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Planning Bureau
Economic analyses and forecasts**

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invites you to a seminar

Simulating policy alternatives for public pension in Japan

by **Seiichi Inagaki**
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Abstract: Population aging is a serious problem in Japan, and the reform of the public pension scheme is a major political issue. Although the 2004 pension reform was enforced to ensure a sustainable pension system in such an aging society, people remain quite apprehensive about the pension system. They are still concerned about the increase in the number of poor elderly and the additional cost of an aged society. Consequently, various sectors have created new proposals for pension reform to overcome these

problems, and these proposals have become a recent policy debate. The objective of this paper is to prepare projections for the income distribution of households containing elderly people using the Japanese microsimulation model, the Integrated Analytical Model for Household Simulation (INAHSIM), and to evaluate the effect of the proposals for public pension reform on the income level of the elderly. This paper also simulates the additional cost for the reform plans. According to the simulation results, the problem of very low pension amounts for the elderly does not appear to be growing. However, changes in the co-resident families of the elderly, such as the increase in the number of people living alone, may cause a decline in their income level. The author points out the problems with the previously proposed reform plans and proposes an alternative reform plan based on this perspective.

Keywords: Japan, public pension, ageing, micro-simulation.

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Time: 10:00 AM

Venue: Federal Planning Bureau,
47-49 Avenue des arts,
1000 Brussels,
Room 'Terwagne' 4th floor.

*This seminar notice may be forwarded to others
who may be interested in attending.*

Seiichi INAGAKI (1956) is Professor at the Institute of Economic Research, Hitotsubashi University, Tokyo in Japan. He holds a M.S. in mathematics from Nagoya University and a Ph.D. in Economics from Tokyo International University. He is also a researcher at the Research Institute for Socionetwork Strategies, Kansai University, and lecturer at Tokyo International University.

Prof. Inagaki's past research involved the development of a microsimulation model for Japan (INAHSIM: Integrated Analytical Model for Household Simulation) and policy simulations. This model was used to simulate the effect of proposals for pension reform on Japan's income distribution, the impact of the increase in non-regular employment on income disparities in Japan, and the effect of the aging society on Japan's poverty rate in the long term.

Currently, he is upgrading INAHSIM in the following ways: (a) align it to existing official statistics and future projections; (b) add attributes such as education, property, expenditure, and nationality; and (c) incorporate life events such as training, housing, savings, and migration. Furthermore, he plans to carry out policy simulations to examine intergenerational and intragenerational problems with the current pension system and make policy proposals.