

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 to aid elder people.

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**, which is a government aid plan for children.

Employment Insurance provides unemployment benefits and various support programs 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.

Workers’ 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.

■ 2017 Update

The 2017 premium rate changes are 1) Health insurance down from 9.96% to 9.91% effective March, 2) Nursing care insurance up from 1.58% to 1.65% effective March, 3) Employment insurance down from 1.1% to 0.9% effective April, and 4) Children welfare fund up from 0.2% to 0.23% effective April. Welfare pension insurance and Workers’ accident compensation insurance remain the same. In principle, the costs are shared by employer and employee. The total employer’s cost will be 16% of remuneration. Please refer to the following table for details of contribution rates as of April 2017.

	Premium Rates			Remuneration Cap (JPY)	
	Employee	Employer	Total	Salary	Bonus
Health Insurance *1)	4.955%	4.955%	9.91%	1,390,000	5,730,000 *2)
Nursing Care Insurance	0.825%	0.825%	1.65%	1,390,000	5,730,000 *2)
Welfare Pension Insurance	9.091%	9.091%	18.182%	620,000	1,500,000*3)
Children’s Welfare Fund	-	0.23%	0.23%	620,000	1,500,000*3)
Employment Insurance	0.3%	0.6%	0.9%	-	-
Workers’ Accident Comp. Insurance *4)	-	0.3%	0.3%	-	-
Total	15.171%	16.001%	31.172%		

*1) This is the rate for the governmental health insurance plan. It ranges from 9.69% to 10.47% depending on the prefecture in which the employer is registered. The above rate is applicable for Tokyo area. Private health insurance associations have their own different premium rates.

*2) The cumulative bonus payments paid in a fiscal year from April to March of the following year.

*3) The cumulative bonus payments paid in a month.

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