Country profile
Chinese Taipei

I. Data Overview
No data available.

II. Pension System

Introduction
The pension system in Chinese Taipei consists of a public PAYG pension for some workers covering basic old-age needs, occupational pensions which are mandatory for some workers and additional voluntary pension savings. Meanwhile, a separate and more generous pension system operates in the public sector.

Public PAYG Pensions
Labour insurance participation is compulsory for employees (aged between 15 and 60 inclusive) working in enterprises with over 5 employees, and it covers two types of insurance, i.e. regular insurance, and occupational insurance. For regular insurance, the contribution rate ranges from 6.5% to 11% shared by the government (10%), employers (70%), and employees (20%). For occupational insurance, the contribution rate ranges from 0.13% to 3%, with an average of 0.33%, and employers are responsible for all contributions. In order to be entitled to labour insurance benefits, individuals must contribute to the system for at least one year and be aged above 60 (male) and 55 (female). Otherwise, they must have been in the system for 15 years and be aged 55 (male), or have participated in the system for 25 years. The payment is via lump sum, although the authorities are considering introducing the monthly payment. The rule is to pay a sum equal to 1 month salary for every one year of the 1st 15 years contributed. For the time served after the 1st 15 years, a sum equal to 2 months salary is paid for every one year. The maximum payment is equal to 45 months salary, although this limit could be increased to 50 months if an individual works after 60 years old.

In the public sector, it is compulsory for employees to participate in a generous state-run pension scheme, which covers government staff, military employees and school teachers. The total contribution rate is 12% of payroll, of which 65% is paid by the governments and 35% by individuals. The replacement rate of the current pension scheme for civil servants in Chinese Taipei is 75% if employees work 15 years, and is increased by 1% for every one extra year served after 15 years in the government, subject to limit of 95% maximum.

Funded Pension System

Mandatory: Occupational
Two different occupational pension systems currently operate in Chinese Taipei, following the enactment of the new pension law in 2005.

Coverage
Same as the above public pensions, i.e. employees (aged between 15 and 60 inclusive) working in enterprises with over 5 employees in the private sector.

Contributions
Old system: The contribution rate is 2-15%, and solely contributed by employers.
New system: Employers should contribute at least 6% of payroll. Meanwhile, employees may voluntarily contribute up to 6% of their salaries.

Benefits
Old system: For every one year of the 1st 15 years in service, an amount equal to 2 months salary is accumulated. For every one year served longer than 15 years, an amount equal to 1 month salary applies.
The maximum payment is equivalent to 45 months salary. This is a DB system and the pension payment is made via lump sum.

New system: Fully funded and payment is available in both annuity and lump sum.

**Tax**
Employee contributions up to 6% of salary are tax exempted.

**Market**
As of 2006, the number of participating employers was 117,400 and the corresponding number of participating employees was 3.6 million. The total occupational pension assets were NTD 408 million.

**Potential Reforms**
A proposal of allowing up to 90% of the assets accumulated under the new occupational pension system to be invested abroad.
Allow individual choice within 6 years of enactment of the new pension law

**Relevant legislation and supervisory authority**
1. 2007 Bill on the labour pension fund supervisory committee. As a complementary bill to the 2004 Labour Pension Act, it sets up the structure of the labour pension fund supervisory committee.
2. 2004 New Labour (Occupational Pension) Pension Act: A private occupational pension law was passed in 2004, which introduces establishment of DC schemes in the private sector from 1 July 2005.

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