

Social Security System in Japan - Premium Update

■ Outline of the types of Employee Social Security

The social security system in Japan for employees is composed of Social Insurance covering Health Insurance and Welfare Pension Insurance, and Labor Insurance covering Employment Insurance and Worker's Accident Compensation Insurance. The four schemes may be collectively referred to as "social insurance". Non-Japanese employees are also covered by each scheme. Benefits are summarized briefly as follows.

Health Insurance entitles employees and their dependent family members to receive medical treatment at 30% of the actual costs. There are also other cash benefits for events such as childbirth, death, unpaid leave due to non-work related injury or illness, etc. Employees aged 40-64 years who are covered by health insurance are required to contribute to **Nursing Care Insurance** which is one of the government welfare plans.

Welfare Pension Insurance provides pension benefits when employees reach 65 years of age or become disabled. Lump sum benefits and pension benefits are also provided to survivors who meet certain conditions. An employer who is qualified for the scheme is obliged to contribute to the **Children's Welfare Fund**.

Employment Insurance provides unemployment benefits for those who become unemployed, and child/family care benefits for those who are on the child/family care leave and are not paid during the leave.

Worker's Accident Compensation Insurance entitles employees to be compensated for illness, injury or death incurred while working or commuting to/from a working place. Benefits are provided in a form of lump sum payment or pension payment depending on the level of seriousness of injury or illness.

■ 2015 Update

The government review premium rate periodically and may change if needed to maintain a stable financial situation. The 2015 changes are 1) Nursing care insurance from 1.72% to 1.58% effective April 2015 and 2) Welfare Pension Insurance: from 17.474% to 17.828 % effective September 2015. The premiums for other insurances remain unchanged. In principle, the costs are shared by employer and employee. The following table shows the contribution rates as of April 2015..

	Premium Rates			Remuneration Cap (JPY)	
	Employee	Employer	Total	Salary	Bonus
Health Insurance *1)	4.985%	4.985%	9.97%	1,210,000	5,400,000 *2)
Nursing Care Insurance	0.79%	0.79%	1.58%	1,210,000	5,400,000 *2)
Welfare Pension Insurance up to August	8.737%	8.737%	17.474%	620,000	1,500,000
(Welfare Pension Insurance from Sep.)	(8.914%)	(8.914%)	(17.828%)		
Children's Welfare Fund	-	0.15%	0.15%	620,000	1,500,000
Employment Insurance	0.5%	0.85%	1.35%	-	-
Worker's Accident Comp. Insurance*3)	-	0.3%	0.3%	-	-
Total	Up to Aug 2015 (From Sep 2015)	15.012% (15.189%)	15.812% (15.989%)	30.824% (31.178%)	

*1) Those rates are applied to companies in Tokyo. The Health Insurance premium rates range from 9.86% to 10.21% in total, depending on the prefecture in which the employer is registered.

*2) The cumulative total in a fiscal year (from April to March in the following year).

*3) The rate on the table is for general office workers. Different rates will apply depending on type of industries from 0.25% to 8.8%.