

Key theme

3. Corporate (private) post employment benefits

Title

Trends in post-employment benefits in Japan and considering the way for more sustainable schemes

Author(s)¹

Kenji Kusakabe, Akihiro Nagakura, Takashi Ogawa

Mizuho Trust & Banking Co. Ltd. (JPN)

Pension Actuarial Services Dept.

+81-3-3643-3809

takashi.ogawa@mizuho-tb.co.jp

Abstract² (296 word)

Post-employment benefits generally depend on economy and employment situation of its country, region or area. Recently, many problems caused by the change of environments surrounding post-employment benefits have become more difficult to solve in Japan as well as in other developed countries.

Therefore, this paper discusses the way for sustainable post-employment benefit systems from long-term perspectives. In those serious environments, it is critical to manage both corporate pension plan and lump-sum reserve system stably, because they are supposed to play an important role in complementing public pension benefits and in achieving secure and adequate income at old age.

In this paper, using statistical data on corporate pension benefits and lump-sum reserve, overall trends and practical approaches of employers were analyzed with explanations of characteristics, schemes or regulations of post-employment benefits in Japan.

Those analyses show moderate shift of typical plan design toward the combined benefit type consisting of mainly lump-sum reserve generally being reflected no earning increase in its calculation, and of other benefit type such as cash balance pension plan and/or DC plan. It is also concluded that exploring the ways to share any risk of post-employment benefits between employers and employees has led this shift to address drastic changes of external environment, especially fluctuation in stock market, prolonged low interest rate and deflation.

¹ Include affiliation(s) and contact details for corresponding author

² Maximum 300 words

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Do not include graphics or diagrams

Define unfamiliar abbreviations and acronyms in full with first use



Considering future prospects of post-employment benefits in Japan, following issues should be solved to establish more sustainable schemes.

- Further expansion of risk sharing benefit schemes between employers and employees
- Requirements for DB plan to retain adequate risk buffer for funding.
- Providing guideline and monitoring for employers regarding periodical investment educations to employees for DC plan.
- Fairness of taxation between lump-sum benefits and pension benefits.
- Establishing lump-sum benefit scheme maintaining appropriate benefit level under inflated economy, in preparation for it to come.

