



Employee Matching Contribution Guidebook

Comfortable future with a higher standard of living.

Employee matching contribution allows participants in a corporate type Defined Contribution Pension Plan to make contributions in addition to contributions made by the employer (plan sponsor contributions).

This guidebook provides you with advantages and other points of the scheme, including how to get started.

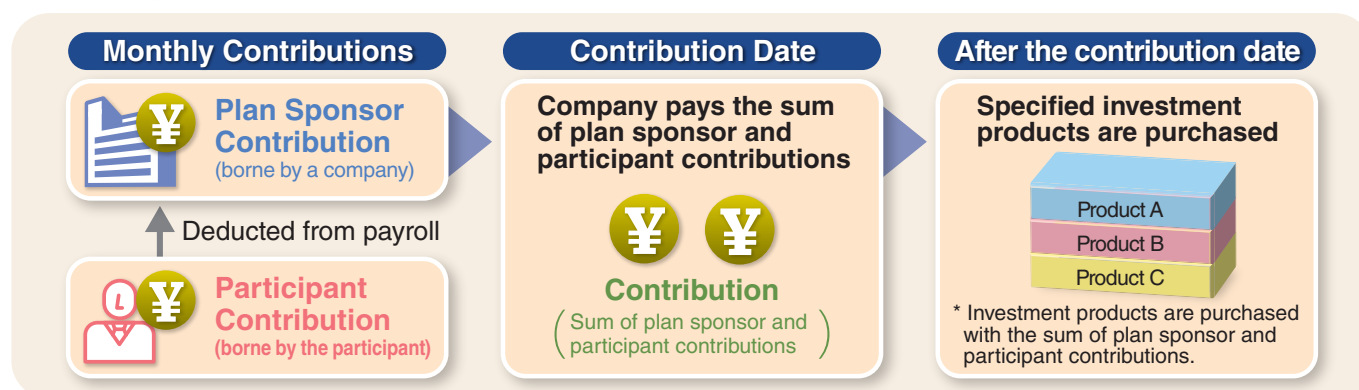
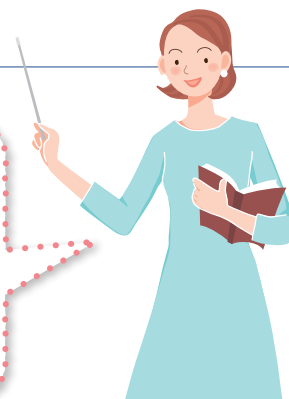


Please contact your employer about applications for initial participant contribution or changing participant contribution.

1 How Employee Matching Contributions Work

What is an employee matching contribution?

An employee matching contribution allows participants in a corporate type Defined Contribution Pension Plan to make contributions (participant contributions) in addition to contributions made by the employer (plan sponsor contributions). Participant contributions may not exceed plan sponsor contribution amounts. In addition, the sum of participant and plan sponsor contributions may not exceed the legal contribution limit. Participant contributions are deducted from the participant's payroll and are paid along with plan sponsor contributions to purchase investment products.



2 Highlights of Employee Matching Contributions

Point
1

There is a limit on the participant contribution amount.

Participant contribution may not exceed plan sponsor contribution amounts. In addition, the sum of participant and plan sponsor contributions may not exceed the legal contribution limit*. (Participant contributions can be made starting at 1,000 yen.)



* The legal contribution limit is 55,000 yen per month. If enrolled in other corporate pension plans, the limit is the amount obtained by deducting the amount equivalent to contribution amount in other pension plans from 55,000 yen per month. ("Other corporate pension plans" refers to Employees' Pension Fund, defined benefit pension plan, Coal Mining Pension Fund, etc.)

<With no other corporate pension plans>



Point
2

Participant contributions are deducted from the monthly payroll.

* The date contributions are deducted from payroll varies by company.

Point
3

Specified investment products are purchased with the sum of plan sponsor and participant contributions.

Point
4

As a general rule, withdrawals of funds and from the plan are not permitted.

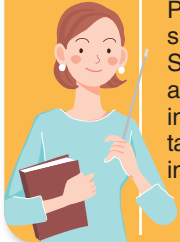
3 Merits of Employee Matching Contributions

Preferential tax treatment is applied to matching contributions.

Merit
1

[Contributions] 100% of participant contributions are subject to an income deduction.

Participant contributions will be subject to the deductions for Small Enterprise Mutual Aid, and deducted from salary income in the calculation of taxable income, reducing income tax and residential tax.



[Taxation merit related to taxable income and participant contributions]

Reduced tax amount = Total tax rate of income tax and residential tax × Annual participant contribution

Taxable income (annual)	Total tax rate of income tax and residential tax	Reduced tax amount (annual) Matching contribution Participant contribution amount (monthly) 10K yen
1950k yen or less	15%	18K yen
More than 1950k yen - 3300k yen or less	20%	24K yen
More than 3300k yen - 6950k yen or less	30%	36K yen
More than 6950k yen - 9000k yen or less	33%	39K yen
More than 9000k yen - 18000k yen or less	43%	51K yen
More than 18000k yen - 40000k yen or less	50%	60K yen
More than 40000k yen	55%	66K yen

* The total rate of income tax and residential tax as of January, 2024. Special Income Tax for Reconstruction is not included.

* Taxable income = Salary income - Amount of employment income exemption - Other income exemptions

* Fractions less than 1,000 yen in the reduced tax amount table are rounded down.

Merit
2

[Investment] Investment gains are tax-free. Investment gains can be reinvested for growth.

Assets in a defined contribution pension are subject to special corporate tax and corporate residential tax (1.173% total); however, the tax is currently suspended.

Merit
3

[Benefit] Distributions receive preferential tax treatment.

Lump-sum payments are subject to the deduction for retirement income.

Periodic payments (annuity) are subject to the deduction for public pensions.

4 Important Facts

1 Participant contributions may be adjusted automatically after an application is submitted.

Adjustments made to participant contributions

If a participant contribution, which you have applied to make, exceeds the limit, the amount will be automatically reduced (adjusted) to be within the limit. Please be aware that the amount you applied for and the actual amount contributed may differ.



Cases in which participant contributions are automatically reduced (adjusted) (no other corporate pension plans in place)

Plan sponsor contribution reduction		<ul style="list-style-type: none"> ● If the plan sponsor contribution is 30,000 yen, the participant contribution limit will be 25,000 yen. ● If the plan sponsor contribution is reduced from 30,000 yen to 20,000 yen, the participant contribution limit will be 20,000 yen. The participant contribution will be reduced (adjusted) from 25,000 yen to 20,000 yen, which is the limit.
Plan sponsor contribution increase		<ul style="list-style-type: none"> ● If the plan sponsor contribution is 27,500 yen, the participant contribution limit will be 27,500 yen. ● If the plan sponsor contribution increases from 27,500 yen to 30,000 yen, the participant contribution limit will be 25,000 yen. The participant contribution will be reduced (adjusted) from 27,500 yen to 25,000 yen, which is the limit.

* If the result of adjustment (reduced) amount is less than 1,000 yen, participant contribution will be 0 yen.

4 Important Facts (Continued)

2 Participant contribution may be changed once a year.

Participant contribution amount may be changed once a year during the month prescribed in the plan document.

3 Participant contributions may be suspended or resumed at any time.

* Depending on the plan, the months in which applications for resume participant contribution are accepted may be limited.

* Participant contribution suspension does not count as "a change once a year".

4 Participant contributions will be suspended when plan sponsor contributions are suspended due to a leave, etc.

* When plan sponsor contributions resume upon your return to work, you will need to apply to make participant contributions separately.

* In case the participant contribution amount was unable to be deducted from the monthly payroll, the participant contribution may be suspended.

5 How to make applications for participant contributions

Please contact your employer about applications for participant contributions.

Application deadline depends on your plan. Please ask your employer.

- **Application for initial participant contribution**

Make participant contribution for the first time

- **Application for changing participant contribution**

Change the participant contribution amount

- **Application for voluntary suspension of participant contribution or resuming participant contribution**

Suspension: Suspend participant contribution voluntarily

Resuming: Resume voluntary suspended participant contribution



<Other matters to be noted>

① Refund of participant contributions

Sompo Japan DC Securities Inc. will refund participant contributions through the plan sponsor.

In case of refund of participant's contribution, the investment products a participant is holding will be sold by calculating on a pro-rata basis the balance of each investment product.

A refund amount doesn't necessarily match the participant contribution amount since participant's individual assets which will be equivalent to the amount corresponding to the refund amount will be sold.

Participants may not be able to submit investment instructions a few days before and after selling products due to refund procedures for selling products.

② Change in employment under the same plan document

Participant contributions will be suspended automatically. If you wish to continuously make contributions at your new work place, please submit an application for participant contributions once again.

Contact Us



SOMPO JAPAN DC SECURITIES

AnswerCenter



Sompo Japan DC Securities Inc.