

Act for the Recruitment and Employment of Foreign Professionals New Labor Pension System

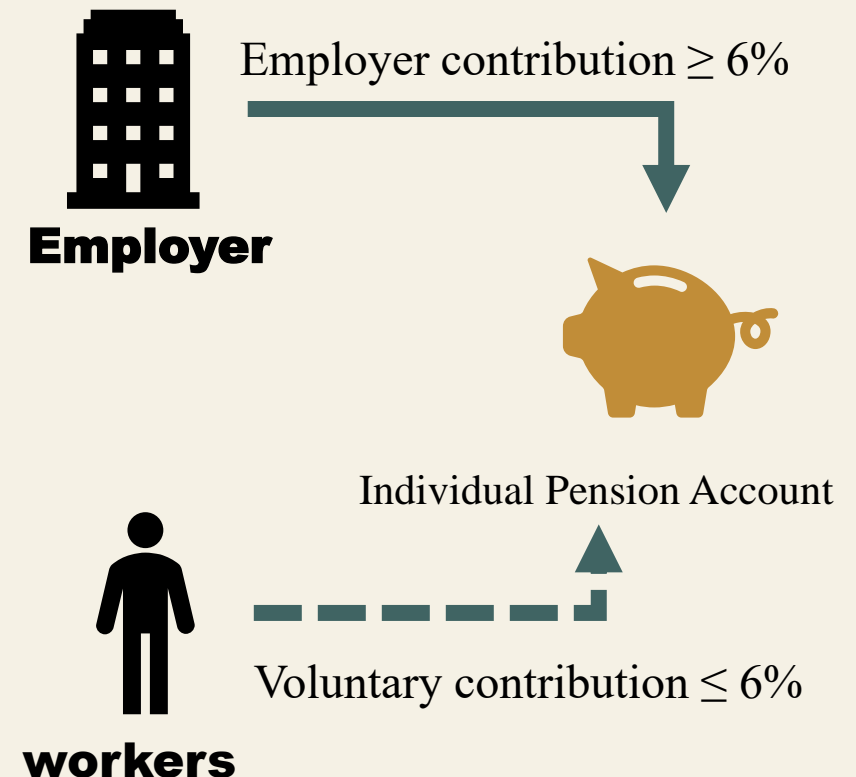


New Labor Pension System

In Taiwan, retirement protection is mainly governed by the “Labor Pension Act”, known as the New Labor Pension System. It is a portable, defined-contribution individual pension account designed to secure workers’ retirement lives.

Core Features of the New Labor Pension System

- **Individual Account System** : After the employer contributes labor pension funds for the worker, the contributions are deposited into an individual labor pension account established at the Bureau of Labor Insurance.
- **Mandatory Employer Contributions** : For workers covered by the Labor Standards Act, employers must contribute no less than 6% of the worker’s monthly wages to the individual pension account.
- **Voluntary Employee Contributions** : Workers may choose to make additional voluntary contributions of up to 6% of their monthly wages and enjoy corresponding tax incentives.
- **Ownership and Portability** : All amounts in the individual pension account belong solely to the worker and are not affected by changes in employment.



Timeline for Foreign Professionals' Eligibility for the New Pension System

2018.02.08

“Act for the Recruitment and Employment of Foreign Professionals”(攬才專法)

Foreign professionals who are hired to engage in professional work, and who have been approved for permanent residence by the National Immigration Agency, Ministry of the Interior

2021.07.07

”Act for the Recruitment and Employment of Foreign Professionals” amended and promulgated
Foreign professionals who engage in professional work, and who have been approved for permanent residence **“in accordance with the provisions of this law”** by the National Immigration Agency, Ministry of the Interior

2019.05.15

“Labor Pension Act” amended and promulgated

Foreign citizens who are permitted to reside permanently in accordance with the relevant provisions of the Immigration Act (Including foreign professionals)

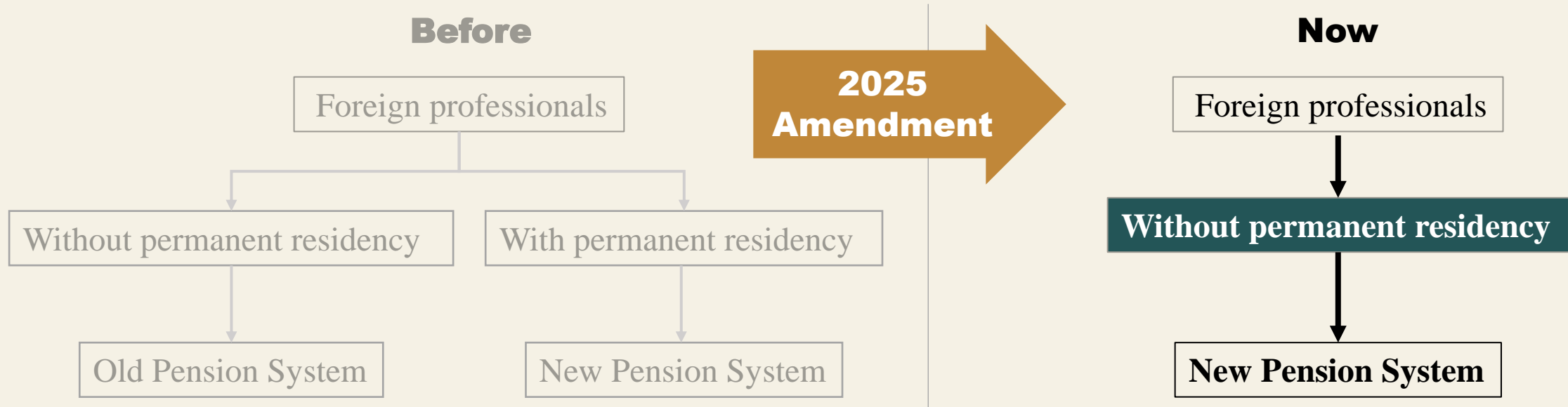
2025.09.24

”Act for the Recruitment and Employment of Foreign Professionals” amended and promulgated

Foreign professionals who engage in professional work, **“Without permanent residency”**

Major Regulatory Changes

- Previously, foreign professionals who had not yet obtained permanent residency were only eligible for the “Old Labor Pension System” and could participate in the “ New Labor Pension System ” only after acquiring permanent residency.
- The recent amendment to the *Act for the Recruitment and Employment of Foreign Professionals* removes this restriction, explicitly allowing foreign professionals to participate in the New Labor Pension System without obtaining permanent residency. This change aligns their pension rights with those of domestic workers and helps them accumulate retirement protection earlier.



Explanation on the Application of the New Labor Pension System to Foreign Professionals (1)

Starting from January 1, 2026, all foreign professionals will be covered by the Labor Pension Act (the New Labor Pension System). Those who were already employed before this date and continue to work for the same employer (current employees) may choose to remain under the retirement pension system of the Labor Standards Act (the Old Labor Pension System).

2026.01.01

Effective Date of the New Regulations

- All newly hired foreign professionals will automatically be covered by the New Labor Pension System.
- Current employees may begin making their selection.

2026.06.30

Deadline for Selection

- This is the final date for current employees to choose to remain under the Old Labor Pension System.
- Those who do not make a selection by the deadline will be automatically transferred to the New Labor Pension System.

2026.07.15

Employer Reporting Deadline

This is the final date for employers to complete contribution reporting for current employees who automatically fall under the New Labor Pension System.



Only foreign professionals who were already employed and remained with the same employer before the effective date (i.e., before January 1, 2026) may choose to remain under the Old Labor Pension System, and **this is a one-time, irrevocable choice**.

Explanation on the Application of the New Labor Pension System to Foreign Professionals (2)



Selection for Current Employees

Current employees who were already employed before **January 1, 2026**, and continue to work for the same employer are granted a one-time opportunity to make their selection.



Transition to the New Labor Pension System

- Conditions**
- Those who indicate to their employer that they opt to be covered by the New Labor Pension System.
 - Those who do not make a selection by the deadline and are automatically covered by the New Labor Pension System.

System Labor Pension Act

Continuing under the Old Labor Pension System

A written declaration must be submitted to the employer by **June 30, 2026**, indicating the choice to remain under the Old Labor Pension System.

Labor Standards Act



Key Reminder: The Choice Is Irrevocable
Once the option to remain under the Old Labor Pension System is selected, it may not be changed to the New Labor Pension System.



Employer Responsibilities

For employees covered by the New Labor Pension System

Responsibility The employer must complete the contribution registration procedures with the Bureau of Labor Insurance.

	Newly hired employees	Current employees
Applicable Persons	Employees newly hired on or after January 1, 2026	Choose to switch to the New Labor Pension System, or do not make a declaration within the selection period
Filing Deadline	seven days from the date commences an employee	no later than July 15, 2026

For current employees who choose to remain under the Old Labor Pension System

Responsibility Upon receiving the employee's written declaration, the employer shall continue to follow the retirement pension rules under the Labor Standards Act and properly retain the employee's declaration form.

Operation of Pension Accounts and Benefit Claim Rules

The funds in an individual labor pension account are invested and managed by the government, with gains and losses allocated accordingly. A guaranteed minimum return is provided at the time of withdrawal to ensure the worker's entitlement to receive pension benefits.

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.

Eligibility for Benefit Claims



- Age: **60** years or older
- Methods of Claiming Benefits
 - With at **least 15 years** of contributions: May choose to receive either monthly pension payments or a lump-sum payment.
 - With **less than 15 years** of contributions: Eligible to claim a lump-sum payment.
- If a worker dies before claiming pension, his/her **survivors or designated person** shall claim for the lump-sum payment which would have been claimed upon the worker's retirement.

Individual Pension Account

Workers aged 60 years and older

seniority < 15
years

seniority \geq 15
years

a lump-sum
payment

monthly
payments

The principal and accrued dividends from a worker's individual labor pension account are claimed in a lump sum at one time

The amount of each installment shall be calculated based upon the life chart of annuity, average life expectancy, interest rate and other factors.