

Act for the Recruitment and Employment of Foreign Professionals

New Labor Pension System

Ministry of Labor

March 5, 2018





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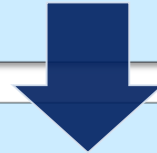


Applicable Objects

Employers shall contribute labor pension no less than six percent of workers' monthly wages to **individual accounts of labor pension** at the Bureau of Labor Insurance, Ministry of Labor for workers who are applicable under the Labor Standards Act on a monthly basis.

July 1, 2005- The Enforcement of the Labor Pension

Act→Workers holding R.O.C citizenship



January 17, 2014- The Amendment of the Labor Pension

Act→Foreigners, China, Hong Kong and Macau spouses



February 8, 2018- The Enforcement of the Act for the Recruitment and Employment of Foreign Professionals→Foreign professionals who are employed in professional work and have been approved for permanent residence



Characteristics

Accumulated Pension

Seniority is calculated based upon the period of which the contributions to the pension have been made. If employees change jobs, their seniority can be combined in calculation and pension can be accumulated.

Tax Deduction

Workers may also voluntarily contribute within six percent of their monthly wages to the labor pension. The amount of labor pension voluntarily contributed may be deducted from the gross consolidated income of the year.

Guaranteed Rate

The return rate generated from the utilization of workers' pension shall not be less than the interest rate of a two-year fixed term deposit by local banks. In the event of any deficiency, the Treasury shall make up the shortfall.

Claim at 60

A worker who is 60 years or older, with seniority less than 15 years, they may claim a lump-sum pension payment; with seniority exceed 15 years, they may choose to claim a lump-sum pension payment or monthly pension payments.



Application of Labor Pension System(1)

■ Foreign professionals who have been employed **before** the enforcement of **this act** and are applicable under the Labor Standards Act

Those who have been approved for permanent residence **before the enforcement** shall be included from the date of enforcement (**February 8, 2018**)

Those who are approved for permanent residence **after the enforcement** shall be included from the date of approval

For those who want to remain in the old labor pension system under the Labor Standards Act, they shall submit a written declaration to their employers **within six months of the date of the enforcement (before August 7, 2018)** or **within six months of the approval date of permanent residence** and may not thereafter change to opting for inclusion in the new labor pension system under the Labor Pension Act.

For foreign professionals who are included in new labor pension system, employers shall have filed applications for contributions by August 22, 2018 or by 6 months and 15 days after the approval date of permanent residence.



Application of Labor Pension System (2)

■ Foreign professionals who are employed **after** the enforcement of this act and are applicable under the Labor Standards Act

Those who have been approved for permanent residence **before** the employment shall be included from **the date of employment**

Those who are approved for permanent residence **after** the employment shall be included from **the date of approval**

Foreign professionals with permanent residence who are employed **after** the enforcement of this Act **shall not** opt to be included in the old labor pension system under the Labor Standards Act

Employers shall file applications for contributions to the Bureau of Labor Insurance from the date of employees' **employments** or **approvals of permanent residence**.



Claims

A worker who is **60** years or older

seniority < **15** years

a lump-sum pension payment

The principal and accrued dividends from an employee's individual account of labor pension are claimed in lump sum at one time.

seniority \geq **15** years may choose

monthly pension payments

Seniority shall be calculated based upon the period of which the contributions to the pension have been made. If the seniority of an employee is interrupted, both his/her seniority before and after the interruption shall be combined in calculation.

The principal and accrued dividends from an employee's individual account of labor pension are paid in fixed installments (quarterly). The amount of each installment shall be calculated based upon the life chart of annuity, average life expectancy, interest rate and other factors.



**Foreign professionals with permanent residence
are included in new labor pension system**

**For more information please go to
<https://www.bli.gov.tw/en/>**



End of Briefing

Please let us have your comments and suggestions.