

## **Farmer's Pension System in Japan (Part 2)**

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### **Operation of pension fund**

The pension fund for farmers who are paying contributions or waiting for the inception of benefits after they turn 60 years old is operated in the “Insured Person Account.” In this account, the fund is invested not only to domestic bonds and stocks, whose risks are relatively low, but also to foreign bonds and stocks for seeking a certain profit. This operation is called as “Portfolio for the Insured Person Account.”

Once you start to receive pension benefits, your fund is transferred to the “Pension Right Holder Account.” In this account, the fund is invested only to domestic bonds, whose risks are relatively low, for seeking a stable return. This operation is called as “Portfolio for the Pension Right Holder Account.”

All the assets in the “Pension Right Holder Account” are domestic bonds.

### **Contributions**

Farmers can choose their contribution amount between ¥20,000 and ¥67,000 in every ¥1,000 unit. They can also change the amount of their contribution anytime depending on the situation of farm management or their life plan after retirement.

### **Government subsidy for contributions**

Farmers who join the Special Additional Pension can receive the government subsidy for contributions. In order to apply for the subsidy, the following requirements must be fulfilled in addition to those for enrollment.

- (1) Should join the pension by the age of 39
- (2) Those whose agricultural income is less than ¥9,000,000
- (3) Should be a certified farmer by a local municipal office and a “blue form” tax filer

Farmers can receive the subsidy for up to 20 years. During the time they receive the subsidy, the amount of contribution is fixed at ¥20,000 and so they have to pay for the difference between ¥20,000 and the subsidy. After the period that they can receive the subsidy is over, the amount of contribution is not fixed anymore. In other words, they can choose the amount of contribution between ¥20,000 and ¥67,000.

(Followed by Final)

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