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Feature · Pension systems

Pension systems in Japan, the U.S., Germany and Norway **All four are raising claiming ages and linking benefits to longevity; in Japan, claiming at 70 pays 42% more a month**

Using official sources as of October 2026, this note compares three aspects of public pensions in four countries: where the money comes from, how benefits are calculated and how each system responds to population ageing. Contribution bases and coverage differ, so the note compares designs, not benefit levels; replacement rates at the same income are covered in a separate feature on China, the U.S. and Japan.

Japan · KNH contribution	U.S. · Social Security tax	Germany · contribution rate	Norway · annual accrual	Japan's GPIF assets
18.3%	12.4%	18.6%	18.1%	JPY317.8trn
Of pay · split equally	Up to $184,500 (2026)	Of pay · split equally	Of income · up to 7.1 G	End-June 2026

Norway's oil fund
NOK22.68trn
End-June 2026 · pays no pensions directly

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Key findings

The core of all four public schemes is pay-as-you-go. Japan, Germany, U.S. Social Security and Norway's National Insurance pay current benefits from current contributions; funded individual accounts play a major role only in U.S. 401(k) plans and Norway's occupational pensions.

Benefit formulas differ most. Japan's basic pension is flat (JPY847,300 a year after 40 years), U.S. Social Security uses a progressive formula (90% / 32% / 15%), Germany counts points relative to average pay (one point = €42.52 a month), and Norway divides a notional account balance by a life-expectancy divisor.

All four respond to ageing. Japan's macroeconomic slide holds down indexation; the U.S. trust fund is projected to be depleted in 2032, after which 78% of scheduled benefits would be payable; Germany is raising the statutory age to 67 while guaranteeing a 48% standard pension level until 2031; Norway adjusts benefits to life expectancy automatically.

The claiming age is a major individual choice. In Japan, claiming at 70 raises the monthly pension by 42%, and at 75 by 84%; in Norway benefits can start at any age from 62 to 75, with higher annual payments the later they start.

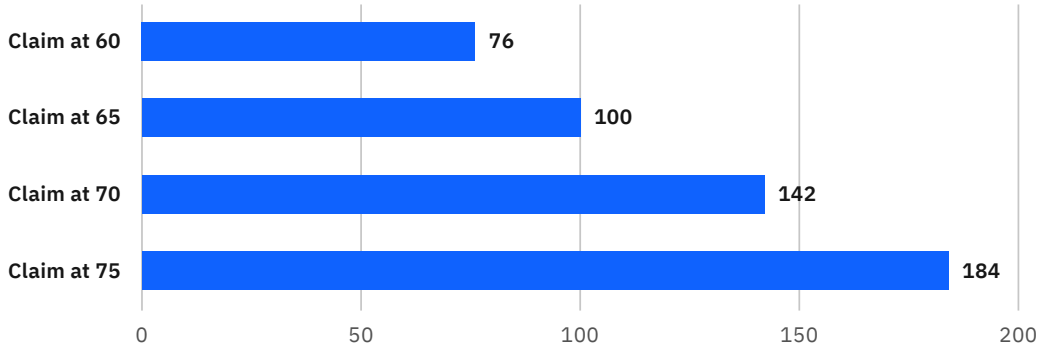
02

Japan: a two-tier pension

Japan's public pension has two tiers. The first is the National Pension, compulsory for residents aged 20 to 60, which pays a flat amount reduced pro rata for fewer than 40 years of contributions. The second is Employees' Pension Insurance (kosei nenkin), which employees and civil servants join on top of the first tier and which pays benefits linked to pay. Benefits normally start at 65, with a choice of any age from 60 to 75.

Item	Tier 1 · National Pension	Tier 2 · Employees' Pension
Members	All residents aged 20–60	Employees and civil servants
Contributions	Flat monthly premium	18.3% of pay, 9.15% each from employee and employer
Benefit	Flat: JPY847,300 a year after 40 years (FY2026, about JPY70,608 a month)	Linked to earnings over the career

Japan: monthly benefit by claiming age (65 = 100)



Each month earlier cuts the benefit by 0.4% (at most 24%); each month later adds 0.7% (at most 84%). The adjustment applies for life.

Benefits are indexed to wages and prices each year, but the macroeconomic slide holds indexation down to reflect a shrinking contributor base and longer life expectancy. Reserves are managed by the GPIF, which held about JPY317.8trn at the end of June 2026, one of the world's largest public pension funds.

03

United States: Social Security and 401(k)

The first tier is Social Security. Benefits follow a progressive formula: the lowest band of average monthly earnings counts at 90%, the middle band at 32% and the top band at 15%, so replacement rates fall as earnings rise. The full retirement age is 67; benefits can start between 62 and 70. The 2026 Trustees Report projects that the retirement trust fund

will be depleted in 2032; without legislation, 78% of scheduled benefits would then be payable.

The second tier is the 401(k), an individual account offered by employers that employees join voluntarily and invest themselves.

Item	Social Security	401(k)
Contributions	6.2% each, 12.4% in total; wage cap $184,500	Up to $24,500 a year, plus $8,000 from age 50
Employer	Pays half	Typical match: $0.5 per $1, up to 6% of pay
Benefit	Progressive formula, for life; start at 62–70	Account balance; withdrawals usually from 59.5, earlier ones face a 10% penalty
Main risk	Possible cuts after 2032 depletion	Investment returns and participation

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Germany: a points system

Germany's statutory pension insurance charges 18.6% of pay, 9.3% each from employee and employer. Benefits are counted in points: each year, own pay divided by national average pay gives that year's points, so average pay earns 1 point and half of it 0.5. At retirement, lifetime points multiplied by the pension value give the monthly pension. From July 2026, one point is worth €42.52 a month, 4.24% more than the previous €40.79.

Item	Value
Standard case	45 years at average pay, 45 points
Monthly pension (gross)	**About €1,913.4**
Standard pension level	At least 48% of average pay, guaranteed by law until 2031 (both net of social contributions)
Statutory pension age	Rising to 67 (born 1964 or later)
Working past pension age	Up to €2,000 a month of pay tax-free (from 2026)

Points tie benefits to a worker's position relative to national average pay rather than to absolute earnings; both career length and pay level show up in points.

05

Norway: notional accounts and the oil fund

Norway's National Insurance credits 18.1% of income each year to a personal pension account. The account is notional, not funded, and credited income is capped at 7.1 times the basic amount G. From May 2026, G is NOK136,549, putting the cap at about NOK969,498. At retirement the balance is divided by a divisor linked to life expectancy to give the annual pension.

Claiming is flexible: benefits can start at any age from 62 to 75, can be taken at 20% to 100%, and are not reduced for work; the later they start, the larger the annual amount. Private employers must also pay occupational pension contributions of at least 2% of pay.

Norway's oil fund, the Government Pension Fund Global, was worth about NOK22.68trn at the end of June 2026, but it pays no pensions to anyone directly. All petroleum revenue goes into the fund; the government may spend about 3% a year, the fund's expected real return, on the budget as a whole, of which pensions are one part. The 2027 budget plans to use about 2.7%.

> The rule reflects the view that oil will run out and the capital belongs to future generations; current pensions still rest mainly on National Insurance contributions.

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Comparison

The table sets the four systems side by side on funding, benefit calculation and the response to ageing. Parameters differ in definition, so no ranking is implied.

Aspect	Japan	United States	Germany
Funding	Pay-as-you-go	Social Security: pay-as-you-go; 401(k): individual accounts	Pay-as-you-go
Benefit formula	Flat basic pension; earnings-related KNH	Progressive; higher replacement for low earners	Points = pay ÷ average
Response to ageing	Macroeconomic slide	Trust fund gap from 2032	Age rising to 67; 48% f
Claiming age	60–75 (normally 65)	62–70 (full at 67)	Statutory 67

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Implications for individuals

Public pensions are becoming more conservative. Later claiming ages and slower benefit growth are common to all four; relying on public pensions alone usually replaces only part of working income.

Part of the responsibility is shifting to individuals. U.S. 401(k) plans, Norwegian occupational pensions, Japan's iDeCo and NISA and German private supplementary pensions all serve this role; starting earlier and saving longer gives compounding more time, but investment outcomes are uncertain.

The claiming age is itself a major decision. In Japan, claiming at 70 raises the monthly pension by 42%; in Norway and the U.S. later claims also pay more each year. Where health and income allow, working and claiming a few years later is one of the most direct ways to raise a pension, although the value of deferral depends on actual lifespan.

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Risks and limitations

Rule changes
Contribution rates, ages, formulas and tax rules change with legislation; official sources are authoritative.

Different definitions
Contribution bases, coverage and benefit definitions differ; the rates shown cannot be ranked against each other.

Fiscal sustainability
The U.S. trust fund is projected to run out in 2032; other countries may also adjust benefits or ages further.

Investment risk in accounts
Outcomes in 401(k) and occupational accounts depend on returns and fees and can suffer large drawdowns.

Trade-off in deferral
Deferral raises monthly benefits but shortens the payout period; lifetime totals depend on lifespan, tax and other factors.

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Method and sources

Japan: Japan Pension Service (FY2026 full basic pension); Ministry of Health, Labour and Welfare (contribution rate, early and deferred claiming); GPIF results for the first quarter of FY2026 (2026-06-30).

United States: SSA (2026 wage base and benefit formula); 2026 Social Security Trustees Report; IRS Notice 2025-67 (401(k) limits); Vanguard How America Saves 2026 (typical match).

Germany: Federal Government, 2026 pension adjustment; Deutsche Rentenversicherung (contribution rate, statutory age); 2025 pension package (48% level until 2031); Aktivrente act.

Norway: NAV and regjeringen.no (accrual, G, claiming rules); mandatory occupational pension minimum; NBIM (fund value, 2026-06-30); Ministry of Finance, 2027 budget.

Japan claiming-age index: the monthly benefit at 65 = 100, adjusted by 0.4% (earlier) or 0.7% (later) per month, before tax and social contributions.

The note describes system design and does not calculate replacement rates. Information as of 2026-10-25.

This note describes public rules for a general audience. It does not address any individual's circumstances and does not constitute investment advice. Rules change; official sources in each country are authoritative.

Data as of 2026-10-25 · 日本年金機構；厚生労働省；GPIF；SSA；社会保障受托人报告；IRS；Deutsche Rentenversicherung；德国联邦政府；NAV；NBIM；挪威财政部

Financial data are taken from original SEC EDGAR filings. Market data are delayed, and the sources are stated in each report.

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