

The Start of a New Employment Insurance System (from May 1, 2003)

The Employment Insurance System has been revised to help job-seekers find employment in this age of fundamental socioeconomic change and ever-diversifying employment modes.

Key points of revision

- ◎ The following points have been revised to promote earlier reemployment, to better adapt to diversified employment modes, to place emphasis on benefits that correspond to difficult reemployment conditions, and to secure stable operation of the employment insurance system.

[Major points of revision]

- 1) Revision of the upper limit/lower limit and the benefit rates of the basic allowance;
- 2) Revision of the prescribed term for payment of the basic allowance;
- 3) Abolishment of the special exception in calculation of daily wages for a worker who is 60 years old and above;
- 4) Creation of a special exception in calculation of daily wages for a worker who takes childcare leave, family care leave, etc.;
- 5) Reinforcement of special measures for allowing job seekers to participate in public vocational training more than once;
- 6) Revision of the amount of benefits allowed to elderly job seekers;
- 7) Creation of a job allowance;
- 8) Revision of the amount of educational/training benefits;
- 9) Revision of requirements and the benefit rate for employment continuation benefits for elderly persons;
- 10) Revision of the amount of penalty payment order in the event of unlawful receipt of benefits;
- 11) Revision of employment insurance premiums.

The Ministry of Health, Labour and Welfare
Prefectural Labour Bureaus of Japan
Public Employment Security Office (“Hello Work”)

Item 1

Revision of the benefit rate and the upper/lower limit of the basic allowance

- The benefit rate and the upper/lower limit of the basic allowance has been changed. These revisions shall be applied to persons who shall have lost employment on or after May 1, 2003.
- Daily amount of the basic allowance will be given by multiplying daily wage by the following benefit rates:

Age bracket	Daily wages	Benefit rate
Less than 60 years old	2,120 ¥2,140 (inclusive) ~ ¥4,210 (exclusive) 4,180	80%
	4,180 ¥4,210 (inclusive) ~ ¥12,220 (inclusive) 12,130	80% ~ 50%
	Over ¥12,220 12,130	50%
60 to 64 years old	2,120 ¥2,140 (inclusive) ~ ¥4,210 (exclusive) 4,180	80%
	4,180 ¥4,210 (inclusive) ~ ¥10,950 (inclusive) 10,870	80% ~ 45%
	Over ¥10,950 10,870	45%

- The upper limit of daily wages and daily amount of the basic allowance will be as follows:

Age bracket	Upper limit of daily wages (upper limit of daily amount of the basic allowance)
Less than 30 years old	¥13,160 (¥6,580) 13,060 (6,530)
30 to 44 years old	¥14,620 (¥7,310) 14,510 (7,255)
45 to 59 years old	¥16,080 (¥8,040) 15,960 (7,980)
60 to 64 years old	¥15,580 (¥7,011) 15,460 (6,957)

- The lower limit for daily wages is ~~¥2,140~~ ^{2,120} (the lower limit of daily amount of the basic allowance being ~~¥1,712~~ ^{1,696}).

Item 2

Revision of the prescribed term for payment of the basic allowance

- The prescribed term for general insured persons and that for insured workers employed on a short-time basis have been merged and shall be applied to persons who become unemployed on or after May 1, 2003.
- The prescribed term for Specifically Qualified Beneficiaries between the ages of 35 and 44 who have been insured for ten years or longer* will be extended and shall apply to persons who become unemployed on or after May 1, 2003.

[Prescribed term for payment after revision of the law.]

- Specifically Qualified Beneficiaries (other than those of Case 3) below)

Period insured Age bracket	Less than one year	From one year to 5 years (exclusive)	From 5 years to 10 years (exclusive).	From 10 years to 20 years (exclusive).	20 years and over
Less than 30	90 days	90 days	120 days	180 days	-
30 to 44		90 days	180 days	210 days	240 days
35 to 44		90 days	180 days	240 days	270 days
45 to 59		180 days	240 days	270 days	330 days
60 to 64		150 days	180 days	210 days	240 days

2) Beneficiaries other than Specifically Qualified Beneficiaries (other than those of Case 3 below)

Period insured Age bracket	Less than one year	From one year to 5 years (exclusive)	From 5 years to 10 years (exclusive).	From 10 years to 20 years (exclusive).	20 years and over
All ages		90 days	90 days	120 days	150 days

3) Persons difficult to be reemployment

Period insured Age bracket	Less than one year	From one year to 5 years (exclusive)	From 5 years to 10 years (exclusive).	From 10 years to 20 years (exclusive).	20 years and over
Less than 45	150 days	300 days			
45 to 64		360 days			

* Specifically Qualified Beneficiaries: Persons who lost employment as a result of bankruptcy of the employer, discharge, etc.

Item 3 Abolishment of the special exception in calculation of daily wages for a worker who is 60 years old and above

- Until now, a special exception has been in place whereby, when calculating daily wages, an insured person could compare his or her daily wages at the time he or she reached the age of 60 with the daily wages he or she received at the time of unemployment, and be applied the higher of the two. However, this special exception has been abolished for persons who become 60 years of age on or after May 1, 2003.

It should be noted that this special exception shall be available to those who reach 60 years of age before May 1, 2003 for calculation of the daily wage even after the day.

Item 4 Creation of a special exception in calculation of daily wages in connection with childcare or family care leave or reduction of working hours

- Insured persons who shall have lost employment as a result of bankruptcy, discharge, etc., during the time when their wages are lost or reduced due to any measures which excused them from work or their reduced working hours so as to allow them to take childcare or family care leave will be allowed, as a special exception, to use the daily wages that were paid prior to the time of such leave or before the application of the said measures for reducing working hours. This special exception shall be applicable to those insured persons who shall have started working under such conditions on or after May 1, 2003.

* For information on requirements and procedures for this special exception, please contact a nearby public employment security office.

Item 5 Expansion of the special measures for allowing multiple participation by the same person in training courses

- The scope of persons entitled to special measures for participation in training courses for multiple times, provided under the Law Concerning Temporary Special Exceptions to Employment Measures, has been expanded from “persons from 45 years old to 59 years old” to “persons from 35 years old to 59 years old”. Also, the time of application of the law has been extended by three years from “until the end of the 2004 Japanese fiscal year (JFY)” to “the end of the 2007 JFY”.

Those special measures will apply to persons of the expanded age zone, (that is, “persons aged 35 through 44”) when they receive instructions for participation under the special exceptions following May 1, 2003.

Item 6 Revision of the amount of benefits paid to elderly job seekers

- The amount of benefits for elderly job seekers will be merged into the amount of benefits for elderly job seekers who are insured as short-time workers, and shall apply to those who will be losing employment on or after May 1, 2003.

[Amount after revision]

Insured period	Less than one year	One year and over
Amount of benefits payable to elderly job seekers	Daily amount of the basic allowance × 30 days	Daily amount of the basic allowance × 50 days

Item 7 Creation of a job allowance

- In tandem with creation of a job allowance to promote early reemployment through diverse means, employment promotion benefits will be integrated into the job promotion allowance (job allowance, reemployment allowance, and outfit allowance for full-time employment).
- Creation of a job allowance
The above benefit will be created in order to promote early employment of recipients of the basic allowance through diverse means. It will be applicable to persons who find jobs on or after May 1, 2003.

With respect to those persons who lose employment before May 1, 2003, daily amount of the basic allowance and the prescribed term for payment under the provisions of the former law shall apply to judgment of whether or not the person concerned meets the requirements for qualification as well as calculation of the amount of benefits, provided that when it comes to the upper limit, that of the revised law shall apply.

[Payment requirements]

The job allowance shall be payable to those who are qualified beneficiaries of the basic allowance and shall have get employed (when the number of days for which the basic allowance would otherwise be due and payable is no less than a third of the prescribed term for payment and no less than 45 days remain unpaid) in a form other than full-time regular employment, etc., (and hence do not qualify as recipient of reemployment allowance), provided that some other requirements are met as shown below. (*)

* Main requirements to be met.

- That the employment was gained after a waiting period (7 days);
- That the employment in question is not reemployment by the employer who had employed the subject (including affiliated entities) previously;
- In cases where payment is suspended because of reasons connected with loss of employment, the subject shall have been employed for the one month period after the waiting period through introduction by a public employment security office or an employment agent;
- That the employment is not with an employer who promised the employment to the subject prior to filing a job application with a public employment security office.

Please consult with a public employment security office for more details.

[Amount of payment]

- An amount equal to 30% of the daily amount of the basic allowance for each working day (*). ^{1,467}
- * The upper limit of the allowance per day is ~~¥1,833~~^{1,467} (for persons 60 years old to 64 years old: ~~¥1,478~~^{1,467}).
- For each day for which the employment allowance is paid, it shall be deemed that the basic allowance has been paid.

[Procedure for payment]

In principle, together with recognition of unemployment (once every four weeks), an recipient shall submit an

application to the competent public employment security office in the form of an Application for job Allowance for each day from the previous date of recognition to the day that is one day prior to the current date of recognition. The recipient shall also attach his/her Qualified Recipient's Identification Card and other documentary evidence proving the employment (such as a salary statement).

※ Of all the persons qualified as recipients of the job allowance, those having two thirds or more of their prescribed term remaining unpaid shall receive the "Early Job Support Allowance" (in an amount equal to 40% of the daily amount of the basic allowance for each working day, provided by the Early Reemployment Support Foundation) (see note). No Job Allowance will be paid in such a case.

(Note) ○ The early job support allowance will be paid by the "The Association of Employment Development for Senior Citizens" to an account with a financial institution that the recipient will have registered with the Public Employment Security Office using a form entitled "Notification of Financial Institution for Receipt of Benefits".

○ This allowance is subject to taxation as temporary income. Unless you have other temporary income, one half of the net of the amount received less yen 500,000 will be the taxable income.

● Revision of the reemployment allowance

The Reemployment Allowance has also been reviewed.

This revision will be applied to those who shall have had stable employment on or after May 1, 2003.

(Change of amount

● The amount to be paid is three-tenths of the number of days remained for payment of the basic allowance multiplied by the daily amount of the basic allowance (*).

* The upper limit of the daily amount of the basic allowance is ¥ ^{6,065} ~~6,110~~ (^{4,891} ~~4,927~~ for those between 60 and 65 years old).

● If the recipient has been paid this allowance, the basic allowance shall be deemed to have been paid in full for the number of days corresponding to the figure obtained as the amount of this allowance divided by the daily amount of the basic allowance.

● With respect to persons who have lost employment before May 1, 2003 and have found steady employment on or after the date, the reemployment allowance shall be calculated and paid by applying the former daily basic allowance and the former prescribed number of days; however in this case as well, the upper limit for the daily amount of the basic allowance also shall still apply.

* Of all the persons qualified as recipients of the reemployment allowance, those having two thirds or more of their prescribed term remaining unpaid shall receive the "Early Reemployment Support Allowance" (in an amount equal to the daily amount of the basic allowance multiplied by 40% of the number of days for which the daily basic allowance remains unpaid) from the Early Reemployment Support Foundation (see note). (No reemployment allowance will be paid in such cases.)

(Note) ○ The early reemployment support allowance shall be paid by The Association of Employment Development for Senior Citizens to an account with a financial institution that the recipient will have registered with the Public Employment Security Office using a form entitled "Notification of Financial Institution for Receipt of Benefits".

○ This allowance is subject to taxation as temporary income. Unless you have other temporary income, one half of the net of the amount received less yen 500,000 will be the taxable income.

2) Revision of requirements for payment

If "payment suspension" is applied to the recipient due to a reason connected with loss of employment, the recipient is qualified for payment only when he/she is referred to employment by a public employment security office or by a private employment agency during the month following the waiting period.

3) Extension of the benefit period in case of loss of employment after being paid the reemployment allowance

In the event that the recipient lost employment first after having been paid the reemployment allowance (excluding loss of employment as a result of new acquisition of benefit eligibility—hereinafter called "Re-loss of Employment"), the date of Re-loss of Employment falls within the benefit period, and the recipient's Re-loss of Employment is due to bankruptcy, discharge, etc., the recipient's benefit period shall be extended by certain prescribed measures.

4) Other matters

Under the former law, if the recipient wished to launch a business and take the advantage of the reemployment allowance, he/she was required to hire at least one insured worker. As a result of this revision, if this requirement

cannot be met, employers will still be considered self-supporting and be considered qualified for the purpose hereof.

- Change of the Outfit Benefit for Full-time Employment to Outfit Allowance for Full-time Employment
The Outfit Allowance for Full-time Employment (former Outfit Benefit for Full-time Employment) was also revised.

This provision shall apply to persons who have steady employment on or after May 1, 2003.

1) Change in amount

- The amount of allowance shall be 90 (if the number of days remained for payment of the basic allowance is less than 90, then the actual number of days remained [if said number is less than 45, then 45]) multiplied by 30% multiplied by the daily amount of the basic allowance (*).

* The upper limit for the daily amount of the basic allowance is $\text{¥}6,110$ (for persons aged 60 to 64: $\text{¥}4,927$).

- With respect to those who lost employment before May 1, 2003 and have found steady employment on or after the date, the outfit allowance for full-time employment shall be calculated and paid by applying the former daily amount of the basic allowance and former prescribed term for payment; however, in this case, the upper limit for the daily amount of the basic allowance shall apply.

Review of the scope of coverage

Of persons who find reemployment difficult, coverage for recipients aged 45 years or older is now limited to those falling within the scope covered by reemployment support measures under the Employment Measures Law etc.

3) Review of requirements for payment

In addition to introductions provided by a public employment security office, employment realized through introductions by private employment agencies shall also be eligible for payment.

* Procedures for applying for the reemployment allowance and outfit allowance for full-time employment shall remain unchanged from those for the previous reemployment allowance and the Outfit Benefit for Full-time Employment.

Item 8 Revision of amounts for education/training benefits

- Revision of the required insured period, benefit rate and the upper limit

The required insured period, benefit rate and the upper limit have been revised as follows. Revised terms and conditions shall apply to those persons who start educational/training courses (educational/training courses designated by the Minister of Health, Labor and Welfare) on or after May 1, 2003.

- 1) The required insured period shall be shortened from five years to three years,
- 2) Benefit rates and the upper limits

Amounts of benefit shall be as follows:

- a. if the insured period is five years or more;

An amount of up to 40% of the educational/training expenses. However, if said amount is in excess of $\text{¥}200,000$, then the amount shall be $\text{¥}200,000$. If said amount is no more than $\text{¥}8,000$, then no benefit shall be provided.

- b. if the insured period is from three to five years;

An amount of up to 20% of the educational/training expenses. However, if said amount is in excess of $\text{¥}100,000$, then the amount shall be $\text{¥}100,000$. If said amount is no more than $\text{¥}8,000$, then no benefit shall be provided.

- Extension of the deadline for starting educational/training courses

In the event that a recipient, within one year after the date on which he/she lost qualification as a general insured person, experiences pregnancy, childbirth, childcare, illness, injury, etc., and is thereby prevented from starting the relevant educational/training course for 30 or more consecutive days, the deadline for starting the course for the person so affected may, by reporting this situation to a public employment security office, be extended (up to the maximum of four years).

This arrangement is available for those who happened to be prevented from starting the relevant educational/training course for 30 consecutive days or longer due to pregnancy, childbirth, childcare, illness, injury, etc., on or after May 1, 2003.

Item 9

Revision of requirements and benefit rate for the employment continuation benefit for the elderly

- Requirements for reduction in wages of elderly workers who remain as active employees and revision of benefit rates
The rate of reduction of wages has been made 25% from 15%, and the benefit rate has been reduced from 25% to 15%. These revisions shall be applied as follows.
 - 1) Review of the requirements for payment and of the content of the employment continuation basic benefit
Applicable to insured persons who reached 60 years old on or after May 1, 2003 (if an insured person has been insured for less than five years on the date he/she becomes 60 years old, then the date on which the five year period matures).
 - 2) Review of the requirements for payment and of the content of the old-age reemployment benefit
Applicable to persons who lost employment on or after May 1, 2003 and who later found steady employment, thereby becoming an insured person as a result;
 - For persons who lost employment and who later found steady employment before May 1, 2003, thereby becoming an insured person, the former requirements for payment, benefit rates, and upper and lower limits for payment shall apply, with all being based on the former daily wages;
 - For persons who lost employment before May 1, 2003 and who found later steady employment on or after May 1, 2003, thereby becoming an insured person, the revised requirements for payment, benefit rates, and upper and lower limits for payment shall apply based on the former daily wages.
- Adjustment of multiple payment of old-age reemployment benefit and reemployment allowance
In the event that an elderly person qualified for the old-age reemployment benefit is also qualified for the reemployment allowance for the same employment, and if he/she receives the reemployment allowance, then he/she shall not be able to receive the old-age reemployment benefit with respect to the same employment. Conversely, if the person receives the old-age reemployment benefit, then he/she shall not be able to receive the reemployment allowance. The adjustment of multiple payments shall apply to those persons who get employed on or after May 1, 2003.

Item 10

Revision of the amount of penalty paid in case of unlawful receipt of benefits

- Increased penalty
The amount of penalty a person shall be ordered to pay as a result of his/her having received unemployment benefits by unlawful means has been revised and shall be determined as an amount not exceeding twice the amount of benefit so received by the person. The revised clauses shall be applied to unlawful acts committed on or after May 1, 2003.
- Expansion of coverage of persons to whom a joint return/penalty payment order may be issued
The following persons have been added as persons to whom a joint return/penalty payment order may be issued:
 - Employment agency (Employment Security Law Article 4, Paragraph 7)
 - Agency who gives vocational guidance as a business (agency who provides vocational guidance according to aptitude, professional experience, and other actual conditions)
- Expansion of the scope of persons whom shall be ordered to report
Employers who intend to employ qualified beneficiaries and employment agencies shall be included as persons to be ordered to report to government.

Item 11**Change of employment insurance premiums
(as from April 1, 2005)**● **Revision of employment insurance premiums**

Employment insurance premiums shall be raised by two one-thousands as of April 1, 2005 (the current rate shall remain as it is until March 31, 2005.).

[Contents of change]

Kind of insurance		Until Mar. 31, 2005	After Apr. 1 2005
1.	Business other than 2 and 3	17.5/1000 (7/1000)	19.5/1000 (8/1000)
2	Businesses associated with: ○ Farming or cultivation of land, planting, growing, and harvesting of plants; tree planting or felling; or other agricultural and forestry business (excluding gardening and floriculture); ○ Breeding and raising of animals, catching or breeding of marine life. Also, animal raising, sericulture or aquaculture (excluding breeding of cows and horses, dairy farming, poultry or pig farming, and inland aquiculture) ○ Sake brewing	19.5/1000 (8/1000)	21.5/1000 (9/1000)
3	Civil engineering and construction, modification, preservation, repairing, renovation, destruction or demolishing of buildings or other preparation work	20.5/1000 (8/1000)	22.5/1000 (9/1000)

* () indicates the portion borne by the insured person.

● **Abolishment of the general insurance premium list**

As a result of abolishment of the general insurance premium list, the portion of the employment insurance premium to be borne by the insured person will hereinafter be given in his/her statement of wages as an amount equal to his/her gross wages multiplied by the rate given in parentheses in the table above. However, the general insurance premium list shall be used until March 31, 2005.

The recent revisions include, in addition to the above, a clear statement of responsibility on the part of job seekers who are recipients of unemployment benefits to make serious efforts to find new employment. Also included are an extension of the basic allowance receiving period if some time has been spent for "child nursing" or "certain volunteer activities" and a change in the upper limits for the "childcare" and "family care" benefits among others.

Please consult with the Employment Security Department of your Prefectural Labor Bureau or a nearby Public Employment Security Office ("Hello Work") for further information.