

Japan's Smaller Enterprise Retirement Allowance Mutual Aid (Chutaikyo)

A government-backed retirement benefit scheme for small and medium-sized enterprises in Japan.

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What is "Chutaikyo"?

Chutaikyo is a mutual aid retirement allowance plan for employees of Japanese SMEs that find it difficult to establish their own retirement or pension plans.

Established in 1959

Based on the Small and Medium-sized Enterprise Retirement Allowance Mutual Aid Act

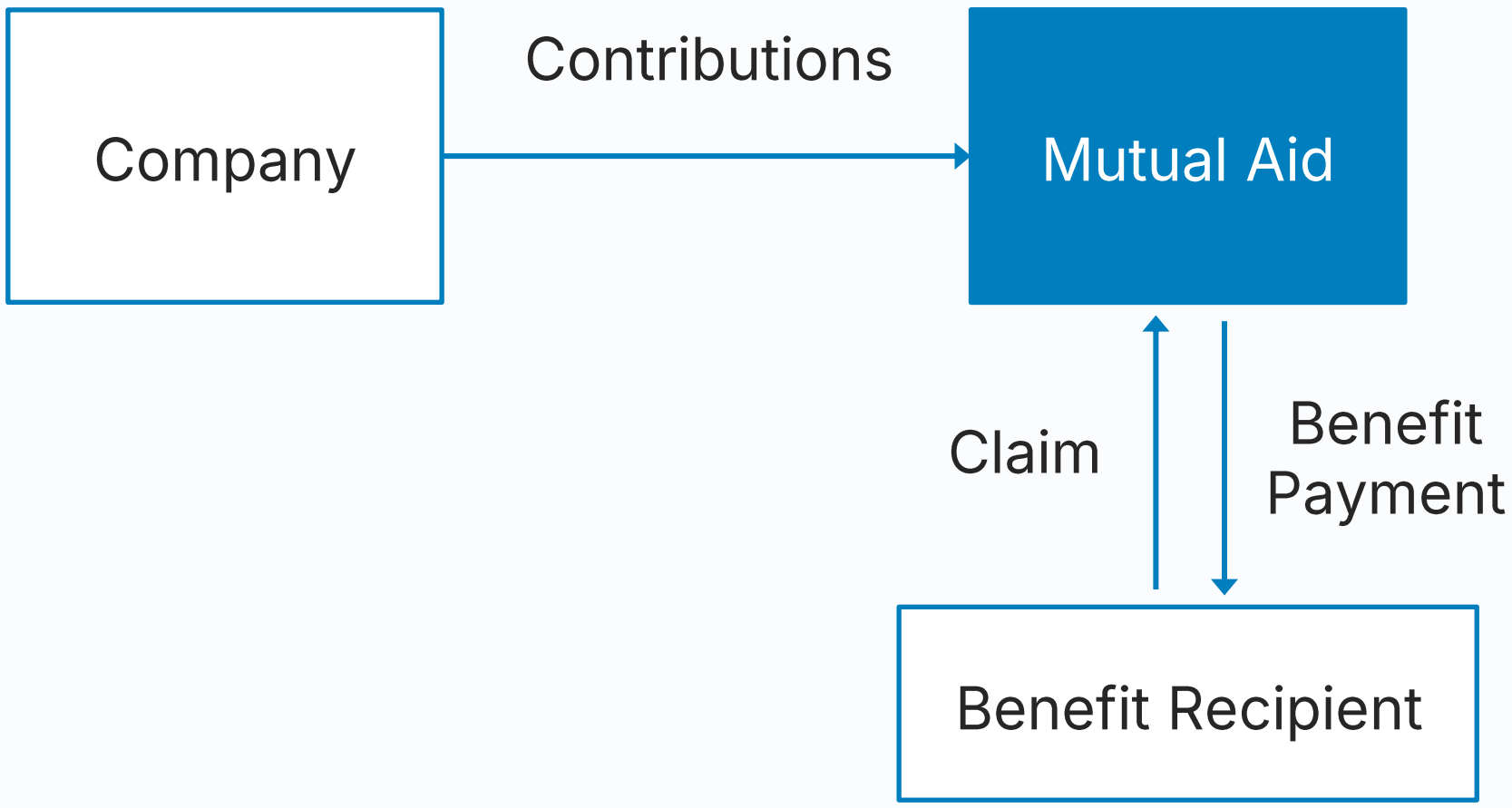
Operating Entity

Organization for Workers' Retirement Allowance Mutual Aid,
an independent administrative institution of the Japanese government.

How Chutaikyo Works

Simple and Centralized Structure

- Employers pay monthly contributions
- Contributions are pooled and managed by Mutual Aid
- Retirement benefits are paid directly to employees



Businesses Eligible to Enroll

Eligibility by Company Size

Industry	Regular Employees	Capital
General (manufacturing, construction, etc.)	≤300	≤JPY 300 million
Wholesale	≤100	≤JPY 100 million
Service	≤100	≤JPY 50 million
Retail	≤50	≤JPY 50 million

ℹ Eligibility is determined by either employee count or capital.

Contribution Amounts and Subsidies

Contributions are fully paid by the employer.

Contribution Type

Choose from JPY 5,000 to JPY 30,000 per month
(Part-time workers: JPY 2,000 to JPY 4,000 per month)

The national government subsidizes contributions.

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New Enrollment Subsidy

For one year starting from the 4th month after enrollment (up to JPY 5,000 per employee per month)

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Increase Subsidy

For one year, provided that the monthly contribution before the increase is JPY 18,000 or less.



Service Credit System

Retroactive Contributions for Past Service

When enrolling in Chutaikyo for the first time, employers may make retroactive contributions for employees’ past service periods.

- Up to 10 years of past service
- Fully employer-funded
- Optional, but useful when introducing the system

Retirement Benefit Calculation

Base Retirement Benefit

Determined by monthly contribution amount, number of months paid, and assumed investment return

Additional Retirement Benefit

Added when investment performance exceeds the assumed return

No benefit is paid for contribution periods of less than 1 year. For 1 year, the benefit is 30% of the total contributions.



Retirement Benefit Payment Methods

Generally, the benefit is paid as a lump sum in full at retirement.

Lump-Sum Payment

Receive the full amount at retirement

Installment Payment

5 or 10 years

for those aged 60 or older, subject to additional conditions

Combination Payment

A combination of lump sum and installments is available

for those aged 60 or older, subject to additional conditions.



Portability

If your new employer is also enrolled in Chutaikyo, you can **carry over the contribution history from your previous company.**

Assets cannot be transferred to a defined benefit corporate pension, a corporate DC plan, or iDeCo.

Tax treatment

Contributions

Fully deductible as expenses for employers

Lump-Sum Payment

Taxed as retirement income
(with preferential tax treatment)

Installment Payment

Taxed as miscellaneous income
(not treated as public pension income)

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