

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. [△ family dependent living outside Japan is not covered from April 1, 2020.](#) 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 elderly-age pension benefits when an employee retires and reaches 65 years of age. It also provides pension/lump sum benefit when an employee becomes disabled, or survivor pension/lump sum benefit to a certain scope of survivors when an employee dies. An employer qualified for the scheme is obliged to contribute to the **Children's Welfare Fund**, which is a children-aid plan operated by the government.

Employment Insurance provides unemployment benefits and various supports for those individuals who become unemployed and wish to find a job. It also provides the child/family care benefits for existing employees who are on the child or family care leave without pay. [Until April 2020, employees aged over 64 have been exempt from premium contribution. This special measure was abolished.](#)

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.

■ 2020 Update

Premium rate changes for 2020 are 1) Health insurance down to 4.935% from 4.95%, 2) Nursing care insurance up to 1.79% from 1.73% (both effective from March), and 3) Children's Welfare Fund up to 0.36% from 0.34% (effective from April). Other insurances remain unchanged. The total costs are shared by employer and employee as follows:

	Premium Rates			Remuneration Cap (JPY)	
	Employee	Employer	Total	Salary	Bonus
Health Insurance *1)	4.935%	4.935%	9.87%	1,390,000	5,730,000 *2)
Nursing Care Insurance	0.895%	0.895%	1.79%	1,390,000	5,730,000 *2)
Welfare Pension Insurance	9.15%	9.15%	18.3%	620,000	1,500,000 *3)
Children's Welfare Fund	n/a	0.36%	0.36%	620,000	1,500,000 *3)
Employment Insurance	0.3%	0.6%	0.9%	n/a	n/a
Workers' Accident Comp. Insurance *4)	n/a	0.3%	0.3%	n/a	n/a
Total	15.28%	16.24%	31.52%		

*1) This is the rate for the governmental health insurance plan. It ranges from 9.58% to 10.73% depending on the prefecture in which the employer is registered. The above rate is applicable for the 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 applies to general office workers. The rate varies depending on the employer's industry type from 0.25% to 8.8%.