Annual Report 2016

The Japan Pension Service firmly
protects customers' valuable pensions
and aims to become a trusted organization.

日本年金機構
Japan Pension Service

Greetings to our customers

Publication of the annual report

Established in January 2010, the Japan Pension Service (JPS) publishes an annual report with the aim of providing our customers with clear information, such as the status of our business operations and the target results.
The “2016 Edition” includes feature articles such as on the “Japan Pension Service Revitalization Project,” and “Information Security Measures.”
We will also report on the progress of the priorities that the JPS has been working on since its establishment as well as the initiatives for fiscal year (FY) 2016.

“Japan Pension Service Revitalization Project” and “Information Security Measures”

In order to solve the actual cause of structural problems such as a lack of unity as an organization, vulnerability of governance, lack of leadership, and inadequate rules, we set up the "Japan Pension Service Revitalization Project" to work on 71 different reform items while addressing organizational reform, personnel reform, operational reform, and information disclosure and sharing as the pillars.
With the concepts of “Principle of prioritizing frontline offices” and “Think and reform proactively,” the Revitalization Project sets the three years from FY2016 as an intensive work period. In the first year, we rapidly carried out an organizational restructuring, a review of the rules, and the establishment of mechanisms among other efforts, as the first "creating a shape" process.
In FY2017, as the second “filling the shape” process, we will make steady progress with each reform while making any necessary course corrections based on the opinions of our customers and frontline offices, in order to further penetrate and establish reforms in the frontline offices and Headquarters.
In FY2018, as the last “finalizing the functions” process, we will set up a system focusing more on our core business, mainly in the frontline offices as contact points with customers, and aim to revitalize as an organization in which our customers can put their full trust.
For the "Information Security Measures," we are in the midst of reinforcing measures from organizational, technical, and operational aspects for the purpose of protecting our customers’ personal information. We will foster the security awareness of each member of staff and establish a high level of security system.

“Failures to pay transitional add-on benefits”

On September 13, 2017, we made an announcement on the failure to properly pay transitional add-on benefits that should have been paid. We would like to apologize unreservedly to all customers for the concern and inconvenience caused.
We will unquestioningly make prompt payments to customers who have not been paid, and conduct a full investigation into the cause and background of such an error to prevent a recurrence.

Initiatives for FY2016

For our core business such as measures for coverage and contribution collection for the National Pension and the Employees’ Pension Insurance, we have created an action plan per Branch Office for the implementation of planned and efficient operations.
For the contribution payment rate for the National Pension, we set targets in the second medium-term plan for FY2018 of mid-60 percent for the current fiscal year payment rate and 70 percent for the final payment rate. As a result, the final outcome for FY2016 was 65 percent for the current fiscal year payment rate, with the final payment rate exceeding 70 percent. Both rates therefore reached the targets set in the medium-term plan ahead of schedule. For the Employees' Pension Insurance, we are also committed to promoting coverage, including new coverage of 115,000 workplaces, which exceeded the target of 93,000.
In this way, we consider that we have achieved certain results for our core business. On the other hand, however, we still face challenges concerning administrative errors and the protection of personal information.
The JPS will steadily implement the "Japan Pension Service Revitalization Project" and "Information Security Measures" and continue to promote our core business while ensuring the prevention of administrative errors and compliance issues.

Lastly, I would like to extend my greetings and promise to build a trustworthy organization that has a high sense of ethics and responsibility as a pension system management organization that truly comes face to face with our customers.

President, Japan Pension Service

Toichiro Mizushima

Joined Mitsui Bank following his graduation from Hitotsubashi University. After serving as vice president of Sumitomo Mitsui Banking Corporation, he became president of the Readjustment of Facilities for Insured Persons and Beneficiaries Organization, Independent Administrative Agency in 2005. He took up his current post in January 2013.

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※This is the tentative translation of the original report in Japanese.
これは、「アニュアルレポート 2016 ー年次報告書ー」の仮訳版です。

Outline of the public pension system

The public pension system is based on the notion that all members of the working population provide support for life in old age or in an unexpected incident. Specifically, you participate in the system at a young age and continue to pay contributions in order to receive a pension: 1) in old age, 2) in the event you sustain a disability due to illness or injury, and 3) if the earner of the family dies.

POINT

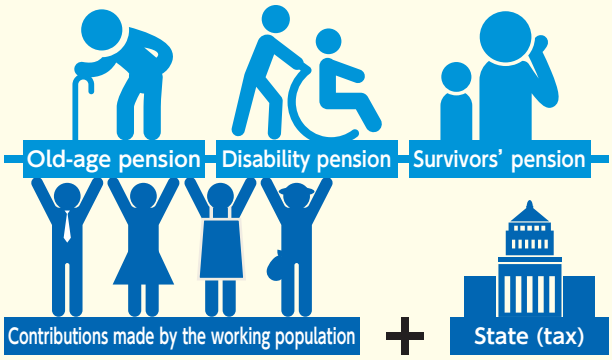
Three types of public pension benefits: old-age, disability, and survivors' pensions.

Japan's three types of public pension benefits are the "old-age pension" received by the elderly, the "disability pension," and the "survivors' pension."
The public pension system has a two-tier structure comprising the "National Pension" for all persons aged 20 to 59, and the "Employees' Pension Insurance" for private company employees and civil servants. Contributions are paid under each pension system.

	National Pension (Basic Pension)	Employees' Pension Insurance
Old-age pension	From the age of 65, the "Old-age Basic Pension" is paid from the National Pension, throughout your lifetime. Your pension amount in retirement depends on your contribution-paid period (a maximum of 40 years, or 480 months).	The "Old-age Employees' Pension" is paid in addition to the "Old-age Basic Pension" for the period covered by the Employees' Pension Insurance. The pension amount is determined based on your coverage period and salary.
Disability pension	If you sustain a disability due to illness or injury, the "Disability Basic Pension" is paid from the National Pension.	If you sustain a disability while covered by the Employees' Pension Insurance, the "Disability Employees' Pension" is paid in addition to the "Disability Basic Pension."
Survivors' pension	When the earner of the family dies, his/her dependent spouse taking care of child(ren), or his/her dependent child(ren) receives the "Survivors' Basic Pension."	The "Survivors' Employee's Pension Insurance" is paid if the deceased was covered by the Employees' Pension Insurance.

Basics

The public pension is operated through intergenerational support.



POINT

Three aspects of the public pension system

1 Universal pension

In general, everyone aged 20 to 59, including self-employed and unemployed persons, is obliged to enroll in the public pension system; this is called the universal pension. The universal pension system forms a stable insurance group and enables the whole society to respond to the issue of income security in old age.

2 Social insurance system

The expenses required for pension benefits are stably managed, with the fund combining the contributions made by insured persons (working population) and the state (tax). The social insurance system provides pension benefits from contributions paid in advance. In principle, you will not be eligible for pension benefits if you do not pay contributions.

3 Intergenerational support

It is made up of "intergenerational support" whereby the elderly receive pension benefits through the contributions made by the working population, that is, the mechanism of intergenerational dependence (pay-as-you-go system). It enables the provision of lifetime pension benefits, which will be worthwhile even in times of increasing wages or prices.

CHECK!

In order to ensure the pension system is sustainable and secure for the future, even with a continuation of the declining birth rate and aging population, a mechanism (macroeconomic indexation) was introduced in 2004 to fix the upper limit of contributions(*1) and automatically adjust the pension benefit level within that range.

(*1) The rise in the levels of contributions ended in FY2017.

Outline of the Japan Pension Service

The Japan Pension Service (JPS) was established in January 2010 as a special public corporation responsible for the operation of the public pension administration. Based on the Operating Principles, the JPS manages a series of public pension operations and contributes to the creation of an affluent and secure society.

POINT

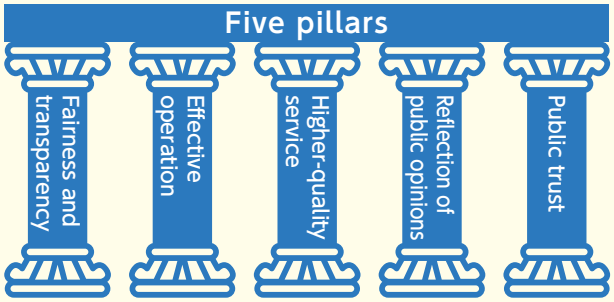
Basic Concept and Operating Principles

The JPS has established a Basic Concept and Operating Principles to ensure the proper operation of its business and to secure the trust of the nation.

Basic Concept

The Basic Concept of the JPS is stated as follows in Article 2 of the Japan Pension Service Act.

> The government-managed pension system shall be operated stably and sustainably, based on public trust with principle of solidarity. The Japan Pension Service, therefore, shall strive for higher service quality reflecting people's needs and opinions on government-managed pension systems, and assure effective operation and fairness and transparency in operation.



Operating Principles

Based on the Basic Concept outlined above, the JPS has set out the following Operating Principles, which it applies when operating its organization and business.

> ① To provide a courteous, prompt, accurate, and efficient service from the customer's point of view.
> ② To reflect customers' opinions in its operations, and to promote the disclosure of easy-to-understand information on the outcome of its business.
> ③ To establish new personnel principles based on ability and performance by fusing public and private human resources, and to change the organizational culture.
> ④ To rigorously ensure compliance, build a system of risk management, and establish corporate governance in these and other ways.

POINT

Operations of the Japan Pension Service

The JPS conducts a wide range of public pension-related operations under the supervision of the government (Minister of Health, Labour and Welfare) (*2).

(*2) As well as bearing financial and administrative responsibility for the public pension, the government (Minister of Health, Labour and Welfare) also has the authority to guide and supervise the JPS.

Coverage

Operation for customers to enroll in the pension

All registered residents of Japan aged 20 to 59 are obliged to enroll in the National Pension system. We work to ensure that each person follows the correct procedure for the application to enroll (enrollment).
In addition, we strive to promote enrollment by providing guidance to workplaces not yet enrolled in the Employees' Pension Insurance.

Contribution collection

Operation to collect contributions from customers

The JPS undertakes various measures to ensure both individuals and employers pay the correct contributions.
For the National Pension, these include urging customers to pay contributions, enforced collection, and application guidance, such as contribution exemption. For the Employees' Pension Insurance, contribution collection is promoted by providing workplaces with payment guidance and enforcing disposition for contribution payment failure.

Benefits payment

Operation to pay pension to customers

The JPS receives Applications for Pension from customers, sends out pension certificates, and pays pensions accurately and promptly.

Management of records

Operation to manage customers' pension records

In addition to accurately managing customers' pension records, the JPS provides a system that enables customers to easily check their pension coverage records by "Nenkin Teiki Bin" (Pension Coverage Regular Notice) and "Nenkin-Net" (online service).

Consultations

Operation to provide customers with consultations

To carefully deal with customers' inquiries and consultations, the JPS responds promptly in various ways, such as over the phone, Internet, and counter.

1 Initiatives in the Japan Pension Service Revitalization Project

When there was a breach of personal data in May 2015 due to unauthorized access, structural problems such as a lack of unity as an organization, vulnerability of governance, lack of leadership, and inadequate rules were cited as its causes. In order to solve the fundamental problem, we developed the "Japan Pension Service Revitalization Project" in December 2015. We are promoting initiatives on 71 different reform items based on the concepts of "Think and reform proactively" and "Principle of prioritizing frontline offices," while addressing organizational reform, personnel reform, operational reform, and information disclosure and sharing as the pillars. We will report on the efforts we have made so far to revitalize as an organization that is able to prove itself worthy of customers' trust.

1 Reform vision

Objectives of the Revitalization Project

To address the actual cause of the structural problem as an organization, we aim to revitalize the Japan Pension Service in the project whereby all staff members "think and reform proactively" with a sense of vigilance, responsibility, and calling as a body that enforces the public pension system, while working together to meet customers' trust.

Concepts of the Revitalization Project

Think and reform proactively ⇒ Each member of staff gives serious consideration to what they should do in order to create the future.
Principle of prioritizing frontline offices ⇒ Creation of an organization centering on "frontline offices" of customer contact points.

Four pillars of the Revitalization Project

❶Organizational reform

- To establish an appropriate decision-making system based on the actual situation in the frontline offices by eliminating the vertically segmented system, bringing together the Headquarters and frontline offices, and uniting human resources.
- To restructure as an efficient and functional enforcement body by seeking to aggregate functions that meet customers' needs.

❷Personnel reform

- To realize a personnel system whereby staff members are hopeful, feel rewarded, and maintain high motivation while undertaking duties in the organization as a whole.
- To develop human resources to securely protect customers' pensions by highly rating staff members who make efforts for customers and training them to cultivate their leadership and professional expertise.

Recovery of customers' trust

The JPS provides an accurate and high-quality service with a focus on customer support and our core business.

❸Operational reform

- To establish a structure that enables us to focus on customer service by improving operational efficiency and streamlining (appropriate personnel allocation), and setting out and complying with rules based on the actual situation in frontline offices.

❹Promotion of information disclosure and sharing

- To review the information disclosure system in order to ensure transparency and to create an organization that offers reassurance to customers.
- To foster information sharing within the organization and with the Ministry of Health, Labour and Welfare.

◎The Business Improvement Plan promotes the first three years from FY2016 as the "intensive work period."

[Organizational goal for 2016]⇒ "First year of revitalization – Think and reform proactively"

[Organizational goal for 2017]⇒ "Acceleration of revitalization – The year to enhance the strength of frontline offices"

Creating a shape

Organizational restructuring, review of rules, establishment of mechanisms, policy decisions, structure development, hardware maintenance.

STEP 1

Filling the shape

Dissemination and penetration of the "shape" within the organization, course correction for a more effective "shape."

STEP 2

Finalizing the functions

An organic linkage among reform items, raising the awareness of JPS staff by realizing the effects, and a focus on our core business.

STEP 3

2 Points of reform (Main initiatives until FY2016)

❶Organizational reform

①Creation of a headquarters in support of frontline offices

◆Aimed at reorganizing the vertical system-based division of the Headquarters and unifying the organization to focus on the frontline offices as customer contact points, a restructuring in April 2016 saw the JPS adopt a cross-organizational structure of the Operation Planning Department and Operation Promotion Department.

◆The JPS established a structure for the cross-organizational and integrated management of the Branch Offices and other local offices by creating the Operation Management branch within the Operation Management Department to oversee the overall operation of our local offices, and by organizing 15 Regional Departments by region.

②Integration of management resources (human, goods and services, money, and information) control functions

◆Organizational restructuring in April 2016 saw the integration of the Regional Headquarters into the Headquarters to unify the organization, simplify the decision-making and information sharing process, and consolidate and improve the efficiency of manpower (human resources/labor affairs, accounts, and frontline-office management/assistance operations).

◆The structure of the frontline offices was enhanced by prioritizing the assignment of personnel from the Regional Headquarters to the frontline offices, and transferring 568 members of staff to the Branch Offices and Processing Centers in line with the downsizing of the Headquarters (312 regular workers and 256 associate workers were transferred on April 1, 2017).

❷Personnel reform

①Frontline-oriented executive personnel affairs

◆With regard to the relations between the current positions (posts) and qualifications (grades), the JPS conducted a review of the relations between the Headquarters and local offices in terms of qualifications, from the perspective of giving priority to customer contact points. G-grade posts (*1) were transferred to the local offices, in addition to an extensive review of M-grade posts (*2).

(*1) General manager posts group

(*2) Manager posts group

◆The JPS has expanded the transfer of top officials between the Headquarters and local offices.

②Staff satisfaction

◆The JPS advanced the appointment of young staff to managerial posts to make a shift from a seniority-based to a merit-based promotion system.

◆Implementation of a 360-degree assessment to improve the management skills of those in managerial posts.

◆To accelerate the circulation of managerial posts and rejuvenate the organization, the JPS introduced and began operating an age-limit system for managerial posts.

③Rejuvenation of managerial posts

◆The JPS conducted a review to maintain a balance between outcome and process in its personnel evaluation system and introduced a mechanism for highly rating staff members who make efforts for customers.

◆For staff with low motivation and performance, the JPS implemented an ability development program and operated a strict demotion system.

◆In order to allow each member of staff to develop his/her future image, the JPS is working to raise awareness by keeping them informed of the whole picture of our new career formation for JPS staff, presenting different career paths for generalists and specialists, or for executive positions, within the overall picture.

◆"Pension Benefits Specialist" and "Systems Specialist" posts have been created with the aim of nurturing highly professional staff in the fields of pension benefits and systems.

◆For the development of future managers, the JPS established deputy section manager and chief positions to introduce a mechanism whereby young staff can think ahead to management posts from an early stage.

◆Various training systems have been adopted and implemented, including temporary assignments to private companies and the transfer of staff to overseas government agencies, as well as the expansion of personnel exchanges with the Ministry of Health, Labour and Welfare.

◆For new graduates, frontline office training for new staff (new job rotation) started in April 2016 to allow them to experience our four main operations (coverage and contribution collection of Employees' Pension Insurance, the National Pension, and pension consultations and benefits) in their first year of joining the organization.

◆In order to secure competent, skilled staff, the JPS promoted the transfer of staff on fixed-term employment contracts to regular workers, as well as the conversion of fixed-term contracts to contracts with no fixed duration. With the aim of establishing a stable pension consultation system, the JPS created the post of "Pension Consultation Worker" at the pension consultation counter in the Branch Offices for staff members whose employment has been converted to no fixed duration.

❸Operational reform

①Reducing instructions by half and easing the burden on frontline offices

◆Regarding the issuance of "instructions and requests," in April 2016 the JPS defined an "instruction" as something important that shall be fully enforced, and "administrative communication" as anything else, along with a review of the issuing authority of "instructions" and others. As a result, we achieved a 50% reduction in the number of issued "instructions and requests" compared to 2014.

◆The Quality Management Office established as being in charge of examinations within the Operation Management Department at the Headquarters (Quality Management Department of the General Management branch, from April 2017) endeavored to prevent the issuance of unnecessary and non-urgent "instructions" and "administrative communications" by conducting a review from the viewpoint of ensuring the validity of issuance and the effectiveness of full enforcement of the rules.

②Setting and full enforcement of operational rules and elimination of inconsistency

◆The project team to manual unification established within the Revitalization Project Office integrated the operation process and online entry process manuals, in addition to the standardization of operations. Comprising 325 types of report units, it is set as the nationwide uniform operation process guidelines (hereinafter referred to as the "uniform operation manual"). The uniform operation manual has been in use since April 2017.

◆To clarify the management of firmly maintaining the uniform operation manual and its system of responsibility, the "Quality Management Office" was transferred in April 2017 from the Operation Management Department to the General Management branch as the "Quality Management Department" for the system establishment.

◆The JPS organized 35 types of operation processes with differences in customer service and fully enforced them to eliminate regional differences in customer service.

③Operational consolidation

◆The Headquarters and Processing Centers had been in charge of examining the entitlements for the disability pension. In October 2016, the "Disability Pension Center" was established at the Headquarters to eliminate regional differences in assessment and ensure an appropriate examination by creating a nationwide integrated execution system, as well as to improve efficiency through system consolidation. The consolidation was subsequently expanded in January 2017, with nationwide consolidation completed in April 2017.

◆The "Central Pension Center" was formed in January 2017 to ensure efficient and effective operations by consolidating operations concerning pension benefits and records at the Headquarters, and those concerning records at the Branch Offices and Processing Centers.

◆To improve business performance and efficient operations, the JPS implemented a model project as a functional consolidation of the operations of the Employees' Pension Insurance coverage and contribution collection at a total of four Branch Offices, comprising two (Shinjuku and Otemachi) in October 2016 and another two (Osone and Hiroshima Higashi) in February 2017. The Branch Offices whose functions have been consolidated have built a dedicated system for coverage and collection measures and are carrying out intensive operations.

◆For downsizing of the organization and to further improve the efficiency and standardization of administration, the JPS continued with the consolidation of its Processing Centers in a wide area, reducing from 39 to 29 centers across the country.

◆There is considerable variation among local offices in terms of staffing situation and duties by employment type (regular and associate). An implementation plan was therefore formulated to assess the volume of work, which was initiated at Processing Centers in March 2016 and Branch Offices in June 2016. The results revealed a disparity in the volume of work between urban and other areas. The JPS has thus decided to correct the disparity among local offices in terms of the capacity of each

employment type over the few years from FY2017.

④Improvement of operational efficiency

◆The JPS held nine meetings, which included participation by external experts, to reduce operational work and consider its impacts on the service and convenience to customers. A cost reduction proposal was discussed, including a review of the items to post. It would require an urgent review due to the large operational scale.

Following a review based on the deliberations of the meetings, we promoted operational efficiency and reduced expenses (750 million yen).

◆The Revitalization Project Teams at each local office proposed specific measures for a JPS-wide work reduction. Of the measures, the JPS embarked on those (approx. 100) that could be realized promptly to improve operational efficiency.

◆Following a consideration to outsource clerical work performed at the Headquarters, payroll operations have been outsourced since February 2017. The JPS has also considered outsourcing accounting-related business to improve efficiency and reduce the cost of the overall accounting operations.

◆In order to simplify the administration process, the Branch Offices will accept reports of a change associated with a revised pension amount and send them directly to the Headquarters without going through the Processing Centers.

⑤Expansion of customer channels

◆The JPS established the "Project team for customer channels (PT)" at the Headquarters. The team considered a channel strategy in line with customers' characteristics and life cycle, with the aim of improving customer convenience, effectively utilizing management resources, and enhancing management culture.

◆Based on the PT's considerations and with the intention of enhancing pension consultations, the JPS has discussed the possibility of introducing an interpretation service to 5 foreign languages at call centers and some of the Branch Offices to deal with inquiries, such as on lump-sum withdrawal, from foreign customers.

❹Promotion of information disclosure and sharing

①Establishment of a Board of Full-time Directors

◆The "Board of Full-time Directors" was established in January 2016 (meeting once a week in principle) with the aim of sharing important management issues and decision-making processes, eliminating the vertically segmented system within the organization, expediting agreement on organizational management, fostering information sharing among board members, and contributing to efficient and stable operations.

②Promotion of information sharing

◆To promote the sharing of information between Headquarters and the frontline offices, regional managers placed in Regional Departments have been selected as key staff workers with responsibility for information sharing.

◆The JPS commenced same-day transmission of information, including press release items, produced a daily business report, and introduced a TV conference system.

Progress of the Revitalization Project

The Revitalization Project is composed of 71 reform items and promotes initiatives for institutional design and policymaking on a daily basis; it has been making steady overall progress so far (as of April 1, 2017).

	Number of reform items	Progress	
		Implemented (partially started)	Implementation schedule (under consideration)
Organizational reform	7	7	0
Personnel reform	21	19	2
Operational reform	30	27	3
Information disclosure and sharing	13	13	0

Initiatives by the Revitalization Project Team of each local office

The concepts of the Revitalization Project are "Think and reform proactively" and "Principle of prioritizing frontline offices." To effectively promote the project, it is essential for all staff members to have a full understanding of the content and take the initiative.

In June 2016, Revitalization Project Teams were formed at all Branch Offices and Processing Centers with the aim of deepening each staff member's understanding of the Revitalization Project and carrying out periodic discussions and considerations to promote the initiatives.

(1)Activities of the Revitalization Project Teams

①Local offices' own initiatives for revitalization

Each local office considered and implemented its own initiative for the revitalization of the JPS to improve customer service, regain customers' trust, and enhance staff job satisfaction.

②Proposal of specific measures for work reduction of the entire JPS

We examined specific measures aimed at reducing the work of the entire JPS (reduction of work volume). As a result, we reported around 900 specific measures to Headquarters.

③Summary of opinions from the local offices

A summary of the opinions from the local offices was submitted to Headquarters following the Revitalization Project Teams' requests for opinions on a proposed reform item under consideration and follow-up confirmations on the operational status of reform items in place.
In particular, around 16,000 opinions were submitted to Headquarters concerning the operation manuals.

(2)Revitalization Project Teams Reporting Session of Initiatives

The "Revitalization Project Teams Reporting Session of Initiatives" was held at the Headquarters on January 17, 2017.
For the two parts of the session: 【Local offices' own initiatives for revitalization】 and 【Proposal of specific measures for work reduction】, members selected from the nationwide Revitalization Project Teams across 16 local offices made a report and proposal.
Among the six local offices awarded for 【Proposal of specific measures for work reduction】, the JPS is making efforts to implement the measures of proposals from five local offices.
Go to the next page for specific proposals and initiatives.

Reporting Session of Initiatives

◎Local offices awarded at the Reporting Session

[Local offices' own initiatives for revitalization]

Awarded local offices	Description of initiatives	Effect
Sapporo Higashi Branch Office	Introduction of "Operation Manuals Day"	Complete implementation of operation manuals
Moriguchi Branch Office	Business integration plan of the National Pension Section and Pension Consultation Service Office	Staff workers' skill improvement
Tamana Branch Office	To advance the Tamana Branch Office to the national level	Staff workers' skill improvement

[Proposal of specific measures for work reduction]

Awarded local offices	Description of initiatives	Effect
Urawa Branch Office	Review of the check sheet for accepting Applications for Pension	Reducing the time to fill out the check sheet
Funabashi Branch Office	Review of the code management method for workplaces covered by the Employees' Pension Insurance	Reducing the operation time and easing the burden of administrative work
Minato Branch Office	Review of the clerical procedures for reissue of the Pension Handbook	Shorter period of time for the reissuing clerical procedures
Bunkyo Branch Office	Guidance for procedures on YouTube and other means	Improving customer convenience
Zentsuji Branch Office	Review of the guidance method for those aged 20 enrolling in the National Pension	Easier-to-understand procedures for enrollment at the age of 20
Aomori Processing Center	Creation of a check sheet for customers when submitting their Applications for Pension	Reduction in the number of incorrect documents returned to customers

Presentation by the Bunkyo Branch Office

Members of the awarded local offices

2 Efforts to strengthen information security measures

Protection of customers' valuable personal information

The JPS is working to strengthen information security measures in line with the "Business Improvement Plans" formulated based on the business improvement orders from the Minister of Health, Labour and Welfare (September 2015). FY2016 was the first year of the plan's three-year intensive work period. In order to ensure the protection of customers' valuable personal information on their pensions, the JPS conducted a full review of the organizational, technical, and operational aspects, and proceeded with the construction of a strong information system and an effective response system against the threats to information security, including attacks on the Internet.

❶ Organizational aspects

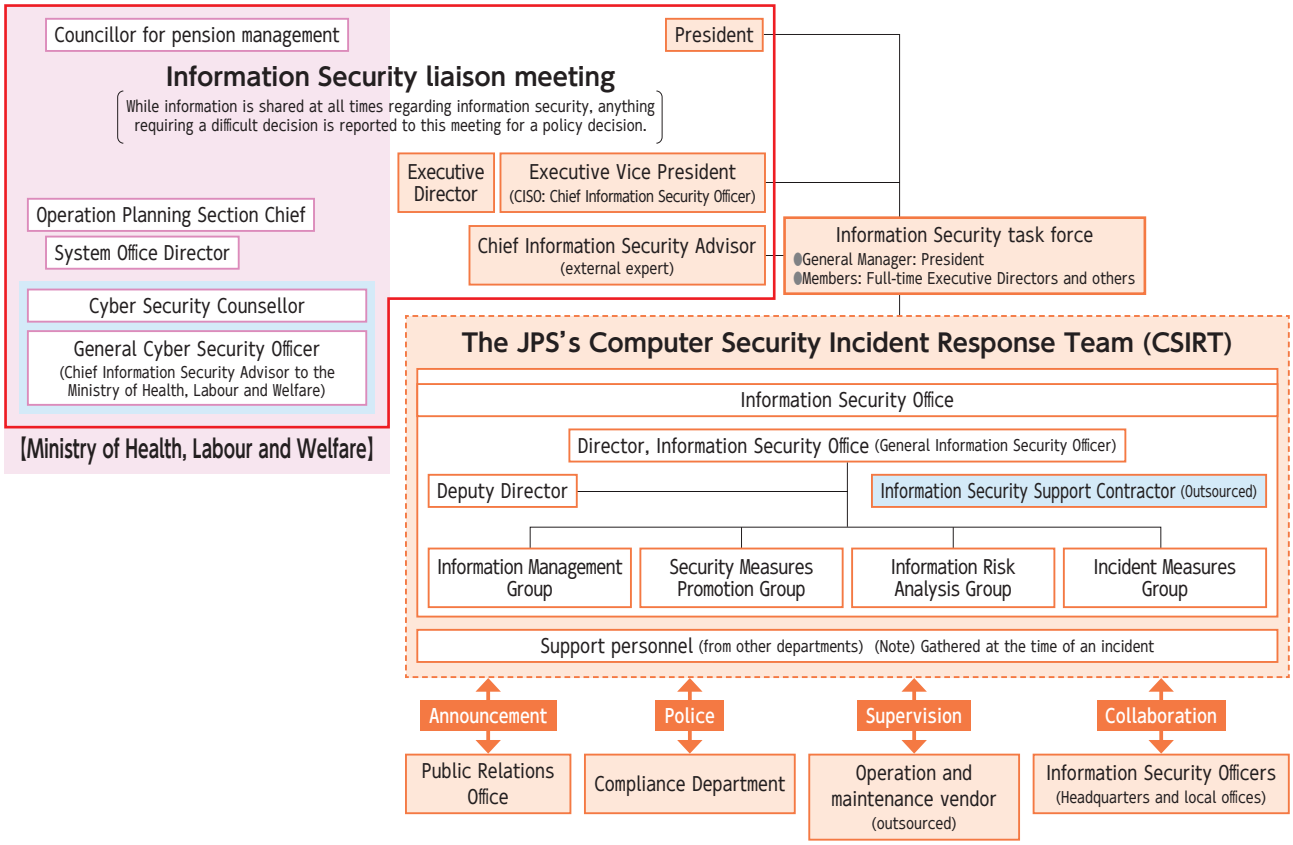
The JPS undertook the following initiatives to fully operationalize the "Information Security task force" that was established on October 1, 2016 to manage information security measures in a unified manner, its subordinate operating group "Information Security Office," and the "JPS's CSIRT" (*1) to improve the readiness for information security incidents (*2).

(*1) CSIRT: Computer Security Incident Response Team, a team to deal with security incidents. Under normal circumstances, it collects and analyzes incident information, and formulates policies and procedures based on the information in order to deal with security incidents. It is responsible for the emergency response when an incident occurs.

(*2) information security incidents: An event that poses or may pose a threat to the security of a computer system.

①Operation of the Information Security task force
②Reinforcement of the structure of the Information Security Office
③Designation of Chief Information Security Advisor
④Enhancement of the JPS's CSIRT functions
⑤Reinforcement of collaboration with the Ministry of Health, Labour and Welfare

Structure for organizational unity and effective information security measures



❷Technical aspects

To secure a system that blocks any attacks on personal information on pensions, the JPS keeps both its core operational systems and the JPS LAN system areas separate from the Internet environment. The areas for managing and operating personal information on pensions are limited to within the core operational systems. Based on a risk assessment and analysis of the information system, we are implementing multiple defence measures for the entry, inside, and exit of each system.

①Core operational systems

◆Personal information on pensions has started to be managed and operated in a new and dedicated shared folder built within the areas of the core operational systems that are separated from the Internet environment and the JPS LAN system.

In addition, a mechanism has been introduced to automatically encrypt personal information on pensions and other information when stored in the folder.

◆To further improve security of the personal information on pensions in the shared folder while continuing with the information security measures implemented thus far for Window Machine (WM), the JPS is operating stricter access restrictions with the introduction of a mechanism for access using biometric authentication in the same way as access is granted to the core operational systems.

In the future, entry measures will be further strengthened with the addition of functionality to detect unknown viruses.

②The JPS LAN system

◆The JPS LAN system is separated from the Internet environment and core operational systems and runs as a system that does not handle pension personal information.

③Internet environment

◆The JPS is conducting tests to newly develop the Internet environment within an area that is separated from the core operational systems and the JPS's LAN system areas.

❸Operational aspects

The JPS has developed various regulations, enhanced staff training, and consolidated an audit system in order to clarify the roles, responsibilities, and authorities concerning information security, to improve the crisis awareness of board and staff members, and to ensure full enforcement of the operational rules and procedures for incidents.

①Revised information security policy

◆The JPS's information security policy and various procedures have been revised sequentially since November 2016, in accordance with the "Common Standards of Information Security Measures for Government Agencies" that were revised in August 2016 and after considering the necessity of application in light of the JPS's circumstances.

②Reinforcement of information security training

◆The JPS keeps board and staff members informed of the importance of information security measures and the responsibilities according to their roles by giving all staff members information security training, a subsequent comprehensive test, and self-checking.

③Reinforcement of personal information protection measures

◆With the commencement of the use of personal numbers in January 2017, the JPS established new guidelines for the administration of specific personal information protection, designated specific personal information handlers and handling areas, and managed the ways in which specific personal information is sent and taken out by keeping records to prevent loss and information leakage.

④Management of personal information at outsourcing contractors

◆The JPS has further reinforced supervision of the personal information management system at contractors by strengthening the contract clauses on information security and reviewing the inspection items for site visits.

⑤Reinforced audit system

◆For external audits, the JPS has introduced an assurance-based audit by external experts who have been independent since July 2016 and conducted audits to confirm and evaluate the adequacy of the technical aspects of information security measures.

◆For internal audits, the JPS has reinforced information security and system audits by making the Information Security Audit Team part of the Audit Department's Audit Group in April 2016 and establishing a specialized group dedicated to information security and system audits in July 2016.

In addition, unannounced audits are conducted at departments and offices in the Headquarters and at the local offices, to understand and solve problems concerning the implementation status of information security measures and the protection and management of personal information.

3 Initiatives to shorten the coverage period required to receive the old-age pension

The problem of pensionless citizens has long been one of the challenges facing the pension system. From the viewpoints of increasing the number of people who receive pensions and fully utilizing the contributions made for pension benefits, it was decided to enforce the revised Act on Reinforcing Pension Function (shortening of the coverage period required to receive the old-age pension) in August 2017 to shorten the coverage periods for obtaining pension entitlements from 25 years to 10 years. In order to ensure a smooth and consistent implementation of this revised pension scheme, the JPS has endeavored to establish efficient and accurate operations, develop its system, and publicize the scheme.

1 Response to the Act on Reinforcing Pension Function (shortening of the coverage period required to receive the old-age pension)

❶Advance delivery of Applications for Pension (TURNAROUND forms)

◆In order to send Applications for Pension ("TURNAROUND" forms) in advance, the JPS identified those whose qualifying period for pension benefits, including contribution-paid periods, was 10 years or more and less than 25 years (676,000 people)..

◆To avoid confusion and inconvenience at Branch Office counters due to a temporary busy period of pension claims and consultations for qualified customers, Applications for Pension ("TURNAROUND" forms) were sent from February 2017 in five stages based on a delivery schedule. The JPS started accepting the applications in March 2017.

◆Those with a pension coverage period of less than 10 years may still meet the coverage period required to receive the old-age pension due, for example, to their applicable coverage periods. The JPS will therefore consider issuing notices to those customers, and start sending them out by the end of 2017.

❷Structural reorganization for upcoming law reforms

①Securing a sufficient workforce

◆In order to smoothly and appropriately carry out the work associated with the enforcement of the Act on Reinforcing Pension Function (shortening of the coverage period required to receive the old-age pension), staff members familiar with pension operations were allocated to the Branch Offices and Processing Centers. In addition, the JPS added approximately 800 administrative staff workers to respond to the increase in work.

◆The JPS prepared administration guidelines (operation manuals) and held various training sessions for personnel involved at the Branch Offices and Processing Centers.

②Increased number of booths and utilization of appointments for consultation

◆In response to an increased number of consultations for qualified customers, the JPS has added approximately 200 temporary consultation booths to the currently existing and spare booths, based on the estimated number of visitors per Branch Office. We have also prepared for the introduction of appointments for consultation to provide customers with a courteous consultation with no waiting time.

③Structural consolidation of administration

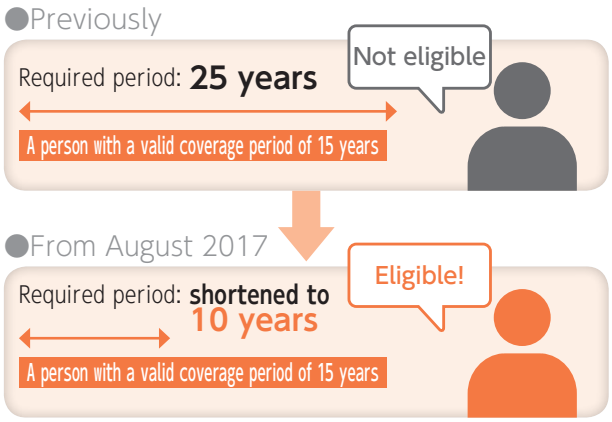
◆In order to smoothly and consistently implement administrative tasks such as examination of Applications for Pension ("TURNAROUND" forms), we consolidated such work to be done exclusively at ten selected Processing Centers.

④Cooperation with the related organizations

◆In cooperation with the Ministry of Health, Labour and Welfare, the JPS developed a structure to provide support by caseworkers and to cooperate with municipalities in order to deal with inquiries from people on welfare benefits and the Applications for Pension.

2 More people will be eligible for pensions. The pension amount may also be increased.

You will now be eligible for a pension if your valid coverage periods are 10 years or over.



❶What are "valid coverage periods"?

①Periods in which you paid National Pension contributions or periods when you were exempt from contribution payments.

②Periods when you worked as a salaried worker (periods in which you were covered by the Employees' Pension Insurance, including Seamen's Insurance and the Mutual Aid Association).

③Periods that may be added to the valid coverage periods even if you were not covered by the pension system (the applicable coverage period is referred to as a "complementary coverage period").

The sum of periods 1, 2, and 3 is the "valid coverage periods."

If your valid coverage periods are 10 years (120 months) or more, you are eligible for old-age pension benefits.

(Note) The pension amount is determined according to the period of payment.
Those who paid contributions for 40 years will receive the full amount, whereas those who paid for 10 years will receive approximately one-quarter of the full amount.

❷Qualified persons need to make an application!

The JPS has sent Applications for Pension to those who are now eligible and whose valid coverage periods are 10 years or more and less than 25 years.

For those whose valid coverage periods are less than 10 years, the JPS will begin sending notices by the end of 2017.

You may increase your pension amount by paying your contributions now.

▶Those aged 60 or over may also enroll in the National Pension (voluntary coverage).

●Those who wish to enroll may increase the amount of old-age basic pension that they receive from the age of 65 by paying National Pension contributions for a period of five years "between the ages of 60 and 65."

●Those with valid coverage periods of less than 10 years will be eligible for a pension by voluntarily enrolling in the National Pension up to a maximum age of 70, in order to extend their valid coverage periods.

▶It is possible to pay any unpaid contributions from the past five years (deferred payment system).

●Any unpaid National Pension contributions from the past five years may be paid by making an application (until September 2018). Payment of such contributions will make you eligible for a pension or enable you to increase your pension amount.

▶You can retroactively report your past coverage periods as a housewife/husband (Report of specified applicable periods).

●By submitting a "Report of specified applicable periods," you may avoid a situation where you are not eligible for a pension or you may pay contributions for a period of up to 10 years to increase your pension amount. You can pay contributions until March 2018.

Certain periods that are not covered by the pension systems may still be counted as valid.

●Certain periods may still count as valid coverage periods, including those when you were the spouse of a salaried worker and not covered by the pension system (applicable coverage period or complementary coverage period).

●The applicable coverage period (complementary coverage period) includes any when you were not covered by the National Pension but which may still be included in the valid coverage periods required to receive the old-age pension (however, this is not reflected in the calculation of pension amount).

●Specifically, the applicable coverage period (complementary coverage period) includes: 1) periods as the spouse of a salaried worker before March 1986, 2) periods as a student before March 1991, 3) periods when you lived abroad, and 4) periods subject to the Lump-sum Withdrawal Payments. You may be able to receive a pension by counting these as "valid coverage periods." Please contact any Branch Office for further details.

Contact Us

For inquiries, please contact your nearest Branch Office or Pension Consultation Center.

For reservations, you can also use **"Nenkin Dial"** on page 64.

4 Full inspections on the nonpayment of transitional add-on benefits and our response

Following full inspections on the nonpayment of transitional add-on benefits, the JPS announced on September 13, 2017 that transitional add-on benefits that should have been paid had not been paid properly.

We sincerely apologize for the great inconvenience caused to customers who have not been paid, as well as for the concern and anxiety caused to many other customers.

We will report on the full inspections on the nonpayment of transitional add-on benefits and our response.

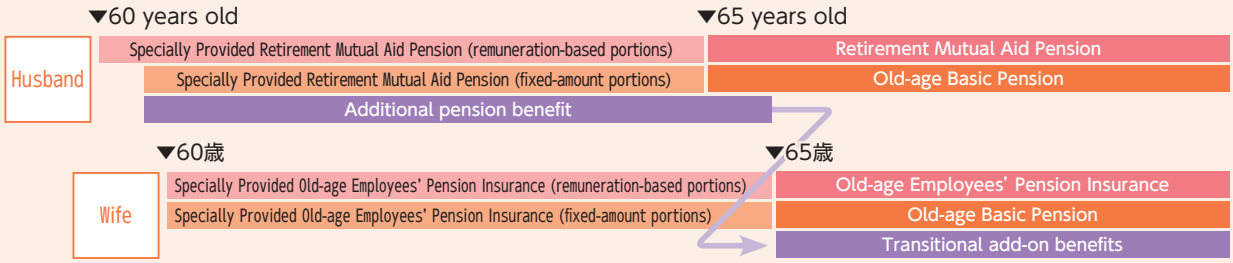
❶Transitional add-on benefits

It is a system that has been in effect since 1991. If an additional pension benefit for the beneficiary (wife) is paid on top of Old-age Employees' Pension Insurance benefits for the spouse (husband) (requirements for old-age pension benefits = Employees' Pension Insurance coverage period of 240 months or over), or Disability Employees' Pension Insurance benefits (Grade 1 or 2), the husband's additional pension benefit is transferred and paid to the wife when she reaches the age of 65 in addition to the Old-age basic pension benefits.

Additional pension benefit and the transitional add-on benefits

If the husband has a period of 20 years' coverage or more for the Employees' Pension Insurance or the Mutual Aid Association (with some exceptions) and has a dependent spouse (wife), an additional pension benefit is paid when he reaches a certain age, in addition to the Old-age Employees' Pension Insurance benefits or Retirement Mutual Aid Pension benefits.

The additional pension benefit is terminated once the spouse (wife) reaches the age of 65. However, a certain amount based on the spouse (wife)'s date of birth will be paid, in addition to her Old-age basic pension benefits. This is called the "transitional add-on benefits."



(Note) This also applies when the additional pension benefit is paid to the wife. In this case, please read "husband" as "wife and "spouse (wife)" as "spouse (husband)."

(Note) This applies to a case in which the husband receives Retirement Mutual Aid Pension benefits with a coverage period of 20 years or more, and the wife receives Old-age Employees' Pension benefits with a coverage period of less than 20 years. Please note that neither additional pension benefit nor transitional add-on benefits are paid when the wife receives Old-age Employees' Pension or Retirement Mutual Aid Pension benefits with a coverage period of 20 years or more.

❷Full inspections on nonpayment

There have been a number of cases detected of transitional add-on benefits not being calculated correctly. The JPS deals with such cases on an individual basis when they are detected. However, the number of such cases has increased in recent years (2 cases in FY2010, 34 cases in FY2013, and 832 cases in FY2016).

In response to this, the JPS checked a sample of cases in which an additional pension benefit was paid to one spouse, e.g., the husband, but no transitional add-on benefits were paid to the other spouse, e.g., the wife. Several cases were found in which transitional add-on benefits that should have been paid to the beneficiary may not have been paid. The JPS therefore cooperated with the mutual aid associations and carried out full inspections to identify any cases of transitional add-on benefits not being paid.

❸Outline of the full inspections

From the results of an analysis, the causes of this incident can be divided mainly into four categories.

Specifically, the first category is the lack of information coordination between the JPS and the mutual aid associations; the second is attributable to system processing; the third is administrative errors on the part of the JPS and the fourth is no reports from customers.

Causes	Details	Number of persons / Amount affected
①Lack of information coordination with mutual aid associations	○When the husband participates in a mutual aid association, information on the married couple needs to be exchanged between the JPS and the mutual aid association. ○Payments were not made due to missing or insufficient information.	52,908 persons / 26 billion yen
②Attributable to system processing	○For discrepancies between the data for the husband and wife, the JPS output the list and checked it. ○Since the list contained a large amount of unnecessary mixed information, it was not possible to respond to individual cases.	35,685 persons / 12.2 billion yen
③Administrative errors on the part of the JPS	○For the retrospective claiming and decision of Specially Provided Old-age Employees' Insurance (SPOEI) paid to the husband, the JPS output the list and checked it; however, it was not processed correctly.	5,332 persons / 8.9 billion yen
④No reports from customers	○Unless payment of the husband's Mutual Aid Pension is determined at the time of his wife's claiming of SPOEI, the JPS must receive a report on living maintenance with other information when the wife reaches the age of 65. ○Nonpayments due to the non-receipt of such reports.	12,038 persons / 12.8 billion yen

(Note) The number of persons who receive or whose spouse receives Mutual Aid Pension benefits: 101,324 persons / 96%

❹Our response to customers who have not received transitional add-on benefits

The JPS has responded as follows to customers for whom nonpayments have been identified through the full inspections.

①No further confirmation required from the customer for the payment of transitional add-on benefits

A notice was sent in early November 2017 followed by a "Pension Transfer Notice" detailing the amount to be paid. The JPS completed payment of the total unpaid amounts on November 15, 2017.

②Confirmation required from the customer for the payment of transitional add-on benefits

For those who are eligible for pension benefits other than the Old-age Basic Pension, such as the Disability Basic Pension, the JPS will send out a separate letter and complete payment as soon as eligibility for payment has been confirmed.

③If the person to whom the transitional add-on benefits should be paid is deceased

The JPS will search for the bereaved family, send out a letter to those who are likely to be able to claim unpaid pension benefits(*1), and make a payment as soon as eligibility for payment has been confirmed.

In addition, the JPS has set up a special telephone support line to deal with customers' inquiries. Initially, the line was very busy, which caused great inconvenience to customers; however, we have since reinforced the service and extended its hours of operation, to include Saturdays and Sundays.

(*1) Pension benefits are eligible for payment up to the month of death of the deceased.

❺Operational improvements to prevent future occurrence

The JPS will extract cases involving married couples where the spouse's additional pension benefit has been terminated but the transitional add-on benefits have not been started. The operations will be improved for a thorough check by utilizing the Mutual Aid Information Collaboration System.

①Improved administration (implemented on July 1, 2017)

For cases of married couples in which the spouse's additional pension benefit has been terminated but the payment of transitional add-on benefits has not been started, they will be extracted for a check when the wife reaches the age of 65.

In particular, the JPS will conduct the following:

◎When the additional pension benefit is paid to the extracted husband from the Employees' Pension, the requirements for transitional add-on benefits will be checked based on the JPS's information when the wife reaches the age of 65.

◎When the additional pension benefit is paid to the extracted husband from the Mutual Aid Pension, the husband's records will be checked against the Mutual Aid Information Collaboration System and the transitional add-on benefits will be paid. In the event of an inconsistency between the data held by the JPS and the mutual aid association (e.g., difference in wife's date of birth, surname), all facts will be checked separately by the mutual aid association, and the requirements for add-on benefits will be checked when the wife reaches the age of 65.

(Note) Systemic reforms will be conducted so that an automated inquiry may be made to the Mutual Aid Information Collaboration System.

②Reports no longer necessary (revision of ministerial ordinance in November 2017)

If the husband's Mutual Aid Pension is not determined at the time of claiming the wife's SPOEI, a report (supporting documents for the adjudication of pension claims, by regulation) is required from the wife at the start of the transitional add-on benefits. However, the administration for the report has been abolished in line with the recent business improvements (revision of Article 16 (2), Section 2 of the Ordinance for Enforcement of the Japan Pension Act).

Why is there an obligation to pay National Pension contributions?

Actions to improve the contribution payment rate

The JPS undertakes various measures to improve the contribution payment rate. We will report on the JPS's initiatives, including the basic question of "Why is there an obligation to pay contributions?"

① Benefits of enrolling in the National Pension and paying contributions

The pension benefits for retirement (Old-age Basic Pension) serve as a lifetime security that you will receive for life provided you have paid the National Pension contributions and met certain requirements. The system also provides substantial security for the working population, offering a sense of security in an unexpected incident in your life. The "Disability Basic Pension" is paid if you sustain a disability due to illness or injury, and the "Survivors' Basic Pension" is paid to the survivor if an insured person dies.

In addition, the government has responsibility for the management of the National Pension, with half of the Old-age Basic Pension benefits being covered by tax.

② Reasons why we need initiatives to improve the contribution payment rate

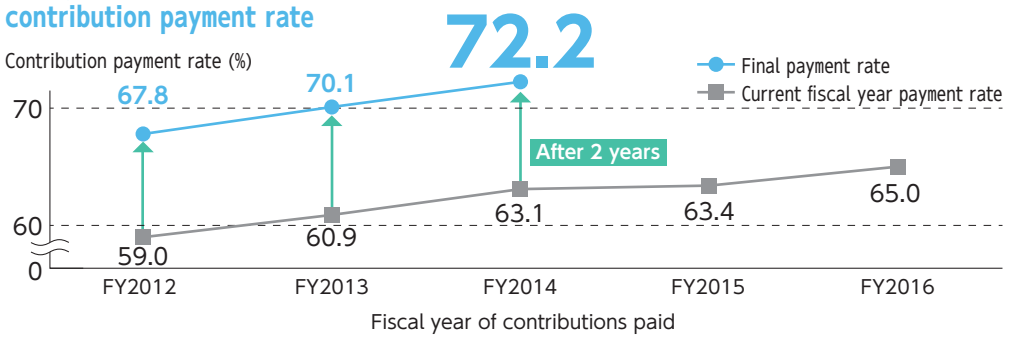
The public pension accounts for approximately 65% of the average income of elderly households. In addition, it is the only income source for around 54% of the elderly households that receive it. In this way, the public pension is indispensable as a form of provision in retirement. It is therefore necessary to make the correct contributions in order to provide security in retirement.

The public pension system is made up of "intergenerational support," whereby the elderly receive pensions paid for through the contributions made by the working population, that is, the mechanism of intergenerational dependence (pay-as-you-go system). While playing an important role in protecting the lives of all customers, the system of mutual support among them is based on the notion that everyone provides support for life in old age or in an unexpected incident.

③ Contribution payment rate

All registered residents of Japan aged 20 to 59 are obliged to be covered by the National Pension system and pay contributions. The final payment rate for National Pension contributions (percentage of the number of contribution-paid months to the number of months for which a Category 1 insured person, including the self-employed, shall pay contributions) was 72.2%, whereas around 97% of public pension customers as a whole pay contributions.

Changes in the National Pension contribution payment rate



(Note)
Since National Pension contributions may be paid up to two years in arrears, the final payment rate for contributions in the current FY is determined after two years.

The ratio of insured persons of public pension systems who pay their contributions (end of FY2016)

Insured persons of public pension systems: 67.28 million

Category I Insured Persons (e.g. self-employed) 15.75 million (*1)	Category II Insured Persons (e.g. salaried workers, civil servants) 42.64 million (*3)	Category III Insured Persons (dependent spouses of Category II insured persons) 8.89 million

Customers who pay their contributions (including those who are exempt or whose contributions are deferred): approx. 97%

Defaulters (*2) approx. 3%

(*1) Includes voluntary covered insured persons (210,000).
(*2) Defaulters: Customers who have defaulted on contributions for 24 months (April 2015 to March 2017).
(*3) The number of insured persons such as civil servants was for the end of FY2015.

4 Efforts made so far

◆For the promotion of contribution collection measures, the JPS has formulated an action plan for each of the 312 Branch Offices nationwide, sent Special Payment Reminders (*4), collaborated with businesses contracted under the Market Testing Project (*5), and urged customers to pay contributions, conducted enforced collection, and recommended applying for exemptions based on the income information provided by municipalities.

◆In addition, the final payment rate for contributions in FY2014 was 72.2%, thus achieving for the second consecutive FY the 70% target of the final payment rate for contributions set in the 2nd Mid-Term Project (from April 1, 2014 to March 31, 2019).

(*4) Special Payment Reminders: A document demanding payment of contributions according to the attributes of the defaulter, for those whose income exceeds a certain amount but who have defaulted on the payment of National Pension contributions for a long period of time, and those whose applications for exemption are likely to be approved.

(*5) Market Testing Project: An initiative to offer a better service at a low cost, based on the Act on Reform of Public Services by Introduction of Competitive Bidding (Act No. 51 of 2006), by bringing opportunities for private enterprises to participate in businesses previously run by the state, and making use of their creative ideas and know-how.

Conceptual diagram of the measures for the collection of contributions

Defaulters

Income information provided by municipalities (as of March 2017, by 99% of municipalities nationwide)

Defaulters subject to enforced contribution collection

Defaulters urged to pay contributions

Participants urged to pay contributions

By letter
FY2014: 45.46 million cases
FY2015: 38.10 million cases
FY2016: 42.42 million cases

By phone
FY2014: 42.62 million
FY2015: 21.29 million
FY2016: 38.46 million

Visits to individual participants (for interview)
FY2014: 7.95 million cases
FY2015: 3.81 million cases
FY2016: 6.73 million cases

Failed to respond to repeated reminders

Enforced contribution collection → Served to remove sense of inequality and generate spillover effects

	Final reminder	Collection letter	Seizure of property
FY2014	65,654 cases	46,586 cases	14,999 cases
FY2015	84,801 cases	43,757 cases	7,310 cases
FY2016	85,342 cases	50,423 cases	13,962 cases

◎The number of final reminders, collection letters, and seizures of property represents the number that was undertaken in the same FY.

Outsourcing in the Market Testing Project

Number of participants urged to pay contributions
FY2014: 61.31 million cases
FY2015: 30.76 million cases
FY2016: 55.66 million cases

Formulation of an action plan and management of its progress for each Branch Office

Defaulters exempt from contribution

Notifications and recommendations of exemptions

We notify participants of and recommend exemptions or Special Treatment for Students' Contribution to ensure their entitlement to pension benefits and to increase their pension amounts.

- Notify unemployed people of the applicable exemption plan in collaboration with Hello Work offices. (Oct 2004 onward).
- Implementation of a grace period for contribution applicable to young people (Apr 2005 onward).
- Expansion of the participants subject to a grace period for contribution (Jul 2016 onward)
- Ease requirements for exemption; retroactive exemption approval (Apr 2005 onward).
- Review of retroactive period of exemption (Apr 2014 onward)
- Simplified exemption application (1. Confirmation of participants' intention to continue as participants (Jul 2005 onward); 2. Simplified exemption application procedures (Oct 2009 onward); 3. Simplified application procedures for non-filers for income tax (Oct 2014 onward))
- Simplified application procedures for Special Treatment for Students' Contribution (Oct 2008 onward)
- Start the exemption entrustment scheme (Apr 2016 onward)

❶Efforts made for contribution collection

◆In a bid to undertake contribution collection measures according to the attributes of defaulters, the JPS established for FY2016, based on income information provided by the municipalities at our request, “defaulters subject to enforced contribution collection” for those who “earn a post-deduction income of 3.5 million yen or more and are 7 months or more in arrears for contribution payment”; and “defaulters exempt from contribution” for those who are eligible for exemption from contribution due to low income.

❷Creation of an environment for ease of contribution payment

◆Contribution payment methods include "automatic bank payment," "credit card payment," "over-the-counter transactions at a financial institution, post office, convenience store," and "electronic payment (ATM and Internet banking)". The usage status to date by contribution payment method is as follows.

Usage status by contribution payment method

	End of FY2012	End of FY2013	End of FY2014	End of FY2015	FY2016
Percentage of automatic bank payments	35.3%	35.6%	35.7%	35.1%	35.7%
Number of people who used it	4.51 million	4.27 million	4.07 million	3.83 million	3.55 million
Percentage of credit card payments	1.5%	1.8%	1.8%	1.9%	2.3%
Number of people who used it	0.2 million	0.21 million	0.21 million	0.21 million	0.23 million
Number of credit card payments	1.26 million	1.35 million	1.46 million	1.51 million	1.59 million
Number of convenience store payments	13.16 million	14.38 million	15.50 million	15.18 million	15.89 million
Number of electronic payments	0.41 million	0.42 million	1.39 million	3.13 million	3.16 million

5 Efforts to be made

❶Measures for contribution collection according to defaulter attributes

◇The JPS promotes measures for contribution collection according to defaulters’ attributes, such as age, income, and the number of contribution-unpaid months, and urges them to pay contributions to secure the number of contribution-paid months. Principally, the JPS will ensure that payment notices and Special Payment Reminders are sent to enforce contribution collection from those who have a certain income but have been in arrears for a long time, while the businesses contracted under the Market Testing Project will urge customers to pay contributions, except for defaulters subject to enforced contribution collection.

◇For those with certain circumstances such as low income and who are therefore eligible for contribution exemption, a grace period for contribution, or Special Treatment for Students’ Contribution, but default on contribution payment due to their failure to make such an application, the JPS will carefully explain the exemption and retroactive payment systems and encourage them to make an application for exemption.

❷Reinforcement of cooperation with the businesses contracted under the Market Testing Project

◇The businesses contracted under the Market Testing Project, Headquarters, and the Branch Offices will reinforce cooperation to undertake initiatives aimed at achieving targets for the operation to urge customers to pay contributions.

◇If the businesses contracted under the Market Testing Project perform inadequately, the JPS will make necessary requests and provide guidance such as reinforcing the urging of customers to pay contributions at night and on Saturdays, Sundays, and national holidays in order to increase the number of customers urged to pay contributions, those contacted, and those stating their payment pledges. Meanwhile, the JPS will conduct a full analysis of the current situation and consider ways of urging customers to pay contributions, and progress management to improve the performance of the businesses contracted under the Market Testing Project.

❸Selecting Branch Offices for priority support in contribution collection measures

◇Based on the contribution payment rate and the status of enforced collection, the JPS will select the Branch Offices and other local offices that are required to reinforce the contribution collection measures, and to work on an improvement of the contribution payment rate under the guidance and support of Headquarters.

❹Consistent implementation of enforced collection

◇If those with a certain income and who are therefore not subject to contribution exemption, a grace period for contribution, or Special Treatment for Students’ Contribution have been in arrears for contribution payment for a long time, they will be regarded as defaulters subject to enforced contribution collection. The JPS will consider their circumstances

including their income and contribution payment situation, and ensure a final reminder is sent. A disposition will be executed on anyone who continues to fail to pay contributions.

◇For FY2017, the JPS will demand payment from defaulters whose post-deduction income is 3 million yen or more and who have failed to pay for 13 months or more (7 months or more if the post-deduction income is 3.5 million yen or more).

◇In cases where the collection of contributions from serious defaulters is difficult, the JPS will undertake contribution payment measures actively utilizing the mechanism to delegate authority, such as a disposition to the National Tax Agency.

❺Creation of an environment for ease of contribution payment

◇The JPS will strive to publicize contribution payment methods such as via a convenience store or Internet banking. Previously, an advance payment for two years was only accepted by automatic bank payment but from April 2017, payment in cash and by credit card is accepted. An advance payment in cash is possible for the period from the time of application to the end of the next FY. We will endeavor to enhance our public relations activities concerning these new payment methods and promote their use.

❻Collaboration and cooperation with municipalities and various organizations

◇The JPS will collaborate and cooperate with municipalities and various organizations, including Hello Work offices, to obtain income information and publicize the pension systems.

Deferred payment system for National Pension contributions

The period during which National Pension contributions can be paid expires two years from the original due date (the end of the next month following a payment month). Any unpaid contributions from the past two years cannot be paid due to the expiration of the payment period. As a result, your pension amount may be reduced or you may not even be eligible for a pension. To avoid this, any unpaid National Pension contributions from the past five years (*1) may be paid by making an application for a limited period of three years between October 2016 and September 2018. This is called a "deferred payment system." Note that the "10-year deferred payment system" was terminated on September 30, 2015.

(*1) This refers to a period within the past five years from the month for which you wish to pay contributions.
Example of a subject month: April 2012 ⇒ Payable until the end of April 2017.

Deadline for deferred payment

3 years from October 2015 to September 2018

Persons eligible for the deferred payment system

①Those aged between 20 and 59 with an unpaid period (excluding contribution exemption) or uncovered period within the past five years

②Those aged between 60 and 64 with an unpaid period during periods of voluntary coverage, and as given in ①

③Those aged 65 or over who are not eligible for a pension but are in voluntary coverage

Implementation status of the "5-year deferred payment system" (from April 2016 to March 2017)

- Number of consultations: 70,000
- Number of applications for deferred payment: 90,000
- Total number of users: 90,000
- Number of months for which deferred payment was made: 740,000 (average of 8.2 months per person)
- Amount of deferred payment made: 11.3 billion yen (average of 127,888 yen per person)
- Number of persons awarded the Old-age Basic Pension and who had used the deferred payment system before the award: 23,280
  Of these, the number of persons who fulfilled the coverage period to receive the old-age pension by using the deferred payment system: 8,262

(Note) Not applicable to those who are aged 60 or over and are receiving the Old-age Basic Pension.

Go to page 13 for the "Initiatives to shorten the coverage period required to receive the old-age pension."

How does the JPS approach workplaces not yet covered by the Employees' Pension Insurance?

Measures to promote the coverage of workplaces not yet covered

The JPS undertakes various measures to promote coverage by the Employees' Pension Insurance and Health Insurance. We will report on the efforts made by the JPS, including the basic question of why efforts are being made to promote the coverage of workplaces not yet covered.

① Enrollment requirements and benefits

If a person under the age of 70 is employed at a workplace that participates in the Employees' Pension Insurance, such as companies, factories, shops, and ships, and his/her prescribed weekly working hours and monthly working days are three-quarters or more of those for regular workers (*1), the person will be covered by the Employees' Pension Insurance.

In principle, all workplaces of a HOJIN corporation and sole proprietorships that employ five workers or more at all times (excluding those in certain industries) must be covered by the Employees' Pension Insurance. Therefore, company employees usually enroll in the Employees' Pension Insurance, rather than enrolling in the National Pension and paying contributions themselves.

The benefits for company employees of enrolling in the Employees' Pension Insurance are as follows.

◎For the old-age, disability, and survivors' pensions, Employees' Pension benefits are paid in addition to the basic pension according to coverage periods and salary.

◎The employer of the workplace pays half of the Employees' Pension contributions.

◎The insured persons of the Employees' Pension Insurance (Category 2 insured persons) and their dependent spouses (Category 3 insured persons) do not need to pay National Pension contributions, since the Employees' Pension Insurance pays contributions for both of them.

(*1) On October 1, 2016, the following stipulation was set for coverage by the insurance: "prescribed weekly working hours and monthly working days are three-quarters or more of those for regular workers."

Extension of coverage by the Employees' Pension Insurance to part-time workers

From October 2016, coverage by the Employees' Pension Insurance was extended to part-time workers working 20 hours or more per week (*2) at a workplace of a HOJIN corporation, sole proprietorship, or local public entity that employs 501 workers or more at all times, as well as to employees of all workplaces that belong to the state.

■Persons eligible for coverage from October 2016

A person whose working hours and days are less than three-quarters of those for regular workers and who meets all of the requirements ① to ⑤ below:

①Prescribed working hours per week of 20 hours or more
②The employment period is expected to be one year or longer
③A monthly wage of ¥88,000 or more
④Not applicable to students
⑤Working for a company that employs 501 insured persons or more at all times

(*2) "Part-time workers" refers to employees who meet all the requirements of ① to ④ above.

■Persons eligible for coverage from April 2017

Coverage has also been extended to companies that employ 500 or fewer workers at all times, whereby part-time workers at the following workplaces are now eligible for coverage:

◎Workplaces of a HOJIN corporation or sole proprietorship applying for social insurance based on an agreement between the employer and half or more of the employees

◎All workplaces belonging to local public entities
(From October 2016, coverage was extended to the workplaces of local public entities employing 501 or more insured persons at all times, as well as all workplaces that belong to the state.)

② Reasons why we need to promote the coverage of workplaces not yet covered

If a workplace has not enrolled or has not sent an appropriate report, it will evade the contribution payments (those paid by the employer at the workplace) that should be paid for the future pensions of employees. As a result, the employees will not be able to receive pension benefits under the Employees' Pension Insurance System.

In this case, the employees will have to pay their contributions to the National Pension themselves, and their dependent spouses will also pay contributions to the National Pension. As for the pension amounts, for a standard example of the pension amount for FY2017, a married couple would have received around 221,300 yen per month when enrolled in the Employees' Pension Insurance System, which compares to around 130,000 yen per month otherwise. The difference between the two amounts is therefore around 90,000 yen per month.

The employers at workplaces covered by the Employees' Pension Insurance and the Employees' Health Insurance pay half of the total contributions. Any workplaces not yet covered evade such contribution payments, and it is necessary to promote their coverage in order to correct the unfairness for those workplaces that do pay their contributions.

③ Efforts made so far

❶Number of covered workplaces

◆The number of workplaces covered in FY2016 was 2,109,345, an increase of around 25,000 from the previous FY. This figure includes 182,422 newly covered workplaces. The number of insured persons also increased by around 1.35 million to 38,217,576.

◆Among the newly covered workplaces, the number of workplaces covered as a result of enrollment guidance by JPS staff was 115,105, with the result exceeding the target (a target of 93,000, plus 22,105 workplaces), and 265,002 persons were newly covered by enrollment guidance.

❷Exploration of the workplaces suspected of not having enrolled and encouragement and guidance for enrollment

◆For a full exploration of the workplaces suspected of employing those who should be covered as insured persons (workplaces subject to the coverage survey), the JPS utilized information on national tax withholding agents, corporation registration, and workplaces covered by the employment insurance system. In particular, the JPS prioritized the handling of information on national tax withholding agents to determine the workplaces that were likely to be in operation.

◆For workplaces where the information on national tax withholding agents did not accord with either that on corporation registration or on workplaces covered by the employment insurance system, Branch Office staff provided enrollment guidance after they had failed to enroll despite receiving outsourced enrollment encouragement.

◆For workplaces that did not cater to enrollment encouragement, the JPS recorded 1,515,661 instances of enrollment guidance in FY2016, exceeding the previous FY result of 1,131,194 instances, using effective methods at different stages, including by letter, by phone, requests to attend Branch Offices, and visits to individual premises.

◆Site inspections were carried out for workplaces that still failed to enroll despite our repeated careful enrollment guidance.

❸Smooth response to the extension of coverage to part-time workers

◆To prepare for a smooth enforcement of the extension of coverage by the Employees' Pension Insurance to part-time workers, the following initiatives were implemented prior to enforcement of the scheme (October 1, 2016).

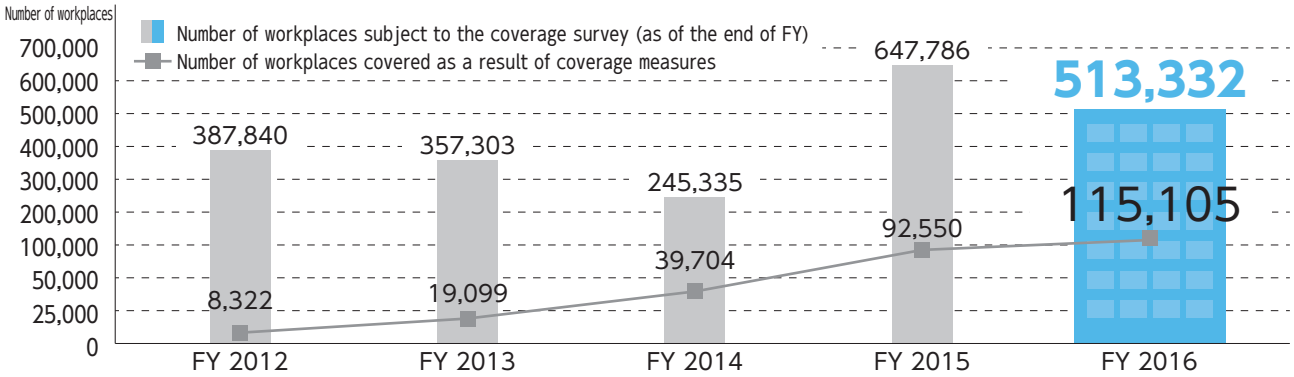
◎For covered workplaces that were confirmed to become a specific covered workplace (a covered workplace having 6 months or more in the past 12 months with a total of 500 or more insured persons at all times within the covered workplaces under the same HOJIN corporation number), notices were sent to the effect that they would be classed a specific covered workplace and to request the submission of applications to enroll part-time workers.

Changes in the number of workplaces covered by the Employees' Pension Insurance

	End of FY2012	End of FY2013	End of FY2014	End of FY2015	End of FY2016
Number of covered workplaces	1,758,192	1,800,619	1,867,185	1,974,655	2,109,345
Number of insured persons	34,717,319	35,272,821	35,985,388	36,863,741	38,217,576
Number of newly covered workplaces	74,677	91,457	113,430	157,184	182,422
Number of workplaces covered as a result of enrollment guidance by JPS staff	8,322	19,099	39,704	92,550	115,105
Number of withdrawn workplaces (*3)	49,974	31,309	40,391	41,173	39,957

(*3) Number of workplaces for which the procedure was carried out when the workplace ceased to be applicable as a result of business abolition, suspension or other reasons.

Status of the efforts to promote coverage



Implementation status of enrollment guidance

		Annual target	FY2016 results	Achievement rate	FY2015 results
Coverage promotion	Number of workplaces covered as a result of enrollment guidance by JPS staff	93,000	115,105	123.8%	92,550
	Number of insured persons covered		265,002		239,024
	Number of cases of enrollment guidance		1,515,661		1,131,194
	Details: Enrollment guidance by phone and by letter		1,294,752		938,661
	Details: Enrollment guidance following requests to attend a Branch Office		153,754		121,620
	Details: Enrollment guidance by visits to individual premises		67,155		70,913
	Number of site inspections		40		273
workplace investigations	Number of workplace investigations conducted	485,001	565,356	116.6%	492,001
	Number of insured persons covered as a result of workplace investigations		9,007		13,170

◎Notices were sent to covered workplaces likely to be classed as specific covered workplaces (covered workplaces under one registered HOJIN (corporation) number having a total of more than 500 insured persons at all times for five or more months out of the last 11 months).

◆The JPS sent advance notices to covered workplaces that were newly classed as or likely to be classed as specific covered workplaces, urging them to submit appropriate applications to enroll. We also conducted the following initiatives.

◎From October 13 to November 10, 2016, when the scheme was enforced, the JPS telephoned the specific covered workplaces that had not submitted applications to enroll part-time workers out of all the specific covered workplaces, in order to encourage them to submit applications.

◎At the time of our encouragement by phone, some specific covered workplaces confirmed that they employed part-time workers but they did not submit applications to enroll part-time workers. We continued to encourage them to submit applications by phoning or visiting them up to the end of December 2016.

◆As a result of these efforts, there were 27,106 specific covered workplaces as of the end of FY2016, and the number of part-time workers who became insured was 294,530.

◆Notices were sent to employers in order to announce the expansion of coverage based on labor-management agreement for companies with 500 workers or less, which came into effect on April 1, 2018.

In addition, we posted a collection of Q&As for employers on the JPS website.

❹Promotion of appropriate reports from covered workplaces

◆The JPS conducts investigations of covered workplaces to confirm whether an appropriate report has been submitted for insurance status or remuneration. In FY2016, based on the investigation results, the JPS focused on workplaces in industries with frequent report failures, including applications to enroll, and those with many part-time and foreign workers.

◆In order to promote appropriate reports from employers, we considered it necessary to investigate a greater number of workplaces and raise the ratio for conducting a comprehensive investigation (*1) for more detailed investigation. We set a target of 485,000 workplaces to be investigated (432,000 in FY2015) and a ratio of 41.8% for conducting a comprehensive investigation of investigated workplaces (35.7% in FY2015).

(*1) This comprises a comprehensive check of the report status of insured persons' insurance status and remuneration, recognition of dependents, and contribution exemptions.

◆As a result of our efforts, 565,356 workplaces were investigated in FY2016, around 80,000 more than the target, and the ratio for conducting a comprehensive investigation was 52.7%, thereby exceeding the target by 10.9%.
In addition, we took actions to promote correct reports from employers by pointing out report errors to 44,730 covered workplaces, an increase on the previous FY.

Details on workplace investigations

	FY2012	FY2013	FY2014	FY2015	FY2016
① Number of workplaces for which a workplace investigation was conducted	491,188	463,075	474,098	492,001	565,356
	Increase of 114.9% from FY2015 to FY2016				
② Number of workplaces among ① for which a comprehensive investigation was conducted	94,561	98,106	185,856	210,959	297,777
	Increase of 141.2% from FY2015 to FY2016				
Ratio of comprehensive investigations (②/①)	19.3%	21.2%	39.2%	42.9%	52.7%

Number of information provisions that triggered workplace investigation

Details	Information provided by an insured person	1,343	1,071	496	385	489
	Information provided by District Transport Bureaus and others	671	482	242	168	169
	Information provided by Prefectural Labor Bureaus	164	91	60	70	120

④ Efforts to be made

❶Formulation of an action plan

◇The JPS will formulate an action plan for FY2017 that sets numerical targets and a specific schedule for the entire JPS as well as per Branch Office, and we will work effectively and efficiently to promote enrollment based on this plan.

❷Setting targets and ensuring progress management

◇To achieve the targets, the JPS will develop a plan based on the results of the initiatives and the situations in workplaces subject to the coverage survey, and ensure progress management for proper implementation.

❸Promotion of appropriate reports from employers

◇The JPS will draw up an implementation plan and provide guidance, mainly for workplaces that are expected to have frequent report failures, such as for applications to enroll, and for those that were identified in the investigations after FY2012.
◇If a workplace submits a report to withdraw with an attachment that has not been confirmed by a third party, we will check their business status after a certain period of time to prevent illegal withdrawals.

❹Promotion of appropriate reports for extending coverage to part-time workers

◇Workplace investigations will be conducted on a planned basis for specific covered workplaces to check for failure to submit applications to enroll part-time workers.
◇We will raise awareness of the extension of coverage by the Employees' Pension Insurance to part-time workers in a company with 500 employees or less, pursuant to the "Act on the Partial Modification of the National Pension Act for Improvement of Management of Pension Service and Other" that was enacted in April 2017, as well as striving for its smooth and consistent implementation.

What challenges does the disability pension have?

Actions to tackle the various challenges for the disability pension

The challenges for the disability pension include regional differences in assessment work and the improvement of counter service for customers. We will report on the efforts made by the JPS to tackle these challenges.

① Disability pension

The disability pension is provided in the event that your life or work is impaired due to illness or injury. The pension amount varies depending on the level of disability, and certain requirements must be met in order to receive the disability pension; for example, you must be insured by the National Pension or Employees' Pension Insurance on the day of the first medical examination for the illness or injury that led to the disability.

② Various challenges for the disability pension

❶Standardization of disability assessment

Although the JPS makes a decision on disability grade assessment from a medical viewpoint based on the diversified state images of individual customers in terms of the degree of restriction to their daily life, we have nevertheless identified the challenge of undertaking further standardization and optimization of the assessment.

❷Counter service

The JPS is making efforts to improve its counter service to provide a courteous consultation service from the customer's point of view. However, insufficient counter service for disability pension applications has been highlighted, among other issues. We therefore aim to provide more professional and high-quality consultations in accordance with our customers' needs.

③ Efforts made so far

❶Actions to standardize disability grade assessment

◆To eliminate regional differences in the assessment of psychiatric disorders and intellectual disabilities, the JPS has striven for an appropriate grade assessment by starting the grade assessment from September 2016 according to the "National Pension/Employees' Pension Insurance: Guidelines on the Assessment of Grades related to Mental Disabilities."

◆Concerning the reassessment of those already receiving the Disability Basic Pension at the time of the grade being determined according to the guidelines, we have set up transitional measures for the time being if there is no change in the disability status.

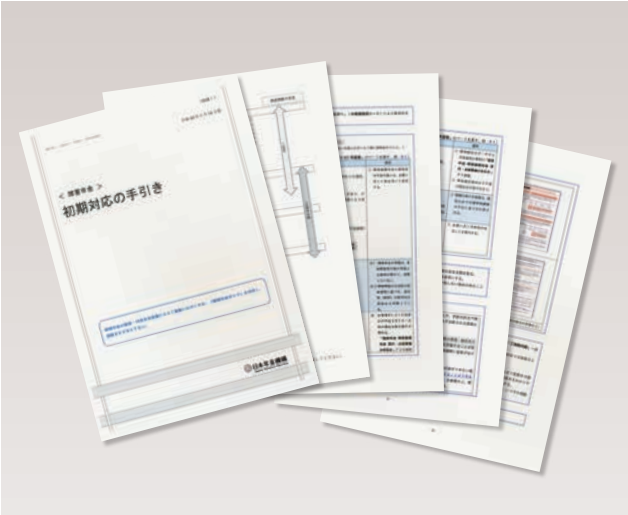
◆Disability pension training has been provided to improve the skills of Pension Consultation Service staff at the Branch Offices in order to improve the quality of disability pension consultation service, to ensure nationwide consistency in examination ability, and to prevent administrative errors.

❷Nationwide consolidation of the examination system

◆The Headquarters and Processing Centers were previously responsible for examining the entitlements for the disability pension. In October 2016, we established the "Disability Pension Center" at the Headquarters to partially consolidate the disability pension examinations function. This aimed to eliminate regional differences in assessment and ensure an appropriate examination by creating a nationwide integrated execution system, as well as to improve efficiency through system consolidation. The consolidation was subsequently expanded in January 2017, with nationwide consolidation being completed in April 2017.

❸Improvement of counter service

◆On March 28, 2016, the JPS began using the "Guidelines for initial response to the disability pension" at the time of consultation for disability pension applications (which stipulate that a "Disability Pension Application Kit" shall be given to all customers at their first consultation and that a document shall be issued to keep a record of the process between the customer and staff until a pension decision is made). The "Disability Pension Application Kit" (which includes the application form, "Disability Pension Guide," and other documents) also came into operation, with its use continuing in FY2016.



Guidelines for initial response to the disability pension

Disability Pension Application Kit

❹ Efforts to be made

◇We will ensure the "Guidelines for initial response to the disability pension" and the "Disability Pension Application Kit" are utilized to provide easy-to-understand and careful consultations in accordance with customers' needs concerning the disability pension.

◇To standardize the disability assessment as a medical decision that comprehensively takes into consideration the diversified state images of individual customers, the JPS will conduct a smooth implementation of the "National Pension/ Employees' Pension Insurance: Guidelines on the Assessment of Grades related to Mental Disabilities," and promote the sharing of information among assessment doctors.

◇In April 2017, the disability pension examinations work carried out nationally was consolidated at the Disability Pension Center as part of the effort to standardize the examination on the disability pension, and to develop human resources who undertake the highly specialized work. Along with this, the JPS established a base in six Branch Offices across the country to act as Disability Pension Center satellites for the creation of a system in which JPS staff can assist the assessment doctors. We strive to secure assessment doctors in stages in order to reduce the workload of each assessment doctor and to ensure the quality of disability assessment.

Do you know about the disability pension?

In order to prevent a deterioration in the stability of your life in the event that your life or work is impaired due to illness or injury, the disability pension system is provided under the public pension system, wherein you enroll at a young age and continue to pay contributions.
Some people may be unaware of the disability pension and have failed to apply for the disability pension that may be provided if they apply. We will therefore explain the disability pension here.

1 Types of disability pension

There are two types of disability pension: the Disability Basic Pension and the Disability Employees' Pension. The type of pension you receive depends on the pension system by which you were covered on the day of your first medical examination by a doctor (the day of the first medical examination) for the illness or injury that caused such disability. Specifically, you may apply as follows:

1 "Disability Basic Pension" if covered by the National Pension.

2 "Disability Employees' Pension" if covered by the Employees' Pension Insurance.

◎Those aged under 20 and between 60 and 65 and not covered by any pension system on the day of the first medical examination may apply for the Disability Basic Pension.

Main illnesses and injuries covered by the disability pension

- External disorders: eye, hearing, and limbs (e.g., hand, leg) disorders.
- Mental disorders: schizophrenia, depression, cognitive impairment, epilepsy, intellectual disability, developmental disorders.
- Internal disorders: respiratory, heart, kidney, and liver diseases, blood and hematopoietic disorders, diabetes, cancer.

Point ➜ There are two types of disability pension!

2 Requirements for pension benefits

The insured must meet all three of the following requirements to receive the Disability Basic Pension or Disability Employees' Pension.

1 Be covered by the pension system on the day of the first medical examination

The person must be covered by the pension system on the day of the first medical examination.

◎Those aged under 20 and between 60 and 65 and not covered by any pension system on the day of the first medical examination may apply for the Disability Basic Pension.

2 Be in a certain level of disability

The person must be in a certain level of disability on the day that the disability is assessed (in principle, the day after 18 months from the day of the first medical examination (*1)) or before reaching the age of 65.

(*1) The day of reaching the age of 20 for those aged under 20 on the day of the first medical examination (or the day that the disability is assessed if the person reaches the age of 20 before the day concerned).

3 Have paid certain contributions

The claimant's total period of contribution-paid and contribution-exempted periods must amount to at least two-thirds of the insured period until two months before the month containing the day of the first medical examination, but if not, there must be no period of unpaid contributions within the past 12 months.

Point ➜ There are three requirements for receiving pension benefits!

③ Pension amount

The amount of disability pension varies depending on, for example, the pension by which you were covered on the day of the first medical examination, the grade of disability, the presence/absence of a spouse, and the number of children.

❶Disability Basic Pension

The annual amount of the Disability Basic Pension is 974,125 yen for a Grade 1 Disability, and 779,300 yen for a Grade 2 Disability. There are certain additional benefits paid based on your number of children up to the first March 31 after they reach the age of 18 (20 if with a certain grade of disability).

❷Disability Employees' Pension

The annual amount of Disability Employees' Pension is calculated based on the amount of remuneration during the period covered by the Employees' Pension Insurance, and the coverage period. The pension amount for those with a Grade 1 Disability is equal to 1.25 times the pension amount proportional to remuneration and other benefits. Those with a Grade 2 or 3 Disability receive the pension amount proportional to the remuneration and other benefits. In addition, those who receive the Disability Employees' Pension for Grade 1 or 2 will receive additional pension benefits for the spouse and the Disability Basic Pension.

(Note) The grades differ from those for the Physical Disability Certificate.
(Note) The pension amount refers to the amount for FY2017.

Point ➜ The pension amount varies depending on the person!

④ Pension application

The insured or his/her family member needs to apply for the disability pension.

❶Where to apply for the "Disability Basic Pension"

The municipal office in your area of residence, or your nearest Branch Office.

❷Where to apply for the "Disability Employees' Pension"

Your nearest Branch Office

Please visit the JPS website (nationwide consultations/application desks) to check the location and contact information of your nearest Branch Office.

JPS Branch Offices | Search

⑤ Contact Us

For inquiries, please contact your nearest Branch Office or Pension Consultation Center.
For general inquiries on the disability pension, you may also call "Nenkin Dial" on page 64.

Point ➜ Please consult with us first!

Examples of pension benefits

Severe ← Level of disability → Mild

	Grade 1 Disability	Grade 2 Disability	Grade 3 Disability	
Additional pension	Disability Employees' Pension (Grade 1)	Disability Employees' Pension (Grade 2)	Disability Employees' Pension (Grade 3)	Disability allowance (*2)
	Additional pension benefit for the spouse	Additional pension benefit for the spouse		
Basic Pension	Disability Basic Pension (Grade 1) ¥ 974,125 per year	Disability Basic Pension (Grade 2) ¥ 779,300 per year		
	Additional benefit for children (1st and 2nd child) ¥ 224,300 per year	Additional benefit for children (1st and 2nd child) ¥ 224,300 per year		

(*2) The disability allowance is a lump-sum payment for those who were sick or injured and recovered with a disability slightly milder than Grade 3 within five years of the date of the first medical examination while covered by the Employees' Pension Insurance.

- The pension benefits example is based on amounts for FY2017.
- If you are eligible for a Grade 1 or 2 Disability Employees' Pension, you will also receive the Disability Basic Pension.
- The additional benefit for the 3rd and any subsequent children is 74,800 yen per year.

What progress is being made to resolve the pension records problems?

Response to the pension records problems

The pension records problems occurred under the former Social Insurance Agency. To regain the trust of the nation, the JPS has made every effort to resolve the problems as its top priority since its establishment.
We will report on how we have responded to the pension records problems.

① Pension records problems

The pension amounts paid under Japan's public pension system are calculated based on the contribution-paid periods and the contribution amounts paid by each customer. It is therefore necessary to manage the records accurately over a long period of time, including records of the paid contributions.
However, under the former Social Insurance Agency, approximately 50.95 million records were not linked to Basic Pension Numbers (unmatched records) as of June 2006. Also, pension records were initially managed by means of paper ledgers. In the process of transferring to the current online system, the records on paper ledgers were not correctly transcribed. These problems, among others, were unveiled and widely reported by the media as "pensions gone up in smoke" and "vanishing pensions", which led to a huge sense of public distrust in the public pension system, the former Social Insurance Agency, and the Ministry of Health, Labour and Welfare.
The pension records problems may be divided mainly into: 1) the problem of unmatched records that are yet to be integrated into Basic Pension Numbers, and 2) the problem of incorrect records.

❶Problem of unmatched records that are yet to be integrated into Basic Pension Numbers (approx. 50.95 million records)

Since 1997, each customer's pension record has been managed under one single number (Basic Pension Number). However, as of June 2006, it was revealed that there are around 50.95 million records that are not linked to any Basic Pension Number.

❷Problem of incorrect records

①Issue of incorrect online records

Pension records were initially managed by means of paper ledgers, but there has been a gradual move to computerized management. During the change process, the records held on paper ledgers were incorrectly transcribed. This gave rise to incorrect online records. In addition, some of the Employees' Pension records kept by the state differ from those held by the Employees' Pension Insurance Fund.

②Issue of pension records being incorrectly amended retroactively

It was uncovered that some of the submitted Employees' Pension records had been amended to reduce the burden of paying contributions. For instance, the employer's or employees' salary amounts (standard monthly remuneration) were stated as being lower than they actually were or the period worked to be shorter than the period actually worked.

② Efforts made so far

❶Progress of clarifying unmatched records (approx. 50.95 million records)

◆In order to resolve the pension records problems, the JPS has integrated unmatched records into the Basic Pension Numbers and clarified more than 30 million records since 2007. This has been achieved by sending out notices, including the "Nenkin Tokubetsu Bin (Pension Coverage Special Notice) (*1)" and "Nenkin Teiki Bin (Pension Coverage Regular Notice) (*2)", and through various measures such as urging customers to confirm their own pension records.

◆The status of clarifying unmatched records, as of March 2017, is as follows. We are continuing to send out notices and letters urging customers to check their pension records to

confirm that there are no "missing records" or "errors" in their pension contribution records.

(*1) In 2007 and 2008, all pension recipients and those insured (approx. 109 million people) were sent notices asking them to confirm there were no "missing records" or "errors" in their pension records.

(*2) Since 2009, we have been sending a "Nenkin Teiki Bin" (Pension Coverage Regular Notice) every year in their birth month, to persons covered by the National Pension and the Employees' Pension Insurance, informing them of their pension coverage periods, the amount of contributions paid, their expected pension benefit, and other details.

Progress of integrating unmatched records into the Basic Pension Numbers

As of June 2006

Unmatched records: approx. 50.95 million records

	Number of matched records	Efforts to resolve the pension records problems
March 2008	4.17 million	●February 2007: Revealed approx. 50.95 million unmatched records (Preliminary investigation report by the Research Bureau of the House of Representatives) ●December 2007: Commenced sending out "Nenkin Tokubetsu Bin"
March 2009	10.10 million	
March 2010	14.03 million	●April 2009: Commenced sending out "Nenkin Teiki Bin" ●January 2010: Foundation of the Japan Pension Service
March 2011	15.63 million	●October 2010: Began crosschecking paper ledgers and computerized records ●February 2011: Launched the "Nenkin Net" service
March 2012	16.31 million	● August 2011: Started owner searches using the JPS Paper Ledger Search System
March 2013	17.04 million	●January 2013: Launched the "Problematic Pension Records Reconfirmation Campaign" (Implementation of a search service for unmatched records on "Nenkin Net")
March 2014	17.71 million	
March 2015	18.27 million	●August 2014: Announcement of "further specific actions (draft) to clarify unmatched records (approx. 21 million records)"
March 2016	18.66 million	

As of March 2017

Clarified records **31.45 million**	❶ Records matched with Basic Pension Numbers	**18.97 million**
	❷ Records of deceased persons, etc.	**12.48 million**
	・Records of persons judged to be deceased	7.06 million
	・Records not linked to pension benefits	5.42 million
Records currently being clarified or requiring further clarification **19.51 million**	❸ Records currently being investigated (replies received, now being investigated)	**4,000**
	❹ Records with unknown ownership due to no reply to Nenkin Tokubetsu Bin (Nayose Tokubetsu Bin (Aggregated Special Mailing)), etc.	**7.69 million**
	・No reply received from the customer	2.76 million
	・Customer has replied that he or she is not the owner	1.75 million
	・Undelivered notices	0.46 million
	・Others	2.72 million
	❺ Records offering no clue as to ownership	**8.85 million**
	❻ Records thought to belong to the same person as those in ❸~❺above	**2.97 million cases**

Number of individuals 14.69 million

Beneficiaries	8.64 million
Insured persons	6.05 million

❷Efforts to correct records containing errors

The JPS carried out the following tasks to correct errors in online records and pension records that were incorrectly amended retroactively.

①Crosschecks of records in paper ledgers and others with computer records

◆If a discrepancy was found between paper ledgers and online records, a notice was sent to the customer asking them to confirm their pension record prior to us correcting it.

◆Crosschecks for both pension recipients and the insured were completed by March 2014, with notices sent to all those concerned (approx. 2.97 million).

◆In FY2016, we resent notices of record correction to 6,557 customers who had not replied to the initial notice. We subsequently received replies from 3,735 people by the end of March 2017, and the records for 2,068 persons have been recovered.

②Crosschecking of records on the insured and on the Employees' Pension Fund

◆The records on the insured held by the state and on the Employees' Pension Fund were corrected following crosschecks of the records.

③Recovery of incorrectly amended pension records

◆For pension records likely to have been incorrectly amended retroactively, including standard remuneration, the JPS proceeded to recover the records by conducting inspections on visits to individual premises and by other means.

Recovery status of unmatched records and records containing errors

The year and month in brackets refer to those in the data.

	Measures		Number of persons for whom records have been recovered, estimated amount to be recovered, and others
1. Problem of unmatched records (approx. 50.95 million)	Various notices such as "Nenkin Tokubetsu Bin" (As of March 2017)		14.69 million persons (since June 2006) 8.64 million pension recipients 6.05 million insured persons
2. Problem of incorrect records	①Crosschecks of records in paper ledgers and others with computer records (As of the end of January 2015)		1.95 million persons [Cumulative amount estimated to be recovered (annual amount): approx. 33.1 billion yen Average amount of increase (annual amount) per person: approx. 17,000 yen]
	②Crosschecks of records on the insured and on the Employees' Pension Fund (as of the end of May 2014)		0.55 million cases [●Number of responses to the fund and others for incorrect records held by the state (total number of persons, including pension recipients and insured persons) ●If a single online record contains multiple discrepancies, each discrepancy is recorded as one case.]
	③Cases of records, including standard remuneration, that have been amended retroactively	Inspections on visits to individual premises 〈Cases regarding employees: 1,602〉 (Ended in June 2010)	Recovery of records at the Branch Office level 627 Recovery of records through mediation by the Minister for Internal Affairs and Communications (inspections and deliberations by a third-party committee) 735
		Recovery of records at the Branch Office level 〈including those not subject to the 20,000 inspections on visits to individual premises〉 (as of the end of March 2009)	5,985

Total increase in pension amounts (annual amounts) for recipients as a result of record corrections (since May 2008)
approx. 125.6 billion yen
(a total of at least 3.76 million persons)
(as of the end of March 2017)

[Total amount recovered when receiving pension benefits from the age of 65 (Lifetime amount)
approx. 2.6 trillion yen(*1)
(as of the end of March 2017)]

[Those who had an increase in their pension amounts Average amount of increase (Annual amount)
approx. 33,000 yen
(as of the end of March 2017)]

(*1) Approx. 125.6 billion yen is the total amount of increase in pension amount (annual amount) for pension recipients following the correction of pension records. This is divided proportionally by the male-to-female ratio in the amounts of old-age pension benefits for those aged 65 or over. Multiply this by the number of years for which a male receives pension benefits, which is the average life expectancy in years for a 65-year-old man; also, multiply it separately by the number of years for which a female receives pension benefits.

❸Administration for the correction of pension records

◆For recalculations (*2) arising from pension records corrections, it took time to proceed with payment in complicated cases involving the old law. The JPS therefore expedited the process through, for example, the development of expert administration staff. As a result, the recalculation and special payments for expired pension (*3) can now both be processed within a period of three months.

(*2) If a record is found for a person who already receives a pension, the pension amount is recalculated.

(*3) An expired pension that was resolved for reasons including the pension records problems is paid according to the special act on pension expiry enacted in July 2007.

Changes in the number of unprocessed recalculations and special payments for expired pension

Number of unprocessed recalculations and special payments	March 2015	March 2016	March 2017
Recalculations	150,000	7,000	6,000
	(5.9 months)	(2.5 months)	(2.4 months)
Special payments for expired pension	18,000	6,000	5,000
	(2.4 months)	(2.8 months)	(2.3 months)

The values in brackets indicate the average processing period.

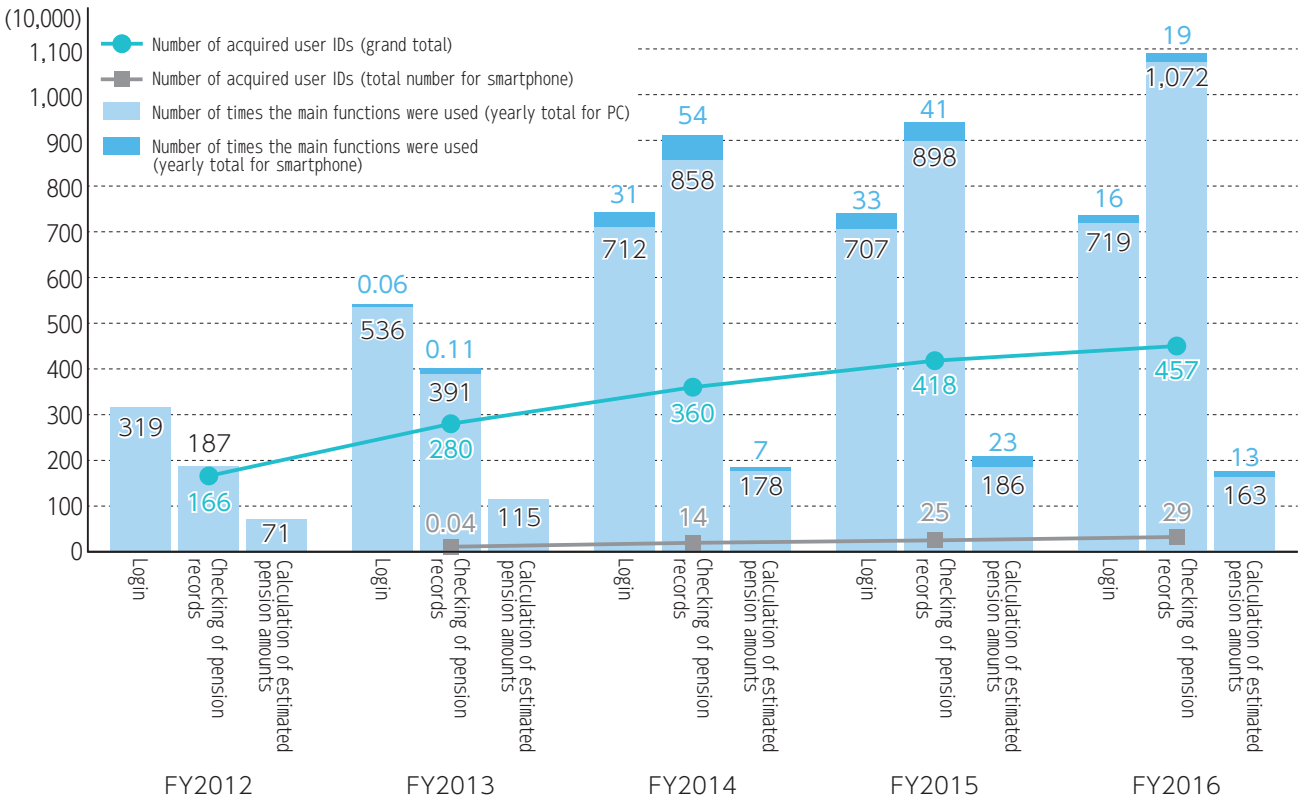
❹Provision of information and confirmation by customers to prevent a recurrence of the pension records problems

◆The JPS called on customers to confirm their pension records. A "Nenkin Teiki Bin" was sent to all insured persons. Letters were sent to those aged 35, 45, and 59 to provide information on pension records covering the whole period, while postcards were sent to insured persons of all other ages to provide information on pension records for the past twelve months. Approx. 63.8 million mailings were sent in FY2016.

◆ The JPS informed customers of the "Nenkin Net" with a revamp of the "Nenkin Net" website, publicity posters and leaflets, online videos, and other means. The total number of acquired user IDs as of the end of FY2016 was approx. 4.57 million.

◆ "Nenkin Net" enables users to check their pension records and calculate their estimated pension amounts. We will continue to make efforts to promote its use and further enhance the functions by, for example, using QR codes to simplify access.

Changes in the number of acquired "Nenkin Net" user IDs and the number of times the main functions were used



Have the efforts to become a trusted organization produced any results?

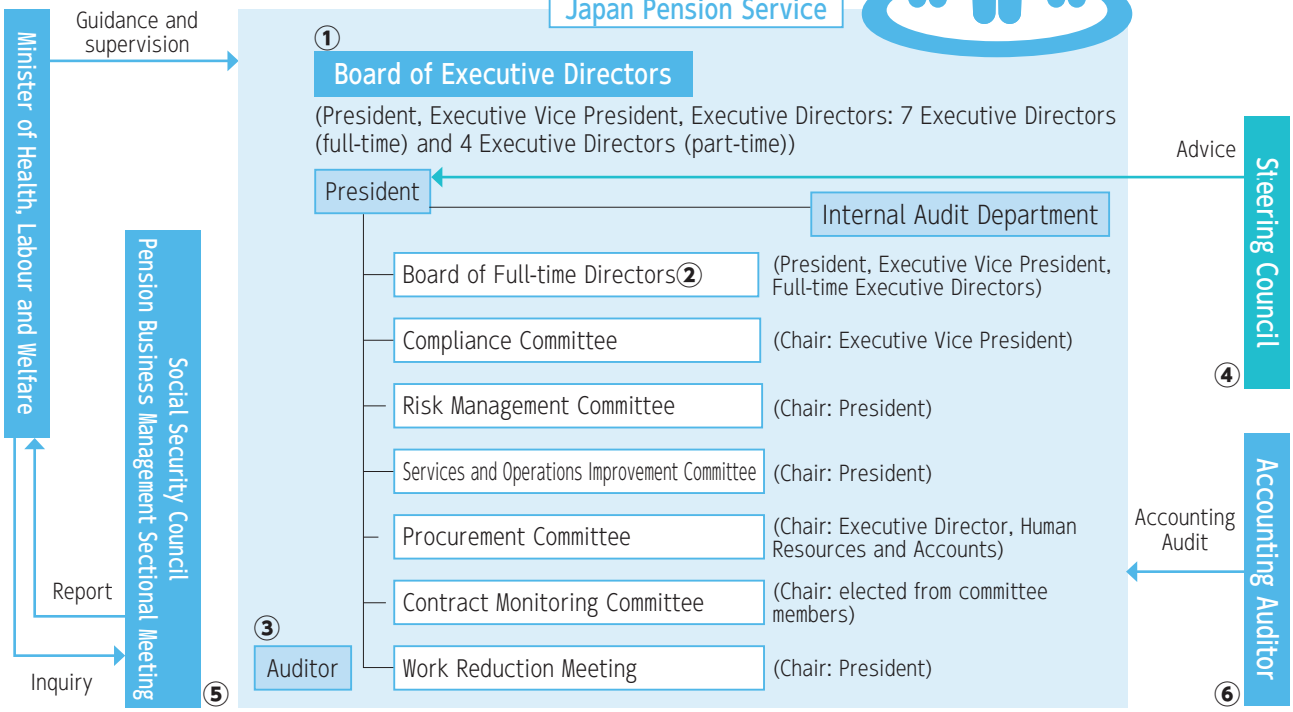
Ensuring the validity of the internal control system

The JPS has monitored whether the business is operated correctly, strengthened the internal control system, and made efforts to prevent administrative errors and compliance issues as well as to prevent their recurrence. However, a problem with the internal control system was revealed following a breach of personal data in May 2015 due to unauthorized access. Consequently, the JPS submitted a work improvement plan to the Ministry of Health, Labour and Welfare in December 2015. We have made necessary efforts to ensure the implementation and promotion of the plan, and to revitalize as an organization capable of responding to the trust of our customers.

① Organizational governance

The JPS established the following organizational structure (as of January 1, 2016) to perform the internal control system function, along with external evaluation and monitoring.

Organizational governance



①Board of Executive Directors

Deliberates and decides on important affairs concerning the organization and business operations of the JPS as its highest decision-making body

It consists of the President, Executive Vice President, and 11 Executive Directors (including 4 Part-time Executive Directors), with meetings held once a month in principle.

②Board of Full-time Directors

Shares details of important management issues and decision-making processes

The "Board of Full-time Directors" was established in January 2016, comprising the President, Executive Vice President, Executive Directors, and other members. It aims to share the details of important management issues and decision-making processes, eliminate the vertically segmented system within the organization, expedite agreement on organizational management, and foster information sharing among board members (meeting once a week in principle).

In addition, special committees were established, such as the Compliance Committee and Risk Management Committee, to deliberate specialized considerations on organization and business operations across the organization, and to promote various initiatives.

③Auditor

Audit of the financial and business situations of the JPS

Two auditors appointed by the Minister of Health, Labour and Welfare audit the financial and business situations of the JPS. They also attend the Board of Executive Directors, Board of Full-time Directors, and various committees.

④Steering Council

Reflects public opinions on the business operation of the JPS

The Steering Council was established to reflect the opinions of employers, insured persons, pension recipients, and others on the business operation of the JPS.

(Note) A summary and materials of the Steering Council's proceedings are published on the JPS website.

External evaluation and monitoring body

⑤Pension Business Management Sectional Meeting of the Social Security Council

The "Pension Business Management Sectional Meeting" was set up under the Social Security Council to conduct specialized deliberation on the management of the pension business, such as assessment of the business performance of the JPS, and for investigation and deliberation on the pension business as a whole, including the Ministry of Health, Labour and Welfare.

(Note) A summary and materials of the proceedings are published on the website of the Ministry of Health, Labour and Welfare.

⑥Accounting Auditor

The JPS is obliged to obtain an audit regarding financial statements by the "Accounting Auditor" appointed by the Minister of Health, Labour and Welfare.

List of the Steering Council members

Eriko Ikeda	Representative Director, Ai Advocacy Support Net, Public Interest Incorporated Association
Akiko Izumi	Journalist / Financial Planner
Nobuhiro Uenishi	Managing Director / Secretary-General, TOHO Human Center
Yoshimi Kikuchi	Professor, Faculty of Law, Waseda University
Nobuyuki Shintani	Deputy Secretary-General, Japanese Trade Union Confederation
Sayaka Dake	Professor, Graduate School of Law, Tohoku University
Hiroshi Toda	Member of the Board (Outside), Daiichi Sankyo Company, Limited
Hiroko Makishima	Director, Commentary Room, Press Office, Tokyo Broadcasting System Holdings, Inc.
Fumio Wakasugi	President, Japan Federation of Pension Beneficiaries Groups, General Incorporated Association
Masakiyo Wakabayashi	Vice President, Japan Federation of Labor and Social Security Attorney's Associations

(as of July 8, 2016; Japanese alphabetical order, titles omitted)

② Prevention of a recurrence of administrative errors

❶Status of occurrence of administrative errors

Once an administrative error is detected, we apologize and explain it to the customer, and correct the error. We give monthly updates on the number of administrative errors for which we have completed the response for customers.

A total of 4,770 errors were announced in FY2016. Of these, 2,837 (59.5%) occurred in the period of the former Social Insurance Agency.

Breakdown of the errors announced in FY2016 by year of occurrence

	Number of errors	
Before FY2008	During the period of the former Social Insurance Agency	2,749
FY2009		88
		2,837 (59.5%)
	22	
FY2010	79	
FY2011	65	
FY2012	70	
FY2013	123	
FY2014	269	
FY2015	818	
FY2016	487	
Total	**4,770**	

❷Initiatives to prevent a recurrence of administrative errors

Since administrative errors may lead to infringement of customers' pension rights, it is important to ensure the accuracy of processing. The JPS has therefore undertaken the following initiatives to prevent administrative errors.

◆We ensured full enforcement of the measures formulated to prevent a recurrence of administrative errors and other issues, such as the "Emergency measure to prevent a recurrence of administrative errors and other issues.[(*1)]" that was formulated in September 2014.

(*1) Details of the "Emergency measure to prevent a recurrence of administrative errors and other issues" are as follows.

- Increased ratio of evaluation points for administrative errors and other issues in personnel evaluation: it is mandatory for all JPS staff to have a personal goal from the perspective of "eradication of administrative errors and of delayed processing." The weight of the target has been raised.
- Formulation of a "Check sheet to prevent delayed processing, missing documents, misdelivery, etc.": the manual stipulates that a check sheet shall be prepared once a month, whereby each manager confirms if a series of processes has been conducted consistently and reports this to the Headquarters once a month. We have also formulated a checklist detailing the checks required every time an envelope is sealed.
- Performance of an unannounced special audit: unannounced special audits were conducted at all local offices.

◆To ensure that all staff members undertake their work with an understanding of each item in the "Check sheet to prevent delayed processing, missing documents, misdelivery, etc.," we improved our efforts using "Checks on the efforts to prevent a recurrence of administrative errors" as a means of checking the comprehension of all JPS staff. In addition, to make them more aware of the occurrence of administrative errors, we decided to issue a monthly "Risk measure communication" to inform all local offices of the causes, points, and measures of administrative errors from the most recently occurring events.

◆18 local offices have been designated for priority work from those with an occurrence of delayed processing and other issues after FY2015. Staff from the Headquarters provided guidance during visits to the local offices and managed the progress of measures formulated by the local offices to prevent a recurrence, for a period of three months after the designation. As a result, the number of new administrative errors and other issues at the local offices for priority work was reduced to one (62 occurrences after FY2015 at the 18 local offices prior to the designation).

◆Lecturers were dispatched to the different levels of training to promote shared recognition of the roles to be performed in each position.

In addition, we conducted "follow-up training" on the recurrence prevention measures for all staff members at local offices with more than one occurrence of delayed processing and other issues.

◆Other initiatives continued since FY2016 include the status management of documents via an administrative progress management system and the thorough management of documents using boxes in six different colors, the checking and guidance of the status of documents using the unfinished list, and reflecting the occurrence of administrative errors in personnel evaluations.

◆Following the promotion of efforts to reduce administrative errors throughout the organization, there has been a downward trend in the occurrence of administrative errors, thus showing the gradual effects of the various measures. Among the three priority issues ("delayed processing", "missing documents", "misdelivery / missending / misissue"), there has been a significant decrease in the number of cases of "delayed processing". Despite a decrease in the occurrence of "missing documents" and "misdelivery / missending / misissue" compared to the previous FY, a certain number of administrative errors continue to remain. We will therefore ensure that the efforts made so far continue to be pursued.

The entire organization will continue to ensure accurate administration based on the uniform operation manual and the measures to prevent administrative errors, in order to prevent their occurrence.

Cases of delayed processing, missing documents, and misdelivery / missending / misissue (as of the end of 2017)

	Delayed processing	Missing documents	Misdelivery / missending / misissue	Total
FY2015	46	57	207	310
JPS staff	39	44	121	204
Subcontractors and others	1	6	85	92
Municipalities	6	7	1	14
FY2016	10	52	173	235
JPS staff	4	42	78	124
Subcontractors and others	1	0	94	95
Municipalities	5	10	1	16

(Note) The number of cases may change in the future once events have been clarified.

③ Efforts to ensure compliance and to conduct risk management

❶Raising the awareness of the JPS staff

①Training, compliance awareness survey, compliance self-assessment

◆The following initiatives have been undertaken to prevent misconduct and to secure compliance:

◎Training to promote awareness of risk management and compliance in the workplace.

◎A compliance awareness survey to understand the current status of compliance awareness among directors and staff members and for utilization in the promotion of future initiatives to secure compliance, including training.

◎A compliance self-assessment to motivate staff members to understand and improve the issues, by encouraging them to reflect on their own awareness of compliance, and by the heads of the local offices confirming their assessment results.

②pecific response to incidents of compliance issues

◆We investigated the facts of incidents suspected to be problematic in terms of compliance and imposed sanctions on 22 incidents in FY2016.

◆Concerning the imposition of a sanction, we immediately announced information on the imposed sanctions, including pay cuts or anything heavier, and on warnings every six months in the press release, based on the staff sanction rules. In addition, we provided all local offices with information on the imposed sanctions twice a year and issued a warning to prevent any occurrence of similar incidents. The information was also reflected in training materials to prevent a recurrence.

Breakdown of sanctions	
●Inappropriate administration	15 case
●Harassment	1 case
●Incidents related to personal information (including perusing the information for non-business purposes)	2 cases
●Others	4 cases

❷Risk assessment

①Administrative risk

◆We identified and analyzed the causes and issues of administrative errors at each local office, developed measures to prevent them, and strengthened our efforts.

②System risk

◆We identified the risks inherent in business contents and operational procedures and conducted an investigation aimed at preventing system accidents.

③Information security risk

◆We developed a framework for risk assessment and analysis, with help from external experts, in line with the actual situation of the JPS. We then conducted risk assessment and analysis on the JPS's LAN system, the shared folder dedicated to personal information on pension, Nenkin Net, and the JPS's website. Basic data was also prepared for initiatives for the following FYs.

❸Monitoring of various information

◆We monitor various information, including a daily operational report from the head of each local office, to grasp incidents at an early stage and take the necessary actions.

❹Disaster prevention measures

◆As disaster prevention measures, such as in an earthquake, the JPS requested cooperation from related organizations, conducted field training at each local office, such as evacuation guidance and training for emergency relief activities, and checked procedures, including the initial response. We also carried out a regular safety confirmation test and a communication test of the MCA radio, as well as field training to promptly grasp the situation at the time of an emergency.

④ Implementation of an appropriate audit

❶Creation of an effective auditing system

◆Internal audit plays an important role in the enforcement of operational rules and ensuring compliance in the JPS. With the aim of improving audit efficiency, the audit system was revised on July 1, 2016 to divide the functions of the general audit group into those responsible for inspection and audit. Having their respective roles clarified has enabled each function to conduct audits for different purposes.

❷Enhancement of audit functions

①Enhancement of inspection functions

◆To fully enforce the rules at local offices, administrative management was evaluated at five levels, with subsequent follow-up audits for low-level local offices.

◆We conducted a general audit (operational inspection) without announcement for the Processing Centers and Branch Offices. In FY2016, 39 Processing Centers and 312 Branch offices were subjected to a general audit, with 201 cases of non-compliance with rules and deficiencies in ledgers being identified for the Processing Centers, and 3,759 for the Branch Offices (an increase of 54 cases compared to the previous FY). We confirm that the deficiencies have been amended, and the audit results are reflected in the personnel and operational evaluations of the local offices.

②Enhancement of audit functions

◆A number of incidents of inappropriate administration were reported by internal sources. To further investigate the local offices at which the problems occurred, special audits were carried out for two Processing Centers and nine Branch Offices.

③Enhancement of audits for Headquarters and regional departments

◆In consideration of the risks inherent in Headquarters departments and the operations of the JPS, we audited operations considered to have higher risks and provided advice and recommendations to solve the issues.

i) Accounting operations audit

◆We audited the procurement and payment process for 24 departments at the Headquarters and nine regional departments and requested the amendment of 125 deficiencies.

ii) Unannounced audit for Headquarters departments and offices (clerical work departments)

◆We inspected whether reports were processed and managed correctly, as well as the management conditions of information devices and electronic media, and provided guidance for the immediate correction of 16 deficiencies.

iii) Audit on self-inspection

◆We examined whether the items included in the self-inspection were managed properly, and provided guidance for the correction of 187 deficiencies.

iv) Audit of the outsourced operations of Headquarters and Processing Centers

◆For the outsourced operations of Headquarters, we inspected whether regular inspections were conducted properly (90 deficiencies).

For the Processing Centers covering a wide area, we inspected whether JPS staff members were properly managing subcontractors and whether the subcontractors were conducting their operations correctly (35 deficiencies). Both sides were instructed to immediately correct deficiencies.

❸Development of human resources and enhancement of professional expertise

◆In order to develop the human resources responsible for internal audit, we provided newly appointed staff with training, alongside on-the-job training combining work experience to improve the skills of the staff in charge of audits. In addition, they also enhanced their professional expertise by actively participating in lectures on internal and information system audits organized by external groups.

❹Enhancement of the audit report meeting

◆Audit report meetings were held (12 times in FY2016) to produce regular audit reports for the President. At these meetings, the audit results were explained and the issues were shared. A total of 29 recommendations for improvement were made for the Headquarters departments, with 23 of these being adopted.

1 Initiatives in the operation of the National Pension

Initiatives to promote National Pension coverage

All registered residents of Japan aged 20 to 59 are obliged to be covered by the National Pension system. Upon reaching the age of 20, you need to submit an application to enroll to your municipal office. We undertook the following initiatives in FY2016 to promote National Pension coverage.

1 Ensuring the implementation of coverage

Plans for FY2016

○ We planned to use the Basic Resident Registration Network System to identify those aged 20, 34, and 44 and encouraged them to submit applications to enroll. We also planned to carry out the relevant procedures to register for those who had failed to report.
○ We planned to speed up procedures, such as registration, when there was no report of Category change of the insured.

Initiative status in FY2016

◆We encouraged applications to enroll from those aged 20 who were identified using the Basic Resident Registration Network System (1.25 million people). We sent a pension handbook to anyone who still failed to enroll despite our encouragement (510,000 people) and carried out the procedure to register as a category I insured person.
◆We encouraged applications to enroll from those aged 34 and 44 without a basic pension number or who had failed to report for a certain period of time (12 months) after losing their insurance status. We carried out the procedure to register for those who still failed to report despite our encouragement.

2 Collaboration and cooperation with related organizations

Plans for FY2016

○ Regarding the report of Category change of an insured person in the event of them changing their job, or any other relevant events, we planned to promote appropriate reports by conducting a briefing session for employers and collaborating with municipalities and Hello Work offices.

Initiative status in FY2016

◆We encouraged customers who had changed their job to report by themselves, by sending a notice two months after the occurrence of their Category change.
◆If no report was made despite our encouragement, we carried out the procedures to register them as a Category I insured person, without any report.
◆In order to facilitate reports by customers themselves, we encouraged them to report their Category change and informed them of the exemption system in the event of losing a job, at briefing sessions held by Hello Work offices for employment insurance beneficiaries.
◆We created the bimonthly information magazine "Kakehashi" to provide information for municipal officers in charge of the National Pension. We also requested on occasions such as administrative briefing sessions that they keep local residents informed by explaining the procedure to register for the National Pension.

3 Actions for the Category III discrepancy issue

A Category III insured person is the dependent spouse of a Category II insured person such as a salaried worker. A problem was uncovered in the event of a dependent spouse failing to submit the necessary report (*1) when he/she became a Category I insured person on account of, for example, the Category II insured person leaving a job. Consequently, they remain as a Category III insured person on pension records. They are unable to pay contributions retroactively, thus creating a period of unpaid contributions. As a result, they receive no pension or their pension amounts are reduced. This is the Category III discrepancy issue.

To solve this issue, the act was revised in July 2013. Following this revision, even if there is a delay of two years or more in reporting a change to a Category I insured person, the period of concern may be reflected in the calculation of the coverage period required to receive the old-age pension (*2), through prescribed procedures. It is also possible to pay contributions for up to the past 10 years until March 2018 (special retroactive payments).

(*1) Contributions cannot be paid if two years or more have elapsed from the original due date for the notice.

(*2) To receive a pension, the combined total of the contribution-paid, coverage, and other applicable periods must exceed a certain number of years, which is the coverage period required to receive the old-age pension.

Plans for FY2016

○ Regarding the discrepancy issue in the records of Category III insured persons, we planned to continue to encourage the insured to submit a report of specified applicable periods (*3) for the expired and resolved period of the discrepancy (*4), based on the Act for Partial Revision of the Employees' Pension Insurance Act to Ensure the Soundness and Reliability of the Public Pension System (Act No. 63 of 2013). In addition, we planned to respond appropriately to inquiries and reports related to the encouragement of special retroactive payments.

○ We planned to correctly proceed with administrative work related to the report of a spouse losing dependent status, which began in December 2014. Based on past information on dependent spouses provided by the Health Insurance Association and mutual aid associations, we planned to check discrepancy records for Category III and to encourage those with discrepancy records to submit a report of their Category change and make special retroactive payments.

(*3) The period for which contributions cannot be paid because of the expiry of the payment period for a delay of two years or more in reporting a change from a Category III to a Category I insured person.

(*4) If the discrepancy period is left, it will be treated as a period of unpaid contributions and not reflected in the calculation of the coverage period required to receive the Old-age Basic Pension in the future. However, if a report of specified applicable periods is submitted, the concerned period will be reflected in the calculation of the said period.

Initiative status in FY2016

◆Since November 2011, we have sent notices to those with a discrepancy period for Category III and encouraged them to submit reports of their Category change and specified applicable periods and to make special retroactive payments.

◆From FY2014 we continued to feature an outline of the revised act and the procedures to submit a report of specified applicable periods on the JPS website. We prepared and distributed a leaflet to publicize the scheme at counters in Branch Offices and municipal offices.

In addition, following the enforcement of special retroactive payments (April 1, 2015), we also prepared a leaflet to publicize the scheme.

◆With regard to the report of a spouse losing dependent status that began in December 2014, we encouraged the submission of a report of Category change based on the report of a spouse losing dependent status. Failure to submit such a report resulted in us proceeding with Category change with no report.

◆Based on the information on dependent spouses provided by health insurance societies, we encouraged the submission of reports of Category change and specified applicable periods, as well as special retroactive payments.

Other initiatives in the operation of the National Pension include the "Initiatives to shorten the coverage period required to receive the old-age pension" and the "Actions to improve the contribution payment rate" as a priority issue of the JPS.

Go to page 13 for the "Initiatives to shorten the coverage period required to receive the old-age pension."

Go to page 17 for the "Actions to improve the contribution payment rate."

» 2 Initiatives in the operation of the Employees' Pension Insurance and Health Insurance

For the Employees' Pension Insurance and Health Insurance, the employer pays contributions by deducting them from the salaries paid to employees. The following initiatives were undertaken in FY2016 to ensure we received the correct payments from employers.

1 Contribution collection rate for the Employees' Pension Insurance and Health Insurance

Plans for FY2016

○ For the contribution collection rate, we planned to achieve a level equal to or higher than the previous FY.

Initiative status in FY2016

◆We aimed to exceed the previous FY's contribution collection rate of 98.8% for the Employees' Pension Insurance. As a result, it has been confirmed that 29.7992 trillion yen will be collected (including for past FYs), of which 29.4754 trillion yen has been collected, thus exceeding the target by 0.1%.

◆We aimed to exceed the previous FY's contribution collection rate of 97.8% for the health insurance system managed by the Japan Health Insurance Association. As a result, it has been confirmed that 9.3068 trillion yen will be collected (including for past FYs), of which 9.1211 trillion yen has been collected, thus exceeding the target by 0.2%.

Changes in the contribution collection rate

		FY2012	FY2013	FY2014	FY2015	FY2016
Contribution collection rate (%)	Employees' Pension Insurance	98.1	98.4	98.6	98.8	**98.9**
	Health insurance system managed by the Japan Health Insurance Association	96.9	97.2	97.5	97.8	**98.0**
	Seamen's Insurance	91.0	92.0	92.9	94.1	**95.2**

Figures for the contribution collection of the Employees' Pension Insurance

	FY2012	FY2013	FY2014	FY2015	FY2016
Confirmed amount to be collected	24.6116 trillion yen	25.4629 trillion yen	26.6941 trillion yen	28.1830 trillion yen	**29.7992 trillion yen**
Amount that has been collected	24.1549 trillion yen	25.0472 trillion yen	26.3196 trillion yen	27.8362 trillion yen	**29.4754 trillion yen**

Figures for the contribution collection of the health insurance system managed by the Japan Health Insurance Association

	FY2012	FY2013	FY2014	FY2015	FY2016
Confirmed amount to be collected	8.1192 trillion yen	8.2950 trillion yen	8.6312 trillion yen	8.9104 trillion yen	**9.3068 trillion yen**
Amount that has been collected	7.8653 trillion yen	8.0606 trillion yen	8.4183 trillion yen	8.7121 trillion yen	**9.1211 trillion yen**

2 Promotion of the use of automatic bank remittance

Plans for FY2016

○ Regarding the usage rate of automatic bank remittance, we planned to achieve a level equal to or higher than the previous FY.

Initiative status in FY2016

◆We encouraged workplaces to use automatic bank remittance when they submitted applications to enroll. For workplaces not using automatic bank remittance, we encouraged them to use it, in addition to other initiatives.

◆The usage rate of automatic bank remittance in FY2016 was 83.0% for the Employees' Pension Insurance and 83.2% for the health insurance system managed by the Japan Health Insurance Association.

Changes in the usage rate of automatic bank remittance

		FY2012	FY2013	FY2014	FY2015	FY2016
The usage rate of automatic bank remittance (%)	Employees' Pension Insurance	83.0	83.3	83.1	83.2	**83.0**
	Health insurance system managed by the Japan Health Insurance Association	83.2	83.2	83.4	83.5	**83.2**
	Seamen's Insurance	68.7	69.3	70.6	71.3	**72.0**

3 Payment guidance and a disposition on delinquent workplaces

Plans for FY2016

○ The JPS planned to immediately urge delinquent workplaces to pay contributions and to ensure these were collected in order to prevent payment avoidance for a longer period of time.
○ If a delinquent workplace reported difficulties in paying contributions, we planned to accede to a consultation on payment and to provide them with careful payment guidance after listening to their business conditions and future prospects.
○ For workplaces that failed to cater to our repeated payment guidance, we planned to immediately conduct a disposition according to related laws and regulations.

Initiative status in FY2016

◆As a result of urging delinquent workplaces to pay contributions and providing them with careful payment guidance, the number of delinquent workplaces in FY2016 decreased to 134,940, a decline of 920 from the previous FY. Property seizures were conducted at 25,174 workplaces in FY2016.

Changes in the number of delinquent workplaces

	FY2012	FY2013	FY2014	FY2015	FY2016
Number of delinquent workplaces	154,013	141,284	138,162	135,860	**134,940**

Changes in the number of workplaces for which a seizure of property was conducted

	FY2012	FY2013	FY2014	FY2015	FY2016
Number of workplaces for which a seizure of property was conducted	22,556	24,626	25,094	24,300	**25,174**

4 Full enforcement of contribution collection measures on workplaces where the collection of contributions is difficult

Plans for FY2016

○ For workplaces where the collection of contributions is difficult, Headquarters and Branch Offices planned to collaborate on initiatives to resolve a default at an early stage.
○ In collaboration and cooperation with the National Tax Agency, we planned to actively utilize the mechanism to delegate a deposition to the Agency so that a larger number of depositions would be delegated than in the previous FY, along with National Pension cases.

Initiative status in FY2016

◆In FY2016, 18 cases of deposition were delegated to the National Tax Agency, an increase of six cases from FY2015 (by the end of FY2016, 43 cases of deposition had been delegated since the establishment of the JPS).

Other initiatives in the operation of the Employees' Pension Insurance and Health Insurance include the "Measures to promote the coverage of workplaces not yet covered" as a priority issue of the JPS.

Go to page 21 for the "Measures to promote the coverage of workplaces not yet covered."

» 3 Initiatives in the operation of pension payment

1 Prompt decision

Plans for FY2016

○ For the accurate and prompt payment of pension benefits, the JPS has set a service standard (*1) for the number of days taken to award pension benefits and deliver a Pension Certificate following the application filing. While ascertaining the level of attainment of each service standard, the JPS planned to maintain an attainment rate of 90% or higher.

(*1) Within two months for the Old-age Basic Pension, Old-age Employees' Pension, Survivors' Basic Pension, and Survivors' Employees' Pension (within one month in cases where reconfirmation of the coverage status is not required); within three months for Disability Basic Pension; and within three and a half months for Disability Employees' Pension.

Initiative status in FY2016

◆The service standard attainment rate in FY2016 maintained the target of 90% for all pension types.

Attainment status of the service standard

[Old-age and survivors' pensions](In cases where reconfirmation of the coverage status is not required)

Service standard	Old-age Basic Pension		Old-age Employees' Pension		Survivors' Basic Pension		Survivors' Employees' Pension	
	Within 1 month		Within 1 month		Within 1 month		Within 1 month	
	Average number of days required (days)	Attainment rate (%)	Average number of days required (days)	Attainment rate (%)	Average number of days required (days)	Attainment rate (%)	Average number of days required (days)	Attainment rate (%)
FY2015	26.1	91.6	26.3	91.8	27.0	90.5	25.9	95.0
FY2016	**22.2**	**95.5**	**25.0**	**95.1**	**25.8**	**92.9**	**26.2**	**91.7**

[Old-age and survivors' pensions](In cases where reconfirmation of the coverage status is required)

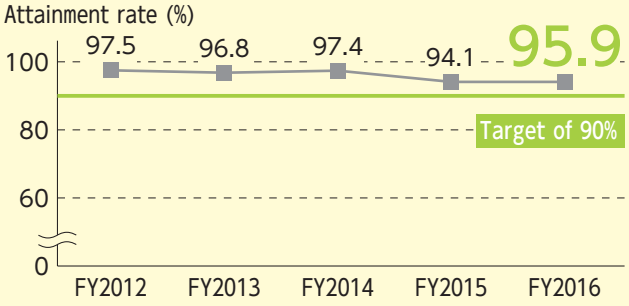
Service standard	Old-age Basic Pension		Old-age Employees' Pension		Survivors' Basic Pension		Survivors' Employees' Pension	
	Within 2 months		Within 2 months		Within 2 months		Within 2 months	
	Average number of days required (days)	Attainment rate (%)	Average number of days required (days)	Attainment rate (%)	Average number of days required (days)	Attainment rate (%)	Average number of days required (days)	Attainment rate (%)
FY2015	34.5	96.3	36.8	94.1	34.8	96.3	40.2	90.1
FY2016	**34.0**	**96.6**	**35.5**	**95.9**	**35.9**	**95.8**	**40.4**	**91.1**

[Disability pension]

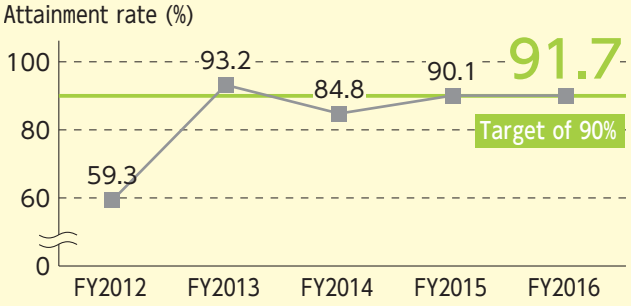
Service standard	Disability Basic Pension		Disability Employees' Pension	
	Within 3 months		Within 3.5 months	
	Average number of days required (days)	Attainment rate (%)	Average number of days required (days)	Attainment rate (%)
FY2015	52.5	95.6	82.0	90.1
FY2016	**50.3**	**96.2**	**89.0**	**91.7**

Yearly changes in the attainment rate of the service standard

[Old-age Employees' Pension](In cases where reconfirmation of the coverage status is required)



[Disability Employees' Pension]



2 Efforts to ensure as many pension benefits payments as possible

Plans for FY2016

○ The JPS planned to make efforts to prevent customers forgetting or failing to apply for a pension. For example, Applications for Pension (TURNAROUND forms) containing information such as pension coverage history were sent to insured persons immediately prior to them reaching the pension age.

○ For anyone who met the coverage period required to receive the old-age pension when reaching the age of 69 but who had failed to apply for a pension, we planned to send a notice urging them to apply for it. We also planned to undertake initiatives by considering how to deal with those whose Applications for Pension were undelivered and those aged 65 or over who had failed to apply for a pension.

○ Following the pension system reform (shortening of the coverage period required to receive the old-age pension), we planned to send Applications for Pension in advance to those with a coverage period of 10 years or more to receive the old-age pension.

Initiative status in FY2016

◆The JPS sent out the following notices to urge customers to apply for a pension (results for FY2016).

Application for Pension (TURNAROUND forms)	For those meeting the requirements to receive the Old-age Basic Pension or the Old-age Employees' Pension, Applications for Pension (TURNAROUND forms) containing information such as pension coverage history are sent out three months prior to them reaching the pension age.	1,056,614 cases
Notice for the old-age pension (postcard)	For those confirmed as being entitled to receive a pension from the age of 65, notices are sent three months prior to them reaching the age of 60. We also provide notification of the ability to apply for special benefits of the Old-age Employees' Pension prior to reaching the age of 64 provided there is an Employees' Pension coverage period of 12 months or longer, in addition to notifying that an application may be made for early payment of the Old-Age Basic Pension.	137,621 cases
Confirmation of the pension coverage periods (Information) (postcard)	For those whose pension eligibility cannot be clarified, notices are sent three months prior to them reaching the age of 60.	112,555 cases
Notice to urge customers to apply for a pension (postcard)	For those who satisfy the pension eligibility requirements but who have failed to apply for a pension, notices are sent in the month in which they reach the age of 69.	36,950 cases

Other initiatives in the operation of pension payment include the "Initiatives to shorten the coverage period required to receive the old-age pension" and the "Actions to tackle the various challenges for the disability pension" as a priority issue of the JPS.

Go to page 13 for the "Initiatives to shorten the coverage period required to receive the old-age pension."
Go to page 25 for the "Actions to tackle the various challenges for the disability pension."

»4 Efforts to enhance pension consultations

In FY2016, nationwide Branch Offices and Pension Consultation Centers conducted approximately 5.65 million pension consultations, while nationwide Call Centers and Branch Offices received approximately 7.74 million telephone inquiries.
We are striving to reduce the waiting time at pension consultation counters and to improve the response rate for "Nenkin Dial" in order that customers visiting a Branch Office are not kept waiting for long periods and those calling “Nenkin Dial” can reach us as quickly as possible. In addition, with a view to providing customers with a satisfactory pension consultation, we aim to conduct a range of training to improve the skills of pension consultation staff.

1 Consultation at a Branch Office

Plans for FY2016

○ Regarding the waiting time at a consultation counter, we planned to take measures to ensure that customers would not have to wait for more than 30 minutes during a normal period or one hour during a busy period.
○ Based on Branch Office locations and their local needs, we planned to offer a visiting consultation service at municipal offices and chambers of commerce and industry in collaboration and cooperation with Labor and Social Security Attorney’s Associations and others.
○ In a bid to make it easier for a customer to reach a Branch Office for a general telephone consultation, we planned to make an improvement by enabling incoming calls to be transferred to the Call Center using "Interactive Voice Response (IVR)."
○ We planned to prepare for the efficient creation of an environment in which customers can easily seek a pension consultation.

Initiative status in FY2016

◆In October 2016, all Branch Offices began appointments for consultation that are provided at all times every day. In order to reduce waiting times and provide pension consultations in accordance with customers’ needs, preparations were made in advance and staff members were allocated according to the nature of the inquiry.
◆In a bid to serve customers unable to attend daytime consultations on weekdays, all Branch Offices offered pension consultations at lunchtime and on the second Saturday of every month, in addition to providing extended pension consultation hours every Monday.
◆In order to reinforce the pension counter system, we created 329 pension consultation staff positions in addition to deploying both pension benefit specialists and senior pension benefit specialists.
◆As a result of these efforts, no Branch Offices had an "average waiting time of 1 hour or more," while a total of 9 Branch Offices had an "average waiting time of 30 minutes or longer but less than 1 hour."

Number of Branch Offices with an average waiting time of 1 hour or longer (at 13:00)

	FY2012	FY2013	FY2014	FY2015	FY2016
Total number in each FY	2	0	1	0	**0**
Monthly average	0	0	0	0	**0**

Number of Branch Offices with an average waiting time of 30 minutes or longer but less than 1 hour (at 13:00)

	FY2012	FY2013	FY2014	FY2015	FY2016
Total number in each FY	143	39	61	29	**9**
Monthly average	12	3	5	2	**1**

◆In consideration of Branch Office locations and their local needs, JPS staff and contracted Labor and Social Security Attorneys were dispatched to offer a visiting consultation service in areas with no local Branch Office.

◎**Results for FY2016**: Number of visiting consultations offered 6,557
Number of customers who had consultations 81,469

◆Actions were taken for Branch Offices that customers cannot easily reach by phone. For instance, we increased the number of telephone lines to deal with a large number of inquiries, including those not related to pension inquiries. Incoming calls to a Branch Office are transferred to the "Nenkin Dial." In January 2017, we sequentially began transferring inquiries by National Pension insured persons from a Branch Office or Processing Center to the "Nenkin Kanyusha Dial" (Pension Coverage Dial).

◆Along with appointments for consultation, we prepared to carry out a trial pension consultation by "videophone," scheduled for FY2017.

General information counter for pension consultation (Shinjuku Branch Office, Tokyo)

Booth at the pension consultation counter (Shinjuku Branch Office, Tokyo)

2 Consultations at a Pension Consultation Center

Plans for FY2016

○ The JPS planned for an effective business operation in cooperation with Labor and Social Security Attorneys by delegating management of the Pension Consultation Centers to Japan Federation of Labor and Social Security Attorney's Associations.

○ The JPS planned to publicize Pension Consultation Centers and promoted their use in cooperation with related organizations, including municipalities.

Initiative status in FY2016

◆The operation of the pension consultation service at 78 Pension Consultation Centers nationwide (including 27 Pension Consultation Offices) was delegated to Japan Federation of Labor and Social Security Attorney's Associations.

◆Collaboration and cooperation were facilitated by exchanging information at regular meetings with Pension Consultation Centers and Japan Federation of Labor and Social Security Attorney's Associations. The use of Pension Consultation Centers was promoted by distributing information leaflets to municipalities.

3 Consultations at a Call Center

Plans for FY2016

○ To improve the response rate of the "Nenkin Dial," we planned to reduce the number of incoming calls by predicting busy times, advising those customers calling at busy times to call during non-busy times, improving various notices, sending them in separate batches, and posting Q&A on the JPS website.

Initiative status in FY2016

◆Guidance on the Navi-Dial service was revised to provide information on non-busy times for incoming calls.
◆We sent notices in separate batches in a bid to avoid high numbers of calls after sending out a large volume of notices.
◆We revised the contents of the JPS website and others, including notices, as well as posting Q&A on the website.
◆We strove to maintain the response rate by developing operators' skills and increasing the number of operators on duty.
◆We received an unexpected volume of incoming calls for reasons including declarations on dependent family members being sent out ahead of schedule and a change to their contents. However, the response rate in FY2016 was improved compared to FY2015, meeting the target of 70% or more set in the medium-term plan.
◆In line with the expansion of appointments for consultation, we began accepting appointments at "Nikin Dial" in October 2016.
◆In response to requests to deal with foreign customers, we began considering an interpretation service to 5 foreign languages.

Changes in the response rate at Call Centers

		FY2014	FY2015	FY2016
Nenkin Dial (for general consultation service)		83.7	77.9	**81.6**
Nenkin Teiki Bin, Nenkin Net Dial (for consultation about pension statements/internet accounts)		85.1	59.1	**88.9**
Nenkin Kanyusha Dial (for consultation on pension coverage)	Dealt with municipalities	–	94.2	**95.6**
	Dealt with insured persons	–	–	**91.3**

Call Center

» 5 Efforts to promote understanding of the public pension system

Development of community activities

The JPS is working on a "Local Pension Development Project" to promote understanding and awareness of the public pension system. Nationwide Branch Offices are taking the initiative in the project and are engaged in community-based activities in collaboration and cooperation with related bodies, including schools, prefectural and municipal boards of education, and Japan Federation of Labor and Social Security Attorney's Associations.

Plans for FY2016

○ For the community, companies, and educational institutions, we planned to provide correct information in an easy-to-understand manner on the details, benefits, and procedures of the public pension system.

Initiative status in FY2016

◆JPS staff from nationwide Branch Offices visited municipalities and local educational institutions to take part in activities designed to spread awareness of the public pension system in accordance with different purposes and targets (e.g., pension seminars, pension system briefing sessions, visiting consultations). The participants at pension seminars for educational institutions, including high school and university, were asked to complete a questionnaire. From the 159,833 responses, some stated "I have a deeper understanding of the pension system" and "I felt the importance of a pension."

◎**Results for FY2016**: 3,467 pension seminars
2,785 briefing sessions on pension system

◆"Council for Local Pension Project" consisting of the relevant bodies of municipalities and prefectures (e.g., Labor and Social Security Attorney's Associations, boards of education, pension beneficiary associations) held a total of 73 meetings in all prefectures across the country in order to facilitate the Local Pension Development Project.
The members of the Council offered their opinions on how the project shall be promoted, while the JPS requested their cooperation to hold pension seminars, resulting in a closer collaboration.

◆In cooperation with the Ministry of Health, Labour and Welfare, the JPS aims to deepen customers' understanding of the pension system by promoting November of every year as "Pension Month" and November 30 as "Pension Day." To this end, we are raising awareness of the public pension system, engaging in awareness activities, offering visiting pension consultations nationwide, and holding seminars for students.
As part of this initiative, the JPS called for essays on the public pension, with 1,341 people taking part. The winners' essays were published on the JPS website and also in various publications issued by the JPS.

»6 Initiatives aimed at improving customer service

1 Initiative "Ten Promises to Customers"

Upon its launch in January 2010, the Japan Pension Service set out "Ten Promises to Customers" as the basic principles of its customer service. These were drawn up both as a message to customers and as the cornerstone of a service philosophy.
Partly to help customers check how the JPS operates, posters featuring the promises are displayed at visible places in Branch Offices.

Posters are displayed at visible places in Branch Offices. (Shinjuku Branch Office, Tokyo)

The JPS Ten Promises to Customers: Our Promise to You

〈Understanding your viewpoint〉

❶We will explain the details of your pension in easy-to-understand terms.

◆Customers visiting Branch Offices and Pension Consultation Centers were invited to take part in the "Customer Satisfaction Questionnaire." For the question "Were the explanations given at the counter easy to understand and satisfactory?", 93% of respondents answered "Satisfied" or "Generally satisfied."

❷We will strive to offer one more piece of advice than you expect.

◆Customers provided compliments, stating "I often get extra explanations and learn a lot every time" and "I made an appointment before my visit, and they prepared materials which shortened the time required."

❸We will answer your call within three rings.

◆At Branch Offices, JPS staff members check and read out the "Ten Promises to Customers" at morning meetings to ensure we keep in mind the promise to answer calls within three rings and that we practice it.

❹When you call us or visit our Branch Office, we will answer your questions promptly. If we are unable to provide an answer on the spot, we will examine the case immediately and contact you within two days to inform you.

◆Customers visiting Branch Offices and Pension Consultation Centers were invited to take part in the "Customer Satisfaction Questionnaire." For the question "Were your concerns or questions you had before visiting resolved?", 98.7% of respondents answered "Resolved."

◆Customers contacting Call Centers for a telephone consultation were invited to take part in the "Customer Satisfaction Questionnaire." For the question "How were the explanations given by the operator on your inquiries or opinions?", 85.4% of respondents answered "Satisfied" or "Generally satisfied."

❺When you visit our Branch Office, we aim to not keep you waiting for more than 30 minutes. If the Office is busy, we will endeavor to minimize the time you have to wait and provide you with an estimated waiting time.

◆In October 2016, all Branch Offices began appointments for consultation that are provided at all times every day. In order to reduce waiting times and provide pension consultations in accordance with customers' needs, preparations were made in advance and staff members were allocated according to the nature of the inquiry. In a bid to serve customers unable to attend daytime consultations on weekdays, all Branch Offices offered pension consultations at lunchtime, in addition to providing extended pension consultation hours every Monday.

❻We will make our notices, applications, and reporting forms as easy to follow and reader-friendly as possible.

◆While considering the establishment of a specialized team within the JPS Headquarters, we are striving to improve our documents by holding regular "Monitor Meetings for JPS letters/notices to customers" (held 11 times in FY2016; examining 19 documents), which involve general customers serving as monitors to give opinions and include a document designer (professional document creator).

❼We will listen to your requests and opinions, and use them to proactively improve our services.

◆"Branch Office Customer Service Monitor Meetings" are held at Branch Offices to hear opinions and requests directly from customers who regularly use a Branch Office (held in 15 locations nationwide in FY2016).

◆We improved our services and operations based on 48 opinions from customers.

〈Correctness and reliability〉

❽We will pay your pension benefits as soon as possible, with swift, correct, and reliable processing.

◆The JPS service standard sets a target period from the day a pension application is filed to the day the applicant receives their Pension Certificate (benefit entitlement) and we measure the rate of achieving the target.

❾We will enhance our pension information service for you, including the "Nenkin Teiki Bin (Pension Coverage Regular Notices)" that we send you in your birth month.

◆In addition to us sending out the "Nenkin Teiki Bin" (Pension Coverage Regular Notices), various services are available through the "Nenkin Net" on the Internet. You can check your pension records and estimate your expected pension amount on your home PC or smartphone 24 hours a day.

❿We will manage your private information with great care and handle it with maximum attention.

◆Through training and self-assessment, we are raising awareness among JPS staff of the protection of personal information and information security. We will also continue to eliminate administrative errors, such as misdelivery and missending.

2 Efforts to promote Customer Satisfaction (CS)

Plans for FY2016

○ The "Service Promotion Guidelines" were distributed to all JPS staff members. Based on the guideline for promoting the elimination of discrimination on account of disability, we enhanced the pages on delivering appropriate service to customers with disabilities and expanded and reinforced CS training in order to foster awareness of CS for all JPS staff members.

Initiative status in FY2016

◆We provided local group training on CS initiatives and how to deal with customers with disabilities for the deputy directors of Branch Offices responsible for conducting training in the workplace.
◆New recruits received training on CS concepts and how to deal with customers with disabilities.

3 Collecting customers' voice

Plans for FY2016

○ We collected customers' voice by holding "Branch Office Customer Service Monitor Meetings" at a number of Branch Offices to directly receive the opinions of customers who use a Branch Office.
○ An "opinion box" has been placed in each Branch Office, and a section for "Opinions and requests to the JPS" has been added to the JPS website, to collect customers' voice.

Initiative status in FY2016

◆"Branch Office Customer Service Monitor Meetings" were held at 15 Branch Offices nationwide for service improvement under the initiative of frontline offices.
◆The customers' voice responses received at the frontline offices were consolidated at the Headquarters. Efforts were made for those related to service and business improvements, and 48 elements from customers' voice were adopted in FY2016.
◆"Response examples based on customers' voice" concerning Branch Offices and others continued to be posted on the website to provide information. In addition, "Improvement examples based on customers' voice" were posted on the website in every quarter of a year, including specific examples.

4 Conducting of various surveys

Plans for FY2016

○ The "Customer Satisfaction Questionnaire Survey" was conducted to gather customers' evaluation and satisfaction levels regarding our customer service, and the survey results were utilized to improve our service.

Initiative status in FY2016

◆The "Customer Satisfaction Questionnaire Survey" was conducted twice in one year for nationwide Branch Offices and Pension Consultation Centers, once in January 2017 and the second time between February and March 2017.
The total response for "Satisfied" and "Generally satisfied" was 91.6% (86.6% in the previous FY), an increase of 5 percentage points from the previous FY; customers are thus largely satisfied.
◆A mystery shopper survey (*1) was conducted in March 2017 focusing mainly on general attitudes to customers and on the skills of JPS staff in the areas of application for the "disability pension" and "shortening of the coverage period required to receive the old-age pension."

(*1) Investigators visit as customers without revealing that they are investigators and conduct surveys according to the survey items.

Results of Customer Satisfaction Questionnaire

Overall satisfaction levels at the time of a visit (%)

	FY2015	FY2016
Satisfied	56.8	64.9
Generally satisfied	29.8	26.7
Average	10.9	7.4
Slightly dissatisfied	1.7	0.7
Dissatisfied	0.8	0.3

5 Creation of reader-friendly JPS letters/notices to customers

Plans for FY2016

○ The JPS planned to prepare and improve its letters/notices to customers for better readability following its "Monitor Meetings for JPS letters/notices" involving the general public and a document designer.

Initiative status in FY2016

◆The "Monitor Meetings for JPS letters/notices to customers" dealt with smartphone applications and the JPS website, along with conventional documentation. A total of 11 meetings were held to review and improve 19 letters/notices to customers.

6 Utilization of the JPS website

Plans for FY2016

○ Concerning the readability and usability of the JPS website, we planned to work on improvements and enhancements to enable customers to easily access the information they require in the shortest time possible, with due consideration paid to safety.

Initiative status in FY2016

◆We planned to improve the JPS website in terms of accessibility to enable people with disabilities to smoothly obtain the information they require. Based on feedback from people with disabilities and those close to them, there has been some improvement in accessibility. We will continue to make improvements as soon as they are ready.

JPS website

〈The design of the top page was improved in July 2017.〉

●The design of the top, central banner has been renewed, with a new page summarizing the information for "People with disabilities."
●The page's left and right banners have been reviewed and arranged for ease of access to the necessary information.

Navigation by target and purpose

Navigation that allows customers to smoothly check procedures and systems

Posting of customer notices and brochures

Introduction of efforts to reflect customers' voice

Contact information for various opinions

The "Nenkin Net" service for customers to easily check their pension coverage records

Report on the progress of initiatives for the pension records problems

Information on appointments for pension consultation

Information on how the JPS deals with "My Number", the National ID Number

Posting of various information to consider and deepen understanding of the pension

A system for customers to search for covered workplaces nationwide

Japan Pension Service

1 Outline of the organization

Here is an introduction to the Japan Pension Service (JPS)

1) Principles

The government-managed pension system shall be operated stably and sustainably, based on public trust with the principle of solidarity. The Japan Pension Service shall therefore strive for higher service quality, reflecting people's needs and opinions on government-managed pension systems, and ensure effective operation and fairness and transparency in operation.

Japan Pension Service

2) Logo symbol

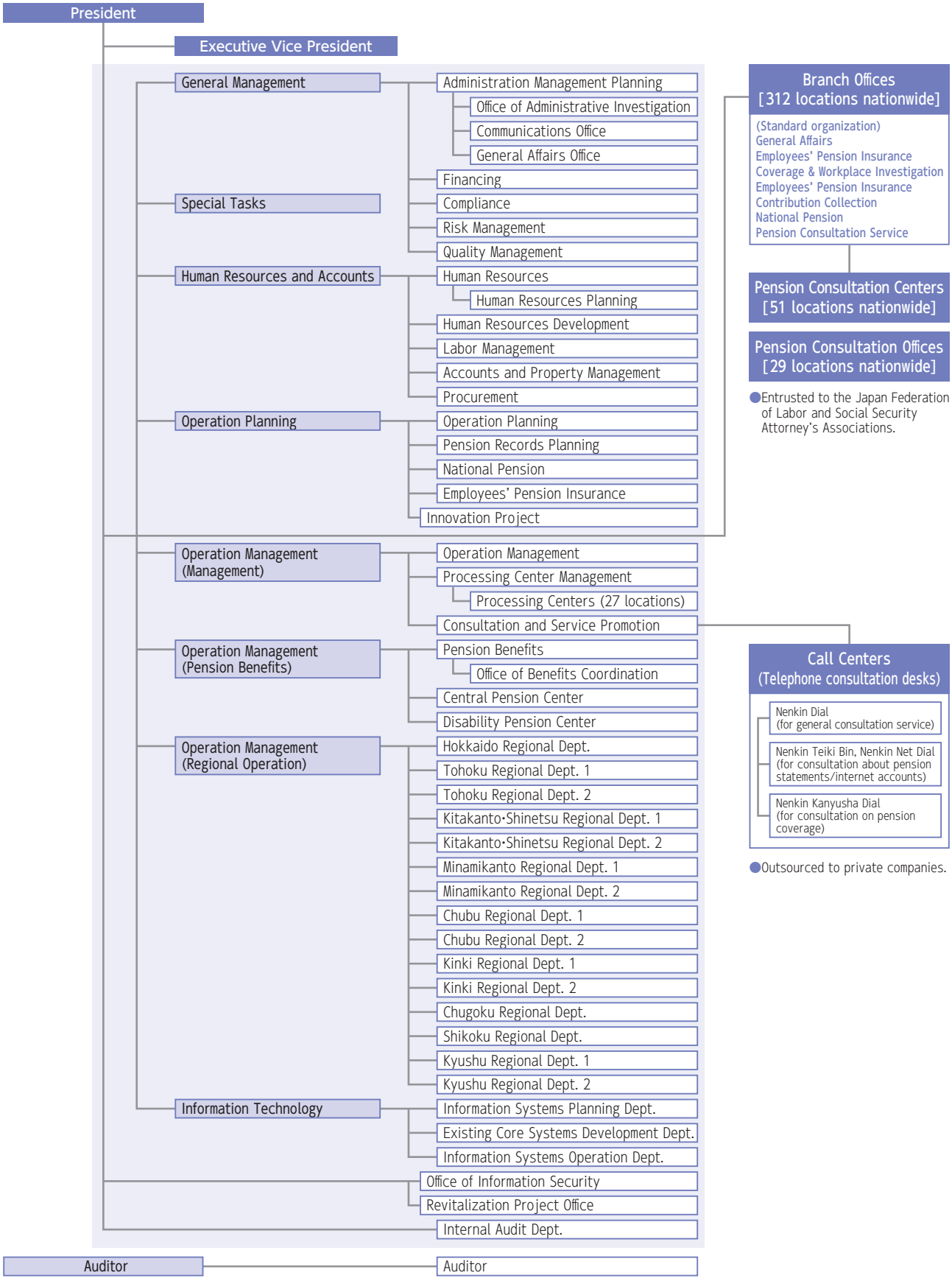
The character of "年" (年 in 年金, or pension) on the rising sun symbolizes an organization that operates the public pension of people in Japan.

JPS logo symbol
(Decided on June 25, 2009)

3) Basic information

Name	Japan Pension Service (Nippon Nenkin Kiko)
Headquarters address	3-5-24, Takaido-Nishi, Suginami-ku, Tokyo 168-8505
Telephone (main)	(+81) 3-5344-1100
Organization	Special public corporation with non-government employees: National HQ and 312 Branch Offices
Date of foundation	January 1, 2010 ◎Replacing the Social Insurance Agency, which was abolished
President	Toichiro MIZUSHIMA
Number of staff	Approximately 11,000 regular and associate staff members (as of April 1, 2017) ◎In addition to the above, there are associate workers engaged in special tasks, special task contract workers, and contract assistant workers engaged in supportive tasks.
Operations	The Japan Pension Service (JPS) is responsible for public pension systems operations (coverage, contribution collection, record management, pension consultation, entitlement and payment of benefits), which are delegated and entrusted by the Minister of Health, Labour and Welfare.

2 Organizational structure (as of October 2017)



3 Introduction of board members (as of August 2017)

Four full-time board members, including the President, have been appointed from the private sector.

President
Toichiro Mizushima

Main career

Vice president, Sumitomo Mitsui Banking Corporation / President, Readjustment of Facilities for Insured Persons and Beneficiaries Organization, Independent Administrative Agency

Executive Vice President
Michio Shimizu

Main career

Director-General, Social Welfare and War Victims' Relief Bureau, Ministry of Health, Labour and Welfare / Vice President, National Hospital Organization / Specially Appointed Professor, Tachikawa Division of Nursing, Faculty of Nursing at Higashigaoka, Tokyo Healthcare University

Executive Director Human Resources and Accounts
Yutaka Kidani

Main career

Director-General, Fukushima Social Insurance Office, former Social Insurance Agency / Director, Training, Japan Pension Service (JPS) / Director, Human Resources and Management, JPS

Executive Director Operation Planning
Tomomi Hihara

Main career

Director, International Pension Division, Pension Bureau, Ministry of Health, Labour and Welfare / Counselor for Director-General, Reconstruction Agency / Director, General Affairs Division, Health and Welfare Bureau for the Elderly, Ministry of Health, Labour and Welfare / (Board member on loan)

Executive Director Operation Management (Management)
Osamu Fukada

Main career

Director, General Affairs Division, Health Policy Bureau, Ministry of Health, Labour and Welfare / Councillor, Cabinet Secretariat / Director, Office for Pandemic Influenza and New Infection Diseases Preparedness and Response, Cabinet Secretariat / Director, Planning and Strategy Department National Center for Geriatrics and Gerontology / Executive Director (Operation), JPS / (Board member on loan)

Executive Director Operation Management (Pension Benefits)
Noriyasu Osawa

Main career

Director, General Affairs Division, Health and Welfare Bureau for the Elderly, Ministry of Health, Labour and Welfare / Director, Chubu Regional Headquarters, JPS / Executive Director (Minamikanto Regional Headquarters, Pension Benefits, Operation Management (East Japan)) / (Board member on loan)

Executive Director Operation Management (Regional Operation)
Gen Fukuhara

Main career

Director, Sales Headquarters, Isetan Co., Ltd. / Director, Internal Audit Department, JPS / Executive Director (Special Tasks, Kinki Regional Headquarters, Operation Management (West Japan))

Executive Director Information Technology
Hiroyuki Hisashima

Main career

Director, IIJ Innovation Institute Inc. / Representative Director, IIJ Innovation Institute Inc.

Executive Director Special Tasks
Keiko Shimoyama

Main career

Director, Yokohamanaka Branch Office, JPS / Director, Pension Consultation and Benefits Support, Minamikanto Headquarters

Executive Director (part-time)
Yoichi Akashi

Main career

Chairman, Japan Railway Trade Unions Confederation / Representative Director, Tokyo Station Development. Co., Ltd.

Executive Director (part-time)
Eiko Oya

Main career

Representative Director, Eiko Oya Jimusho Co., Ltd. (current position) / President, Oya Soichi Library of Public Interest Incorporated Foundation (current position) / Outside Independent Director, Seibu Holdings Inc. (current position)

Executive Director (part-time)
Naotaka Obata

Main career

Deputy President, Bank of Tokyo-Mitsubishi UFJ Ltd. / Chief Executive Officer (President), Mitsubishi UFJ Lease & Finance Company Limited / Advisor, Mitsubishi UFJ Lease & Finance Company Limited (current position) / External Director, Kintetsu Group Holdings Co., Ltd.

Executive Director (part-time)
Yoshiharu Kawabata

Main career

Lawyer, Kasumigaseki Sogo Law Offices (current position) / Vice President, Japan Federation of Bar Associations / President, Daini Tokyo Bar Association / Director and Chairman of the Nomination and Remuneration Committee, NKSJ Holdings, Inc.

Auditor
Tsuneko Murata

Main career

Director, Legal Affairs & CSR Department, Appliances Company, Panasonic Corporation / Lifelong Learning Officer (on loan), Lifelong Learning Policy Bureau, Ministry of Education, Culture, Sports, Science and Technology / President, Legal Division, Panasonic Corporation / Executive Director, JPS (Special Tasks, Kinki Regional Headquarters)

Auditor (part-time)
Norimitsu Yanai

Main career

Head, Multinational Client Division, Ernst & Young ShinNihon LLC / Deputy Head, Assurance Division 3, Ernst & Young ShinNihon LLC / Auditor (part- time), Nihon Unisys, Ltd. (current position)

4 FY2016 Financial data

1) Financial situation

●In 100 millions of yen
●Some total figures may be inconsistent due to the rounding of fractions.

❶Profit and loss

Income statement summary

(From April 1, 2016 to March 31, 2017)

Element	Amount
Recurring expenses	2,620
Business expenses	2,358
Personnel expense	869
Other personnel expenses	268
Communication expenses	227
Business outsourcing expenses	681
Others	312
General and administrative expenses	260
Personnel expenses	133
Business outsourcing expenses	21
Leasehold and office rents	6
Repair expenses	6
Others	94
Financial expenses	2
Recurring income	2,751
Subsidies for operational expenses	2,676
Others	75
Recurring income – recurring expenses	131

❷Breakdown of recurring expenses by segment

(From April 1, 2016 to March 31, 2017)

Element	Amount	Breakdown	
		Disbursed from pension contributions	Treasury disbursements
Recurring expenses	2,620	1,484	1,136
Business expenses	2,358	1,482	875
Insurance business	693	693	–
Online system business	414	414	–
Pension consultation business	376	376	–
Measures for pension records problems business	6	–	6
Personnel expenses	869	–	869
General and administrative expenses	260	–	260
Personnel expenses	135	–	135
Internal management administrative expenses	125	–	125
Financial expenses	2	2	0

❸Assets and liabilities

Balance sheet summary

(as of March 31, FY2017)

Assets	Amount
Cash and deposits	443
Entrusted securities for payment	84
Property and equipment	1,112
Others	244
Total assets	1,883
Liabilities	**Amount**
Accounts payable	214
Deposits received for pension contributions	46
Entrusted securities for payment of pension contributions	84
Others	418
Total liabilities	763
Capital stock (Government investment)	1,015
Capital surplus	△113
Retained earnings	219
Total net assets	1,121
Total liabilities and net assets	1,883

●The financial situation is published as "Financial statements" on the JPS website.
●The JPS is a corporation that does not aim to earn profits. There is no operating revenue as in a private company, and the recurring revenue of the JPS consists mainly of subsidies by state.

2) Outline of budget and settlement of accounts

●In 100 millions of yen
●Some total figures may be inconsistent due to the rounding of fractions.

Breakdown of income

(From April 1, 2016 to March 31, 2017)

	Budgeted	Actual	Difference
Subsidies for operational expenses	2,709	2,709	–
Subsidies for operational expenses	1,129	1,129	–
Subsidies for business operational expenses	1,580	1,580	–
Support for pensioners Reserve for pension benefits Subsidies for administrative processing	24	–	△24
Other income	3	4	1
Total	2,736	2,713	△23

Breakdown of expenditure

(From April 1, 2016 to March 31, 2017)

	Budgeted	Actual	Difference
Insurance business expenses	742	700	△43
Online system expenses	420	383	△37
Pension consultation expenses	418	372	△46
General and administrative expenses	1,132	1,121	△11
Insurance business expenses Online system expenses Pension consultation expenses General and administrative expenses	24	–	△24
Total	2,736	2,576	△161

●The budget and settlement of accounts are published as "Statement of accounts" on the JPS website.
●The difference is calculated by subtracting the budgeted value from the actual value.

5 Remuneration to board members and staff salaries

❶Remuneration to board members

Position / Name		Total amount of remuneration, etc. in FY2016
President	Toichiro Mizushima	18.56 million yen
Executive Vice President	Michio Shimizu	15.50 million yen
Executive Director	Yutaka Kidani	15.57 million yen
Executive Director	Shinji Miyamoto	15.38 million yen
Executive Director	Osamu Fukada	15.55 million yen
Executive Director	Noriyasu Osawa	15.36 million yen
Executive Director	Gen Fukuhara	15.55 million yen
Executive Director	Hiroyuki Hisashima	15.25 million yen
Executive Director	Keiko Shimoyama	14.19 million yen
Executive Director (part-time)	Yoichi Akashi	0.35 million yen
Executive Director (part-time)	Eiko Oya	0.34 million yen
Executive Director (part-time)	Naotaka Obata	0.27 million yen
Executive Director (part-time)	Yoshiharu Kawabata	0.39 million yen
Auditor	Tsuneko Murata	13.23 million yen
Auditor (part-time)	Norimitsu Yanai	3.16 million yen

- The total amount of remuneration, etc. includes remuneration (salary), and other benefits.
- Remuneration to board members is determined based on the JPS regulations on remuneration to board members.

Note: Based on certain assumptions, board members will receive the following estimated pension amounts in the future: approx. 3.02 million yen annually for the President (originally from the private sector), and approx. 2.68 million yen annually for the Executive Vice President (originally from the Ministry of Health, Labour and Welfare).

❷Retirement allowances for board members

(amounts paid in FY2016)

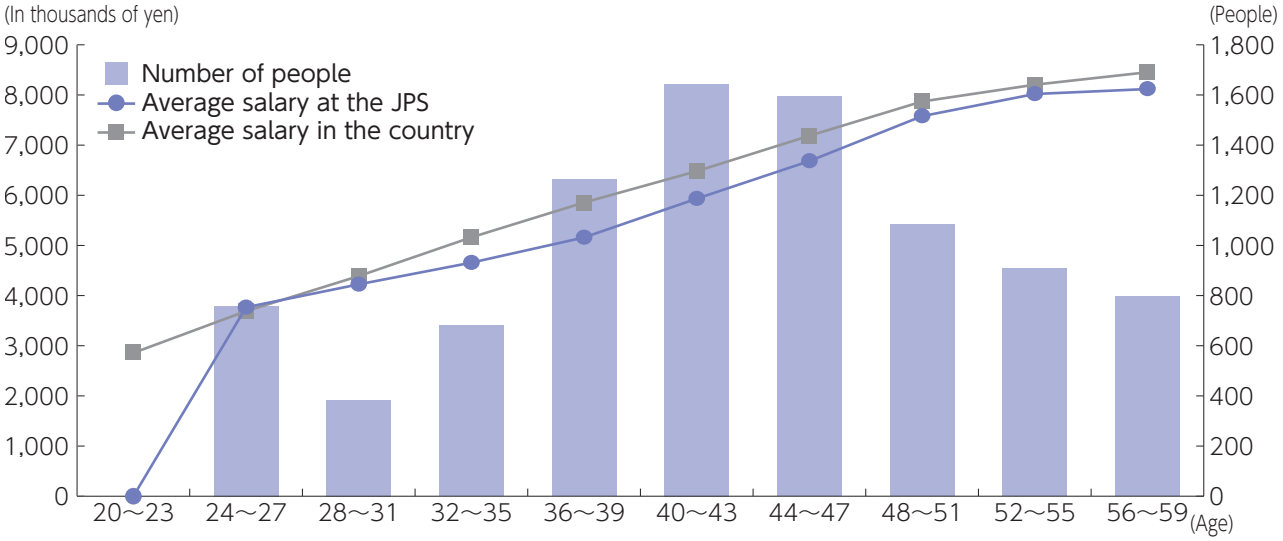
Position / Name		Retirement date	Retirement allowances
Executive Director	Yutaka Ashida	March 31, 2015	1.79 million yen
Executive Vice President	Yasunori Usui	December 31, 2015	1.87 million yen
Executive Director	Yasuo Tokutake	December 31, 2015	1.59 million yen
Auditor	Toru Terasawa	December 31, 2015	1.54 million yen

❸Staff salaries

Classification	Average age	Total annual salary (average)
Regular staff member	43.2 years old	6.4 million yen
Associate staff member	45.9 years old	4.47 million yen

- Total annual salary includes bonuses and other benefits.

Distribution of annual salary by generation (average annual salary / number of recipients)



❹Average payment of retirement allowance

Retirement allowance	20.07 million yen

- This is the average retirement allowance paid by the JPS in FY2016 (for those with over 20 years of service).

6 FY2016 Business-related data

Essentially, the following data does not include information on the National Public Service Personnel Mutual Aid Association, the Local Public Service Personnel Mutual Aid Association, and the Promotion and Mutual Aid Corporation for Private Schools of Japan, which newly fall under the Employees' Pension Insurance as a result of the unification of employees' pension schemes.

1) Insured persons and covered workplaces (as of the end of FY2016)

❶Employees' Pension Insurance and Seamen's Insurance

Employees' Pension Insurance	Number of insured persons	38,165,366
	Number of covered workplaces	2,104,972
Seamen's Insurance	Number of insured persons	52,210
	Number of covered workplaces (ship owners)	4,373

❸National Pension

Number of Category I insured persons (*2)	15,754,065
Number of Category III insured persons	8,889,689

(*2) Includes voluntary insured persons.

❷Health insurance system managed by the Japan Health Insurance Association (*1)

Number of participants	Number of insured persons	22,428,161
	Number of dependents	15,643,044
Number of covered workplaces		1,994,022

(*1) Health Insurance for the employees of workplaces not enrolled in a Health Insurance Society is called "Kyokai Kenpo," which is a health insurance system managed by the Japan Health Insurance Association.

2) Insured persons and covered workplaces (as of the end of FY2016)

❶Employees' Pension Insurance

Confirmed amount to be collecte	Collected revenue	Loss from non-collection	Uncollected revenue	Collection rate
29,799,155.8 million yen	29,475,376.58 million yen	28,524.97 million yen	295,254.26 million yen	98.91%

❷Seamen's Insurance

Confirmed amount to be collecte	Collected revenue	Loss from non-collection	Uncollected revenue	Collection rate
37,333.73 million yen	35,541.42 million yen	222.15 million yen	1,570.16 million yen	95.20%

❸Health insurance system managed by the Japan Health Insurance Association

Confirmed amount to be collecte	Collected revenue	Loss from non-collection	Uncollected revenue	Collection rate
9,306,797.15 million yen	9,121,120.41 million yen	16,328.02 million yen	169,348.71 million yen	98.00%

❹National Pensio

Current fiscal year (FY2016)			Past fiscal years	
Months for which contributions were paid	Months for which contributions shall be paid	Contribution payment rate	Final payment rate (for FY2014)	Contribution payment rate (for FY2015)
78.35 million	120.46 million	65.0%	72.2%	69.9%

- The deadline for the National Pension contributions is the end of the month after the month for which the contribution is paid. The status of contribution payment for the current fiscal year refers to that from April 2016 to March 2017.
- The contribution payment rate for the past fiscal years (FY2014 and FY2015) refers to that as of the end of April 2017 for FY2014 and FY2015. The contribution payment rate for FY2014 is the final payment rate.

3) Pension beneficiaries and payments

❶Number of beneficiaries of the Employees' Pension and National Pension (as of the end of FY2016)

Employees' Pension beneficiaries		
Old-age benefits	Disability benefits	Survivors' benefits
A 14,963,551 B 13,302,349	418,509	5,409,414

National Pension beneficiaries		
Old-age benefits	Disability benefits	Survivors' benefits
31,864,244	1,892,508	100,783

❷Number and amount of payments for the Employees' Pension and National Pension (Total for FY2016)

Number of payments	Amount of payments
423.73 million cases	45,404.8 billion yen

- "Employees' Pension beneficiaries" is the total beneficiaries of the Employees' Pensions under both the old and new laws.
- For "Old-age benefits" (Employees' Pension beneficiaries), A refers to those with a coverage period of 20 years or more (for those born on April 2, 1952 or later, the period has been raised in stages to between 21 and 25 years, and therefore those who satisfy that period) and those subject to an exception for the middle-aged and elderly, whereas B refers to those not classified as A.
- "National Pension beneficiaries" are the total beneficiaries of both the contributory National Pension under the old law and the basic pension under the new law.
- In addition to the above, 276 people received the Old-age Welfare Pension as of the end of FY2016.

Initiatives results in FY2016
(main business performance indicators)

The JPS sets and promotes a medium-term plan and an annual plan to achieve the second medium-term targets set by the Minister of Health, Labour and Welfare in February 2014 (targets for five years from April 1, 2014 to March 31, 2019, with partial amendments in February 2016). Business performance is evaluated by the Minister of Health, Labour and Welfare per business year and per period of medium-term targets based on the Japan Pension Service Act.

Item			Business performance indicator				
			FY2012	FY2013	FY2014	FY2015	FY2016
National Pension contribution collection	National Pension contribution Current fiscal year payment rate		59.0%	60.9%	63.1%	63.4%	**65.0%**
	National Pension contribution Final payment rate (*1)		Contributions for FY2010 64.5% (+5.2 percentage points)	Contributions for FY2011 65.1% (+6.4 percentage points)	Contributions for FY2012 67.8% (+8.8 percentage points)	Contributions for FY2013 70.1% (+9.2 percentage points)	**Contributions for FY2014 72.2% (+9.1 percentage points)**
Employees' Pension Insurance coverage	Number of workplaces covered as a result of coverage measures		8,322	19,099	39,704	92,550	**115,105**
Employees' Pension Insurance contribution collection	Employees' Pension Insurance Percentage of automatic bank payments		83.0%	83.3%	83.1%	83.2%	**83.0%**
	Employees' Pension Insurance Contribution collection rate		98.1%	98.4%	98.6%	98.8%	**98.9%**
Benefits entitlement	Service standard (*3) (Achievement rate of target period from application to entitlement)		Old-age Employees' Pension 97.5%	Old-age Employees' Pension 96.8%	Old-age Employees' Pension 97.4%	Old-age Employees' Pension 94.1%	**Old-age Employees' Pension 95.9%**
			Disability Employees' Pension 59.3%	Disability Employees' Pension 93.2%	Disability Employees' Pension 84.8%	Disability Employees' Pension 90.1%	**Disability Employees' Pension 91.7%**
Pension records problems	Progress of clarifying unmatched records	Records matched	17.04 million (as of March 2013)	17.71 million (as of March 2014)	18.27 million (as of March 2015)	18.66 million (as of March 2016)	**18.97 million (as of March 2017)**
		Records to be clarified/ matched	9.58 million (as of March 2013)	9.21 million (as of March 2014)	9.11 million (as of March 2015)	8.96 million (as of March 2016)	**8.85 million (as of March 2017)**

(*1) Since National Pension contributions may be paid up to two years in arrears, the final payment rate for contributions in the current FY is determined after two years. The values in brackets indicate the growth from the current fiscal year payment rate.
(*2) Budget execution amounts have been arranged based on certain assumptions, and do not include the personnel expenses of regular and associate staff members.
(*3) The JPS sets a service standard for the number of days taken to award pension benefits and deliver a Pension Certificate following the application filing. Coverage status regarding Old-age Employees' Pension Insurance in this case requires reconfirmation and therefore the service standard is set for within two months, and within three and a half months for Disability Employees' Pension.

For each initiative in FY2016, we will focus on the main work performance indicators and explain the evaluations by the Minister of Health, Labour and Welfare.

(Note) "Evaluation results of FY2016 business performance of the Japan Pension Service" are published on the website of the Ministry of Health, Labour and Welfare.

Individual evaluation by the Minister of Health, Labour and Welfare					Main reasons for evaluation
FY2012	FY2013	FY2014	FY2015	FY2016	
B	A	A	A	**A**	**FY2016 budget execution amount** (*2) **:** approx. **35.7** billion yen (includes 10.24 billion yen for coverage business) ● "The final payment rate for contributions in FY2014 surpassed the target by 9.1 percentage points from the current fiscal year payment rate in FY2014, and continued from last year to achieve the final payment rate of 70% or higher."
A	A	B	A	**A**	**FY2016 budget execution amount:** approx. **21.99** billion yen ● "The FY2016 Action Plan sets targets that greatly exceed the previous year's results. As a result of making efforts to provide more enrollment guidance and utilize the information on national tax withholding agents, corporation registration, and workplaces covered by the employment insurance system, 115,000 workplaces have been newly covered, exceeding the target of 93,000 workplaces."
A	B	A	A	**A**	**FY2016 budget execution amount:** approx. **3.07** billion yen ● "While there is an increasing number of covered workplaces as a result of enrollment guidance, customers have been urged to make early payments and correct dispositions have been conducted. As a result, the contribution collection rate for the Employees' Pension was 98.9% (98.8% in the previous FY), and 98% for Employees' Health Insurance (97.8% in the previous FY), both exceeding the previous FY and achieving the annual plan."
C	C	B	B	**B**	**FY2016 budget execution amount:** approx. **9.2** billion yen ● "As a result of efforts to make a quick decision, the attainment rates for service standards have achieved the target of 90% or higher for all pension types."
B	B	B	B	**B**	● "To clarify unmatched records, customers are called on to confirm that there are no 'missing records' or 'errors' in their pension records." ● "As a result of the efforts mentioned above, unmatched records were decreased by 350,000. However, 19.51 million records still need to be clarified, which requires active efforts to be made."

[Remarks of the Minister of Health, Labour and Welfare on the individual evaluation]
S: Greatly exceeded the annual plan.
A: Exceeded the annual plan.
B: Generally achieved the annual plan.
C: Achieved slightly below the annual plan.
D: Did not achieve the annual plan, with significant improvement required.

Item			Business performance indicator					
			FY2012	FY2013	FY2014	FY2015	FY2016	
Pension consultation	Waiting time for pension consultation	Number of Branch Offices with an average waiting time of 1 hour or longer	Monthly average of 0	Monthly average of 0	Monthly average of 0	Monthly average of 0	**Monthly average of 0**	
		Number of Branch Offices with an average waiting time of 30 minutes or longer but less than 1 hour	Monthly average of 12	Monthly average of 3	Monthly average of 5	Monthly average of 2	**Monthly average of 1**	
	Nenkin Dial (general) response rate		78.7%	84.9%	83.7%	77.9%	**81.6%**	
Efforts to reflect customers' voice			No indicators					
Ensuring the validity of the internal control system			No indicators					
Promotion of information disclosure			No indicators					
Protection of personal information			No indicators					

	Individual evaluation by the Minister of Health, Labour and Welfare					Main reasons for evaluation
	FY2012	FY2013	FY2014	FY2015	FY2016	
	A	A	B	B	**B**	**FY2016 budget execution amount: approx. 37.2 billion yen** ● "Following the development of the guidelines for appointments for consultation, all Branch Offices implemented appointments for consultation that are provided at all times every day. This led to reduced waiting times. For service improvement, preparations were made in advance and staff members were allocated according to the nature of the inquiry." ● "Regarding the waiting time at the counter of a Branch Office, no Branch Offices had an 'average waiting time of 1 hour or more,' thereby achieving the goal. In addition, the number of Branch Offices with an 'average waiting time of 30 minutes or longer but less than 1 hour' significantly decreased compared to FY2015." ● "For the response rate for the Call Centers, the JPS achieved the target of 70% or higher set out in the medium-term plan. In order to further increase the response rate, efforts are made based on the annual plan, such as a revision of the Guidance on the Navi-Dial service during busy times for incoming calls, and sending out notices in separate batches."
	A	B	B	B	**B**	● "An 'opinion box' has been placed in each Branch Office, and a section for 'Opinions and requests to the JPS' has been added to the JPS website, to actively collect customers' voice. As a result of reflecting these in service and business improvements, the JPS is implementing 48 elements of service and business improvement." ● "Monitor Meetings and Review Team meetings for JPS letters/notices to customers are held regularly to create reader-friendly documents."
	C	C	D	C	**C**	● "The Board of Full-time Directors was established to share details of important management issues and expedite agreement on organizational management. In addition, the frontline offices and Headquarters have been connected directly through the restructuring of the Headquarters and the integration of the Regional Headquarters into the Headquarters." ● "However, there were some incidents where staff in charge did not report to board members in a timely and appropriate manner, and the information was not shared when the Board of Audit demanded to report on an investigation into the 'presence/absence of personal pension information saved in the hard disk of the dedicated PC.' The way in which internal control works should continue to be further revised." ● "While the integration of the Regional Headquarters into the Headquarters enhanced the strength of the frontline offices, human resources have been reallocated with a focus on frontline offices to reinforce their structure." ● "The whole country has been divided into 15 regions and regional departments have been set up within the Headquarters, with 15 business promotion officers (regional managers) being allocated for each region. This is to establish the structures for the cross-organizational and integrated management of the Branch Offices and to share information between the frontline offices and Headquarters." ● "To raise and cement awareness of compliance, the JPS has enhanced various training sessions, and the Headquarters have disseminated information using the LAN system and other means." ● "To eliminate regional differences and inconsistency in operational procedures, opinions were sought from frontline office staff prior to the abolition of unique regional operational procedures, and a standardized uniform operation manual has been created." ● "The audit functions have been reinforced by, for example, conducting follow-up audits for local offices with low audit evaluations."
	B	B	D	C	**B**	● "Based on the information disclosure regulations, necessary information is disclosed in a timely and appropriate manner, including the announcement of administrative errors." ● "Regional managers are actively engaged in the full enforcement of rules at the frontline offices and in the communication from Headquarters. In FY2016, they played an important role in cementing the information security rules at the frontline offices." ● "Regional managers directly report the opinions collected at the frontline offices to executives at the Headquarters in order to share problem awareness and facilitate business improvement."
	C	C	D	C	**C**	● "Since incidents of unauthorized perusing and taking out of personal pension information by (former) staff members still occur, efforts need to be made for both technical and business operation aspects to ensure the protection of customers' personal information." ● "Information Management Measures Headquarters determined the JPS's information security policy relating to the business improvement plan and checked its progress. In addition, meetings are held flexibly to deal with the issues identified in audits by external organizations and to manage the progress of countermeasures." ● "In outsourcing business, strict information security is required on the part of bidders. They shall submit evidence documents on their information security management."

Pension in figures

We will introduce the main figures to show the scale and role of the public pension system.

Insured persons of public pension systems (end of FY2016)

6,728 million

This is the number of insured persons in the National Pension and the Employees' Pension Insurance. It is equal to about half of the Japanese population.

The ratio of insured persons of public pension systems who pay their contributions (end of FY2016)

Approx. 97%

The final payment rate for National Pension contributions (percentage of the number of contribution-paid months to the number of months for which a Category 1 insured person, including the self-employed, should pay contributions) was 72.2%, whereas around 97% of public pension customers as a whole pay contributions.

Insured persons of public pension systems: 67.28 million

Category I Insured Persons (e.g. self-employed) 15.75 million (*1)	Category II Insured Persons (e.g. salaried workers, civil servants) 42.64 million (*3)	Category III Insured Persons (dependent spouses of Category II insured persons) 8.89 million

Customers who pay their contributions (including those who are exempt or whose contributions are deferred): approx. 97%

Defaulters (*2) approx. 3%

(*1) Includes voluntary covered insured persons (210,000).
(*2) Defaulters: Customers who have defaulted on contributions for 24 months (April 2015 to March 2017).
(*3) The number of insured persons such as civil servants was for the end of FY2015.

Pension recipients (end of FY2015)

4,025 million

About 30% of people in Japan are recipients of a public pension (old-age, disability, and survivors' pensions) (*4).

(*4) Recipients: This refers to the actual recipients of a public pension without duplication.

Revenue from contributions (FY2015)

33,806.5 billion yen

This is the total of contributions paid for the National Pension and the Employees' Pension Insurance. Employers are responsible for paying half of the contributions to the Employees' Pension Insurance.

Plus treasury burdens and investment income from pension reserves, etc.

Pension payments (FY2015)

50,659.2 billion yen

Pension payments amount to about 10% of Japan's nominal GDP (*5).

(*5) Nominal GDP: The total value of goods and services produced in a particular year, calculated at market prices (GDP = Gross Domestic Product).

Contacts for inquires about pension

Please feel free to call at any time.

A single number for calls from anywhere in Japan.

General pension inquiries and appointments for pension consultations at Branch Offices

Nenkin Dial

0570-05-1165

If calling from a number starting with 050:
Tel.03-6700-1165

Service hours

Monday (if Monday is a holiday, the first business day of the week): 8:30-19:00,
Tuesday-Friday: 8:30-17:15, 2nd Saturday: 9:30-16:00

- Service not available on Sundays, holidays, Saturdays (except the 2nd in the month), and between December 29 and January 3.

Inquiries about "Nenkin Teiki Bin" (pension statements) and "Nenkin Net" (internet accounts)

Nenkin Teiki Bin, Nenkin Net Dial (for consultation about pension statements/internet accounts)

0570-058-555

If calling from a number starting with 050:
Tel.03-6700-1144

Service hours

Monday-Friday: 9:00-19:00, 2nd Saturday: 9:00-17:00

- Service not available on Sundays, holidays, Saturdays (except the 2nd in the month), and between December 29 and January 3.

General inquiries about enrollment in the National Pension

Nenkin Kanyusha Dial (Pension Coverage Dial)

0570-003-004

If calling from a number starting with 050:
Tel.03-6630-2525

Service hours

Monday-Friday: 8:30-19:00, 2nd Saturday: 9:00-17:00

- Service not available on Sundays, holidays, Saturdays (except the 2nd in the month), and between December 29 and January 3.

Our offices for your consultation are located all over Japan.

You can ask about pensions at Branch Offices and Pension Consultation Centers (including "consultation offices").
Appointments for pension consultation can be made.

Service hours

Monday-Friday: 8:30-17:15, 2nd Saturday: 9:30-16:00
Extended opening hours (first business day of the week): 17:15-19:00

- "Extended opening hours" and "Consultation at weekends" are not available at some Pension Consultation Centers (including offices).
- Service not available on Sundays, holidays, Saturdays (except the 2nd in the month), and between December 29 and January 3.
- Please visit the JPS website to check the location of your nearest Branch Office and Pension Consultation Center.

Check your pension via the easy and convenient Nenkin Net!

- You can check your latest pension coverage records on a PC or smartphone 24 hours a day and anywhere.
  - ・Check that your contribution-paid months have increased after paying National Pension contributions.
  - ・Check your coverage periods of the Employees' Pension if you work for a company.
- Estimated pension amounts may be calculated according to various conditions.
  - ・Check your estimated pension amounts according to various conditions; for example, "if you continue to work as you do now," or "if you change or leave a job."
- You can check the contribution payment notice, tax withholding slips, and other notifications on pension payment.

Nenkin Taro
"Nenkin Net" mascot

Go to the website for more detail!

http://www.nenkin.go.jp/n_net/

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For user registration on a smartphone

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Japan Pension Service

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