

MEMO# 36114

July 24, 2025

Developments in Japan's Private Pension Program

[36114]

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TO: ICI Global Members
Asia Regulatory and Policy Committee

SUBJECTS: International/Global
Operations
Pension

RE: Developments in Japan's Private Pension Program

The Government of Japan (GOJ) passed the 2025 pension reform bill in mid-June, incorporating enhancements to both the national and private pension programs. As part of the overall pension reform package, the GOJ has agreed to modestly increase contribution limits for both individual and corporate defined contribution pensions (iDeCo and corporate DC), along with several other reforms to the programs.^[1] Many of the key reforms are in alignment with ICI's prior advocacy outlined in "[Recommendations to Enhance Japan's Defined Contribution Pension System and the Nippon Individual Savings Account Program](#)." The reforms were also highlighted in the annual economic policy package released by the Council on Economic and Fiscal Policy of the Cabinet Office^[2] in mid-June, which underscores the GOJ's continued commitment to support Japanese citizens' long term financial wellbeing. Below is an overview of the key changes, most of which will be implemented over the coming three years. Japan will conduct its next routine pension program review in 2029.^[3]

Private Pension Program Enhancements

The key enhancements to the private pension program include:

- **Increased Contribution Limits:** The combined contribution limit for iDeCo and corporate DC will increase by ¥7,000 (US\$48^[4]) a month to ¥62,000 (US\$424), resulting in an annual increase of ¥84,000 (US\$576) to ¥744,000 (US\$5,095) a year. For self-employed individuals without access to corporate pension plans, the combined contribution limit for iDeCo and the National Pension Fund^[5] will increase by ¥7,000 (US\$48) to ¥75,000 (US\$513) per month, raising the annual cap to ¥900,000 (US\$6,164).
- **Removal of Separate Contribution Cap for iDeCo:** In a further step to promote private

pension savings, the GOJ has eliminated the separate contribution cap that had applied to iDeCo. Previously, individuals participating in both a corporate DC plan and iDeCo were subject to a separate, often restrictive iDeCo contribution sub-limit. Under the reforms, a single combined contribution limit will apply to both types of plans, allowing greater flexibility. Employees will now be able to allocate contributions between iDeCo and corporate DC plans as they wish (or contribute to both) provided their total contributions remain within the new, higher combined limit. This reform simplifies the contribution rules. When paired with the recently raised overall cap, the change effectively triples the maximum iDeCo contribution amount for many private sector workers, providing a stronger incentive for long-term retirement savings.^[6]

- **Removal of Restriction on Employer Contributions:** Japan will eliminate the restriction that employee contributions to corporate DC pension plans cannot exceed employer contributions even when the combined total falls below the contribution limits.
- **Increase of iDeCo Upper Age Limit:** The upper age limit for iDeCo enrollment will be raised from 65 to 70 years old, regardless of employment status and even if individuals are already receiving corporate DC payouts. However, individuals who have already started receiving pension benefits from iDeCo or the National Pension System will not be eligible to make new investments into iDeCo.
- **Improved Transparency of Corporate DC Portfolio Management:**^[7] The Ministry of Health, Labour and Welfare of Japan (MHLW) will compile and publish data on corporate DC plans on its website, enabling investors to make comparisons across plan options.

Implementation Timing

The MHLW announced implementation for most of the private pension reforms could take up to three years. Justifying this timeline, officials have indicated that DC pension service providers in Japan may need at least two years to update their operational systems.

Next Steps for ICI Engagement

ICI will remain actively engaged with Japanese authorities and stakeholders to provide industry perspectives throughout the implementation process. We will also continue to advocate for further increases to contribution limits in anticipation of the next review cycle, along with additional reforms that promote long-term growth in investment opportunities and retirement savings in Japan.

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Notes

^[1] Overview of 2025 Pension reform by Ministry of Health, Labour and Welfare of Japan, available (in Japanese only) at <https://www.mhlw.go.jp/content/12500000/001503527.pdf>

^[2] An advisory body of the Japanese Cabinet to the Prime Minister on key economic and fiscal matters such as budget and long-term strategies.

^[3] Since 2000, the Japanese government has conducted a review of the National Pension System every five years to assess its long-term sustainability. The most recent review,

completed in the summer of 2024, resulted in reform bills that included changes to both public and private pensions. These were passed by Japan's National Diet in mid-June 2025.

[4] Exchange rate as of July 7, 2025: 1 USD = 146 JPY. Source: [Bloomberg](#)

[5] An additional government pension program for self-employed individuals.

[6] The maximum iDeCo contribution limit for those without corporate plans will increase from ¥23,000 (US\$157) to ¥62,000 (US\$424) per month or ¥744,000 (US\$5,095) per year, and for those with corporate plans will increase from ¥20,000 (US\$140) to ¥62,000 (US\$424) per month or ¥744,000 (US\$5,095) per year.

[7] MHLW announced that publication of the data may take up to five years starting from summer 2025.

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