Introduction of pension passbooks allowing for quick verification of past premium payments and future benefits.

The use of pension passbooks on which past monthly premium payments and future benefits are clearly printed will be a true reform of the pension system. New Party Nippon was the first to make this proposal 2 years ago with the founding of the party.

At present, pension handbooks consist of only the date of enrollment. The lack of information on future benefits and when those benefits can be received is a major concern among the public.

Issuing these pension passbooks is the only way to prevent the misuse of pension funds and payment mishaps, and will bind the government and people through a contract of trust. The pension passbooks proposed by New Party Nippon will state monthly premium payments and future monthly benefits that one is guaranteed to receive at retirement, including additional benefits paid from the state treasury at the end of the fiscal year, which will be calculated at a rate of 1.7 times. This is in stark contrast to the government and other political parties which have blurred the issue by using abstract terms such as “estimates,” with no guarantees.

Even if the Social Insurance Agency is dismantled and privatized, and its signboard replaced by that of the “Japan Pension Organization”, agency employees will continue to be paid with tax money. As a result, the problem of the pension system’s precarious management will not be resolved.

Seven years ago, the government pledged to reform the pension system and pay out 60 percent of a retiree’s after-tax earnings. However, four years later, this target was further reduced to 50 percent and now, the Prime Minister has indicated an even lower target of 40 percent.

This is significantly below the average 70% of the OECD’s (Organization of Economic Cooperation and Development) 30 member countries, and places Japan at the bottom of all G7 industrialized countries. The pension eligibility age has also been raised from 60 to 65, and the Health, Labor and Welfare Ministry is now drafting a proposal to increase the age limit further to 70.

Given this situation, young people will have no motivation to continue paying the close to 14,000 yen monthly premium. This is in stark contrast to the UK, where premiums are linked to income and can be set from a minimum of 2,000 yen.

The Social Insurance Agency Reform law (Article 74 of the National Pension Law) which just passed the Diet craftily states that a portion of pension reserves can be used to fund pension education, public relations and consulting activities. This can be construed as allowing for pension funds to be used for building facilities under the ostensible purpose of training and PR, much like the case of Green Pier, which was shut down with an investment return of just 1.3 percent. By crafting into the bill phrases like ‘related’ and ‘etcetera,” interpretations can be stretched further and allow for wasteful spending, a typical tactic of bureaucratic politics.

Another mystery is the annual 30 billion yen in fees paid to private financial institutions retained to manage pension fund investments. The government also needs to clarify the exact pension fund balance, which is listed on the books as totaling 150 trillion yen. Urgent reform is required of the pension system now, not of the Social Insurance Agency. Finger pointing is not conducive to building a Japan we can trust.