

# What Trusts Can Do in an Aging Society

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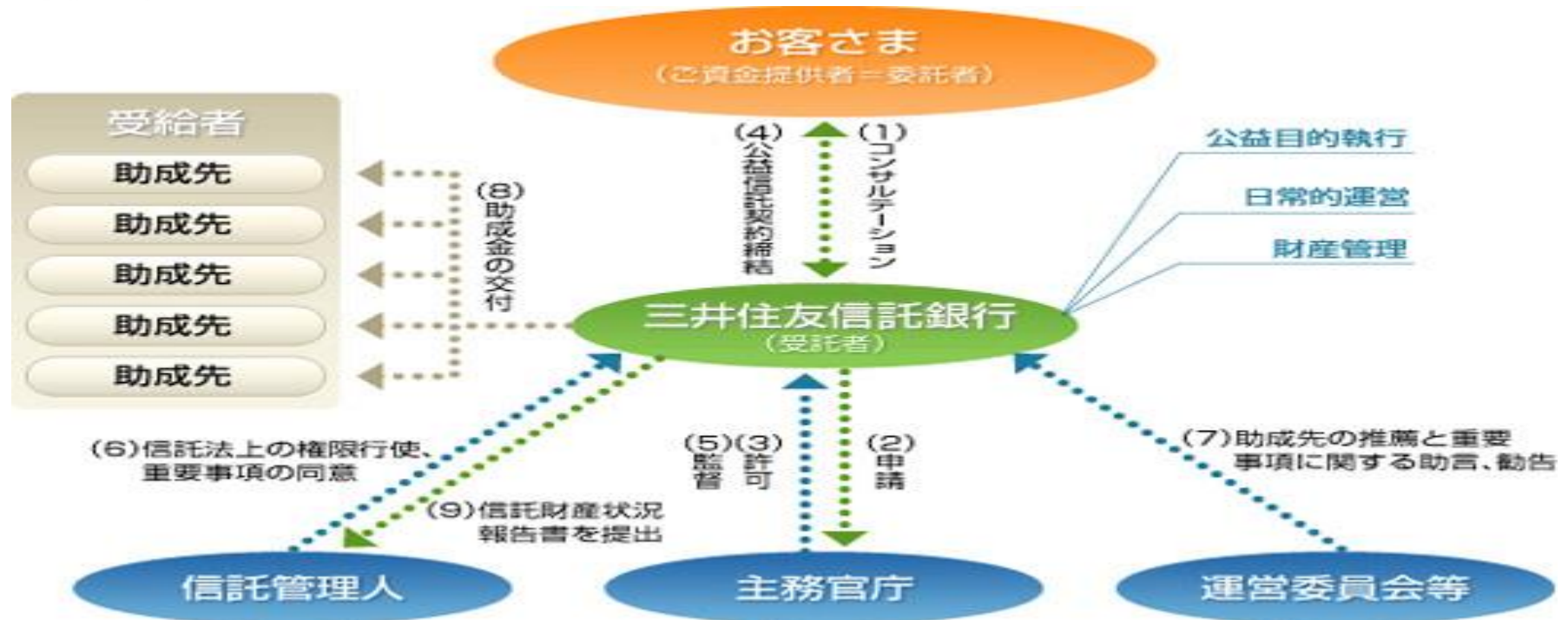
## Introduction: Example of a Trust (Charitable Trust)

### Charitable Trust

A system in which an individual entrusts assets to a trust bank for the purpose of public interest activities, or a corporation seeks to return part of its profits to society. The trust bank invests and manages the assets in accordance with the public interest purposes set forth in the charitable trust contract and conducts public interest activities.

In addition to providing scholarships, charitable trusts are used in a wide range of fields, from providing scholarships, to supporting research in the natural sciences and humanities, environmental protection activities, and promoting international cooperation and cultural exchange.

### <Outline>



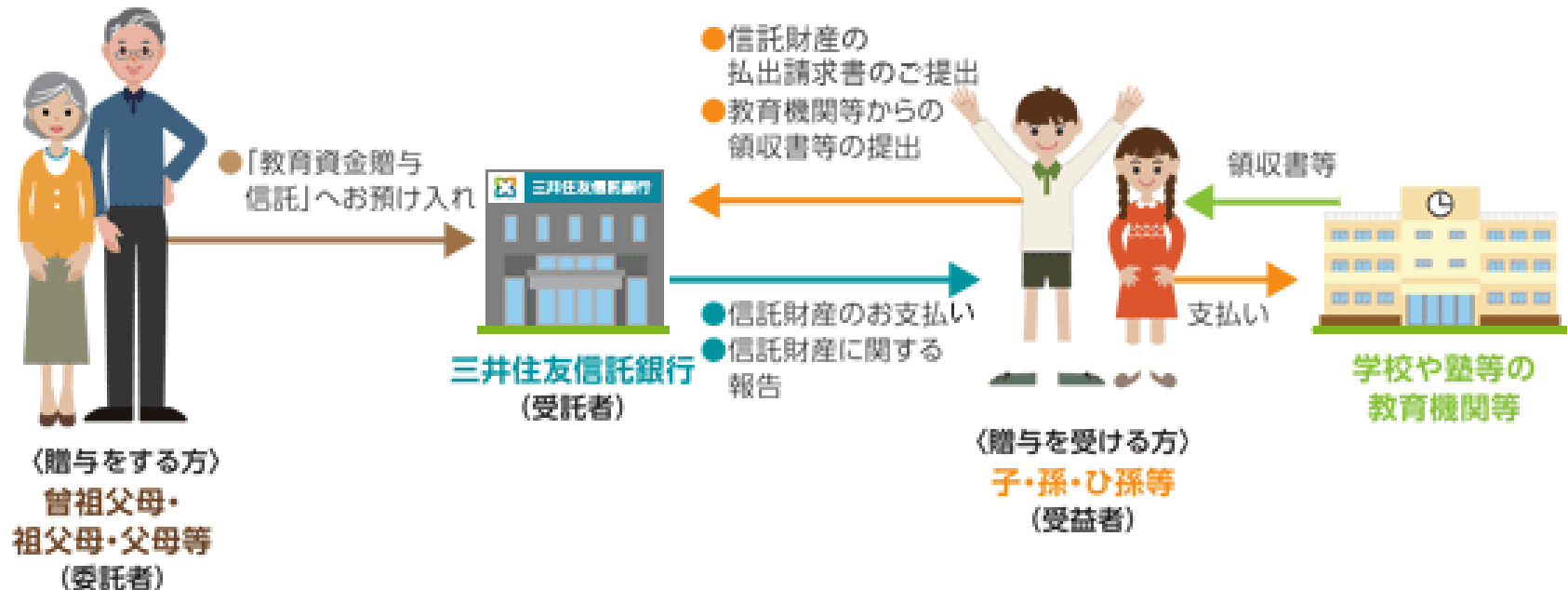
## Example of a Trust (Educational Funding Trust)

### Educational Funding Trust

This type of trust was established based on special tax measures aimed at revitalizing consumption and enhancing human resource development through the transfer of assets held by senior citizens across generations.

In the case of an educational funding trust, when a grandparent (the trustor) entrusts money or other assets to a trust bank or other organization (the trustee) as educational funding for grandchildren or other individuals (the beneficiaries), the funds will be exempt from gift tax up to 15 million yen.

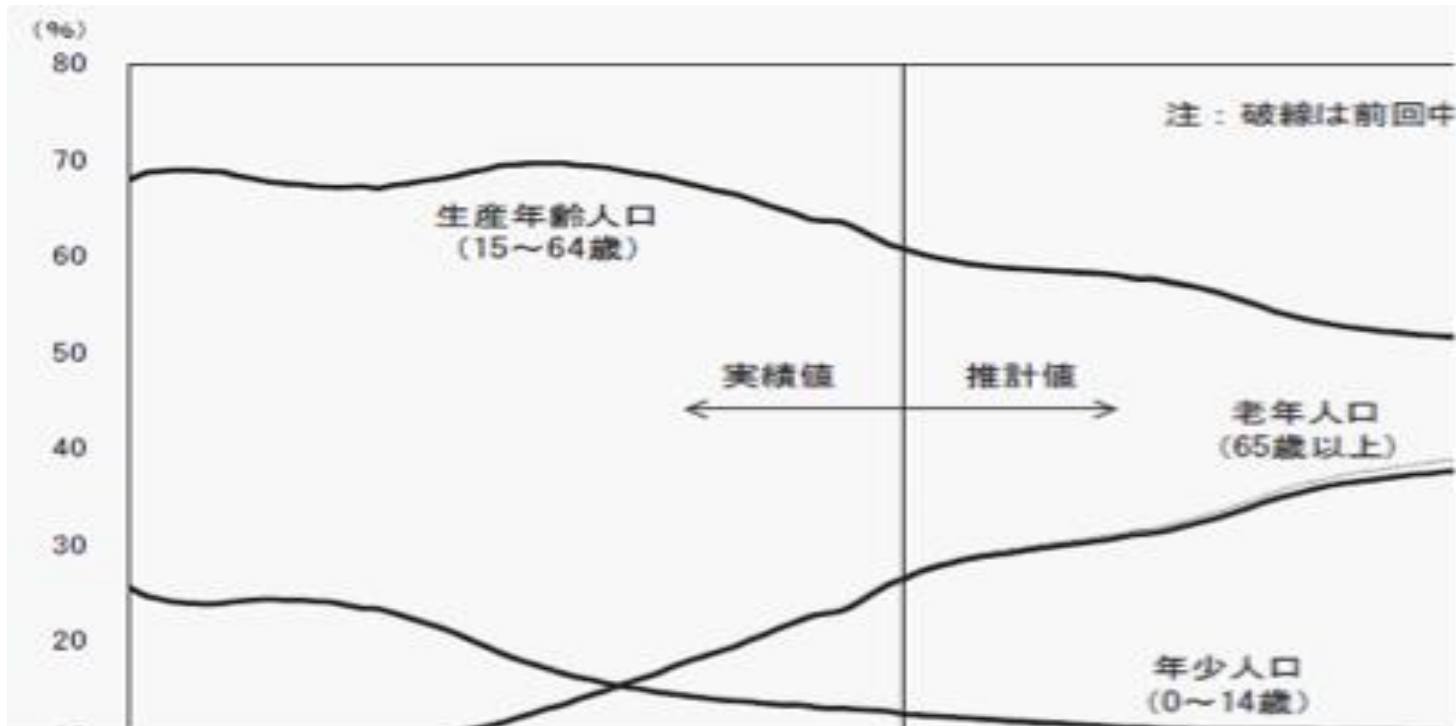
### <Outline>



## Status of Aging Population (Changes in Population Percentage)

- The percentage of the population made up of elderly individuals is increasing.

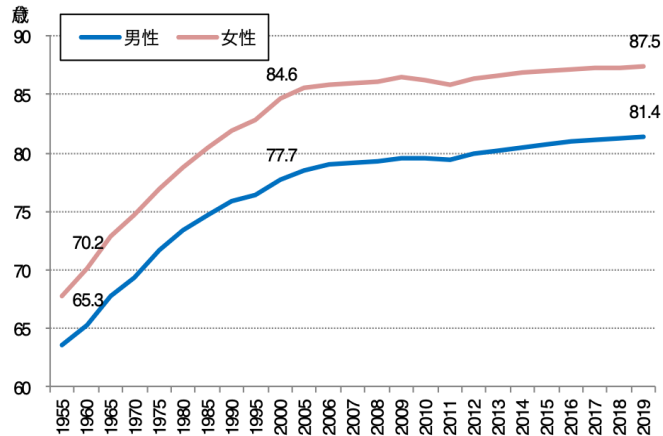
### Trends in Population Ratios for 3 Age Groups



# Prolonging of Life

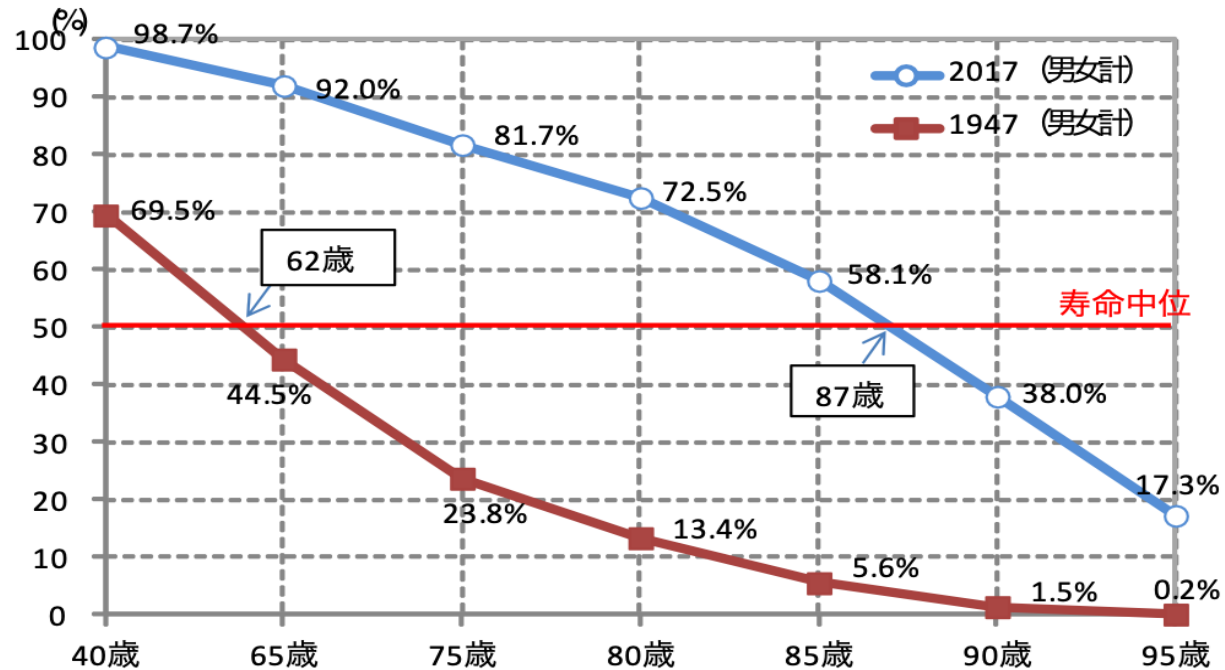
- At the time the baby boomer generation was born, life expectancy was around 60 years.
- Now, one in two people lives to be 87. The era of the “100 Year Life” is not far off.

### Trends in Life Expectancy of Japanese Nationals



Compiled by the Research Department of Sumitomo Mitsui Trust Bank, based on the Life Table published by the Ministry of Health, Labour and Welfare.

### Change in survival rate from 1947 to 2017



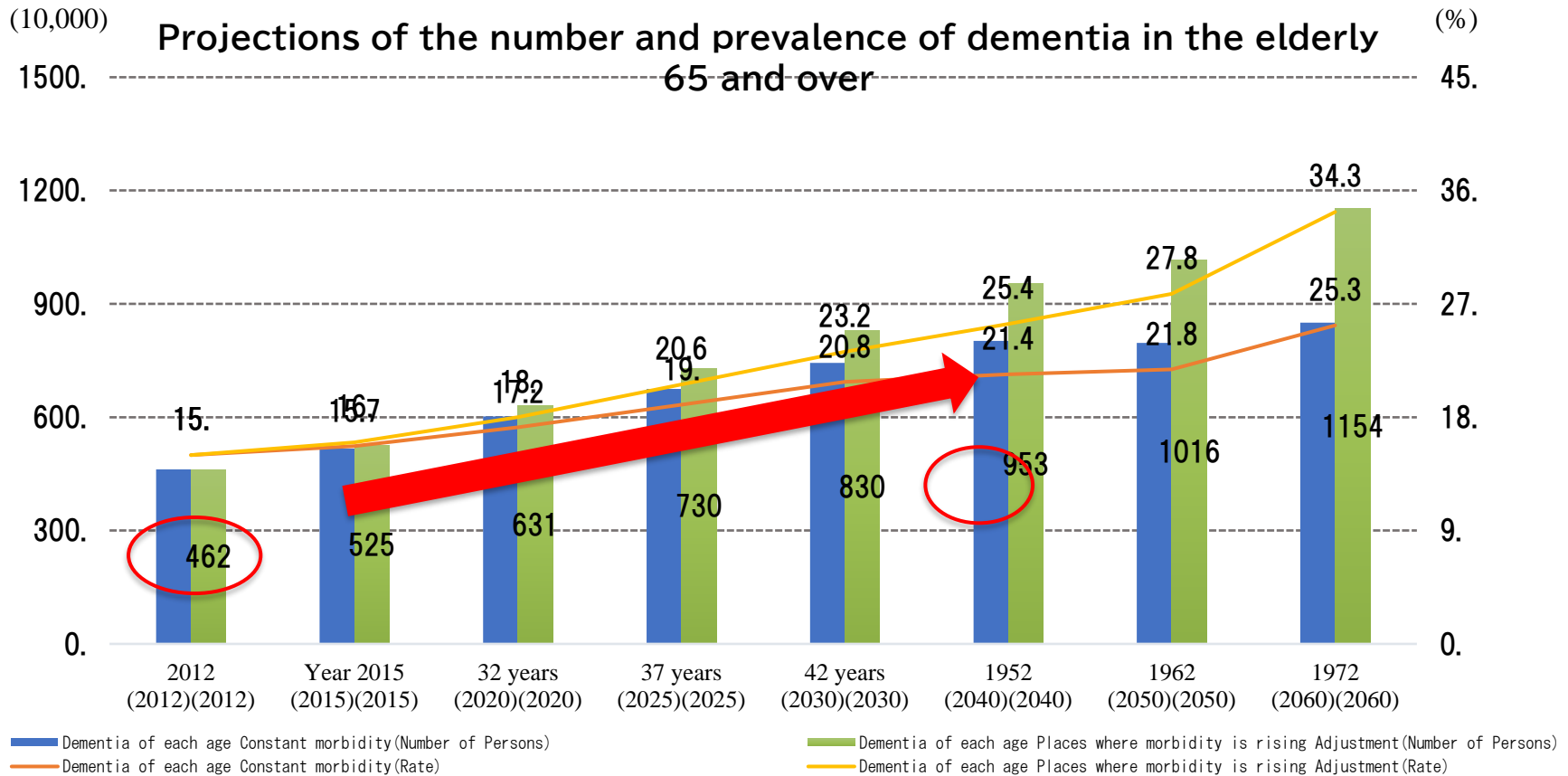
(NOTE) Survival rate is the degree of survival at each age.

The age to which half (50%) of individuals live is the median life expectancy. Median life expectancy is slightly longer (+3 years) than average life expectancy.

(Reference) Ministry of Health, Labour and Welfare, "Abridged Life Table 2017"

# Estimated Future Prevalence and Number of Dementia Patients Aged 65 and Older

- Looking at future estimates of the number and prevalence of dementia in the elderly aged 65 or older, the number of people with dementia was 4.62 million in 2012, but it is expected to increase to approximately 8 million by 2040.

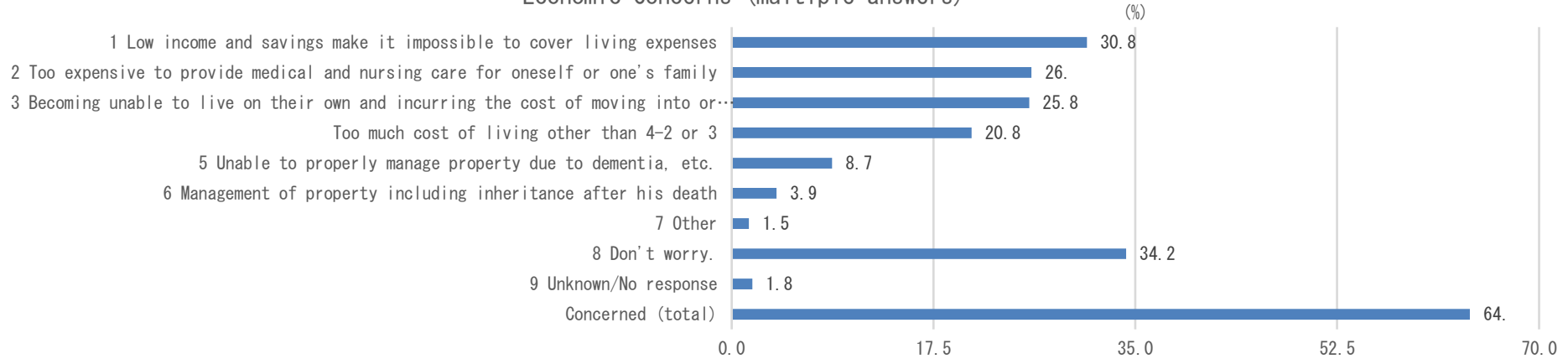


Source: Compiled by the Cabinet Office from "Research on Estimation of the Future Population of Elderly Persons with Dementia in Japan" (2014 FY, Prof. Ninomiya, Kyushu University, Special Research Project for Grants-in-Aid for Health and Labour Sciences) (excerpted from 2016 edition of Annual Report on the Aging Society)

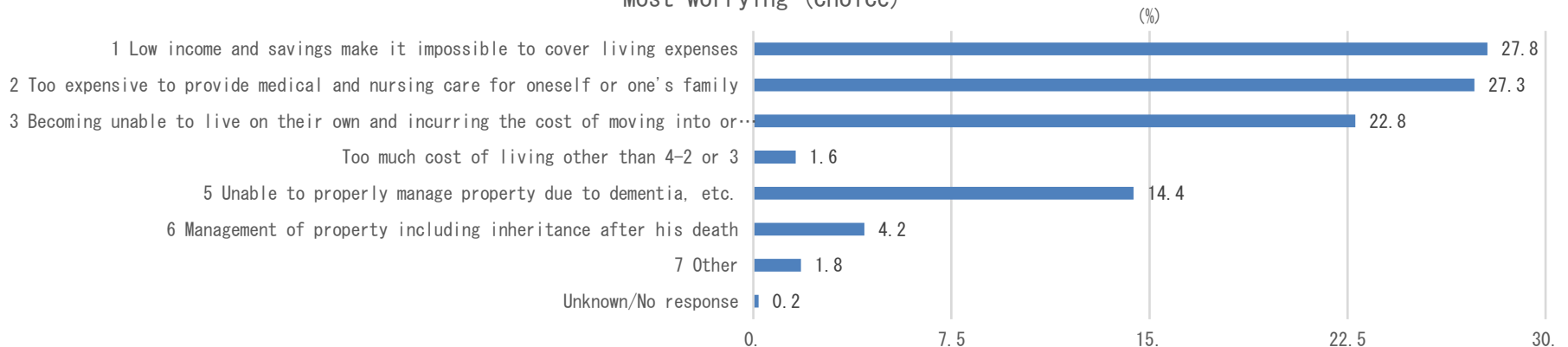
## Financial Uncertainty in the Elderly

- The greatest economic concern is about future expenditures, but there is also concern about property management due to dementia and other factors as well as inheritance after one's death.

Economic Concerns (multiple answers)

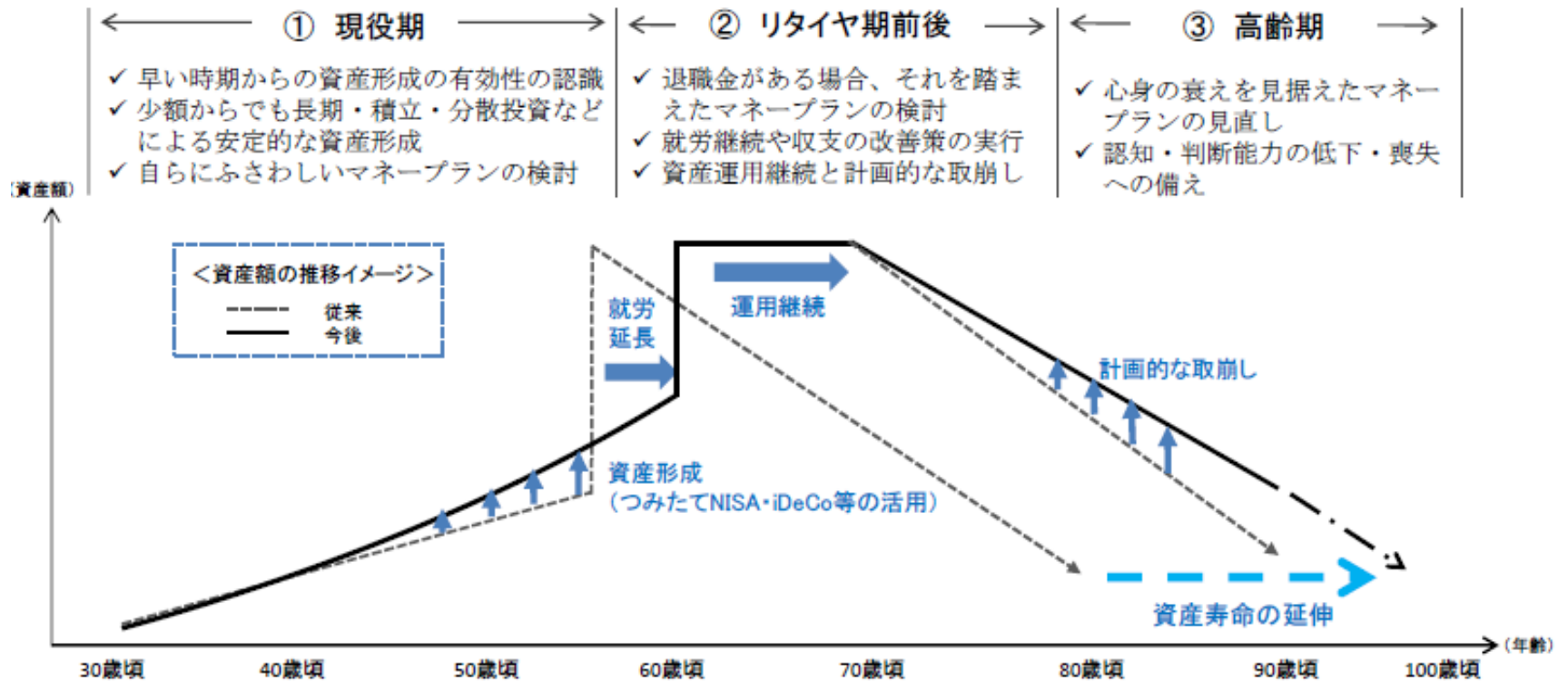


Most worrying (choice)



From the Cabinet Office's "Survey Results of the Economic Lives of Elderly Persons (Outline Version)"

# Asset Formation and Management in an Aging Society



2019.6.3 Partially modified overview of the Financial System Council's Market Working Group Report "Asset Formation and Management in an Aging Society"



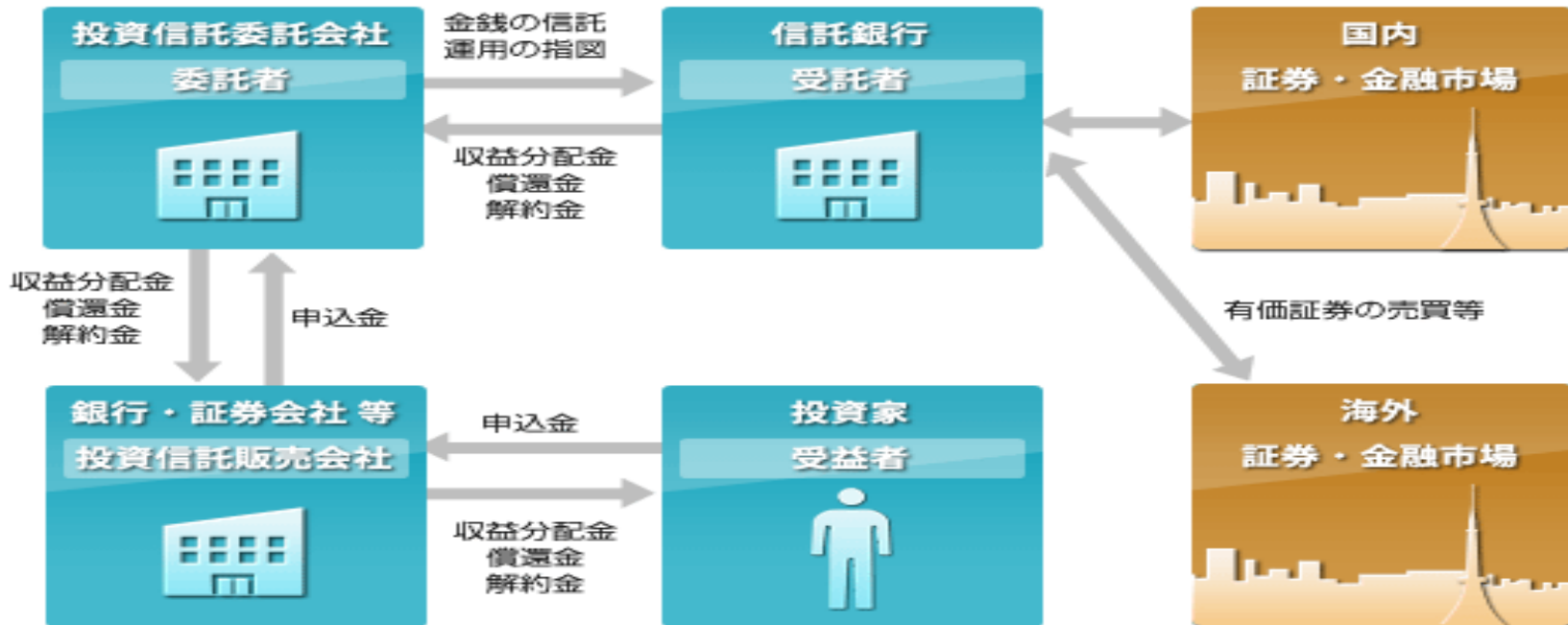
# Asset Formation and Management Mechanism ① (Securities Investment Trust)

## Securities Investment Trust

This is a financial product in which funds collected from many investors are pooled together and managed by investment trust management agencies (investment trust management companies) in domestic and overseas securities and financial markets, and the results are passed on to investors. Trust banks conclude trust contracts with investment trust management companies and safely store and manage funds collected from investors as trust assets.

As a distributor of investment trusts, trust banks provide consultation on asset management for investors.

(仕組み図)



## Asset Formation and Management Mechanism ② (Defined Benefit Pension Plan)

### Defined Benefit Corporate Pension Plan

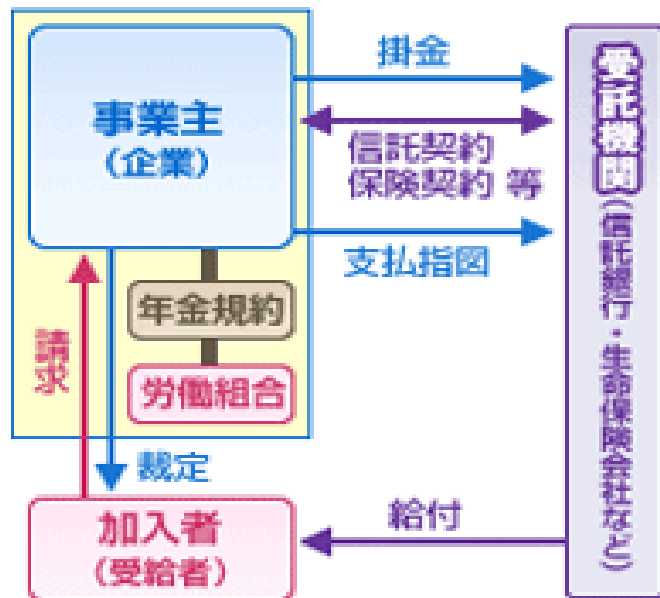
A corporate pension plan implemented under the Defined Benefit Corporate Pension Plan Law. It is divided into two types: a Contract-Type corporate pension and a fund-type corporate pension.

The Contract Type refers to a plan in which the employer, with the consent of the employees, manages and invests the pension assets by making contributions to external entities in accordance with the pension rules and regulations stipulated in the contents of the plan and pays pension benefits thereafter.

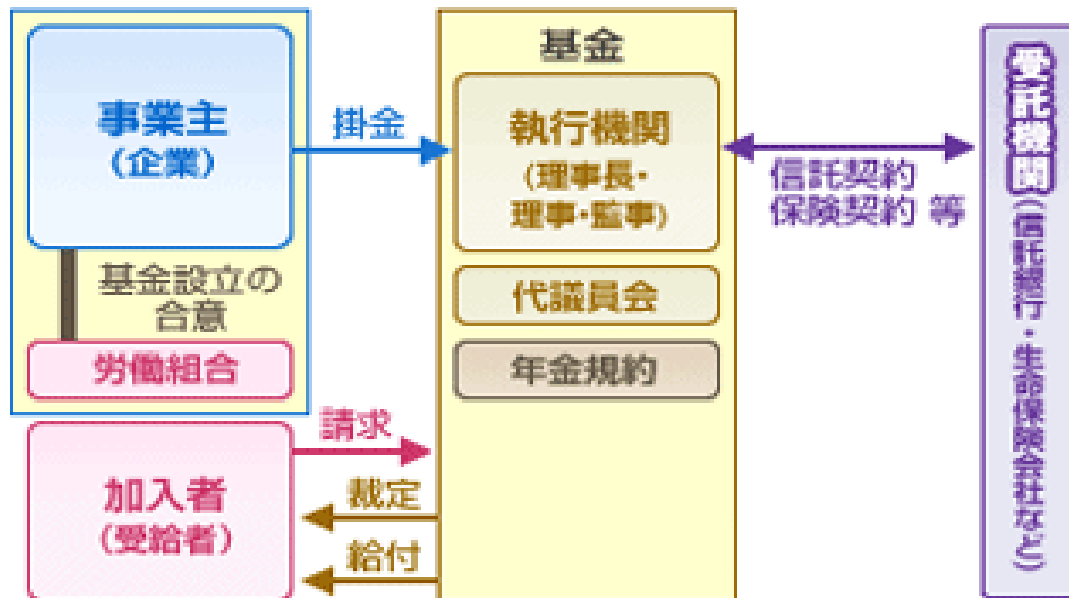
The Fund Type refers to a corporate pension fund established as a separate legal entity with the consent of employees which manages and invests pension assets in accordance with pension rules and regulations stipulated in the contents of the plan.

As a trustee, trust banks are responsible for the management and investment of pension assets in addition to pension benefits.

#### 規約型のしくみ



#### 基金型のしくみ

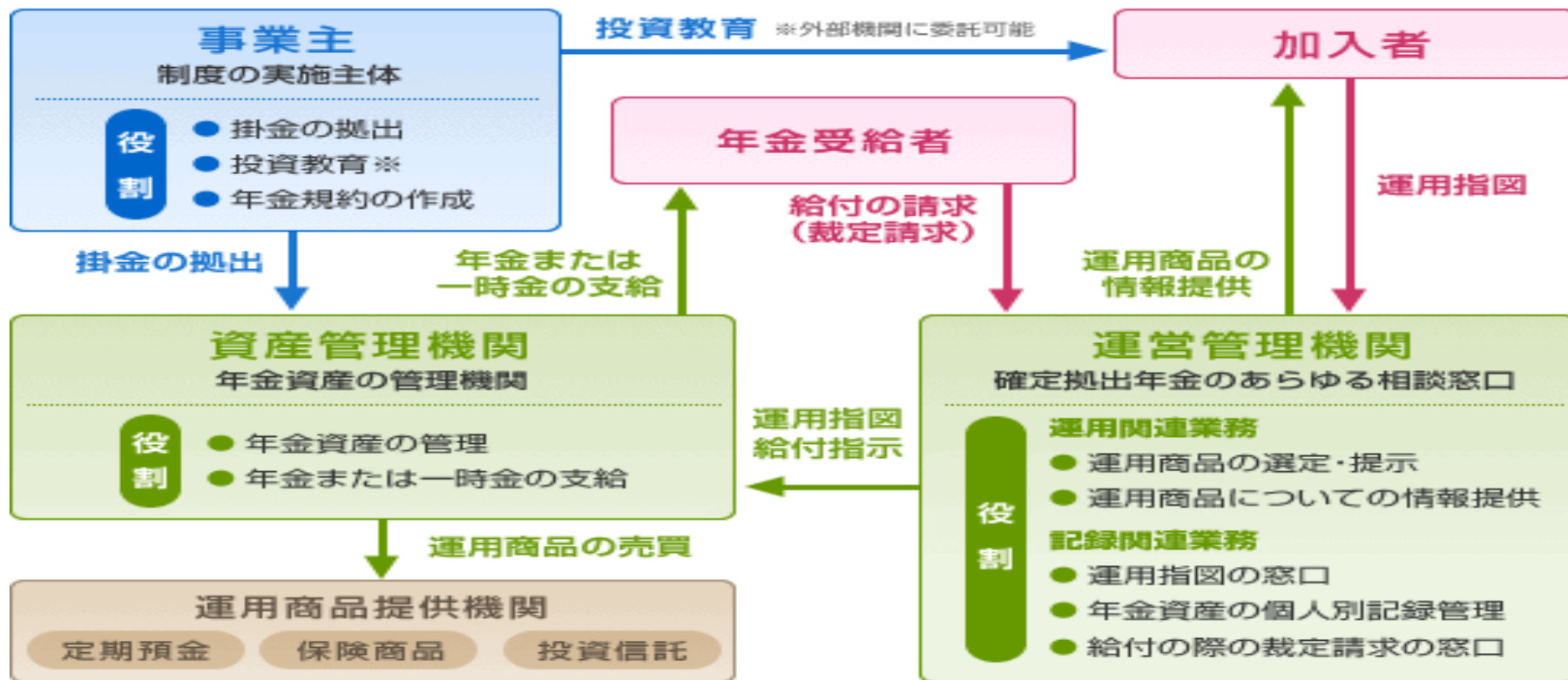


## Asset Formation and Management Mechanism ③ (Defined Contribution Pension)

### Defined Contribution Pension Plan

This is a pension plan based on the Defined Contribution Pension Law. The amount of contribution is determined in advance, and the amount of pension and lump-sum payment to be received in the future varies according to the performance of each individual's assets. The plan assets are managed at the responsibility of each participant.

There are two types: a “corporate form” in which a company implements and makes contributions, and a “personal form” in which an individual voluntarily participates and makes individual contributions. As a trustee, trust banks are responsible for the management and investment of pension assets in addition to payout of pension benefits.



将来の認知症や健康の不安に対して、信頼できる手続代理人をあらかじめ指定することで、備えることができる「まかせる支払機能」を中心に、さまざまな場面での安心を提供。非金融サービスの拡充により「楽しみ」にも着目



### ワンパッケージのえらべる4つの機能

① ねんきん受取機能 金額指定 □口座指定	日々の生活費を月1回、定期的にお受け取りいただけます。 充実した暮らしのための支出や生前贈与などに幅広く活用できます。	つかう
② 防犯あんしん機能 同意者指定	年間16,000件*にのぼる特殊詐欺被害などに備えて、 <b>お支払いの際の同意者</b> をあらかじめ指定できます。	まもる
③ まかせる支払機能 金額指定 □口座指定 手続代理人指定 □同意者指定	健康や認知症の不安に備えて、 <b>支払い手続きの手続代理人</b> をあらかじめ指定できます。 (4親等以内の親族、弁護士、司法書士、税理士をご指定いただけます。) ●毎月の生活費等の受け取り(毎月20万円まで)ができます。年1回増額(20万円まで)が可能です。 ●上記以外に医療費、介護費、住居費、税金・社会保険料のお支払いができます。	つかう まもる
④ おもしろ承継機能 金額指定 □承継先指定	ご相続発生後、遺産分割協議前に、 <b>あらかじめご指定いただいた相続人の方等</b> に500万円までのご資金をスムーズにお支払いします。	つなく

日々の暮らしの充実  
や不安の解消に向けた多様なサービス

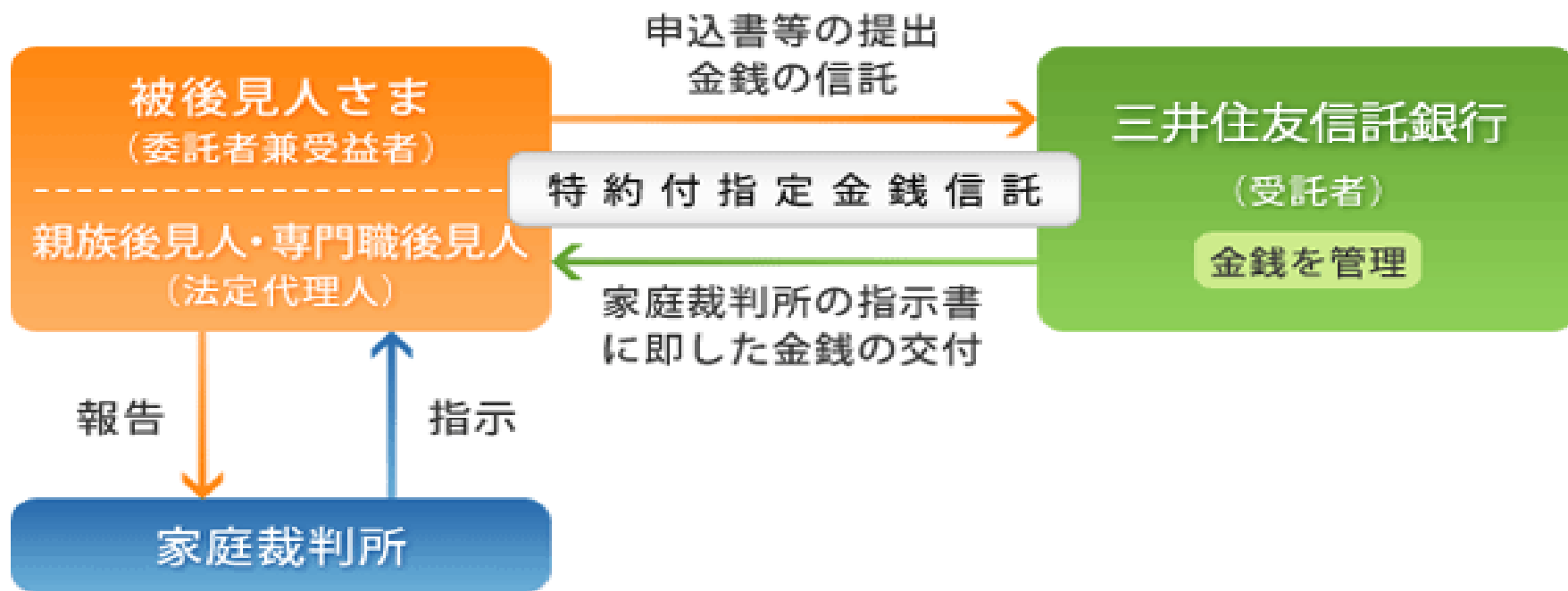
※(出典)警察庁WEBサイト「特殊詐欺の被害状況」より。2018年は16,496件、総額約363.9億円の被害が発生しています。

## Mechanism for Dealing With Decline in Decision Making Ability ②

### Guardianship Support Trust

This trust supports the guardianship system in terms of wealth management. The ward entrusts money to a trust bank, or other entity and allows for the payment of certain purposes, such as living expenses.

In Guardianship Support Trusts, the procedures for concluding a trust contract, issuing a lump sum payment, changing the trust, and canceling the trust shall be conducted in accordance with family court documentations and due to this, it is possible to safely secure the savings and other assets of the ward with the involvement of the family court.



## Passing on Assets to the Next Generation ① (Testamentary Trust)

### Testamentary Trust

Trust banks undertake procedures related to inheritance from consultation on preparation of wills, to the custody and execution of the will.

In addition to specifying specific methods for the division of inherited property, a will can also be made to include donations to public organizations or family temples.

お客さまのご意思に沿って、さまざまな資産を次の世代へ確実に承継します。



## Passing on Assets to the Next Generation ② (Testamentary Substitute Trust)

### Testamentary Substitute Trust

This form of trust pays the entrusted assets to the previously designated family member(s) when inheritance occurs. Normally, without undergoing the necessary inheritance procedures, the decedent's assets cannot be disbursed. However, by utilizing this trust, the funds that can be made immediately available for urgent expenses, such as necessary funding and funeral expenses.

