Employee matching contribution allows participants in a corporate type Defined Contribution Pension Plan to make contributions in addition to contributions made by the employer (plan sponsor contributions). This guidebook provides you with advantages and other points of the scheme, including how to get started.
1 How Employee Matching Contributions Work

What is an employee matching contribution?

An employee matching contribution allows participants in a corporate type Defined Contribution Pension Plan to make contributions (participant contributions) in addition to contributions made by the employer (plan sponsor contributions).

Participant contributions may not exceed plan sponsor contribution amounts. In addition, the sum of participant and plan sponsor contributions may not exceed the legal contribution limit. Participant contributions are deducted from the participant’s payroll and are paid along with plan sponsor contributions to purchase investment products.

<table>
<thead>
<tr>
<th>Monthly Contributions</th>
<th>Contribution Date</th>
<th>After the contribution date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Sponsor Contribution (borne by a company)</td>
<td>Company pays the sum of plan sponsor and participant contributions</td>
<td>Specified investment products are purchased</td>
</tr>
<tr>
<td>Participant Contribution (borne by the participant)</td>
<td>Deducted from payroll</td>
<td>* Investment products are purchased with the sum of plan sponsor and participant contributions.</td>
</tr>
</tbody>
</table>

2 Merits of Employee Matching Contributions

Preferential tax treatment is applied to matching contributions.

[Contributions] 100% of participant contributions are subject to an income deduction.

Participant contributions will be subject to the deductions for Small Enterprise Mutual Aid, and deducted from salary income in the calculation of taxable income, reducing income tax and residential tax.

<table>
<thead>
<tr>
<th>Taxable income (annual)</th>
<th>Total tax rate of income tax and residential tax</th>
<th>Reduced tax amount (annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>150k yen or less</td>
<td>15%</td>
<td>18k yen</td>
</tr>
<tr>
<td>More than 150k yen - 300k yen or less</td>
<td>20%</td>
<td>24k yen</td>
</tr>
<tr>
<td>More than 300k yen - 600k yen or less</td>
<td>30%</td>
<td>36k yen</td>
</tr>
<tr>
<td>More than 600k yen - 900k yen or less</td>
<td>33%</td>
<td>39k yen</td>
</tr>
<tr>
<td>More than 900k yen - 1,200k yen or less</td>
<td>43%</td>
<td>51k yen</td>
</tr>
<tr>
<td>More than 1,200k yen - 1,500k yen or less</td>
<td>50%</td>
<td>60k yen</td>
</tr>
<tr>
<td>More than 1,500k yen</td>
<td>55%</td>
<td>66k yen</td>
</tr>
</tbody>
</table>

* The total rate of income tax and residential tax as of January, 2016. Special Income Tax for Reconstruction is not included.
* Taxable income = Salary income - Amount of employment income exemption - Other income exemptions
* Fractions less than 1,000 yen in the reduced tax amount table are rounded down.

[Investment] Investment gains are tax-free. Investment gains can be reinvested for growth.

Assets in a defined contribution pension are subject to special corporate tax and corporate residential tax (1.173% total); however, the tax is currently suspended.


Lump-sum payments are subject to the deduction for retirement income. Periodic payments (annuity) are subject to the deduction for public pensions.
There is a limit on the participant contribution amount.

Participant contribution may not exceed plan sponsor contribution amounts. In addition, the sum of participant and plan sponsor contributions may not exceed the legal contribution limit.*

* With no other corporate pension in place, the legal contribution limit is 55,000 yen per month. For companies with other corporate pension plans, the limit is 27,500 yen per month. (*Other corporate pension plans* include Employees' Pension Fund, Defined Benefit Pension Plan, and Coal Mining Pension Fund.)

**New applications to make participant contributions can be made at any time.**

* Depending on the plan, the months in which new applications are accepted may be limited.

**Participant contributions are deducted from the monthly payroll.**

* The date contributions are deducted from payroll varies by company.

**Specified investment products are purchased with the sum of plan sponsor and participant contributions.**

**As a general rule, withdrawals of funds and from the plan are not permitted.**
4 Important Facts

1 Participant contributions may be adjusted automatically after an application is submitted.

Adjustments made to participant contributions

If a participant contribution, which you have applied to make, exceeds the limit, the amount will be automatically reduced (adjusted) to be within the limit. Please be aware that the amount you applied for and the actual amount contributed may differ. Participants can check the participant contribution amount actually applied by accessing "Participant Contribution History (Adjustments)" on the AnswerNet (online). For details, please refer to P.8.

Cases in which participant contributions are automatically reduced (adjusted) (no other corporate pension in place)

<table>
<thead>
<tr>
<th>Plan sponsor contribution reduction</th>
<th>Participant contribution limit</th>
<th>Legal Contribution Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>55,000 yen</td>
<td>If the plan sponsor contribution is 30,000 yen, the participant contribution limit will be 25,000 yen.</td>
<td></td>
</tr>
<tr>
<td>55,000 yen</td>
<td>If the plan sponsor contribution is reduced from 30,000 yen to 20,000 yen, the participant contribution limit will be 20,000 yen. The participant contribution will be reduced (adjusted) from 25,000 yen to 20,000 yen, which is the limit.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plan sponsor contribution increase</th>
<th>Participant contribution limit</th>
<th>Legal Contribution Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>55,000 yen</td>
<td>If the plan sponsor contribution is 27,500 yen, the participant contribution limit will be 27,500 yen.</td>
<td></td>
</tr>
<tr>
<td>55,000 yen</td>
<td>If the plan sponsor contribution increases from 27,500 yen to 30,000 yen, the participant contribution limit will be 25,000 yen. The participant contribution will be reduced (adjusted) from 27,500 yen to 25,000 yen, which is the limit.</td>
<td></td>
</tr>
</tbody>
</table>

* If the result of adjustment (reduced) amount is less than 1,000 yen, participant contribution will be 0 yen.

2 Participant contribution may be changed once a year.

Participant contribution amount may be changed once a year during the month prescribed in the plan document. Please refer to P.6 for details on changing participant contributions.

3 Participant contributions may be suspended or resumed at any time.

Participant contributions may be suspended (temporarily stopping participant contributions) or resumed (resuming after suspending) at any time. Please refer to P.7 for details on how to suspend or resume participant contributions.

* Depending on the plan, the months in which applications for resume participant contribution are accepted may be limited.
* Participant contribution suspension does not count as “a change once a year”.

4 Participant contributions will be suspended when plan sponsor contributions are suspended.

Participant contributions will be suspended when plan sponsor contributions are suspended due to a leave, etc. When plan sponsor contributions resume upon your return to work, you will need to apply to make participant contributions separately.

* In case the participant contribution amount was unable to be deducted from the monthly payroll, the participant contribution may be suspended.
5 Participant Contribution Application Flow

- **Two months prior to the contribution date**
  - Application for participant contributions
  - To apply for the participant contributions, please use the AnswerNet (Website) or the AnswerCenter (Call center).
  - Participant contribution amounts can be set within the limit.
    * Please refer to P.2.

- **One month prior to the contribution date**
  - Determining a participant contribution amount
  - If the participant contribution amount you applied for exceeds the limit, the participant contribution amount will be automatically reduced (adjusted) to the limit. Please note that an actual contribution amount may be different from the application amount.
  - The participant contribution amount fixed can be confirmed with "Participant Contribution (Adjustment) History" on the AnswerNet (Website). Please refer to P.8 for details.

- **Participant contribution month**
  - Deducting the participant contributions from payroll
  - The determined amount of the participant contributions will be deducted from payroll.
    * The date of deduction from payroll differs from company to company.

  - Making contributions (on the contribution date)
  - Your company will pay the sum of the plan sponsor and participant contributions on the contribution date.

  - Purchasing investment products
  - Investment products you specified will be purchased with the sum of the plan sponsor and participant contributions.
6 How to make applications for participant contributions

The AnswerNet (Website) and the AnswerCenter (Call center) are available for applying for participant contributions.

1 How to apply for participant contributions through the AnswerNet

You can open the "Application for Participant Contributions" webpage from here.

Click "Application for Participant Contributions" on the menu bar to access the webpage.

The screen will change to the "Application for Participant Contributions" screen.

Application for participant contributions for the first time

The new applications make participant contributions can be made at any time. (Some companies specify a certain month for new participant contribution applications.)

A new application for participant contributions can be made within the "designated acceptance period" on the screen with 1,000 yen as the minimum and within the "Participant contribution limit".

To confirm the date when your next participant contribution will be made, please reference "Next contribution" on the screen.

1 Select the button "I wish to make or change participant contributions".

2 Enter the participant contribution amount you wish to make.

If you wish to cancel the amount you have specified, click "Cancel".

Note: "Participant contribution limit" is the amount calculated by deducting the fixed plan sponsor contribution amount from the contribution limit, with the amount not exceeding the plan sponsor contribution amount.

1 AnswerNet (Internet service)

- Available 24 hours a day throughout the year. (some of the services may not be available during specified periods of time.)

2 AnswerCenter (Call center)

- English service is available from 4:00PM - 8:00PM (Monday - Friday) (excluding bank holidays and the New Year break)
- From abroad, call 03-5325-6303 (normal toll)
The confirmation screen for application details

1. Click "Confirm" if you agree to the terms of "Articles Pertaining to the Handling of Personal Information Related to participant Contributions".
2. Click "Agree-Apply" if you agree to the terms of "Matters related to application for participant contribution (Initial application/Resumption, Change or Voluntary suspension) ".
3. Move to specified application details screen. Click "Submit" after verifying the information you have provided, then the process is complete.
   (You can use the same procedures to apply for changes, voluntary suspension and resuming participant contributions.)

Application for changing a participant contribution amount

You can change the participant contribution amount once a year.
(The change may be made during the months prescribed in the plan documents.)
Application for change of participant contributions can be made within the "designated acceptance period" on the screen with 1,000 yen as the minimum and within the "Participant contribution limit".
To confirm the date when your next participant contribution will be made, please reference "Next contribution" on the screen.

1. Select the button "I wish to make or change participant contributions".
2. Enter the participant contribution amount you wish to make.
3. If you wish to cancel the change of participant contribution you have specified, click "Cancel".
   Displays previous application details.
6 How to make applications for participant contributions (continued)

Application for suspending participant contributions

You can apply for the suspension of the participant contributions at any time. Application for voluntary suspension of participant contributions can be made within the "designated acceptance period" on the screen. Effective date of suspension can be refer to "Effective date of Voluntary suspension" on the screen.

1. Select the button "I wish to voluntarily suspend participant contributions".
2. If you wish to cancel the voluntary suspension you have specified, click "Cancel".
3. Displays previous application details.

Application for resuming participant contributions

Participant contributions may be resumed at any time. (* Depending on the plan, the months in which application for resuming are accepted may be limited.) Application for resuming participant contribution can be made within the "designated acceptance period" on the screen with 1,000 yen as the minimum and within the "Participant contribution limit". Contribution date which specified participant contribution amount is reflected can be referred to "Next contribution" on the screen.

1. Select the button "I wish to make or change participant contributions".
2. Enter the participant contribution amount you wish to make.
3. If you wish to cancel the resuming participant contribution you have specified, click "Cancel".
4. Displays previous application details.
1. Click "View History" on the menu screen.
2. Click "Participant Contribution (Adjustments) History".
3. Specify the date range you wish to see and click "Submit" to view the search results.

**Participant contribution (adjustments) history**

On the screen of "Participant Contribution (Adjustments) History", you can confirm your actual contribution history, application details for participant contributions and participant contribution adjustment history.

In case the participant contribution is automatically adjusted, you can see the amount automatically adjusted and reason in the "Participant contribution adjusted" column.

**Example of Adjustment in Participant Contributions**

1. **Excess of Plan Sponsor Contributions:**
   - If a participant contribution amount exceeds a plan sponsor contribution amount after reducing the plan sponsor contribution amount, then the participant contribution amount will be automatically reduced (adjusted).

2. **Excess of Contribution Limit:**
   - If the total amount of the plan sponsor contributions and participant contribution exceeds the legal contribution limit after increasing the plan sponsor contribution amount, then the participant contribution amount will be automatically reduced (adjusted).

* Please refer to P.3 for details of participant contribution adjustment.
Other matters to be noted

1. Refund of participant contributions

Sompo Japan Nipponkoa DC Securities Inc. will refund participant contributions through the plan sponsor. In case of refund of participant’s contribution, the investment products a participant is holding will be sold by calculating on a pro-rata basis the balance of each investment product. A refund amount doesn't necessarily match the participant contribution amount since participant’s individual assets which will be equivalent to the amount corresponding to the refund amount will be sold. Participants may not be able to submit investment instructions a few days before and after selling products due to refund procedures for selling products.

2. Change in employment under the same plan document

Participant contributions will be suspended automatically. If you wish to continuously make contributions at your new work place, please submit an application for participant contributions once again using the AnswerNet (Website) or the AnswerCenter (Call center).

Terms and Conditions for Sompo Japan Nipponkoa DC Securities AnswerNet (for the defined contribution pension plan)
Wide Support [Revised as of September 1, 2014]

(Purpose of the rules)

Article 1: These rules determine how participants under the corporate type defined contribution pension plan registered with Sompo Japan Nipponkoa DC Securities Inc. (hereinafter, “the Company”) can use an optional paid service (hereinafter, the “Wide Support”) related to participant contributions in corporate type defined contribution pension plans, including those employing the Internet (the “Sompo Japan Nipponkoa DC Securities AnswerNet”). Any matter not specifically stipulated in these rules is governed by the stipulation of the "Terms and Conditions for Sompo Japan Nipponkoa DC Securities AnswerNet (for the defined contribution pension plan)”, the "Defined Contribution Pension Plan Document” and the "Rules of the Use of Services for Participants of the Defined Contribution Pension Plan”.

(Use of the Wide Support service)

Article 2: The Wide Support service will be available to the participants under the corporate type defined contribution pension plan registered with the Company, to the extent that the contract between the Company and a plan sponsor is in full effect. Wide Support service is usable only when an ID and password entered match those registered with us.

(Service hours)

Article 3: Service hours during which participants can use the services shall be specified by the Company. (For details, please see "How to Use AnswerNet” and "A Guide to Wide Support") However, the Company may change service hours without any notice to participants.

2 The Company may cease or temporarily suspend some or all services without any notice due to technical difficulties with or maintenance with the system, etc.

(Wide Support services)

Article 4: The services which participants can utilize shall be specified by the Company. (For details, please see "A Guide to Wide Support"). The Company reserves the right to change the content of the services at its discretion without prior notification to participants.

(Application for participant contributions)

Article 5: When participants submit applications related to participant contributions in a corporate type defined contribution pension plan (hereinafter, “participant contributions”) using the Wide Support service, we shall consider that the applications from the participants have been submitted after the participants enter and confirm certain details specified by us and when we receive these details.

(Registration of application for participant contributions)

Article 6: We will execute registration of the applications in the above Article as early as possible after the applications have been submitted in accordance with the provisions of our "Rules of the Use of Services for Participants of the Defined Contribution Pension Plan”.

(Cancellation and change of the application)

Article 7: Participants can cancel their applications described in Article 5 using the Wide Support service, but only during the hours specified by us.

2 When participants change their applications described in Article 5, they can do so using the Wide Support services only during the hours specified by us. This is to make changes to a prior submitted application and then submitting a new application with the changes.

(Mutatis Mutandis Application)

Article 8: Any matter not specifically stipulated in the preceding articles is governed by the stipulation of the "Terms and Conditions for Sompo Japan Nipponkoa DC Securities AnswerNet (for the defined contribution pension plan)".
English service is available from 4:00PM - 8:00PM (Monday - Friday) (excluding bank holidays and the New Year break)

From abroad, call 03-5325-6303 (normal toll)