Notes and Brief Reports

Social Security Reforms in Japan*

Since 1982, Japan has introduced three major reforms in its health and pension programs to reduce social security expenditures and ensure program stability. These are:

- The Old People's Health Care Law, which was enacted in August 1982 and became effective on February 1, 1983;
- The 1984 Health Insurance Amendment, which was enacted in August 1984 and became effective on October 1, 1984; and
- The Pension Insurance Amendment that was enacted in April 1985 and became effective on April 1, 1986.

With these laws, the Japanese government raised patient copayments for health care, initiated a preventive health program to monitor the physical well-being of persons over age 40, and introduced resource pooling among all health programs to cover expenditures for the elderly. It also realigned public pension programs to inaugurate a two-tiered system for the nation's working population, and make substantial benefit cuts in future pension payments.

Taken together, these measures are significant because they represent concerted changes in the structure, financing, and benefit levels of the country's health and pension insurance programs. They also mark a turning point in the history of Japanese social security from expanding programs and rising benefit levels to a period of retrenchment.

What Japan has done is to reassess its health and pension systems **in toto**, and adjust them to changing social and economic conditions. As public programs have become increasingly important in the lives of Japanese senior citizens, the government has formulated a prescription designed to keep Japan's social security system on a sound financial basis well into the future.

Following the chronology of the reforms, the discussion of health insurance programs will precede that of pension programs.

Background

Health Insurance

Japan has two major national programs—Employees Health Insurance (EHI) and National Health Insurance (NHI)—that cover about 90 percent of the population. (Table 1 outlines the coverage, financing, and benefits of the EHI and NHI.) The EHI is the major program for the labor force in the private wage and salary sector. The NHI program provides insurance for all nonemployed adult residents, the self-employed, and farmers. Consequently, it covers most of the older people in Japan. Both the EHI and the NHI are administered by the Ministry of Health and Welfare.

Comprehensive, universal health coverage of the Japanese population is achieved by means of five additional programs for special groups such as seamen, national government workers, local government employees, private school teachers, and members of agricultural, forestry, and fishery cooperatives. These special programs are administered by four separate mutual aid associations and a special seamen's program under the jurisdiction of five ministries.

Both the EHI and the NHI are contributory programs. Before the reform, general revenues paid the administrative costs and made up for any program deficits plus 16.4 percent of the EHI's and 50 percent of the NHI's benefit costs independent of the programs' financial status.

On the benefits side, both health insurance programs provide coverage for a wide range of medical care, including medical teatment, surgery, hospitalization, nursing, dental care, medicines, and transportation. The EHI, an employment-related program, also pays cash sickness and maternity benefits according to guidelines established by the Ministry of Health and Welfare.

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Pension Programs

Before the 1985 reform, the coverage of the pension programs more or less paralleled that of the health insurance programs. The Employees' Pension Insurance (EPI) was the major program insuring the labor force in the private sector. The National Pension Insurance (NPI) covered the self-employed, farmers, and special categories of nonemployed adults. These two programs together insured about 90 percent of the working population. (Table 2 outlines the key features of the EPI and NPI.) The remainder of the working population was insured by the five special programs mentioned previously.

The EPI is an employment-related program financed by equal employer/employee payroll taxes, which, before the reform, received a general revenue supplement of 20 percent of benefit costs. The NPI, however, levied flat-rate contributions and paid out benefits with a flat-rate base for each year of contribution. General revenues subsidized one-third of the NPI's benefit costs.

Before the reform, both the EPI and the NPI had accumulated large reserves, since both programs were established as partially funded systems that would build reserves in their early years. The majority of the EPI beneficiaries had not participated the full 40-year term that the system requires at maturity and, therefore, did not receive full benefits. By April 1, 1985, the EPI reserve fund had reached an amount that was 7.9 times its 1984 expenditures; the NPI reserve fund had reached an amount that was 1.1 times its 1984 expenditures. The combined total of these two reserve funds amounted to 49 percent of Japan's total national budget in 1984 (general and special accounts combined).[1]

Impetus for Reform

The impetus for reform grew from concerns for preserving the integrity of these public programs in a changing social and economic environment as the Japanese population becomes increasingly dependent on them for income security in old age. The Japanese Ministry of Health and Welfare contended that the rapid aging of the Japanese population, accompanied by accelerated increases in the cost of health and pension programs and anticipated slowed economic growth, would lead to a financial crisis in social security by the year 2010.

Aging Population

Overshadowing all concerns was the projection that the elderly population would increase from 11.3 percent of the total population in 1985 to 21.3 percent by 2025. It was expected that this upward spiral would create financial problems for the public health and pension programs if no action was taken to minimize the rise. Based on the pre-reform provisions under the two major pension programs, projections showed that, by the year 2030, there would be only 2.2 contributors for each beneficiary under the EPI and 2.5 contributors for each beneficiary under the NPI, compared with 9.3 and 5.5 contributors, respectively, for each beneficiary in 1984.[2]

Rising Social Security Cost

The future effects of an aging population on social expenditures seemed all the more alarming when the number of older persons in the future was extrapolated on the basis of the rapidly rising rate of social security costs since the 1970's, largely due to liberalizations in the health and pension programs in those years. Health care expenditures in general increased nearly sixfold, to 14,500 billion yen[3] in 1983, from about 2,500 billion yen in 1970. The rise in health care expenditures for the aged in particular was a further source of concern. For the decade ending 1983, health care expenditures for the aged rose about 10 times, to 4,369 billion yen in 1983 from 430 billion yen in 1973.[4]

The program costs for pension insurance also rose rapidly during this period due to program liberalizations in the 1970's. The Japanese government upgraded the benefit formula for the EPI and introduced revaluation of past earnings of the insured. In addition, it introduced an automatic cost-of-living adjustment for old-age benefits whenever the annual consumer price index registered a change of 5 percent or more. The automatic cost-of-living adjustment was also introduced to the NPI in 1973.

Key Reform Provisions

The Old People's Health Care Law

In August 1982, the Old People's Health Care Law

[1]See **Shakai hosho tokei nenpo**, 1974, page 160; 1980, page 160; and 1985, page 159; **Shakai hosho nenken**, 1986, pages 204-205. The Japanese Ministry of Finance provided the data from general and special accounts.

[2]Ministry of Health and Welfare, **Nenkin to zaisei: nenkin zaisei no shorai o kangaeru** (Pension and Finance: In Consideration of the Future of Pension Finance; hereafter cited as **Zaisei**), pages 134-135.

[3]As of March 31, 1987, one U.S. dollar equaled 154 yen.

[4]**Shakai hosho nenken**, 1983, page 125; **Hoken to nenkin no doko**, 1985, page 53.

was adopted to improve the financing of the NHI with respect to health care coverage for the aged. The law introduced (1) cost-sharing by the elderly, (2) pooling of funds among all seven health insurance programs for expenditures for the elderly, and (3) a new national preventive health care program.

Cost-sharing by the elderly. The 1982 Act made a significant breakthrough by requiring that all elderly persons pay a fee in exchange for medical coverage. A 1973 law had exempted most of the elderly from any charges for health care. The exemption affected those aged 70 or older (aged 65 or older if disabled) who could pass a liberal means-test—effectively 90 percent of the elderly population. By 1982, however, the Ministry decided that cost-sharing in health care, no matter how modest, could help discourage overuse of services and increase revenues.

Under the new law, the elderly have to pay 400 yen for the first visit for outpatient care in any calendar month, and 300 yen a day for up to 50 days (2 months for dependents) if hospitalized. In other words, in 1983, the elderly were required to pay about half the amount the EHI program charged its members to receive the same coverage (table 1).

Resource pooling. The 1982 provisions devised a formula requiring that the EHI and the five special insurance schemes help the NHI to fund health care costs for the majority of Japan's elderly population, through fund pooling among all health insurance programs.

Preventive health care program. Finally, the new law addressed the issue of long-term cost containment by introducing a comprehensive preventive health care program for persons aged 40 or older in the hope that provisions for better health care for the population at an early age would lead to lower medical costs as they grow older. The policymakers also believed that a comprehensive preventive health care program that provided for regular free physical examinations, health education, visits to physicians, and other services would help monitor the health conditions of the aged and, thus, reduce the incidence of costly chronic illnesses among them. Although full development of this program would require substantial budgetary allocations, extensive cooperation from local governments, and more public health nurses than were available, the Ministry officials were optimistic that this program was feasible and would have a real impact in the long term.

The 1984 Health Insurance Amendment

Two years after the enactment of the Old People's Health Care Law, the government revised the existing health insurance system for the general population. This 1984 law introduced a new "Retirees' Health Insurance" under the NHI, reduced the level of medical care coverage (or raised cost-sharing) for the insured under the EHI and the other employment-related programs, increased the EHI's contribution base, and relaxed the provisions for catastrophic health insurance to avoid undue difficulties in hardship cases. Table 1 outlines both the pre-reform and post-reform provisions.

"Retirees' Health Insurance." With the establishment of the new "Retirees' Health Insurance" under the NHI, the government introduced an additional mechanism to further ease the NHI's financial responsibility for health care of the elderly by requiring that the EHI (and the five special schemes) pay a part of the costs incurred by retired employees (who switch from the EHI to the NHI upon retirement).

In terms of benefit payments, the new provisions placed the retirees in a special category of the NHI, so that they would enjoy better protection. The retirees themselves are covered for 80 percent of their medical care (both ambulatory and inpatient), instead of the standard 70-percent coverage for regular NHI enrollees. Even dependents of retirees receive 80-percent coverage for inpatient care (compared with the NHI's 70-percent coverage); the coverage for ambulatory care for dependents remains at 70 percent, the same as for the NHI participant.

Increasing cost-sharing by the insured. The most controversial but most effective revenue-enhancing feature of the 1984 Health Insurance Amendment was the introduction of the provision for 10-percent cost-sharing (with an additional 10 percent to be introduced at a later date) by the insured for both ambulatory and inpatient care under the EHI and the five other employment-related programs. Previously, the insured received full coverage except for a nominal charge. The new law, however, does not affect dependents, who were already paying 30 percent of costs for ambulatory care and 20 percent of costs for inpatient care.

Upgrading the EHI contribution base. To increase the receipts of the EHI, the 1984 amendment also raised both the floor and the ceiling for contribution purposes. The former rose from 30,000 yen to 68,000 yen and the latter from 470,000 yen to 710,000 yen a month. The contribution rate itself remained unchanged at 8.4 percent.

Revising the Catastrophic Health Care Insurance. To protect patients from excessive copayments, the amendment rolled back inpatient liability for multiple cases of high-cost illnesses under both the NHI and EHI programs. In addition to the pre-reform copayment ceiling for which each **patient** was responsible (a maximum of 51,000 yen to each provider of medical care per calendar month for the treatment of the same illness), the new amendment also set a copayment ceiling for the entire **household** (related family members) and for individuals receiving frequent treatment for high-cost illnesses.

The 1985 Pension Reform

It is in the area of pension insurance that the Japanese government has made basic systemic changes and introduced the most drastic cutback in benefits since the inception of the two major pension programs. (Table 2 highlights the key provisions before and after the 1985 reform.)

A two-tier system for the working population. As a result of the reform, the EPI and NPI schemes no longer cover different segments of the working-age population. Together (with the other five special programs, under separate legislation also made effective April 1986), they provide universal protection to all Japanese residents and two tiers of coverage to the employed.

The post-reform NPI is expanded to compulsorily enroll all residents of working age (those aged 20-59), thus including employed persons who were previously covered exclusively by the pre-reform EPI. The new NPI provides a universal flat-rate "basic benefit" at age 65, regardless of the person's employment status or earnings. The post-reform EPI covers all employed persons in private enterprises, thus extending its membership to employees in small businesses with fewer than five workers. This program offers an earnings-related benefit at age 60. Both the new NPI and EPI require 25 years of contribution.

The self-employed, farmers, and the nonemployed receive only the first-tier basic NPI benefit at age 65, while an employed person receives both pension components: (1) an earnings-related EPI benefit at age 60, and (2) a flat-rate NPI basic benefit at age 65. (From age 60 to age 65, however, the EPI pays an additional amount equal to the NPI pension.)

Reduction of general revenue subsidies. The financing of the newly revised NPI and EPI is designed to reduce the government subsidy and to improve the financial basis of the NPI by drawing its resources from all adult residents. In contrast to the pre-reform financing, the EPI no longer receives general revenue subsidies and is thus funded only from equal employer/employee contributions. There are, however, three sources of funding for the new NPI: (1) flat-rate contributions from those who participate in only the NPI (that is, the self-employed, farmers, nonemployed adults, and students); (2) contributions from the EPI and the other five special schemes, based upon the number of their respective members, including contributions on behalf of nonemployed wives; and (3) general revenues amounting to one-third of benefit costs.

Revison of the benefit formula. The principal cost-cutting measure of the pension reform is a reduction in benefit levels, through a scaling back of benefits under both the NPI and EPI programs. To ease the impact of benefit reductions on beneficiaries, the reform provides for a 20-year phase-in period beginning April 1, 1986, during which transitional provisions will apply.

The new NPI no longer grants higher benefits to pensioners who make contribution for more than the required minimum of 25 years. Before the reform, NPI pensioners received 1,680 yen a month (at 1984 prices) for each year of contribution. Those who contributed for the maximum 40 years could receive a monthly pension as high as 67,200 yen. Under the new program, beneficiaries receive a maximum flat-rate monthly pension of 50,000 yen (at 1984 prices), payable quarterly after 25 years of coverage. Significant savings will result from substantial cuts of future benefits by capping the monthly benefit at 50,000 yen, without any increment for longer contribution periods.

Pensioners in the private sector also face substantial benefit reductions. The pre-reform EPI benefit formula consisted of two parts. The first part yielded an amount equal to 2,050 yen per month for each year of contribution; this portion is replaced by the new NPI's basic benefit. For retirees who have a minimum of 25 years of coverage, the reduction is only 50 yen per month, but for future retirees with 40 years of coverage, the cut could be as high as 39 percent. The second portion of the new EPI benefit formula is cut by 25 percent regardless of the length of the insured period. Previously, the second portion of the EPI benefit formula provided 1 percent of the pensioner's average indexed monthly earnings, multiplied by the number of years covered. The new law revised this portion to yield only 0.75 percent of the same revalued earnings.

The following hypothetical example illustrates how the new provisions will affect benefit levels. A single worker who earned average wages in the nonagricultural sector throughout his career and contributed for 40 years under the EPI would receive a monthly benefit of 170,080 yen (185,000 yen, if married with a dependent wife) at retirement in 1984 under the pre-reform EPI benefit formula.

Under the provisions of the new law, this same worker would receive a total monthly benefit of 113,065 yen (163,065 yen, if married with a dependent wife), comprised of 50,000 yen from the NPI benefit and 63,065 yen from the EPI benefit. In effect, the reduction in monthly benefits is about 34 percent for the single pensioner and about 12 percent for a worker with a dependent wife.[5] As of April 1986, about 40 percent of those becoming eligible for EPI benefits had 25-30 years of coverage, and only 4.5 percent of those becoming eligible for pensions had 40 years of coverage. The bulk of the savings will be derived from the lowered benefits for future beneficiaries.

The dramatic effects of the cutback in EPI benefits can also be measured by projected reductions in future contribution rates. The Ministry of Health and Welfare had estimated that, under the pre-reform EPI, the combined employer/employee contribution rate would have risen from 10.6 percent in 1985 to 38.8 percent by the year 2030—when the contributor-per-beneficiary ratio reaches its lowest point. With the benefit cuts, however, the EPI contribution rate is projected to reach a peak of 28.9 percent by 2030, without any government subsidies.[6]

Both the new NPI and EPI benefits are tied to 1984 prices, and the benefits are adjusted according to annual changes in the consumer price index.

Equal treatment between men and women. The 1985 pension reform promotes equality between men and women under the EPI in two respects. It stipulates a gradual increase in the contribution rates for women so that by 1993 both men and women will contribute at the same rate (table 2). Moreover, the pensionable age for women will be raised from age 55 to age 60 over a 15-year period so that it will equal that for men in the year 2000. With more and more Japanese women working, both measures will help improve pension program financing by increasing receipts on the one hand, and by reducing the number of years benefits are paid on the other.

Unresolved Issues

There are two unresolved issues under the new pension system. First, the self-employed, unlike other groups of economically active persons, participate only in the NPI (on the same basis as nonemployed wives and students), thus receiving only a modest flat-rate pension in old age.

A second issue that will likely re-emerge is raising the pensionable age under the EPI to age 65, the same as that under the NPI. Such a move has two obvious advantages: First, the two major pension programs would have a uniform pensionable age, thus ensuring equity among pensioners. Second, a higher pensionable age would also increase receipts and reduce benefit outlays. The Ministry of Health and Welfare has projected that, with the EPI pensionable age raised to 65, the resultant savings in pension expenditures could lower the EPI's combined employer/employee contribution rate in year 2030 from the estimated 28.9 percent of payroll to 23.9 percent.[7]

The apparent stumbling block to raising the pensionable age to 65 for the EPI is that many firms (27 percent) in the private sector continue to retire their employees as early as age 55—some 5 years before men become eligible for the EPI pension and 10 years before their eligibility for the NPI benefit. For women, the retirement age in some industries is even lower.[8] To raise the pensionable age of the EPI to 65 without a coordinated increase in the retirement age in the private sector will further broaden the gap between actual retirement and pensionable age, thus creating a greater hardship for retirees.

Because of these apparent difficulties, a proposal to revise the pensionable age upward may take considerable time to materialize, despite pressure from cost-conscious economists. An advisory council to Prime Minister Yasuhiro Nakasone—the Council on People's Life—suggested in June 1985 that the pensionable age be raised to 65 to cope with an aging society, but no discernible progress has been made since then.

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[5]The 1984 monthly old-age benefit is computed according to the benefit formula **before** the 1985 reform, using the average wage in the nonagricultural sector as reported in the International Labour Organization's **Yearbook of Labour Statistics**, and assuming 40 years of coverage. This hypothetical worker's revalued average lifetime earnings is derived from the earnings credited for benefit purposes based on the wage classes of different time periods, and the latest (1980) series of revaluation factors for past earnings, as established by the Japanese Ministry of Health and Welfare.

[6]**Zaisei**, pages 156-157 and 162-163.

[7]**Zaisei**, pages 162-165.

[8]An industry-wide survey from the Ministry of Labor reported that, in 1984, of the 87 percent of those businesses that set a retirement age for their employees, 80 percent set a uniform retirement age for both sexes: 27 percent of these retire their workers at age 55, 17.4 percent at ages 56-59, 51 percent at age 60, others at age 61 or older. See Japan, Ministry of Labor, **Yearbook of Labor Statistics**, 1984, pages 42-43. In case of differing standards for male and female employees, the retirement age for the latter is usually lower. Article 11 of the new Equal Employment Opportunity Law, effective since April 1986, stipulates that there should be no difference in a firm's retirement age for its male and female employees.

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Table 1.—Employees Health Insurance (EHI) and National Health Insurance (NHI), Pre- and Post-1984 health insurance reform (effective October 1, 1984)

Provision	Employees Health Insurance	
	Pre-reform	Post-reform
Coverage	Employees of private sector firms with five or more workers.	Employees of private-sector firms.
Financing	Equal employer/employee payroll contributions, up to a total of 8.40% of monthly earnings plus 1% of bonuses. Maximum earnings for contribution purposes: 470,000 yen a month[1] (minimum, 30,000 yen a month).	Equal employer/employee payroll contributions, up to a total of 8.40% of monthly earnings plus 1% of bonuses. Maximum earnings for contribution purposes: 710,000 yen a month (minimum, 68,000 yen a month).
	Insured persons pay 800 yen for first ambulatory care visit, 500 yen a day for inpatient care, up to 1 month for the same illness. Dependents pay 30% of ambulatory care costs and 20% of inpatient care costs.	The insured pay 10% of benefit costs. Dependents, no change.
	Government: 16.4% of benefit costs and cost of administration.	Government: Cost of administration.
Benefits	**Cash sickness benefits**: 60% of average daily earnings in last 3 months, according to wage class; payable after 3-day waiting period for up to 18 months. **Cash maternity benefits**: 60% of earnings for 6 weeks before and 6 weeks after confinement, plus a lump-sum birth grant of half of 1 month's wages (minimum, 150,000 yen). **Medical benefits**: Includes medical treatment, surgery, hospitilization, nursing, dental care, maternity care (difficult childbirth only), medicines, and transportation. Insured: 100% coverage for outpatient and inpatient care, except 800 yen for first outpatient visit and 500 yen a day for first 30 days of hospitilization. Dependents: 70% of ambulatory care and 80% of inpatient care. **Maximum cost-sharing per person (dependent) per month**: 51,000 yen (15,000 yen for low-income families) for the same illness per provider.	**Cash sickness benefits**: No change. **Cash maternity benefits**: 60% of earnings for 6 weeks before and 6 weeks after confinement. Lump-sum birth grant, minimum raised from 150,000 yen to 200,000 yen. **Medical benefits**: No change in scope of care. Insured: 90% coverage for outpatient and inpatient care. Dependents: No change. **Maximum cost-sharing per person (insured or dependent) per month**: 51,000 yen (30,000 yen if low income) for the same illness per provider. **Maximum cost-sharing per household (insured and/or dependents) per month**: After three payments of 51,000 yen in 1 calendar month, maximum rolled back to 30,000 yen (20,000 yen if low income) per provider for remainder of month. **Maximum cost-sharing per person (insured or dependent) per year**: After three payments of 51,000 yen by the same person in 1 calendar year, monthly maximum rolled back to 30,000 yen (20,000 yen if low income) per provider for remainder of year.

See footnotes at end of table.

Table 1.—Employees Health Insurance (EHI) and National Health Insurance (NHI), Pre- and Post-1984 health insurance reform (effective October 1, 1984)—**Continued**

Provision	National Health Insurance	
	Pre-reform	Post-reform
Coverage	All residents not otherwise covered.	No change for residents not covered under other health programs. Workers insured under EPI or any of the five special programs will be enrolled in a new "Retirees' Health Insurance" under NPI at retirement.
Financing	Insured persons pay a National Health Tax or premium as fixed by individual carrier; average monthly contribution, about 8,665 yen (in 1984) per household.[2] Maximum annual contribution: 29,167 yen (in 1984) per household per month. Both the insured and the dependent also pay 30% of costs for ambulatory or inpatient care. Government: 45% of medical care costs and cost of administration, plus some local government subsidies.	No change to pre-reform provisions except for the new "Retirees' Program:" Retirees pay a National Health Tax for the entire household, same as other NHI participants. EHI (or any of the five special programs) also contribute to their former employees based on a specified formula.
Benefits	**Cash benefits**: None required by law, but provided by some carriers. **Medical benefits**: Includes medical treatment, surgery, hospitalization, nursing, dental care, maternity care (difficult childbirth only), medicines, and transportation. Insured and dependents: 70% of ambulatory and inpatient care. **Maximum cost-sharing per person (insured or dependent) per month**: 51,000 yen (15,000 yen for the low-income families) for the same illness per provider.	**Cash benefits**: No change. **Medical benefits**: No change in scope of care. **Retirees' program:** Insured: 80% coverage of all medical care. Dependents: 70% of outpatient care, and 80% of inpatient care. **Maximum cost-sharing per person (insured or dependent) per month**: 51,000 yen (30,000 yen if low income) for the same illness per provider. **Maximum cost-sharing per household (insured and/or dependents) per month**: After three payments of 51,000 yen in 1 calendar month, maximum rolled back to 30,000 yen (20,000 yen if low income) per provider for remainder of month. **Maximum cost-sharing per person (insured or dependent) per year**: After three payments of 51,000 yen by the same person in 1 calendar year, monthly maximum rolled back to 30,000 yen (20,000 yen if low income) per provider for remainder of year.

[1]As of March 31, 1987, one U.S. dollar equaled 154 yen.
[2]Or about 3.8% of the average monthly wage in nonagricultural sector. The average monthly wage in the nonagricultural sector in 1984 was 310,563 yen including bonuses, and about 230,000 yen excluding bonuses.

Sources: **Hoken to nenkin no doko**, 1985, pages 74-78; International Labour Office. **Yearbook of Labour Statistics**, 1985.

Table 2.—Employees Pension Insurance (EPI) and National Pension Insurance (NPI), Pre- and Post-1985 Pension Reform (effective April 1, 1986)

Provision	Employees Pension Insurance	
	Pre-reform	Post-reform
Coverage	Employees of private sector firms with five or more workers.	Employees of private-sector firms.
Financing	Equal employer/employee payroll contributions: Total—10.6% (women, 9.3%) of monthly earnings. Government: 20% of benefit costs. Maximum earnings for contribution and benefit purposes: 410,000 yen a month (minimum, 45,000 yen a month).	Equal employer/employee payroll contributions: Total—12.4% (women, 11.3%) of monthly earnings. (Rate for women to increase gradually starting October 1986 until it reaches the same level as that of men in 1993.) Government: None. Maximum earnings for contribution and benefit purposes: 470,000 yen a month (minimum, 68,000 yen a month).
Qualifying conditions	**Old-age pension**: Age 60 (men) and age 55 (women); 20 years of contribution.	**Old-age pension**: Age 60 (men) and age 55 (women, gradually rising to age 60 by year 2000); 25 years of contribution.
Benefit formula	2,050 yen a month, plus 1% of revalued average lifetime monthly earnings, for each year of contribtuion. Dependent supplements: 15,000 yen a month for spouse, 5,000 yen a month each for first and second child, and 2,000 yen for each additional child. Benefits indexed to annual consumer price index changes.	Age 60-65: 50,000 yen a month, plus 0.75% of revalued average lifetime monthly earnings for each year of coverage. Age 65: 0.75% of revalued average lifetime monthly earnings for each year of coverage. Dependent supplements: 15,000 yen a month for dependent spouse until age 65, 15,000 yen a month for first and second child, and 5,000 yen a month for each additional child. Benefits indexed to consumer price index changes.
	National Pension Insurance	
	Pre-reform	Post-reform
Coverage	Residents aged 20-59 not otherwise covered (such as the self-employed, workers in small businesses, farmers, and nonemployed wives.)	All residents aged 20-59, regardless of coverage of other pension programs.
Financing	Insured persons: 6,740 yen a month.[1] Government: One-third of benefit costs.	Insured persons not covered by any other programs: 6,800 yen a month (1984 constant prices, adjusted to consumer price index changes). Insured persons simultaneously covered by the EPI (or any of the five special schemes): Portions of their contributions to the EPI, etc. finance their and their nonemployed wives' participation in the NPI. No addiitonal contribution required. Government: One-third of benefit costs.
Qualifying conditions	**Old-age pension**: Age 65; 5-25 years of contribution.	**Old-age pension**: Age 65; 25 years of contribution.
Benefit formula	1,680 yen a month per year of contribution. Benefits indexed to annual consumer price index changes.	50,000 yen a month (at 1984 prices), payable quarterly. Benefits indexed to annual consumer price index changes.

[1]Or, about 2% of the average monthly wage (minus bonuses) in nonagricultural sector in 1984.