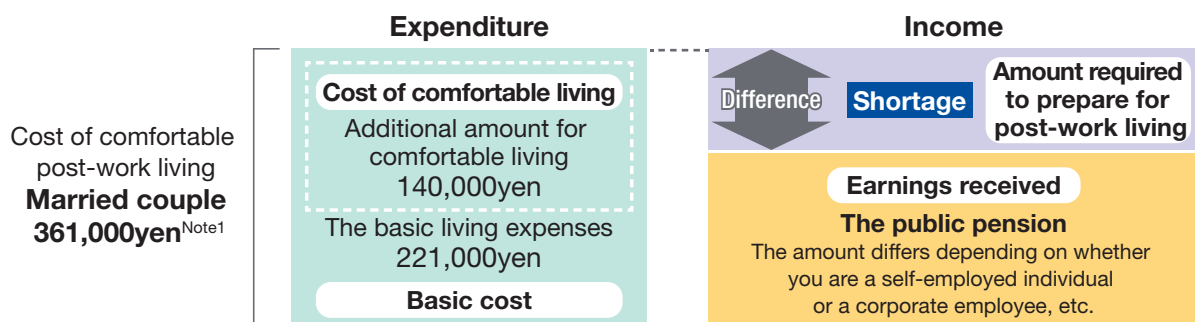


Would public pension alone be sufficient for me to live on in my post-work living?

Point

It is commonly said that public pension alone would be insufficient to cover the cost of comfortable post-work living.



Monthly cost (unless indicated as annual)

Monthly cost (unless indicated as annual)			Expenditure	Income	Difference	Shortage
			Cost of comfortable post-work living	The amount of public pension ^{Note2}	Monthly amount	Annual estimate
Married couple	Self-employed individuals		361,000yen	130,000yen	231,000yen	2,770,000yen
	Corporate employees, etc.			220,000yen	141,000yen	1,690,000yen
A single -person household	Self-employed individuals		253,000yen	65,000yen	188,000yen	2,260,000yen
	Corporate employees, etc.	Male	(We calculated as 70% of the above cost for a married couple.)	155,000yen	98,000yen	1,180,000yen
		Female		123,000yen	130,000yen	1,560,000yen

Note 1: Cost of comfortable post-work living: Japan Institute of Life Insurance, "Survey on Life Security in 2019"

Note 2: The data was created by us based on "Mizuho Insights (January 22, 2021): Example of pension amount for pension recipients aged 67 years old and younger in 2021, Example of Monthly Pension Amount by Household in 2021" by Mizuho Research Institute. Married couple and a corporate employee: The husband works for 40 years at an average annual income (average monthly standard remuneration: 439,000 yen), and the wife remains a full-time housewife throughout the same period Single and a corporate employee: Works for 40 years at an average monthly standard remuneration of 439,000 yen (male) and 283,000 yen (female)

Summary

The difference between your total living expenses and the amount of public pension will be required to prepare for your future.

Which case matches your situation?



Tips

You can use the pension-projection calculator to estimate your pension benefits through the "Nenkin-Net" service provided by Japan Pension Service. Information is also available through "Nenkin Teiki Bin, Pension Coverage Regular Notice" which will be sent to you by Japan Pension Service annually during your birth month.



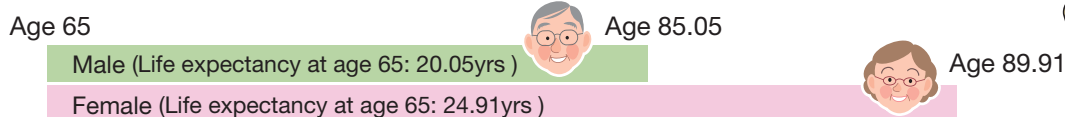
As of January 2022

How much money do I need for my post-work living? (1)

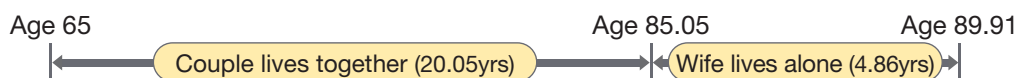
Point

First, consider the duration of life in your post-work living based on average life expectancy. Average life expectancy is a measure of the average years a person is expected to live, based on her/his current age.

Duration of life in post-work living (e.g. for a person who is 65 years old)



For a married couple, the average male life expectancy is equivalent to the duration during which the couple lives together.



The average life expectancy is getting longer.

Average life expectancy and life span by age

Current Age ①	Male		Female	
	Life expectancy ②	Life span by age (①+②)	Life expectancy ③	Life span by age (①+③)
0	81.64yrs	81.64	87.74yrs	87.74
20	61.97yrs	81.97	68.04yrs	88.04
40	42.57yrs	82.57	48.40yrs	88.40
60	24.21yrs	84.21	29.46yrs	89.46
65	20.05yrs	85.05	24.91yrs	89.91
80	9.42yrs	89.42	12.28yrs	92.28

At birth, the average life span is equivalent to the average life expectancy.

Source: We defined and calculated the life span by age based on "Summary: Abridged Life Table for Japan 2020" by the Ministry of Health, Labour and Welfare.

Summary

The duration of life in post-work living gets longer when your calculation is based on the average life expectancy rather than average life span.

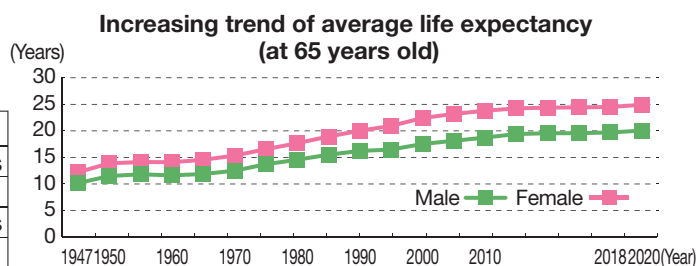
Go to next page



Data

It shows that the average life expectancy at 65 years old in 2020 becomes longer than that in 1947.

		1947	lives longer	2020
Male	Life expectancy	10.16yrs	+9.89	20.05yrs
	Life span by age	75.16		85.05
Female	Life expectancy	12.22yrs	+12.69	24.91yrs
	Life span by age	77.22		89.91



Source: "Summary: Abridged Life Table for Japan 2020" by the Ministry of Health, Labour and Welfare.

How much money do I need for my post-work living? (2)

Point

Based on the data up to the previous page, the total amount of money required for your post-work living can be calculated as follows:

$$\left(\begin{array}{|c|} \hline \text{Expenditure} \\ \hline \text{Cost of comfortable post-work living} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Income} \\ \hline \text{The public pension} \\ \hline \end{array} \right) \times \left(\begin{array}{|c|} \hline \text{Duration of life in post-work living} \\ \hline \begin{array}{|c|} \hline \text{Age 65} \\ \hline \text{Male (Life expectancy at age 65: 20.05yrs)} \\ \hline \text{Female (Life expectancy at age 65: 24.91yrs)} \\ \hline \end{array} \begin{array}{|c|} \hline \text{Age 85.05} \\ \hline \text{Age 89.91} \\ \hline \end{array} \\ \hline \end{array} \right) = \begin{array}{|c|} \hline \text{Difference} \\ \hline \text{Shortage} \\ \hline \end{array}$$

Amount required to prepare for post-work living

The amount of the shortfall is reduced if you limit your expenditure to basic living expenses.

		Couple lives together (20.05yrs)		Wife lives alone (4.86yrs)		Total	Difference
Married couple	Expenditure	Cost of comfortable	87million yen(4.33million yen)	15million yen(3.03million yen)		102million yen	Shortage
	Income	Self-employed individuals	31million yen(1.56million yen)	4million yen(0.78million yen)		35million yen	67million yen
	The public pension	Corporate employees, etc.	53million yen(2.64million yen)	7million yen(1.5million yen)		60million yen	42million yen
A single-person household	Male	Expenditure	Cost of comfortable	61million yen(3.03million yen)		60million yen	
		Income	Self-employed individuals	16million yen(0.78million yen)		16million yen	45million yen
		The public pension	Corporate employees, etc.	37million yen(1.86million yen)		37million yen	24million yen
	Female	Expenditure	Cost of comfortable	75million yen(3.03million yen)		75million yen	
		Income	Self-employed individuals	19million yen(0.78million yen)		19million yen	56million yen
		The public pension	Corporate employees, etc.	37million yen(1.48million yen)		37million yen	38million yen

Cost of comfortable: Cost of comfortable post-work living
Source: Same as page 5-6. However, we calculated the amount of pension for the time during which the wife lives alone.
All figures are estimates.

Look at these figures for your reference.

Summary

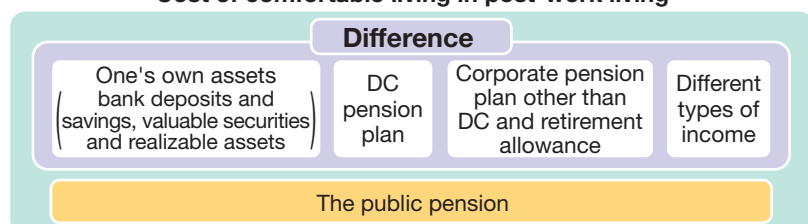
Consider how much money you will need for your life in post-work living based on your own situation.



Tips

In order to make up for the financial difference (shortfall), you will need to create a financial plan for your post-work living with consideration of the use of a DC pension plan. Your financial plan should be based on your life design (life plan).

Cost of comfortable living in post-work living





Planning for Your Post-work Living

Need for Life and Financial Planning

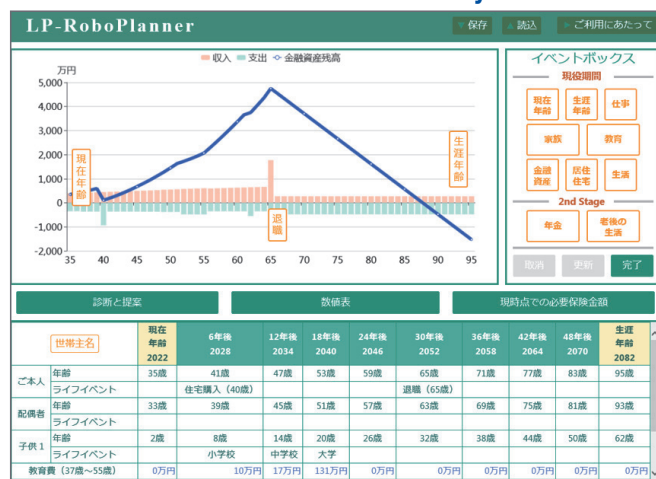
There may be a gap between public pension benefits and the cost of living in old age. Let's think about a plan for retirement during one's working years. Various simulation tools* such as the "Life Planning Simulation" are available on the AnswerNet, which are designed to help you plan for retirement using a DC plan for determining target returns based on current lifestyle.

* The simulation tools are provided in Japanese only.

AnswerNet - Top page



You will be asked to enter information on your current status including family, financial assets, housing, etc.



● Diagnosis and Suggestions

Displays an analysis and diagnosis of the financial asset situation at retirement and the income and expenditure situation over a lifetime.

● Table of figures

Displays figures for income, expenses, taxes, social insurance, pensions, financial assets, etc. for every year from now until lifetime age.

Adjusting your financial plan

Imagine that a simulation has set the target balance of your assets at 10 million yen. If you invest 20,000 yen per month for 25 years at a yield of 2.0%, the balance will amount to only approx. 7.76 mil. yen. However, you will be able to achieve your target balance by adjusting your monthly contribution amount, accumulation period and/or investment yield.

	Monthly contribution	Accumulation period	Investment yield	Asset balance at the end of accumulation period	Target balance of 10 million yen
	20,000yen	25yrs	2.0%	Approx. 7.76mil. yen	Shortfall of approx. 2.24mil. yen
Increase the amount of contribution	26,000yen	25yrs	2.0%	Approx. 10.09mil. yen	Achieved
Extend the accumulation period	20,000yen	31yrs	2.0%	Approx. 10.26mil. yen	Achieved
Increase the investment yield	20,000yen	25yrs	3.9%	Approx. 10.04mil. yen	Achieved

Taxes on investment returns are not considered.

The calculation above can be made by using the financial assets calculator, one of the money and life calculation tools in AnswerNet simulations.

* The financial assets calculators are provided in Japanese only.