy”: none
No.9	2008/6/19	(1) Remaining issues after the 2004 pension reform (2) Miscellaneous items	YES	<ul style="list-style-type: none"> • “benefit level”: 6 times • “replacement rate”: 5 times” • “adequacy”: none
No.8	2008/5/20	(1) Quantitative simulations on public pension plans (2) Remaining issues after the 2004 pension reform (3) Miscellaneous items	YES	<ul style="list-style-type: none"> • “benefit level”: 11 times • “replacement rate”: 6 times • “adequacy”: none
No.7	2008/4/22	(1) Status of consideration of the special committee on economic assumptions, etc. (2) The share of government subsidy to the Basic Pensions (3) Reporting matters (4) Miscellaneous items	NO	—
No.6	2007/11/21	(1) Issues of the pension schemes for the time being (2) Miscellaneous items	YES	<ul style="list-style-type: none"> • “benefit level”: 1 time • “replacement rate”: 1 time

				<ul style="list-style-type: none"> • “adequacy”: none
No.5	2007/9/05	<ul style="list-style-type: none"> (1) Budget appropriation request for fiscal 2008 (2) Raising the government’s share to the Basic Pensions (3) The bill of integrating the pension plans for employees, etc. (4) Setting up of a special committee on investment management of pension reserves (5) Miscellaneous items 	NO	—
No.4	2007/4/26	<ul style="list-style-type: none"> (1) The act of integrating the pension plans for employees (2) Miscellaneous items 	NO	—
No.3	2007/3/06	<ul style="list-style-type: none"> (1) The report of the working group on expanding the coverage of the Employees’ Pension Insurance Scheme to part-time workers (2) Miscellaneous items 	NO	—
No.2	2007/2/06	<ul style="list-style-type: none"> (1) The status of consideration by the study group on corporate pension schemes (2) 2009 actuarial valuations (3) The status of considerations by the working group on coverage expansion of the Employees’ Pension Insurance Scheme (4) Miscellaneous items 	YES	<ul style="list-style-type: none"> • “benefit level”: 7 times • “replacement rate”: 27 times • “adequacy”: none

No.1	2006/12/27	<p>(1) Movements relating to the pension schemes after the 2004 pension reform</p> <p>(2) 2009 actuarial valuations</p> <p>(3) How to proceed the considerations hereafter</p>	YES	<ul style="list-style-type: none"> • “benefit level”: 14 times • “replacement rate”: 5 times • “adequacy”: none
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