

**Key theme**

Corporate (private) post employment benefits

**Title**

Future prospects for *Koseinenkikin*, one type of Defined-benefit Employee Pension Fund in Japan

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**Abstract<sup>2</sup>**

*Koseinenkikin* employee pension funds (EPF), a type of defined-benefit (DB) employee pension fund prevalent in Japan, are distinguished in two key respects. First, EPFs serve as a partial substitute for the public pension system. EPFs are prefunded by employers to pay a portion of their employees' future pension benefits on behalf of the national government, in addition to benefits paid by the employers' own pension plans. Second, multiple unaffiliated companies within the same industry, including companies too small to feasibly administer a EPF independently, can jointly set up and administer a single EPF. This flexibility has contributed to growth in the prevalence of EPFs.

Focusing on these two distinctive characteristics, this paper discusses the challenges currently facing EPFs, one cornerstone of post-retirement income security in Japan, and proposes improvements in response to such challenges.

With pension finances under growing strain amid the current adverse

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investment environment, the future of defined-benefit (DB) corporate pension plans is at risk. This paper aims to help identify measures to ensure the stable administration of EPFs (which are a type of DB plan) into the future.

