



PUBLIC PENSION FUNDS IN JAPAN

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JAPANESE PUBLIC INSTITUTION PENSION FUNDS

The pension system in Japan consists of three pillars:

- public pensions managed by the state,
- corporate pensions managed by companies, and
- personal pensions in which individuals save for their own retirement.

Public pensions consist of

- the National Pension (Basic Pension) which covers all members of society,
- Employee's Pension Insurance which covers workers in the private-sector,
- and
- the Mutual Aid Associations which cover public servants.

The pension funds of public institutions fall into the category of Mutual Aid Association Pension Funds and due to the large size of the public sector accounts for one of the largest investor groups in Japan.

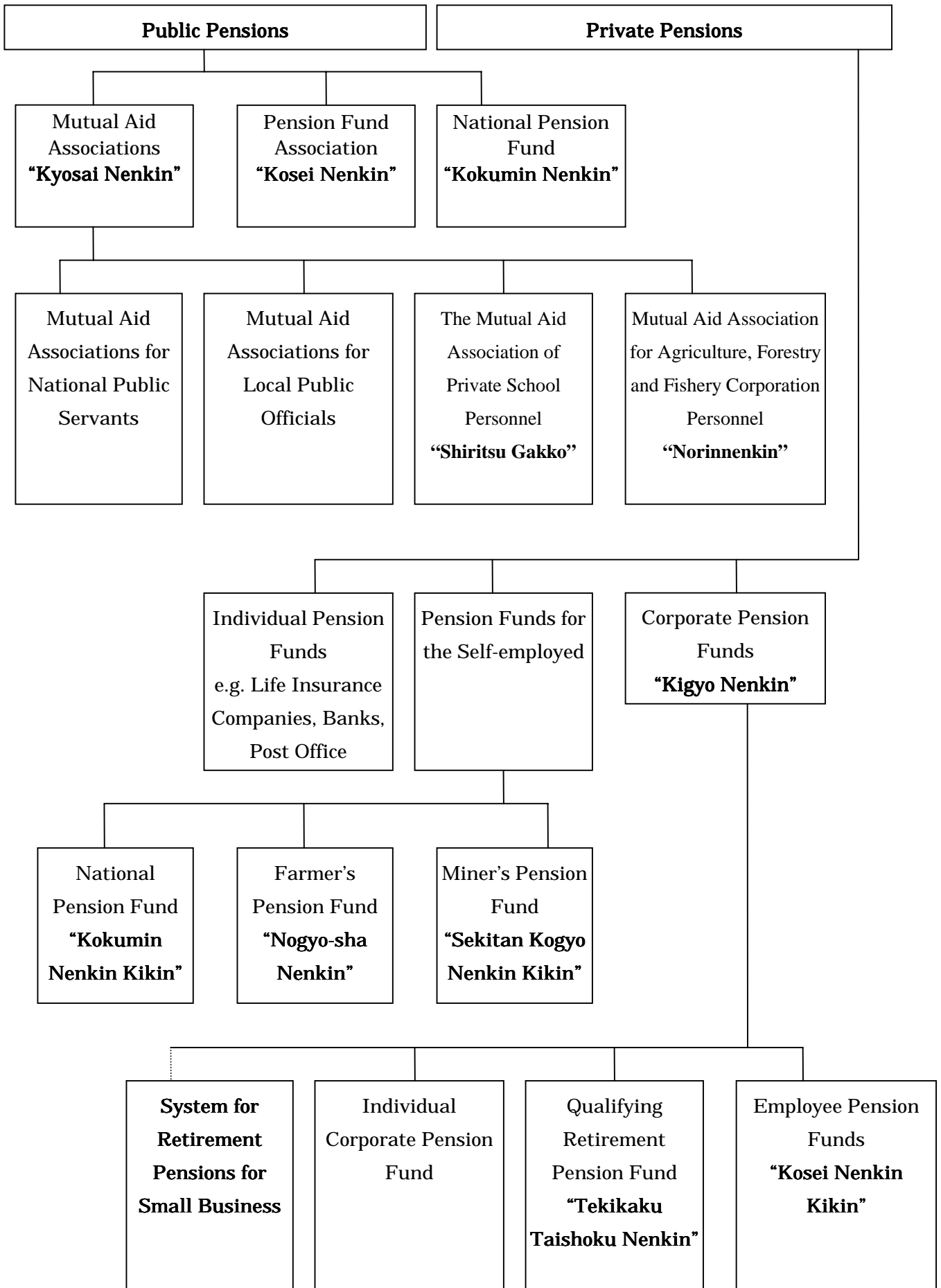
Mutual Aid Associations for government employees are divided mainly according to the types of occupations, and for the municipality employees mainly according to the sections of the municipalities.

Three of the world's largest pension funds are based in Japan:

Rank	Country	Fund	Assets (US\$'mil)
1	USA	California Public Employees' Retirement System	127,656
2	Netherlands	Stichting Pensioenfonds ABP	114,324
3	Japan	Pension Fund Association for Local Government Officials ("Chikoren")	98,986
4	USA	New York State and Local Retirement Systems	95,812
5	USA	General Motors Investment Management Corp.	90,600
6	USA	California State Teachers Retirement System	78,900
7	Sweden	Allmanna Pensionsfonden (Boards 1,2 & 3)	76,374
8	Japan	Federation of National Public Service and Affiliated Personnel Mutual Aid Associations ("Kokkoren")	73,895
9	USA	Florida State Board of Administration	71,940
10	USA	New York State Teachers' Retirement System	68,738
11	Japan	Mutual Aid Association of Public School Teachers Pension Fund ("Koritsu Gakko")	65,527

Source: Pensions & Investments, September 1998 and InterSec Research Inc.

JAPAN'S PENSION SYSTEM



MUTUAL AID ASSOCIATIONS FOR NATIONAL PUBLIC SERVANTS

Pension Fund	Criteria for Participation	No. of Premium Paying Members	Total Assets ('billion yen)
Federation of National Public Service and Affiliated Personnel Mutual Aid Associations “Kokkoren”	Originally established to service members of the Diet, government ministries and agencies but in April 1984 the role was extended to absorb the pension funds previously run for three former government entities (Japan Railways Mutual Aid Association, Nippon Telegraph and Telephone Mutual Aid Association and Japan Tobacco Corporation Mutual Aid Association)	1,111,000 (Mar'99)	8,135 (Mar'99)
Mutual Aid Association of Japan Defense Agency “Boeicho”	Covers members of the defense forces	270,000 (Feb'96)	n/a

MUTUAL AID ASSOCIATIONS FOR LOCAL PUBLIC OFFICIALS

Pension Fund	Criteria for Participation	No. of Premium Paying Members	Total Assets ('billion yen)
Pension Fund Association for Local Government Officials “Chikoren”	Oversees and acts as provider of last resort facilities to 90 public institution pension funds including Public School Teachers Pension Fund, The Mutual Aid Association of Prefectural Government Personnel (“Chishoku”) and Police Personnel Mutual Aid Association (“Keisatsu Kyosai”)	90 pension funds covering a total of 3,450,000 individuals (Mar’99)	11,991 (Mar’99)
Pension Fund for the Tokyo Metropolitan Government Officials “Tokyo-to”	Employees of the Tokyo Metropolitan Government (including Special Wards and excluding teachers and police)	162,385 (Mar’99)	1,228 (Mar’99)
The Mutual Aid Association of Prefectural Government Personnel “Chishoku”	Public institution pension fund for government employees of prefectures and districts other than Tokyo. The pension fund is also open to union members of the national government’s regional bodies but excludes teachers and police.	386,691 (Mar’99)	1,852 (Mar’99)
The Mutual Aid Associations in each of 12 specially designated cities. "Shitei Toshi Shokuin Kyosai Kumiai"	Local public officials including the Mayor and firefighters of each city but excludes teachers. The 12 designated cities are Sapporo, Sendai, Yokohama, Kawasaki, Chiba, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka and Kita-Kyushu.	210,000	1,197
Pension Fund Association for Municipalities’ Officials “Zenkoku Shichoson”	Covers municipal government employees in 47 prefectures and 30 cities.	77 pension funds	1,460 (Mar’99)
The Mutual Aid Associations in 47 municipalities which excludes the 12 specially designated cities and 29 other city governments. (Surplus funds managed by the Zenkoku Shichoson) "Shichoson Shokuin Kyosai Kumiai"	Employees, which includes the Mayor and firefighters, of cities, towns and villages in 47 municipalities but excludes teachers.	1,000,000 (47 pension funds)	4,798
The Mutual Aid Associations in 29 city governments which excludes the 12 specially designated cities. (Surplus funds managed by the Zenkoku Shichoson) "Toshi Shokuin Kyosai Kumiai"	Employees of city governments including the Mayor and fire fighters but excluding teachers.	160,000 (29 pension funds)	866
Police Personnel Mutual Aid Association “Keisatsu Kyosai”	Employees of the police force	269,466 (Mar’99)	2,021 (Mar’99)

Mutual Aid Association of Public School Teachers Pension Fund “Koritsu Gakko”	Employees of public schools, local government boards of education, educational institutions excluding public schools, and executives and employees of the Mutual Aid Association of Public School Teachers.	1,070,000 (Mar'99)	7,086 (Mar'99)
The mutual aid association for employees in cities, towns and villages located in the Tokyo Metropolitan#.	Employees, which includes the Mayor and firefighters, of cities, wards, towns located in the Tokyo Metropolitan	30,000	225
The mutual aid association for prefectural assembly members#	Members of prefectural assemblies	2,807 (Mar'99)	166.3 (Mar'99)
The mutual aid association for city assembly members#	Members of the city assemblies	19,613 (Mar'99)	127.5 (Mar'99)
The mutual aid association for town and village assembly members#	Members of town and village assemblies	40,391 (Mar'99)	63.8 (Mar'99)

English name requires confirmation

OTHER MUTUAL AID ASSOCIATION PUBLIC PENSION FUNDS

Pension Fund	Criteria for Participation	No. of Premium Paying Members	Total Assets ('billion yen)
The Mutual Aid Association of Private School Personnel “Shiritsu Gakko”	From 1 January 1999, the entity merged the 2 previously independent entities of Shiritsu Gakko Kyoshokuin Kumiai and Nihon Shiritsu Gakko Shinko Zaidan. <i>The average age of members is low and the Association has the best financial situation within the industry. Merger with the Pension Fund Association is under discussion.</i>	448,299 (Mar'99)	2,814 (Mar'99)
Mutual Aid Association for Agriculture, Forestry and Fishery Corporation Personnel “Norinnenkin”	Covers members of associations connected with the agriculture, forestry and fishery industries. Associations include major entities such as the Norinchukin Bank and Zenkyoren as well as local cooperatives. <i>The government is planning to merge the Norinnenkin with the Pension Fund Association in FY2001. While the number of recipients of pensions from Norinnenkin continues to grow the restructuring of the industry is leading to a reduction in members and a deterioration in finances. The merger is a measure to avoid a financial crisis.</i>	481,582 (Mar'99) (10,496 associations) (Mar'95)	2,001 (Mar'99)

SYSTEM FOR RETIREMENT PENSIONS FOR SMALL BUSINESS

Pension Fund	Criteria for Participation	No. of Premium Paying Members	Total Assets ('billion yen)			
Japan Small Business Corporation Pension Fund “Chushoji”	The Japan Small Business Corporation Pension Fund is restricted to participation by directors of small business. The Small and Medium Enterprise Basic Law, introduced in 1963, defines small business in Japan in terms of capital and number of employees.	n/a	6,924 (Mar'99)			
	<table border="1"> <thead> <tr> <th data-bbox="456 645 657 696">Sector</th> <th data-bbox="657 645 858 696">Equity Capital</th> <th data-bbox="858 645 1062 696">Employees</th> </tr> </thead> </table>			Sector	Equity Capital	Employees
	Sector			Equity Capital	Employees	
	Manufacturing Mining Construction Transportation Others			100 million yen or less	300 or fewer (1,000 or fewer in mining)	
	Wholesale Trade			30 million yen or less	100 or fewer	
	Retail Trade Service Businesses			10 million yen or less	50 or fewer	
	<i>Small business makes up 99% of Japan's business establishments and approximately 79% of its work force.</i>					
Organization for Workers' Retirement Allowance Mutual Aid “Kintaikyo”	Kintaikyo was formed in April 98 from a merger between Chutaikin (Smaller Enterprise Retirement Allowance Mutual Aid Corporation) and 3 other pension funds (Kentaikyo - Retirement Pension Fund Association for Construction Workers Corporation, Sake Brewing and Forestry Retirement Allowance Mutual Aid Associations).	408,552 companies covering a total of 2,725,281 individuals (Mar'99)	3,072 (Mar'99)			

The information and opinions contained in this document are obtained from, or based upon sources believed by us to be reliable, but no representation by us or any person is made as to their accuracy or completeness.

Please direct enquiries to **IBJ Securities Co., Ltd.**

Tel: (81-3) 5252 6974 Fax: (81-3) 5252 4877

<http://www.ibjs.co.jp>