IIC PARTNERS

Rule-Type vs Fund-Type

Japan’s Two Structures for DB Corporate Pensions

A practical comparison
for global HR & finance professionals

What Are DB Pension Plans in Japan?

Defined Benefit (DB) Pension Plans in Japan ensure a predetermined pension amount at retirement. They are supported by long-term funding and strict governance requirements.

Along with Defined Contribution (DC) plans, they are one of the two major corporate retirement plan options in Japan.

DB Pensions in Japan Have Two Structures

Rule-Type DB

- Operated directly by the employer
- Pension assets are managed through contracts with trust banks or insurers

Fund-Type DB

- Operated by an independent pension fund
- Employer does not directly manage daily operations

Scale & Typical Use Cases

Rule-Type DB

- No minimum participant requirement
- Widely used by small to mid-sized companies
- Most common DB structure in Japan

Fund-Type DB

- Minimum 300 participants required
- Typically used by large or multi-employer plans
- Often adopted in industry-wide or legacy arrangements

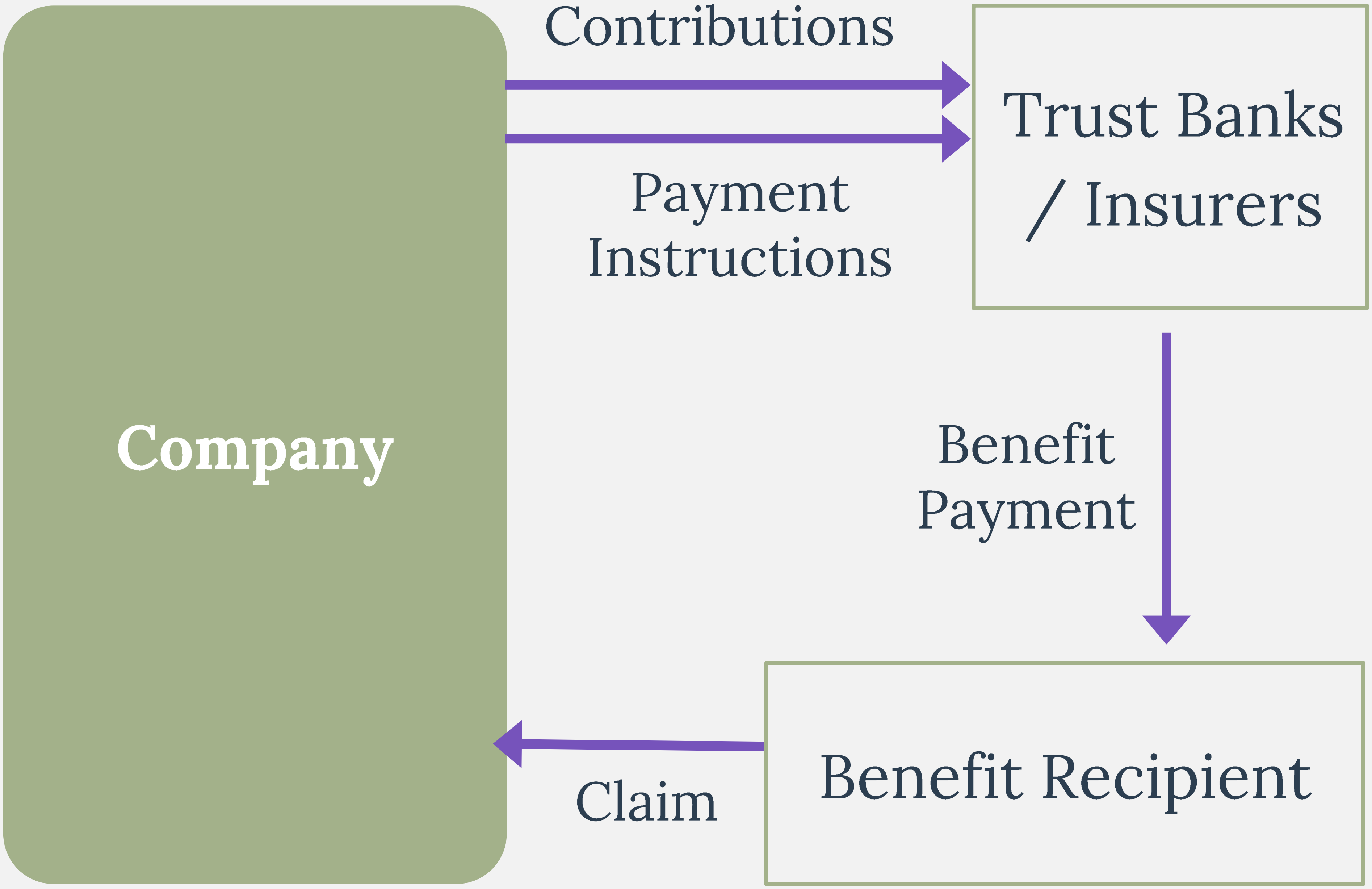
Why Rule-Type Is the Standard Choice

- Simple setup with no separate pension entity
- Employer-led control over plan design and operation
- Lower administrative complexity compared with fund-type

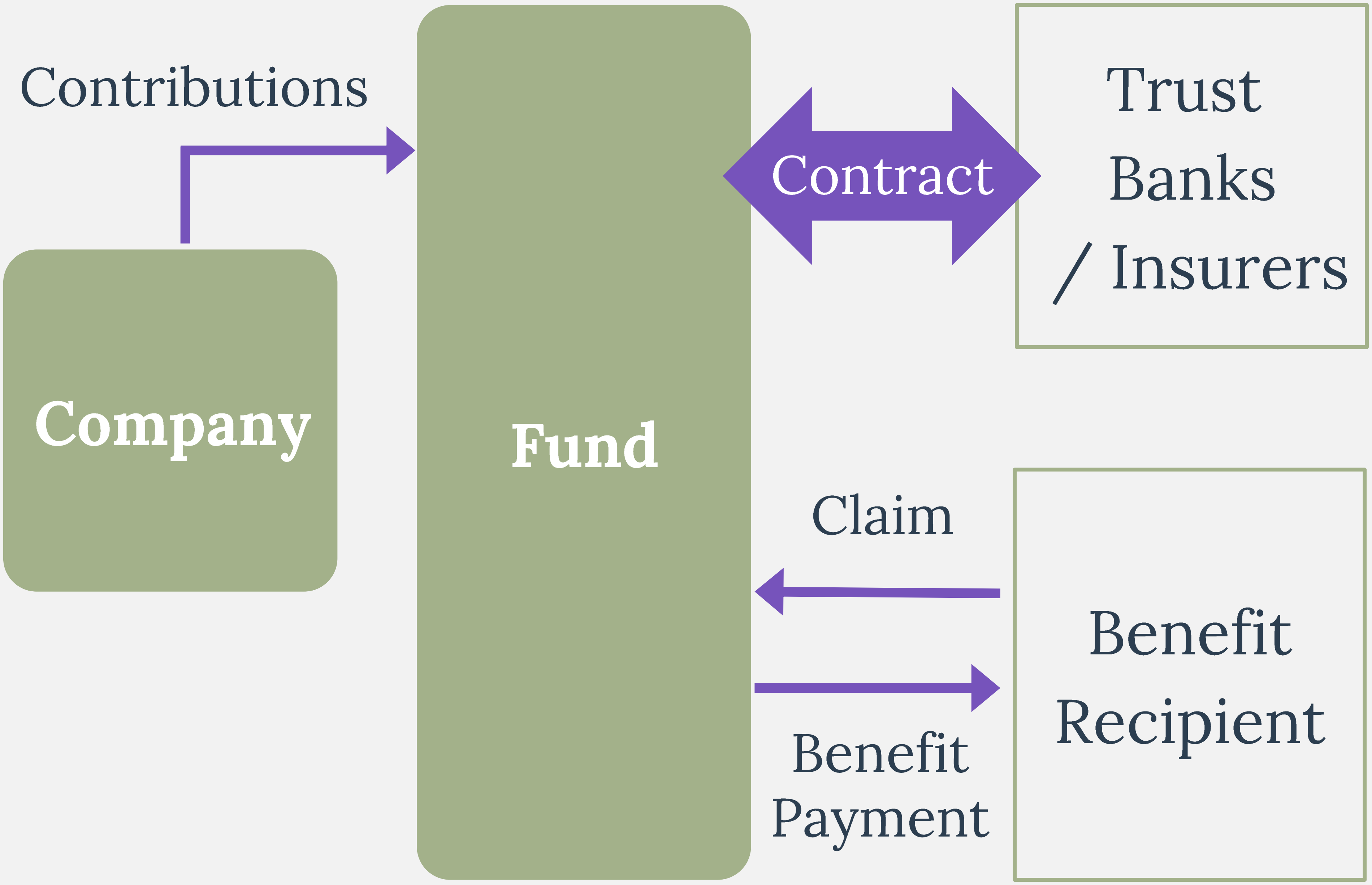
When Does a Fund-Type DB Make Sense?

- In multi-employer or industry-wide plans, pooling DB operations under a centrally managed fund
- For continuity of plans transitioning from former Employees' Pension Funds

Rule-Type DB
Scheme



Fund-Type DB Scheme



Rule-Type DB vs Fund-Type DB

Rule-Type	Fund-Type
• Operated directly by the employer • No separate pension entity • Standard choice for most companies	• Operated by an independent pension fund • Separate legal entity with its own governance • Used for joint, legacy, or industry-wide plans

For International Readers

Want to Learn More About Japan's **DB Pensions**?

Follow us for more insights on Japan's pension plans.

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