

Key topic

Over 30% of Companies Secure Jobs for Employees until the Age of 70: MHLW's 2024 Report on the Employment Condition of Elderly Persons

I. Introduction

The Ministry of Health, Labour and Welfare (MHLW) published the aggregated results of the 2024 “Report on the Employment Condition of the Elderly Persons” (*Konenreisha koyo jyokyo to hokokusho*, hereinafter, the “Report”). The law obligates employers to make efforts to secure jobs for employees until the age of 70 through the amendment of the law in 2021. 31.9% of employers have implemented “measures for securing job opportunities” (*shugyo kakuho sochi*) until the age of 70, reaching the 30% mark for the first time. The percentage is higher among small and medium-sized enterprises (SMEs) with 21 to 300 employees (32.4%) than those with 301 or more employees (25.5%).

The Act on Employment Security of Elderly Persons obligates employers to implement one of the following three “measures to secure employment” (*koyo kakuho sochi*) for their employees until the age of 65: (i) raising the mandatory retirement age; (ii) introducing the continued (continuous) employment system; or (iii) abolishing the mandatory retirement age (Art. 9 Para. 1). The mandatory retirement age must not be set below 60 years of age in principle. The continued employment system (mentioned in (ii) above) refers to a system under which elderly persons currently employed by the employer continue to be employed after the mandatory retirement age if they wish. It has become applicable to, in principle, all employees who wish to be employed after the mandatory retirement age since April 2013, followed by the amendment of the law in the previous fiscal

year.

The Report indicates companies’ implementation status of those measures as of June 1, 2024, based on the reports submitted by 237,052 companies with 21 or more employees. The definition by company size for SMEs here is according to the Report, while it varies by industry according to the Small and Medium-sized Enterprise Basic Act.

MHLW announced that it would provide necessary guidance and advice to employers that have not adopted any of the three measures above through prefectural labor bureaus and public employment security offices, *Hello Work*. This initiative aims to promote a society in which all people can continue to work after the mandatory retirement age if they are willing and capable of working, regardless of their age.

II. Measures for securing employment for elderly persons

67.4% introduce continued employment system, 28.7% raise mandatory retirement age, and 3.9% abolish mandatory retirement age

According to the Report, the percentage of companies that have implemented *koyo kakuho sochi* for elderly persons until the age of 65 remained unchanged from the previous year, at 99.9%. The most frequently implemented measure was “introducing the continued employment system” (67.4%, down 1.8 percentage points from the previous year) followed by “raising the mandatory retirement age” (28.7%, up 1.8 percentage points), and “abolishing the mandatory retirement age”

(3.9%, unchanged from the previous year).

Let us focus on companies that have introduced the continued employment system for employees until the age of 65. Among such companies, 86.2% of the companies that submitted reports (up 1.6 percentage points from the previous year) apply the continued employment system to all of those who wish to be employed by the employer. The percentage was higher among SMEs (87.6%, up 1.5 percentage points) than among large companies (71.1%, up 3.0 percentage points).

How the scope of employees covered by each company's continued employment system relates to the prescribed age at which older adults become eligible for Employees' Old-age Pension (*rorei kosei nenkin*)? Upon reaching the age of 65, individuals eligible (with a certain period of time enrolled) for Employees' Old-age Pension can receive its benefit in addition to the benefit of Old-age Basic Pension (*rorei kiso nenkin*).

Following the amendment to the Employees' Pension Insurance Act which came into effect in April 2002, the age of eligibility to receive the earnings-related component of Employees' Old-age Pension has been raised in phases from 60 to 65. The starting age of receiving benefits depends on the person's date of birth and gender. There was a prescribed transitional measure until March 31, 2025, for employees who had already passed the starting age, which allows employers to set their own standards to limit the scope of employees covered by the continued employment system. According to the Report, 13.8% (down 1.6 percentage points from the previous year) limit the scope to those who satisfy the standards. The percentage of such companies was 28.9% (down 3.0 percentage points) among large companies and 12.4% (down 1.5 percentage points) among SMEs.

30% set mandatory retirement age at 65 or older

Regarding the mandatory retirement system, 3.9% of the companies that submitted reports have abolished the system, a figure unchanged from the previous year, indicating that 96.1% continued to implement this system. Companies that set the

mandatory retirement age at 65 or older—including companies that have abolished the mandatory retirement system—accounted for about 30% (32.6%, up 1.8 percentage points from the previous year).

The mandatory retirement age was “60 years of age” for 64.4% (down 2.0 percentage points), “61 to 64 years” for 2.9% (up 0.2 percentage points), “65 years” for 25.2% (up 1.7 percentage points), “66 to 69 years” for 1.1% (unchanged from the previous year), and “70 years or older” for 2.4% (up 0.1 percentage points).

III. Measures for securing job opportunities for elderly persons

SMEs outpace large companies in implementing measures

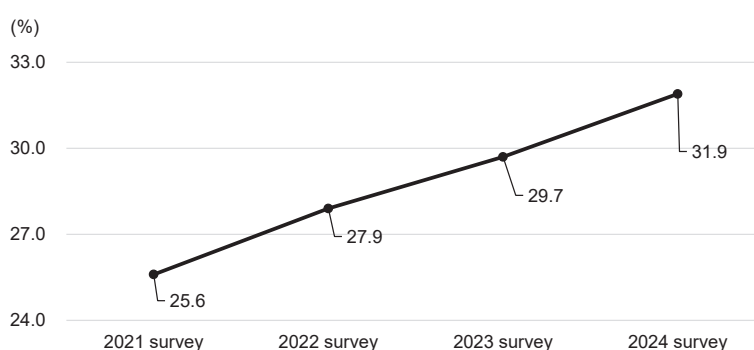
The Act on Employment Security of Elderly Persons was amended and took effect in April 2021. It obligates employers to endeavor to secure stable employment for those aged 65 to 70, as prescribed in the basic principle (Art. 3 Para 1) that “(c)onsideration must be given to ensure that elderly persons and others have opportunities for employment and other various work opportunities in accordance with their wishes and abilities throughout their entire working lives while enriching their working lives.” Employers that have set a mandatory retirement age between 65 and 70, or those that have introduced the continued employment system as *koyo kakuho sochi* (excluding system to continuously employed employees until the age of 70 or beyond) are required to implement *shugyo kakuho sochi* such as introducing “a system to conclude an entrustment contract with employees until the age of 70” and “a system to allow employees until the age of 70 to engage in the social contribution activities implemented or sponsored by the employer” (Art. 10 Para. 2). According to the Report, 31.9% (an increase of 2.2 percentage points from the previous year) had adopted *shugyo kakuho sochi* for employees until the age 70. The percentage was higher among SMEs (32.4%, up 2.1 percentage points) than among large companies (25.5%, up 2.7 percentage points).

Taking a look at the change since the 2021

amendment of the law that made it an obligation for employers to implement *koyo kakuho sochi* until the age of 70, the percentage of employers adopting measures has steadily increased. The figure rose from 25.6% in 2021, reaching 27.9% in 2022, 29.7% in 2023, and 31.9% in 2024, surpassing the 30% threshold for the first time (Figure 1).

Among the measures actually implemented, the most common was “introducing the continued employment system,” adopted by 25.6% of employers (up 2.1 percentage points from the previous year),

followed by “abolishing the mandatory retirement age,” at 3.9% (unchanged from the previous year), and “raising the mandatory retirement age,” at 2.4% (up 0.1 percentage points). Employers that have chosen “introducing measures for start-up support such as introducing a system to conclude an entrustment contract with elderly employees or allowing them to engage in the employer’s social contribution activities,” accounted for 0.1% (unchanged from the previous year) (Figure 2).



Source: Based on MHLW’s “Report on the Employment Condition of the Elderly Persons”; figures for 2024 survey are from Table 4-1 (<https://www.mhlw.go.jp/content/11700000/001289408.pdf>), for 2023 survey from Table 4-1 (<https://www.mhlw.go.jp/content/11700000/001357195.pdf>), for 2022 survey from Table 5-1 (<https://www.mhlw.go.jp/content/11700000/001288533.pdf>), for 2021 survey from Table 5-1 (<https://www.mhlw.go.jp/content/11700000/001289410.pdf>).

Figure 1. Companies that have implemented measures for securing job opportunities for employees until the age of 70 (yearly comparison)



Source: Based on MHLW’s “Report on the Employment Condition of the Elderly Persons,” Table 4-1 (<https://www.mhlw.go.jp/content/11700000/001289408.pdf>).

Figure 2. Breakdown of measures implemented for securing job opportunities for employees until the age of 70 by company size (2024)