

The Labor pension fund vs The Labor old-age benefits

The Labor old-age benefits are provided in accordance with the "Labor Insurance Act". The labors shall join the labor insurance when participating in labor activities, and the insurance premiums are paid by the government, employers and the labors. The labor insurance years from different units may be combined. When the insured person meets the conditions of old-age benefits, the Bureau of Labor Insurance will account the amount of old-age benefits according to the insurance years and insured wage, and pay the pension at once (the labor may choose a single payment or annuity payment after Jan. 1st, 2009). Anyone who is qualified will receive the benefits, without affected by the job changes.

There are two pension schemes, the old and the new ones, indicates the employer provide pension to the employee at retirement. The old pension scheme is in accordance with the Labor Standards Act, the employer contributes the amount of 2% to 15% of the reported wage every month to the company's pension account under the labor retirement fund. The account is used for specified purposes only, belongs to the employer, and the fund balance, safekeeping and use are in charged by the Bank of Taiwan (Trust Department). The labor may request the employer for pension payment once he/she meets the retirement requirements, and the pension is paid from the pension account. The new pension scheme is in accordance with the Labor Pension Act, the employer contributes no less than 6% of the monthly wage on monthly bases for the labor who is covered by the new pension scheme, and the contribution is saved in the individual pension account established by the Bureau of Labor. The ownership of the account goes to the labor, so one may accumulate the wealth in the pension account and is able to apply to the Bureau of Labor for withdrawing pension at the age of 60 (if the labor deceased before the age of 60, the family or designated person may submit the application).

Based on the above, the new pension scheme and the old-age benefits of the Labor Insurance Act are two different schemes. The implementation of the Labor Pension Act will not affect the old-age benefits provided to the insured labors; instead, the retirement life is more protected since the pension payment is guaranteed.