



# Explanation regarding the claim for the labor pension ahead of schedule

## 1、Qualifications for claim

- A. Workers under 60 years of age with a service period of 15 years or more may receive the pension on a monthly basis or in a lump sum. However, workers with a service period under 15 years shall receive the pension in a lump sum.
- B. The aforementioned 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.

## 2、Documents Required

- A. Application for Labor Pension Application Form and Receipt ahead of schedule.
- B. Those claiming the benefit in accordance with the third reason shall provide a photocopy (front and back) of an effective severe or very severe physical/mental disability card as a corroborative document.
- C. If the applicant is a minor or under guardianship, his/her legal representative (guardian) shall endorse accordingly. A copy of the household registration of the applicant and the legal representative (guardian) shall be attached.
- 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, or the exit/entry permit for the Republic of China.)

## 3、Calculation Standards and Payment Methods

- A. 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 payment 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.
- B. Monthly pension payments:
  - a. The monthly pension payment made in accordance with Article 24-2 of the Labor Pension Act is calculated based on the principal in the worker's individual labor pension account (including the contribution not yet deposited into the account due to time gap. In case the contribution has not been de-positied into the account as scheduled, the difference shall be subtracted from the monthly pension payment) and the accrued dividends, taking into account the interest rate and the number of years for payment specified by the worker. With respect to the methods for calculating the interest rate and amount as stipulated in the preceding paragraph, the BLI is responsible to submit a proposal to the central competent authority for approval and proactively announce the result. A review shall be made at least once in 3 years. When approved, the adjusted interest rate shall be applied to recalculate the monthly pension payment accordingly.
  - 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. Workers who claim for a monthly pension payment may file a change to a lump sum payment, within 30 days of the first installment, and confined only to one time. When the request to change is approved by the BLI, the monthly pension payment shall be discontinued. The balance / The residual amount shall be cleared and paid to the workers based on the principal and accrued dividends originally approved for the monthly pension payment deducting the first installment
  - d. 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 Oct. 25, 2019 and has been approved by the BLI, the monthly pension payments for the period of November to December shall be made before end of November. 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.
  - e. If a worker, who has already claimed the advanced monthly pension payment, dies before attaining the number of years he/she specified for the payment, the monthly pension payment shall be discontinued. The balance in the individual labor pension account shall be cleared and paid to the worker's survivors or designated beneficiary (beneficiaries).
- C. With respect to the dividends accrued, if there is any unallocated dividend when a worker claims for the pension payment, the unallocated part shall be calculated based on the return rate for the most recent month as announced by the Bureau of Labor Funds, Ministry of Labor for 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.

## 4、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 payment is not eligible for the benefit, the recipient should return the pension payment within thirty days after receiving the notice to do so. If the pension payment is not returned on time, a deferred interest shall be charged as required by law.
- C. According to the Income Tax Act, the part of lump sum pension income in excess of the exemption shall be considered separation income and subject to annual income tax filing. When the total amount received meets the standards for taxable separation income, such portion shall be withheld by the BLI from the amount payable on the specific occasion.  
※ The separation income shall be calculated in accordance with the guidelines announced by the Ministry of Finance each year.