

# Health and Pension in Japan

Every person regardless of nationality, over 20 years old\*, residing in Japan is required to be enrolled in an approved Japanese government Health Insurance Scheme and Pension fund. Basically there are two systems:

\* some short term visa holders may be exempt

- **Employees' Health Insurance and Pension (Shakai Hoken)** for people who are employed at a registered company or at a workplace with more than 5 people if the workplace is not a registered company.
- **National Health Insurance (kokumin kenko hoken) and National Pension (kokumin nenkin)** is for the unemployed, self employed and retired. If you are not enrolled in Employees' Health and Pension Insurance (Shakai Hoken) you are required to be enrolled in the national system.

## Employees' Health Insurance and Pension (Shakai Hoken)

Employees' Health Insurance and Pension (herein Shakai Hoken) consists of two parts. Employees' Health Insurance (kenko hoken) and the Employees' Pension fund (kousei nenkin). They are a set. The cost of Shakai Hoken is divided between the employee and employer, with both parties paying 50 percent.

Shakai Hoken is directly deducted from your salary. The average Eikaiwa teacher with a gross salary of ¥250,000 and a transport allowance of ¥15,000 would pay in total ¥29,234\* per month. This amount is automatically deducted from your salary and your employer also matches your contribution.

\*for an employee less than 40 years old

Average Monthly Salary	Employees' Health Insurance (kenko hoken) aged less than 40.	Employees' Pension (kousei nenkin)
260,000 (250,000-269,999)	10,660	19,035 (as of Sept, 2006)

# What does Shakai Hoken cover?

## The Health Insurance plan covers the following:

- **Medical, drug and dental costs.** 70% of medical costs are covered. There is also a safety net so that medical costs don't exceed approximately ¥80,100 a month.
- **Injury or sickness resulting in a loss of wages.** 60% of lost wages due to sickness or injury for up to one and a half years. There is a one and a half year limit to claiming this for any one illness. This is **NOT** covered under National Health Insurance (Kokumin Kenko Hoken).
- **Childbirth.** ¥350,000 is paid after the birth of each child.
- **Maternity Leave.** When you take this leave, you are eligible for 60% of your wages for 42 days prior to birth and 56 days after the birth. This is also **NOT** available from National Health Insurance (Kokumin Kenko Hoken).
- **Death.** A lump sum of ¥50,000 will be paid to the person taking care of the funeral arrangements. Also, ¥50,000 is paid in the case of a dependent.

## The Pension plan covers the following:

- **Pension.** After having paid into the pension system for 25 years, the insured person, after reaching 65 years of age will be eligible for a pension until their death. The 25 year period of payments is not always truly 25 years. Kara kikan (which counts your years outside of Japan) affects your right to receive a Japanese pension without 25 years of payment, if you are granted permanent residency before you reach 65.
- **Death.** A survivor's pension is paid to surviving dependents. Example, a surviving spouse with one child would receive ¥1,035,600 per year.
- **Disability** If you are not able to work due to disability, you will receive either the Disability Employee's Pension or the Disability Allowance. Class one disability: ¥1,005,300 per year. Class two disability: ¥804,200 per year.

## Lump Sum Withdrawal (Daitai Ichijikin)

An employee who does not possess Japanese citizenship, and is enrolled in Shakai Hoken for 6 months or more may be eligible for a refund of their pension contributions. The refund varies on the length of time a person is enrolled.

The rebate is calculated by taking your average monthly remuneration over the period enrolled and multiplying it by the benefit rate. See the following table.

This information is a guide only. Seek further advice before consulting your employer.

Period of Contribution	Your final month of contribution is August 2005 or before	Your final month of contribution is between September 2005 and August 2006
6-11 months	0.4	0.4
12-17 months	0.8	0.8
18-23 months	1.2	1.3
24-29 months	1.6	1.7
30-35 months	2.0	2.1
36 months	2.4	2.5

**For example:** Lisa resigned in August 2005 after being enrolled in Shakai Hoken for 18 months. Her average monthly Shakai Hoken income bracket is ¥260,000. Lisa is eligible for a ¥312,000 refund\*.

Marie-Anne contributed to Shakai Hoken for 36 months until May 2006. Her average monthly gross salary for Shakai Hoken purposes was ¥260,000. Marie-Anne is eligible for a ¥650,000 refund\*.

\* A 20% withholding tax will be deducted from this refund, this is also refundable

## **National Health Insurance (Kokumin Kenko Hoken) and National Pension (Kokumin Nenkin)**

The National Health Insurance (Kokumin Kenko Hoken) and National Pension (Kokumin Nenkin) systems are designed to cover unemployed, self employed, retired people, and people ineligible for Employees' Health Insurance and Pension (Shakai Hoken).

**National Health Insurance (Kokumin Kenko Hoken)** is administered by your local government. The premiums vary from area to area. To enroll you will need to visit the Kokumin Kenko Hoken desk at your ward, city, town or village office. Premiums are usually calculated by using your city tax rates from the previous financial year. For the first year of enrollment in kokumin kenko hoken premiums are relatively cheap. From the second year of enrollment premiums sharply increase. Most local governments have a premium cap of ¥530,000 per year\*

\* for insured people less than 40 and older than 65

**The National Pension (Kokumin Nenkin)** is administered by the Social Insurance Agency.

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You can apply to be enrolled at the Social Insurance Agency Office covering the area you live in or at the Kokumin Nenkin counter at your local government office. Kokumin Nenkin premiums are not based on salary. Kokumin Nenkin premiums are currently ¥13,860 per month.

Kokumin Nenkin also has a refund system (dattai ichijikin) for non-Japanese nationals. If you have been enrolled for 6 months or more you may also be entitled to a refund.

Period of Contribution	National Pension
6 months or more, less than 12 months	41,580
12 months or more, less than 18 months	83,160
18 months or more, less than 24 months	124,740
24 months or more, less than 30 months	166,320
30 months or more, less than 36 months	207,900
36 months or more	249,480

No withholding tax is taken from the Kokumin Nenkin lump-sum withdrawal payment

## Social Insurance Agreements

Some agreements allow the insured person to combine pension funds to meet pension hurdle requirements. Japan currently has Social Insurance Agreements with the US, the UK, Germany and South Korea. The UK and South Korean Agreements do not allow aggregation of pension funds to meet hurdle requirements.

Agreements have been signed with Belgium, France and Canada, however, these agreements have not been implemented as of April 2006. Negotiations are currently under way with Australia and the Netherlands. See the Social Insurance Agency Website for more details in English. <http://www.sia.go.jp/e/index.html>

### The US-Japanese Social Security Agreement

[http://www.ssa.gov/international/Agreement\\_Pamphlets/japan.html](http://www.ssa.gov/international/Agreement_Pamphlets/japan.html)

### The UK-Japan Social Security Agreement

[http://www.uknow.or.jp/be\\_e/consular/life/life01.htm](http://www.uknow.or.jp/be_e/consular/life/life01.htm)

### The Germany-Japan Social Insurance Agreement

<http://www.sia.go.jp/seido/kyotei/kyotei03.htm> (in Japanese)

## Health Insurance and Pension Rights

**Check out [www.generalunion.org](http://www.generalunion.org)**

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