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Farmer's Pension System in Japan (Part 1)

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The Farmer's Pension System (FPS) in Japan is a public pension system which provides the additional pension on top of the National Pension System. The purpose of FPS is to enable farmers to have a better life after retirement. FPS was at first established in 1971 based on the Farmer's Pension Fund Act. The present structure of FPS was established in 2001 by the radical revision of the Farmer's Pension Fund Act.

The purpose of this paper is to describe the overview and the present situation of FPS.

Types of pension

There are two types of pension in FPS.

(1) Farmers old-age pension

Farmers who become 65 years old can receive a pension for life based on contributions and investment profits. The pension eligibility age is basically 65 years old, although it is possible to advance it up to 60 years old.

(2) Special additional pension

Farmers who become 65 years old can receive a pension for life based on contributions and investment profits. The pension eligibility age is basically 65 years old, although it is possible to advance it up to 60 years old. Farmers also need to retire from farming (business succession) to be eligible. Since there is no limit for the age of business succession, farmers can continue farming while receiving the "farmers old-age pension" by delaying the start of the "special additional pension."

Eligibility for enrollment

All farmers who meet the following requirements, irrespective of their farm-types, can enroll in the FPS. Not only farmers themselves but also their spouses and children who meet the requirements can enroll in it.

(1) Engaging in farming more than 60 days per year.

(2) A "Category 1 insured person" of the National Pension system

(3) Less than 60 years old

Enrollment and withdrawal

Farmers may voluntarily enroll in and withdraw from the FPS. In the case of withdrawal, the contributions and investment profits would be paid not as lump-sum withdrawal payment but as pension in the future regardless of the enrollment period.

Mechanism of pension

The FPS is a savings-type and defined contribution pension plan. Your contributions will be used for your own future pension. The amount of pension benefits will be determined afterward by those of contributions and investment profits. The contributions and subsidies from the government are managed individually as the resource of future pension benefits.

(Part 2 to followed)

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