

South Korea

Exchange rate: US\$1.00 = 1,112.01 won.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1973 (national welfare pension).

Current laws: 1986 (national pension) and 2014 (basic old-age pension).

Type of program: Social insurance and social assistance system.

Coverage

Social insurance: Employed and self-employed persons, including farmers and fisherman.

Voluntary coverage for persons without any income, including persons younger than age 27 and spouses of insured persons with mandatory coverage, and certain needy persons.

Special systems for civil servants, private-school employees, military personnel, and employees of the special post office.

Social assistance: Low-income citizens of South Korea.

Source of Funds

Insured person

Social insurance: 4.5% of gross monthly covered earnings. Voluntarily insured persons contribute 9% of the previous year's median monthly income of all individually insured persons.

The minimum monthly earnings used to calculate contributions are 300,000 won.

The maximum monthly earnings used to calculate contributions are 4,680,000 won.

Social assistance: None.

Self-employed person

Social insurance: 9% of gross monthly covered earnings.

The minimum monthly earnings used to calculate contributions are 300,000 won.

The maximum monthly earnings used to calculate contributions are 4,680,000 won.

Social assistance: None.

Employer

Social insurance: 4.5% of gross monthly covered payroll.

The minimum monthly earnings used to calculate contributions are 300,000 won.

The maximum monthly earnings used to calculate contributions are 4,680,000 won.

Social assistance: None.

Government

Social insurance: Part of the cost of administration; contributions for some farmers and fishermen, some low-income employees, parents with more than two children, and insured persons with military service.

Social assistance: The total cost.

Qualifying Conditions

Old-age pension (social insurance, income tested):

Age 61 (gradually rising to age 65 by 2034) with at least 20 years of coverage.

Income test: If younger than age 66, taxable monthly income or earnings from gainful activity must not exceed 2,270,516 won.

Partial pension: Age 61 (gradually rising to age 65 by 2034) with at least 10 but less than 20 years of coverage.

Early pension: Age 57 (gradually rising to age 60 by 2029) with at least 10 years of coverage.

Active old-age pension: Aged 61 to 65 with at least 10 years of coverage and in gainful activity with monthly taxable income exceeding 2,270,516 won.

Split pension: Age 61 and divorced. Must have been married to an insured spouse for at least five years during his or her period of coverage.

Dependent's supplement: Paid for eligible dependents, including a spouse, children up to the month they reach age 19 (any age if assessed with a first-degree (total loss of work capacity and requiring constant attendance) or second-degree (severe loss of work capacity) disability), and parents (including the spouse's parents) aged 60 or older (any age if assessed with a first-, second-, or third-degree (less severe loss of work capacity) disability).

Old-age settlement (Lump-sum Refund, social insurance):

Age 61 with less than 10 years of coverage; at any age if the insured emigrates permanently, loses South Korean citizenship, or if there is a bilateral agreement for insured foreigners who leave South Korea.

Basic old-age pension (social assistance, income tested):

Age 65.
Income test: Monthly income must not exceed 1,310,000 won for a single person or 2,096,000 won for a couple.

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Disability pension (social insurance): Must be assessed with a first-degree (total loss of work capacity and requiring constant attendance), second-degree (severe loss of work capacity), or third-degree (less severe loss of work capacity) disability as the result of a disease or injury that began while insured.

The National Pension Service assesses the degree of disability.

At the request of the beneficiary, the National Pension Service may reassess the degree of disability and adjust the benefit amount.

Dependent's supplement: Paid for a spouse, children up to the month they reach age 19 (any age if assessed with a first-degree (total loss of work capacity and requiring constant attendance) or second-degree (severe loss of work capacity) disability), or parents (including the spouse's parents) aged 60 or older (any age if assessed with a first- or second-degree disability).

Disability benefit (social insurance): Must be assessed with a fourth-degree (partial loss of work capacity) disability and meet certain other conditions.

Survivor pension (social insurance): Paid when an old-age pensioner, a disability pensioner with a first- or second-degree disability, or a formerly insured person with at least 10 years of coverage dies.

Eligible survivors include (in order of priority) a spouse, children up to the month they reach age 25 (any age if assessed with a first- or second-degree disability), parents, grandchildren up to the month they reach age 19 (any age if assessed with a first- or second-degree disability), and grandparents (including the spouse's parents or grandparents) aged 60 or older (any age if assessed with a first- or second-degree disability).

Dependent's supplement: Paid for a spouse, children up to the month they reach age 19 (any age if assessed with a first- or second-degree disability), or parents (including the spouse's parents) aged 60 or older (any age if assessed with a first- or second-degree disability).

Survivor settlement (Lump-sum Refund, social insurance): Paid when an insured or formerly insured person who did not qualify for the survivor pension dies.

Death settlement (social insurance): Paid to dependent survivors (direct blood-relatives including cousins) if there are no eligible survivors for the survivor pension or survivor lump-sum refund.

Old-Age Benefits

Old-age pension (social insurance, income tested):

The pension is the insured's monthly basic pension amount (BPA).

The BPA is 1.35 (decreasing by 0.015 a year until reaching 1.2 in 2028) times the sum of the national average indexed monthly wage in the three years immediately before the

year in which the pension is first paid and the insured's average monthly wage over the total contribution period. An increment is paid for years of coverage exceeding 20 years.

Partial pension: 50% to 95% of the insured's monthly BPA is paid, depending on the years of coverage.

Early pension: The pension is based on the insured's monthly BPA, the total number of years of coverage, and the insured's age when the pension is first paid.

Active old-age pension: The pension is the old-age pension the insured would have been entitled to receive (based on the insured's monthly BPA, the total number of years of coverage, and the insured's age when the pension is first paid) minus an amount that varies depending on the insured's monthly taxable income from gainful activity.

Split pension: Up to 50% of the insured ex-spouse's old-age pension is paid, depending on the length of marriage. The insured ex-spouse's old-age pension is reduced accordingly.

Dependent's supplement: 256,870 won a year is paid for a spouse and 171,210 won a year for each eligible child or parent. The supplement is not paid if the insured is receiving the active old-age pension.

Benefit adjustment: Benefits are adjusted annually based on changes in the consumer price index for the previous year.

Old-age settlement (Lump-sum Refund, social insurance): A lump sum of total employee and employer contributions plus accrued interest (calculated at the basic bank rate on the date of the refund) is paid.

Basic old-age pension (social assistance): Up to 209,960 won a month is paid, depending on the beneficiary's income.

Permanent Disability Benefits

Disability pension (social insurance): The pension is calculated based on the assessed degree of disability and the insured's monthly basic pension amount (BPA). 100% of the insured's BPA is paid for a first-degree disability; 80% for a second-degree disability; or 60% for a third-degree disability.

The BPA is 1.35 (decreasing by 0.015 a year until reaching 1.2 in 2028) times the sum of the average indexed national monthly wage in the three years immediately before the year in which the pension is first paid and the insured's average monthly wage over the total contribution period. An increment is paid for years of coverage exceeding 20 years.

Dependent's supplement: 256,870 won a year is paid for a spouse and 171,210 won a year for each eligible child or parent.

Benefit adjustment: Benefits are adjusted annually based on changes in the consumer price index for the previous year.

Disability benefit (social insurance): A lump sum of 225% of the insured's BPA is paid.

The BPA is 1.35 (decreasing by 0.015 a year until reaching 1.2 in 2028) times the sum of the average indexed national monthly wage in the three years immediately before the year in which the pension is first paid and the insured's average monthly wage over the total contribution period. An increment is paid for years of coverage exceeding 20 years.

Survivor Benefits

Survivor pension (social insurance): 60% of the deceased's monthly basic pension amount (BPA) is paid with at least 20 years of contributions; 50% with 10 to 19 years; 40% with less than 10 years.

The BPA is 1.35 (decreasing by 0.015 a year until reaching 1.2 in 2028) times the sum of the average indexed national monthly wage in the three years immediately before the year in which the pension is first paid and the insured's average monthly wage over the total contribution period. An increment is paid for years of coverage exceeding 20 years.

Dependent's supplement: 171,210 won a year is paid for each eligible child or parent.

Benefit adjustment: Benefits are adjusted annually based on changes in the consumer price index for the previous year.

Survivor settlement (Lump-sum Refund, social insurance): A lump sum of total employee and employer contributions plus accrued interest (calculated at the basic bank rate on the date of the refund) is paid.

Death settlement (social insurance): A lump sum of total employee and employer contributions plus accrued interest (based on the average annual bank interest rate) is paid.

The maximum death benefit is four times the deceased's last covered monthly wage, or the average covered monthly wage for the entire insured period, whichever is greater.

Administrative Organization

Ministry of Health and Welfare (<http://www.mohw.go.kr/>) supervises the program.

National Pension Service (<http://www.nps.or.kr/>) administers the program and pays benefits.

National Health Insurance Service (<http://www.nhis.or.kr/>) collects contributions.

Sickness and Maternity

Regulatory Framework

First laws: 1963 (voluntary medical insurance for employees); and 1976 (compulsory national medical insurance), implemented in 1977.

Current laws: 1993 (employment insurance), implemented in 1995; 1999 (national health insurance), implemented in 2000; 2002 (financial stability of national health insurance); 2003 (collection of premiums, employment insurance), implemented in 2005; and 2007 (long-term care insurance), implemented in 2008.

Type of program: Social insurance and social assistance system. Maternity, medical, and long-term care benefits only.

Coverage

Social insurance (cash maternity and childcare benefits): Employed persons.

Voluntary coverage for certain small businesses in agriculture, forestry, fishery, and construction; electricians; telecommunications workers; fire service personnel; certain self-employed persons; and most persons working less than 60 hours a month or 15 hours a week.

Exclusions: Household workers and family labor.

Special systems for civil servants, private-school employees, military personnel, and employees of the special post office.

Social insurance (medical and long-term care benefits): Citizens of South Korea and employees.

Voluntary coverage for foreigners residing in South Korea.

Exclusions: Low-income citizens covered by the means-tested medical aid program.

Social assistance (medical benefits): Low-income citizens of South Korea.

Source of Funds

Insured person

Social insurance (cash benefits): See source of funds under Unemployment.

Social insurance (medical and long-term care benefits): 3.12% (medical benefits) and 0.23% (long-term care) of gross monthly covered earnings.

The minimum monthly earnings used to calculate contributions are 280,000 won.

The maximum monthly earnings used to calculate contributions are 99,242,040 won.

Social assistance (medical benefits): None.

Self-employed person

Social insurance (cash benefits): The monthly premium varies depending on personal factors, including property ownership, income, age, and gender.

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Social insurance (medical and long-term care benefits): Varies depending on personal factors including property ownership, income, age, and gender.

Social assistance (medical benefits): None.

Employer

Social insurance (cash benefits): See source of funds under Unemployment.

Social insurance (medical and long-term care benefits): 3.12% (medical benefits) and 0.23% (long-term care) of monthly covered payroll.

The minimum monthly earnings used to calculate contributions are 280,000 won.

The maximum monthly earnings used to calculate contributions are 99,242,040 won.

Social assistance (medical benefits): None.

Government

Social insurance (cash benefits): Provides subsidies as needed; contributes as an employer.

Social assistance (medical benefits): The total cost.

Qualifying Conditions

Cash sickness benefit: No statutory benefits are provided.

Cash maternity and childcare benefits (social insurance): Must have at least 180 days of coverage before the last day of maternity leave or the first day of childcare leave.

Medical benefits (social insurance): Must not have missed paying more than six months of contributions since first becoming insured.

Medical benefits (Medical Aid, social assistance, means tested): Paid to persons younger than age 18 or older than age 65, at any age with a severe disability or certain illnesses, pregnant women expected to give birth within six months, and certain other persons.

Means test: Monthly household income must be below 501,632 won (single person); 854,129 won (two persons); 1,104,945 won (three persons); 1,355,761 won (four persons); or 1,606,576 won (five persons or more).

Long-term care (social insurance): Age 65 and in need of constant care; younger than age 65 and requiring constant care due to a medical condition such as dementia, cardiovascular disease, or Alzheimer's disease.

Sickness and Maternity Benefits

Sickness benefit: No statutory benefits are provided.

Maternity benefit (social insurance): 100% of the insured's wages is paid for 90 days, including at least 45 days after childbirth. The employer generally pays the first 60 days.

The maximum total maternity benefit is 4,800,000 won (6,400,000 won in the case of multiple births) for each pregnancy.

Childcare benefit (social insurance): A benefit is paid for up to 12 months.

The minimum monthly childcare benefit is 700,000 won for the first three months; 500,000 won thereafter.

The maximum monthly childcare benefit is 1,500,000 won for the first three months; 1,000,000 won thereafter.

Medical care (social insurance): Insured persons may receive special cash benefits for family caregivers, exceptional care, and hospitalization.

Workers' Medical Benefits

Medical benefits (social insurance): Benefits include medical treatment, surgery, hospitalization, maternity care, and medicine. Doctors, clinics, hospitals, and pharmacists under contract with the National Health Insurance Service (NHIS) provide medical services.

Cost sharing: The insured pays 20% of hospitalization costs and 30% to 60% of outpatient care, depending on the type of facility.

Medical benefits (Medical Aid, social assistance, means tested): Medical benefits include medical treatment, institutional care, and appliances.

Long-term care (social insurance): In-home services include visits, bathing, nursing, day and night care, short-term respite care, and functional aids. Institutional care includes care provided in licensed nursing homes, retirement homes, licensed residential establishments, and other long-term care facilities.

Dependents' Medical Benefits

Medical benefits (social insurance): Medical benefits for dependents are the same as those for the insured.

Eligible dependents must have no income and live with the insured, including the insured's spouse, children, grandchildren, parents, grandparents, and siblings.

Medical benefits (Medical Aid, social assistance, means tested): Medical benefits for dependents are the same as those for the main beneficiary.

Administrative Organization

Cash maternity and childcare benefits

Ministry of Employment and Labor (<http://www.moeil.go.kr/>) provides general supervision, pays benefits, and administers the program.

Korea Worker's Compensation and Welfare Service (<https://www.kcomwel.or.kr/>) sets contribution rates.

National Health Insurance Service (<http://www.nhis.or.kr/>) collects contributions.

Medical and long-term care benefits

Ministry of Health and Welfare (<http://www.mohw.go.kr/>) provides general supervision.

National Health Insurance Service (<http://www.nhis.go.kr/>) administers the national health insurance and long-term care programs, levies and collects contributions, and pays medical service providers.

Health Insurance Review and Assessment Service (<http://www.hira.or.kr/>) examines and reviews medical claims and evaluates the quality of medical and long-term care services.

Office for Social Welfare Policy under the Ministry of Health and Welfare administers the medical aid program.

Work Injury

Regulatory Framework

First law: 1953 (labor).

Current laws: 1963 (industrial accident compensation insurance), implemented in 1964; and 2003 (collection of premiums), implemented in 2005.

Type of program: Social insurance system.

Note: The 1953 law still applies to employees if their incapacity due to a work-related injury or an occupational disease lasts for less than four days.

Coverage

Employees of most types of establishments with at least one employee.

Voluntary coverage for certain enterprises with fewer than five employees in agriculture, forestry (except logging), fishery, and hunting.

Exclusions: Household workers and family labor.

Special systems for civil servants, military personnel, private-school employees, and seamen.

Source of Funds

Insured person: None.

Self-employed person: 0.7% to 28.1% of declared earnings or payroll, depending on the assessed degree of risk.

There are no minimum or maximum earnings used to calculate contributions.

Employer: 0.7% to 28.1% of annual payroll, depending on the assessed degree of risk.

There are no minimum or maximum earnings used to calculate contributions.

Government: None.

Qualifying Conditions

Must be assessed with a work injury or occupational disease and provide a medical certificate.

Temporary Disability Benefits

70% of the insured's average daily wage in the last three months before the accident or first examination of the occupational disease is paid.

If the insured is still receiving medical treatment after 24 months, 70.4% to 90.1% (depending on the assessed degree of disability) of the insured's average daily wage in the last three months is paid to persons assessed with a first-, second-, or third-degree disability. The benefit is paid for 257, 291, or 329 treatment days a year (depending on the assessed degree of disability) until recovery or the award of a permanent disability pension.

The minimum daily temporary disability benefit is 60,240 won.

The maximum daily temporary disability benefit is 205,686 won.

Benefit adjustment: The minimum and maximum benefits are adjusted annually based on wage changes.

Permanent Disability Benefits

Permanent disability benefit: The monthly pension is the insured's average daily wage in the three months before the onset of disability multiplied by 138 (for a grade seven disability) up to 329 (for a grade one disability) and divided by 12. Insured persons with an assessed degree of disability from four to seven may choose between the pension and a lump sum of the insured's average daily wage multiplied by 616, 737, 869, or 1,474, depending on the assessed degree of disability.

The minimum daily permanent disability benefit is 57,135 won.

The maximum daily permanent disability benefit is 205,686 won.

Partial disability: A lump sum of the insured's average daily wage in the three months before the onset of the disability multiplied by 55 to 495 (depending on the assessed degree of disability) is paid for an assessed degree of disability from grades eight to 14 (lower severity).

Nursing benefit: Paid for nursing services for insured persons with a residual chronic disability after receiving medical treatment. The benefit ranges from 27,450 won to 41,170 won a day, depending on assessed needs.

Benefit adjustment: The minimum and maximum benefits are adjusted annually based on changes in wages.

Workers' Medical Benefits

Medical benefits include medical treatment, surgery, hospitalization, medicine, nursing, dental care, rehabilitation appliances, and transportation.

Survivor Benefits

Survivor pension: The monthly pension is 52% of the deceased's average annual wage (calculated as the insured's average daily wage in the three months before the date of death multiplied by 365) divided by 12. The pension is increased by 5% for each additional survivor, up to 67%.

Eligible survivors include (in order of priority) a spouse, children, parents, grandchildren, and grandparents and siblings.

Survivor grant: If there are no eligible survivors for the survivor pension, a lump sum of the insured's average daily wage in the three months before the date of death multiplied by 1,300 is paid to nondependent survivors.

Funeral grant: A lump sum of the insured's average daily wage in the three months before the date of death multiplied by 120 is paid to the person who paid for the funeral.

The minimum funeral grant is 10,763,580 won.

The maximum funeral grant is 15,069,990 won.

Benefit adjustment: The minimum and maximum benefits are adjusted annually based on changes in wages.

Administrative Organization

Ministry of Employment and Labor (<http://www.moeol.go.kr/>) provides general supervision.

Korea Workers' Compensation and Welfare Service (<https://www.kcomwel.or.kr/>) sets contribution rates, pays benefits, and administers the program through its own medical care institutions.

National Health Insurance Service (<http://www.nhis.or.kr/>) collects contributions.

Unemployment

Regulatory Framework

First and current laws: 1993 (employment insurance), implemented in 1995; and 2003 (collection of premiums), implemented in 2005.

Type of program: Social insurance system.

Coverage

Employed persons.

Voluntary coverage for certain small businesses in agriculture, forestry, fishery, and construction; electricians; telecommunications workers; fire service workers; certain self-employed persons; and persons working less than 60 hours a month or less than 15 working hours a week.

Exclusions: Household workers and family labor.

Special systems for civil servants, private-school employees, military personnel, and employees of the special post office.

Source of Funds

Insured person: 0.65% of gross annual wages.

There are no minimum or maximum earnings used to calculate contributions.

The insured person's contributions also finance sickness and maternity benefits.

Self-employed person: 2.25% of declared wages (employment services only).

There are no minimum or maximum earnings used to calculate contributions.

Employer: 0.9% to 1.5% of annual payroll, depending on the type of business.

There are no minimum or maximum earnings used to calculate contributions.

The employer's contributions also finance sickness and maternity benefits.

Government: None.

Qualifying Conditions

Must have at least six months of coverage in the last 18 months, be registered at an employment security office, and be capable of and available for work. Unemployment must not be due to voluntary leaving, misconduct, a labor dispute, or the refusal of a suitable job offer.

Unemployment Benefits

50% of the insured's average daily earnings in the three months immediately before unemployment is paid after a seven-day waiting period for up to 90 days to those with six to 12 months of coverage; for up to 240 days with more than 10 years of coverage and aged 50 or older or disabled.

The minimum daily unemployment benefit is 90% of the minimum daily wage.

The minimum daily wage is 54,216 won.

Additional allowances are paid to unemployed persons to encourage retraining or job search. Allowances include the early reemployment allowance, vocational ability development allowance, and transportation and home moving allowance.

Employment services are provided through the Employment Stabilization Program and the Vocational Competency Development Program.

Administrative Organization

Ministry of Employment and Labor (<http://www.moeil.go.kr/>) provides general supervision, pays benefits, and administers the program.

Korea Worker's Compensation and Welfare Service (<https://www.kcomwel.or.kr/>) sets contribution rates.

National Health Insurance Service (<http://www.nhis.or.kr/>) collects contributions.

Family Allowances

Regulatory Framework

First and current law: 1991 (childcare).

Type of program: Universal system.

Note: Local governments and designated public organizations provide cash transfers or payments through vouchers, including a minimum income guarantee (National Basic Livelihood Security System), child services, and support for persons with disabilities.

Coverage

Residents of South Korea.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Childcare allowance

Daycare allowance: Paid for children up to age 5 receiving care in a daycare center or kindergarten.

Homecare allowance: Paid for children up to age 6 in homecare.

Family Allowance Benefits

Childcare allowance

Daycare allowance: 441,000 won a month is paid for a child younger than age 1 (344,000 won if in part-time care); 338,000 won for a child age 1 (302,000 won if in part-time care); 321,000 won for a child age 2 (250,000 won if in part-time care); or 220,000 won for a child aged 3 to 5.

Homecare allowance: 200,000 won a month is paid for a child younger than age 1; 177,000 won a month for a child age 1; and 100,000 for a child aged two to six. (In rural areas, 156,000 a month for a child age two; 129,000 for a child age 3; or 100,000 for a child aged 4 to 6.)

Administrative Organization

Ministry of Health and Welfare (<http://www.mohw.go.kr/>) provides general supervision.

Office for Social Welfare Policy under the Ministry of Health and Welfare administers the program.