

Key theme

post employment benefits (private)Corporate

Title

Group DB Pension Plans-Consideration of Converting to Company

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²Abstract

In Japan, Tax-Qualified Pension Plans (TQPPs), which have been adopted mainly by medium-sized and small companies, are scheduled to be abolished at the end of March 2012. It is because TQPPs do not have enough protection of employee's benefit rights. However, if a small company converts the TQPP to another defined benefit (DB) pension plan, such as Defined Benefit Corporate Pension Plan (DBCPP) or Employees Pension Fund (EPF), is it easy for the employer to observe their strict regulations and continue its DB type pension plan?

One effective way is that the small company converts the TQPP to a Company-Group DB Pension Plan. When a lot of small weak DB pension plans gather, a large strong DB pension plan can be formed. Typical cases are as follows: (1) a small company unifies the TQPP with the allied-companies DBCPP adopted by its parent company, and (2) a small company incorporates the TQPP into a multi-companies DBCPP.

I have viewed some examples of Company-Group DB Pension Plan in Japan, with the result that I have found three main advantages, (1) Scale merit stabilizing finance, (2) System unification making simplicity, and (3) Portability of benefit rights.

Finally, I hope the scheme of Company-Group DB Pension Plan will contribute to survival of DB type pension plans in the future, not only in Japan but also in other countries.

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

² Maximum 300 words

Submit in English

Do not include graphics or diagrams

Define unfamiliar abbreviations and acronyms in full with first use

