The Japanese Society of Certified Pension Actuary

IAA Fund Seminar
October 10, 2011
East Asia Actuarial Conference
Kuala Lumpur

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Two Actuarial Bodies in Japan

- The Institute of Actuaries of Japan (IAJ)
  - Since 1899
  - Life insurance, Non-life insurance, Pension, …

- The Japanese Society of Certified Pension Actuaries (JSCPA)
  - Since 1998
  - Certified pension Actuaries and Associate members
Actuarial Standard Setters

- Those regarding Life Insurance or Non-life Insurance are set by the IAJ.
- Those regarding Pension Funding are set by the JSCPA.
- Those regarding Pension Accounting are set by JSCPA and IAJ jointly.
Certified Pension Actuary

- The Certified Pension Actuary system was introduced in 1988 by the amendment to the Employees' Pension Insurance Act. The purpose is to clarify the responsibilities for pension actuarial matters and to maintain the financial soundness of the Employees' Pension Funds. This system has also been applied to the National Pension Funds since 1991 and to the Defined Benefit Corporate Pension Plans since 2002.

- The Certified Pension Actuary, who is duly authorized by the Minister of Health, Labour and Welfare as a specialist in pension actuarial science, is required to confirm the actuarial reports with his or her opinion, submitted to the Ministry of Health Labour and Welfare from EPFs, NPFs and DBCPPs.

- The Appointed Certified Pension Actuary system was introduced for the EPF system in October 1997. Each fund is required to appoint a CPA. The Appointed CPA is required to confirm the above-mentioned reports, check the financial conditions of the fund and advise on the financial operations of the fund.
Qualification of CPAs

- An applicant is required to meet the following four qualifying conditions and the authorization from the MHLW as a CPA.

1. Basic knowledge:
   Fellow of the IAJ or others recognized as equivalent

2. Experience and practice in pension:
   at least 5 years

3. Experience in managerial or supervising position:
   at least 2 years in the area of actuarial valuation and reporting for pension plans

4. High public trust
Brief history of the JSCPA

- 1988
  The certified pension actuary system was introduced and 102 pension actuaries were duly authorized. Organizer meeting of CPA was formed and preparation for establishing the JSCPA was started on.

- 1989
  The JSCPA was established as a non-legal organization.

- 1998
  The general meeting of the JSCPA was held for incorporation. The establishment of the corporation, the JSCPA, was permitted.

- 2009
  The 20th anniversary celebration in conjunction with PBSS colloquium in Tokyo.
Members

- As of September 15, 2011

<table>
<thead>
<tr>
<th></th>
<th>CPAs (full members)</th>
<th>Associate Members</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Bank</td>
<td>179</td>
<td>37</td>
<td>216</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>127</td>
<td>41</td>
<td>168</td>
</tr>
<tr>
<td>Ordinance-designated Corporation</td>
<td>39</td>
<td>2</td>
<td>41</td>
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<tr>
<td>Other Corporation</td>
<td>96</td>
<td>14</td>
<td>110</td>
</tr>
<tr>
<td>Individual</td>
<td>57</td>
<td>6</td>
<td>63</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>498</strong></td>
<td><strong>100</strong></td>
<td><strong>598</strong></td>
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Corporate pension market in Japan

Trillion JPY

- BDCPPs
- TQPPs
- EPFs
- Total

Source: Sumitomo trust & bank
Geographical distribution of pension fund assets in OECD countries, 2010

As a % of total OECD

- United States: 55%
- United Kingdom: 10%
- Japan (2): 7%
- Netherlands: 6%
- Australia: 6%
- Canada: 5%
- Other: 8%
- Switzerland (3): 3%

Source: OECD Global Pension Statistics.
Activities and Challenges

- Reform of the JSCPA constitution and related documents with regard to the Reform Act for public benefit corporation
- Total Reconstruction of the JSCPA website
- Proposals, Comments to Government, ASBJ, IASB and IAA
- Actuarial Practice Standards
  - Pension funding
  - Pension accounting
Activities and Challenges (cont.)

- Exams
- Promotion and assistance for education in universities
  - Five formal courses, one challenging
- Professionalism, CPD
  - Professionalism education program
  - Annual seminar of actuarial practice: two day course
  - General seminar: ad hoc basis
  - Promotion and traveling allowance for PBSS colloquia and ICA
  - E-learning (under construction)
Activities and Challenges (cont.)

- Research
- JSCPA Bulletin
- Delegates to the IAA
- Secretariat
- Budget, Membership fee
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