

The Roles and Responsibilities of Certified Pension Actuaries in Japan

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The Japanese Society of Certified Pension Actuaries

A New Millennium.
A New Challenge for Actuaries

Japanese Corporate Pension Plans

- Tax Qualified Pension Plan (since 1962)
- Employees' Pension Fund (since 1966)
- Defined Contribution Pension (since 2001)
- Defined Benefit Pension Plan (since 2002)

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Tax Qualified Pension Plan (since 1962)

National Tax Administration Agency of Japan requires

- Actuarial Check by a Fellow of the Institute of Actuaries of Japan
- Discontinue or convert TQPP before 2012

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Employees' Pension Fund

Employees' Pension Insurance Act requires (since 1988) that a Certified Pension Actuary must

- Review the actuarial report
- Make comment
- Certify the plan

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Appointed Certified Pension Actuary

Each EPF names an Appointed CPA who must

- Continuously check financial condition
- Advise on the financial operation
- Confirm the reports

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Qualifications of CPAs

- Fellow of the Institute of Actuaries of Japan
- 5 years experience in pension actuarial work
- 2 years experience as manager or supervisor
- High public credibility

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Defined Contribution Pension Plan

- Less important role of CPA in DCP
No legal obligation of CPA under DCPA
- Transition from DB plan to DCP
Check the proper distribution of DB pension assets into individual accounts of DCP

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Defined Benefit Corporate Pension Plan

- Will come into effect on April 1, 2002
- Nearly same role of CPA in EPF and DBCPP

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The roles of a CPA

- Play important role for determining adequacy of funding
- Check the actuarial soundness of the plan

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CPAs Distribution by company group (as of April 2000)

Company group	# of CPAs	# of EPFs appoint
Trust Banks	125	1,330
Life Ins. Co.	112	482
Government Designated firms	25	44
Other Co. or Ind	53	0
Total	315	1,856

CPAs Distribution by the company group

Number of CPAs	Total	Trust Banks	Life Ins. Co.	Govt. Desig. Firm	Other Co. or Ind.
Sep.1988	102	46	48	7	1
Apr.1995	204	77	89	25	13
May 2000	315	125	112	25	53
Jul. 2001	335	128	115	23	69

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CPAs Distribution by age

Age	As of Sept. 2001
60 and older	62
50 but less than 60	73
40 but less than 50	75
30 but less than 40	124
Total	334

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Future of CPA responsibilities

- Play more important role both in EPF and DBCPP
- Actuarial report and explanation to the pension fund operators and other interested parties
- Improve their professional quality

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End of presentation

The roles and responsibilities of the
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