

Explanation regarding the claim for Labor Pension Monthly Pension Payments/Lump-Sum Pension Payments

1 · Qualifications for claim

- A. Workers who have attained the age of 60 and completed a service period of 15 years (the actual length of contribution to the pension fund) may opt to receive monthly pension payments or lump-sum pension payments. Workers with a service period of less than 15 years may claim lump-sum pension payments. The age of the worker shall be the actual number of years elapsed since the date of birth, based on the information shown in the alien resident certificate, passport or other identity documents. (For example, a worker born on July 1, 1958 shall attain the age of 60 on July 1, 2018.)
- B. The seniority is defined as the actual number of months during which the contributions to the pension have been made. If the seniority of a worker is interrupted, both his/her seniority before and after the interruption shall be combined in calculation. If an agreement has been reached between a worker and his/her employer to, in accordance with the regulations, transfer the full amount of his/her pension payments under the Labor Standards Act to his/her individual pension account with the BLI, the service period accumulated thereunder may be combined with the seniority under the Labor Pension Act.
- C. If a worker continues to work after having received the pension, his/her subsequent seniority shall be reset. Under the circumstances the employer shall continue contributing to the labor pension (reset pension) in accordance with the regulations. The number of times for which a worker receives the reset pension or related dividends shall be limited to once a year. In other words, if a worker continues working after having received the pension payments, he/she may also claim pension payments and relevant dividends from the employer to whom he/she continues providing service. The interval between the two claims, however, shall not be less than one year.

2 · Calculation Standards and Payment Methods

A. Monthly pension payments :

- a. Calculation of Monthly Pension Payments: The principal and accrued dividends from a worker's individual pension account are paid in fixed installments. The amount of each installment shall be calculated based upon the life chart of annuity, average life expectancy, interest rate and other factors. The life chart of annuity, average life expectancy, interest rate and amount shall be proactively announced by the BLI when approved by the central competent authority. A review shall be made at least once in every three years. For those who are already receiving monthly pension payments, the adjusted life chart of annuity and average life expectancy shall not apply. The amount of monthly pension payments, however, shall be recalculated based on the adjusted interest rate.
 - b. When a worker starts to receive the monthly pension payments, he/she shall pay a one-time premium for annuity insurance to cover his/her annuity benefits if he/she lives beyond the average life expectancy. The entire sum accumulated in a worker's individual pension account before the implementation of the annuity insurance system may be used, in full amount, for calculation of the monthly pension payments.
 - c. When the application procedures have been completed and the monthly pension payments is approved by the BLI, the first monthly pension payments shall be made in the next month after receiving the application, covering the current quarter. For example: If the application for monthly pension payments is received on March 25, 2018 and has been approved by the BLI, the monthly pension payments for the period of April to June shall be made before end of April. In future, the monthly pension payments shall be made on a quarterly basis: Payment Dates: I. The monthly pension payments for the months of January, February and March shall be made before the end of February. II. The monthly pension payments for the months of April, May and June shall be made before 31 May. III. The monthly pension payments for the months of July, August and September shall be made before 31 August. IV. The monthly pension payments for the months of October, November and December shall be made before 30 November.
 - d. If a worker receiving the monthly pension payments dies before he/she reaches the average life expectancy, the monthly pension payments shall be discontinued. The residual amount in his/her individual pension account shall be calculated and paid to his/her survivors or designated claimants.
- B. Lump-Sum Pension Payment:** The principal and the accrued dividends in the individual labor pension account is claimed in lump-sum at one time. The payment shall be calculated based on the contribution amount already credited to the individual labor pension account. Any subsequent pension contributions shall be disbursed to the applicant without interest. When the application procedures have been completed and the lump-sum pension payments is approved, the payment shall be made to the applicant' designated account with a financial institution within thirty days from the day the BLI receives the application.
- C.** If there is any unallocated dividend (i.e., the total accrued dividend excluding the dividend already allocated to the individual pension account), the unallocated part shall be calculated based on the return rate for the most recent month announced by the Bureau of Labor Funds during the month the application was filed. The pension shall be calculated up to the month when the application was filed.
- D.** The return rate generated from the utilization of employees' pension contribution prescribed in Article 23, Paragraph 2 of the Labor Pension Act shall not be less than the interest rate of a two-year fixed term deposit by local banks. The accumulated returns from the beginning date of contribution to the date of applying for pension payments according to law shall not be lower than the accumulated interest calculated at the annual average rate of the local bank's two-year fixed term deposit rate in the same period. The two-year fixed-term deposit rate of local banks mentioned in the preceding paragraph refers to the calculated annual average rate derived from the fixed interest rates on two-year fixed-term deposit for small deposits posted on the first business day of each month by the six major banks: the Bank of Taiwan Co., Ltd., First Commercial Bank Co., Ltd., Taiwan Cooperative Bank Co., Ltd., Hua Nan Bank Co., Ltd., Land Bank of Taiwan Co., Ltd., and Chang Hwa Commercial Bank Co., Ltd.

The Bureau of Labor Funds shall announce the average annual interest rate of the preceding paragraph on a monthly basis as the minimum guaranteed rate of return for the month.

3 · Others

- A. If a worker, due to debt issues, has difficulty in providing his/her account with a financial institution because of possible court seizure, he/she may, in accordance with Article 29 of the Labor Pension Act, apply to the BLI for opening a designated account with a financial institution. Deposits in the designated account shall not be the object of offset, seizure, mortgage or compulsory execution.
- B. In the event that the BLI has, after investigation, confirmed that the recipient of the pension payments is not eligible for the benefit, the recipient should return the pension payments within thirty days after receiving the notice to do so. If the pension payments is not returned on time, a deferred interest shall be charged as required by law.
- C. If a worker opt to receive the pension payments in installments, the total annual income in excess of the tax-exemption amount (which shall be calculated based on the announcement made by the Ministry of Finance each year) shall be treated as separation income in accordance with the Income Tax Act and incorporated into the consolidated income tax return of the current year. The income tax lawfully withheld against the separation income shall be deducted from the amount payable for the specific period.
- D. Workers who do not have a household registration in the Republic of China should provide additional identity documents (for example, a copy of valid alien resident certificate, passport, Taiwan Travel Permit for Mainland Residents, or the exit/entry permit for the Republic of China.) .