

## **PRODUCTIVE AGING AND THE ROLE OF THE ELDERLY IN JAPAN**

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### **Removing unease of aging -National Health Insurance & National Pension System**

In Japan a matter of concern about the elderly had long been focused mainly on unease in old age especially on income and medical services. Therefore National Pension System and National Health Insurance System has been established since 1960-70s.

And central government has also promoted employment of the elderly and kept cost sharing for patient over 65 much lower than those from other age group since 1970s. As a result of these, living standards has much improved, usage of medical care increased and the average life expectancies of Japanese prolonged so much, but afterwards new problem has emerged gradually among the elderly and their family members who have to take care of their old parents.

Questions concerning care for bedridden people and the senile constitute the greatest cause of unease people feel toward life after retirement. That is unease on long-term care since late 1970s. To remove this increasing unease government has created and promoted eagerly new social nursing care system (Gold Plan , new Gold Plan) that greatly improved the services supplied in institution and home and given financial assistance to all municipalities. To solve this serious problem comprehensive nursing policies must also be devised in all related areas, such as the system of leave from work for nursing family members.

### **Public Long-Term Care Insurance System**

Hence, new bills to create the Public Long-Term Care Insurance System for ailing seniors and the middle aged were passed by Lower and Upper House in December 97.

This system which starts in fiscal 2000 shall make available a wide range of care services at care facilities and to household. Under the program to be directly run by municipalities, workers would be dispatched to the homes of the elderly to help out with chores, nurses would be sent to provide care services, recipients would be granted access to care facilities for rehabilitation, rent health-care equipment, including wheelchair, electric lift etc. and portions their homes would be renovated to suit their limited mobility. Long-term stays at nursing homes, short-term stays of one week a month and day-time stays at care centers would also be available.

Those aged 65 or older as well as those between 40 and 64 who suffer from disorders related to aging, such as dementia and cerebrovascular disorders, would be eligible for the services provided under the program.

Those who receive the services would have to pay 10 percent of the cost of the services they receive in addition to their monthly payment.

Each municipality would be tasked with determining the eligibility of potential beneficiaries and which services they require.

The ministry of Health and Welfare has estimated that Y4.2 trillion (in half subsidized by tax) will be necessary to operate the nursing care system nation wide in fiscal 2000 year, when the nation's ailing

elderly is estimated to reach about 2.8 million.

To sustain the system, all people aged 40 and above should be made to contribute. The ministry has estimated that the monthly payment per policy holder in fiscal 2000 would be ¥2,500 on average. Removing the big-three unease in old age, that is-income, medical service, and long term care Japanese people begin to have much more concern to spend meaningful life in their old age as a productive third phase of whole life.

### **High Labor Force Participation Among the Elderly**

In Japan labor force participation rate among elderly has been relatively high for a long time. In this sense productivity of Japanese elderly has also been high. One of the reason why do more older people work in Japan than in other industrialized countries was underdeveloped pension system. For example, Fig.4 and 5 clearly shows the economic disincentive to work among older workers in Japan. But still now work participation level among the elderly in Japan is far exceed those in other country. Several explanations are possible, including:

- Employment opportunities for older people are greater in Japan.
- There is a different cultural attitude toward work for older people.
- Older people have different interests regarding work.
- Policy initiatives and incentives for the hiring and retention of older worker are different.
- Work, particularly for older men, may be viewed as a more socially acceptable activity in Japan, less deviant there than in the West.

Each of these possibilities needs to be considered to better understand the relatively high levels of employment among older people in Japan. However some surveys indicate there is little difference in interest for work between the elderly e.g. in Japan and U. S. Therefore in the area of public policy, differences between Japan and the United States may be important in explaining the differences in activities of older people in the two countries. The following efforts to help older people work are the most unusual aspect of Japan's policy toward the elderly.

### **Public Policy in the Area of employment**

Japanese public policy in the area of employment and labor differs markedly from that of the United States. First and most important, Japan permit firms to set a mandatory retirement age for their company. Mandatory retirement is a way of removing older salaried workers from "lifetime job" positions. The minimum age of mandatory retirement, or "teinen", is now 60; throughout the 1970s and the 1980s, many firms set it at age 55. Although retirement means leaving a fully benefited "lifetime job", many older people continue to work beyond the age of 60 at the same company, at satellite or somewhere else.

In Japan 95% companies set mandatory retirement at age 60 (or over). This does not necessarily force an older worker out of the labor force, but rather it terminates the lifetime protection and job security of the primary career job. Employment for older white collar, however, involves several other alternatives prior to the teinen rule.

Despite the practice of teinen, many elderly workers continue to work. In the aggregate, about 60% of those previously employed remain in the labor force. Of these individuals, about 25% are re-employed at the same firm; 43% are transferred to a subsidiary or related firm; a smaller number, about 14%, work at a firm that has no relation to the former firm; and nearly 13% find self-employment.

## **Raising the Retirement Age**

Public pension in Japan are comparable to those of the other industrialized nations. Japan's has two-tiered pension system. The first tier provides a basic floor or safety net for all workers at age 65 through the National Pension System. The second-tier pension is based on earnings history and occupational level-'Employee' Pension System. Eligibility for special old age benefits is at age 60 for men and age 55 for women full benefits are available from age 65. In 1994 a law was passed which will move the age for all pensions to 65 for men born in 1949 and later (i.e. 2014). Women's eligibility will rise to 65 in 2019. This law shall promote employment the elderly necessarily and make more elderly workers participate in labor force. Therefore labor force participation rate among the elderly in Japan shall rise again in near future.

## **Advent of An Era of Fewer kids**

Another and one of the most influential factor to promote employment of the elderly is advent of "An Era of Fewer kids, Later Marriage". The last two decade have seen Japan's birthrate plummet far below the level needed to replace the population. A trend towards marrying later seems to have been a major factor in this decline. With more women getting college education and embarking on careers, a growing are putting off tying the knot. More alarmingly, a significant share of young people see no advantages to the married state. As a logical consequence, more elderly people shall be employed more to replace the labor force shortage.

## **Social activities of the elderly on the increase**

Another way which make the elderly productive is to do business on their own, work as a volunteer and get higher education at a college. The following is a good example, a letter from a 60 years old male reader of "Asahi Newspaper" which is the most influential news paper in Japan and publishes circulation of 8 million daily.

## **Drink, Chat and Happily Challenged**

Hideo Matsuda, Ebina City( Student, 60 years old)

I get together occasionally with my former colleagues from affiliated companies whom I worked with twenty-some years ago. Even now when most of us have retired from work, this gathering we call the "Men's Cultural Circle" is still going on.

Originally we were getting together just to drink with our friends. Then we decided to make the time more interesting by first doing some cultural activities such as visiting various museums before drinking.

As my friend began to reach the age of retirement, we found a greater significance in activities that form culture rather than simply visiting cultural sites.

Mr. K, who is scheduled to retire soon, says "After I retire, I want to create a new field of philosophy that combines physics and philosophy."

Mr. M opted for early retirement and opened a patent service office. He plans to use years of experiences ad a researcher to introduce field with good patent prospect to young researchers.

Mr. S who retired two years ago has been energetic in the campaign to bring a library into his residential community.

And I enrolled a literature department of a college after my retirement with the goal of becoming a man of literature (maybe).

The more we drink the more we talk enthusiastically. But surprisingly we never hear old stories related to our companies. (Asahi Newspaper, May 17,1998)

### **Social Activities of Elderly People in Japan**

In Japan, elderly people undertake a variety of social roles after they retire from work.

- In the era when the primary industries were the predominant industries, the elderly played a key role in holding together local communities based on territorial bonds. This role is still commonly performed by the elderly in rural areas.
- As the number of relatively affluent retired salaried workers has increased in recent years, these people has built networks based on their individual hobbies and interest. There are increasing numbers of circle activities and volunteer activities especially in urban areas. Moreover, the numbers of people entering college to receive life time education have continued to spiral.
- Japanese elderly people seem to have greater desire to work than elderly in other countries. In addition to the details outlined above, a number of Silver Human Resources Centers have been established (400,000 applicants enrolled -1997). This system covers almost all cities in whole country and are designed to help the elderly find employment, provide them with opportunities for a variety of light work assignment, as well as in recent years, intellectual work that require specialized knowledge such as translation and computer-related services.

### **The era of Productive Aging**

Traditionally in Japan, the role of the elderly has been considered or emphasized within family structure as a common idea. But recently their role is extending into variety of field in society more and more as stated above. With the Big Earthquake of Kobe as a turning point, participation rate among all generation are on the increase rapidly especially among the elderly.

The era of Productive Aging is steadily coming in Japan.

### **Notes-Retirement Pathways in Japan**

By age 55, a typical white-collar worker has risen to one of four different categories that may allow exceptions to the teinen rule:

- A board member in the central parent company. The teinen rule will probably not apply. The appointment to the board goes only to a select few.
- A board member in a top satellite firm of the parent company. For very senior people, the teinen rule does not apply. Lower-status board members tend to retire by 65. They could be appointed to a lower-tier satellite.

- Not a board member but a section chief or division head of leading or secondary satellite. Often, section chief in the parent firm have been offered a parallel position in the satellite. At age 60. They will likely face the teinen system and could become board members of the satellite firm, could be re-hired without the same level of compensation or benefits, or could seek self-employment.
- Those at age 55 who have not risen to the level of section chief. In all likelihood, they remain at the parent firm until age 60 and seek re-employment or retire. Through "shukko" defined as placement at a satellite firm, they could continue to work age 60 or 65. In such cases, the parent firm assists the satellite with salary payment. The advantage of shukko for the parent company is the opening of a higher level position for younger worker. Older workers in this category can also choose to exit at age 55 with full severance pay.

In sum, those in the most influential positions at age 55 are often exempted from mandatory retirement. Further, who have been particularly industrious and loyal to the company will rewarded with a wider and better set of choices for later life employment.