

15 Measures for Employing Older People

Building a society that can work regardless of age in the era of population aging

As the rapid aging of society continues to advance, the public pension eligibility age is gradually being raised from 60 to 65 years old. During a period of tough employment conditions faced by older people, securing places for full-fledged employment up to 65 years of age is an urgent matter, and in May 2004 the Law Concerning the Stabilization of Employment of Older Workers was revised as follows:

1. Companies shall raise the retirement age up to 65, or introduce a system for continuing employment.

However, when employee standards for a continuing employment system are determined through labor-management agreement, a system in which not all prospective employees are covered is also possible. It is also possible to determine standards in work rules and in other measures without a labor-management agreement for the time being after the Law's enactment in April 2006 (three years for large companies, five years for medium and small companies). Japan's public pension system for private sector subscribers and civil servants has two tiers. The first tier offers payment of a fixed-amount base pension, while the second tier offers payment of a pension linked to prior earnings. The eligible age for payment of the first tier fixed basic pension is being raised gradually from 60 to 65. At the present time (2005) it is 62.

2. The target retirement age will gradually be raised from 62 to 65 by FY2013 in accordance with eligible age for receiving public pension.
3. When an age limit is set at the time employees are recruited and hired, the reasons for doing so must be indicated.
4. When older employees separate from their jobs due to dismissal (excluding dismissal due to reasons attributable to those persons themselves), the business owner shall issue documentation stating the employee's work experience and capabilities.

At any rate, the revision of Japan's employment

system strongly biased towards age is inevitable. It may be unavoidable to revise traditional practices, such as seniority-based promotion continuing into ages beyond the fostering period, pay raise systems, demotion from managerial posts at certain ages without exception (fixed-age retirement system for managerial staff), and other practices.

3 turning points- "Interfacing" measures between the mandatory retirement age points and the eligible age for receiving a pension

In the future, three time periods can be expected to become turning points for policies promoting the employment of older people.

The first turning point was the year 2004, in which new revisions to the public pension law (a mechanism for automatically adjusting benefit levels within the earnings' range was introduced after fixing future insurance rates) were undertaken, and the eligible age for receiving the base pension was raised to 62 years old. As stated above, revisions were also made to the Law Concerning the Stabilization of Employment of Older Workers.

The second turning point will be the year 2007. In this year, the baby-boom generation (born between 1947 to 1949) will reach the age of 60, and laws against equal employment treatment in the European Union (EU) will be finalized by the end of 2006 (the EU Council adopted a Directive in November 2000 that prohibit employment discrimination based on religion, disability, age and gender, and each nation must implement this legislation by the end of 2006. The EU Directive includes some permitted differences of treatment justified by a legitimate aim. For example, the preamble states that the Directive shall be without prejudice to national provisions laying down retirement age. Japan is watching with great interest how EU governments will implement the Directive).

The third turning point will be the year 2013.

Raising the eligible age for receiving the earnings-related component of public pensions will start from 61 in 2013.

Gradual reform aimed at structuring a new Japanese model

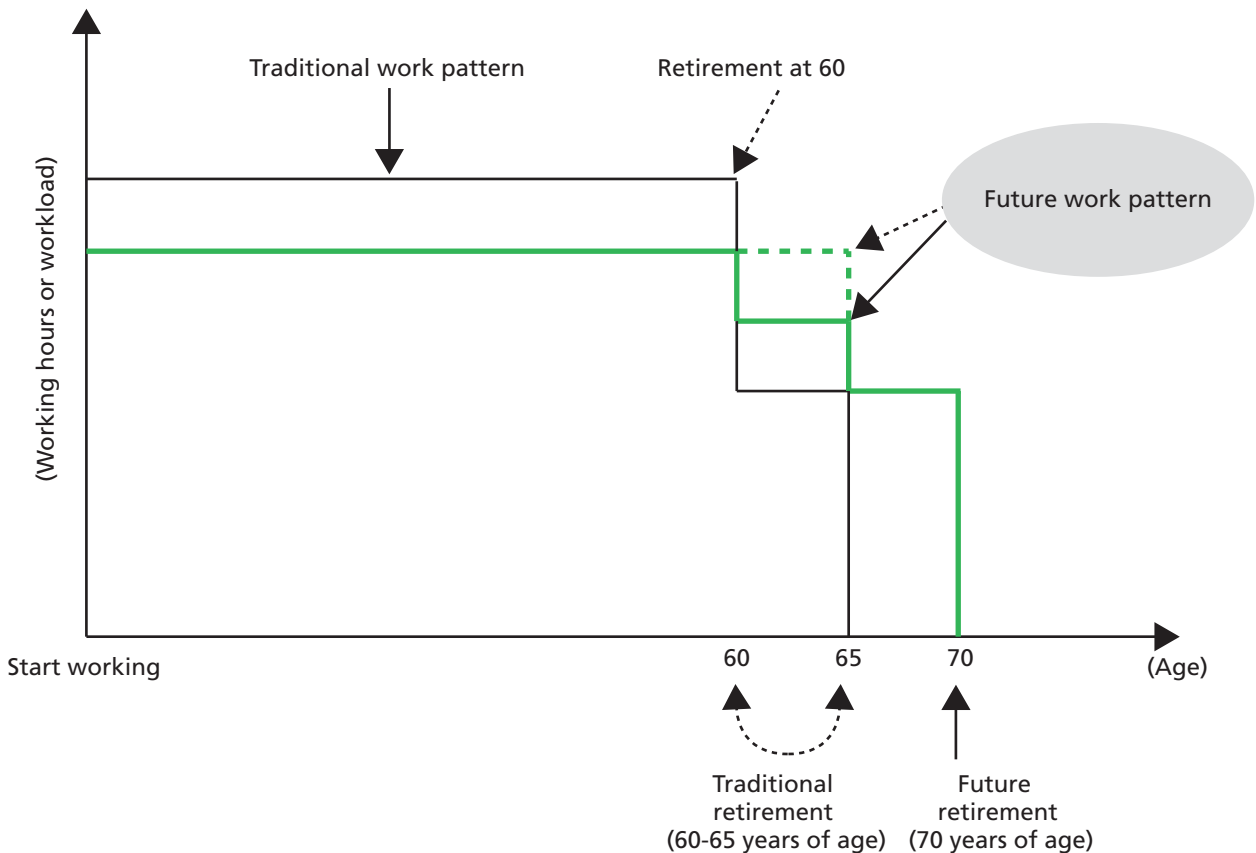
Taking this schedule into consideration, the new Japanese model will hopefully be able to balance between employment security and the correction of age discrimination. Moreover, while incorporating various progressive retirement methods in response to individual work needs and aiming towards a societal structure with a high retirement age, the new system

is expected to undertake gradual reforms with the following goals and timeframes clearly in mind:

(1) First, as an urgent issue, building of a mechanism in which employment and public pensions are linked; (2) secondly, building of a mechanism for progressive retirement in accordance with the desires of the individuals when they are between the ages of 60 and 70, to be finalized by 2010; (3) and thirdly, the serious challenge of providing an employment system in which anyone can work regardless of age.

My hope is that these 3 steps will be undertaken steadily within the next 10 to 15 years.

15-1 Future work life pattern for elderly



Source: This is a diagram which incorporates revisions that the author has made to a diagram by Atsushi Seike, "Aiming toward a society with employment throughout life" (NHK Human University Lecture series, June-July 2003) page 109.