

South Korea

Exchange rate: US\$1.00 = 1149.59 won.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1973 (national welfare pension).

Current laws: 1986 (national pension) and 2007 (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.

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

Basic old-age pension: Low-income citizens of Korea.

Source of Funds

Insured person

Social insurance: 4.5% of gross monthly 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 280,000 won.

The maximum monthly earnings used to calculate contributions are 4,340,000 won.

Social assistance: None.

Self-employed person

Social insurance: 9% of gross monthly earnings.

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

The maximum monthly earnings used to calculate contributions are 4,340,000 won.

Social assistance: None.

Employer

Social insurance: 4.5% of gross monthly payroll.

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

The maximum monthly earnings used to calculate contributions are 4,340,000 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): Age 61 (gradually rising to age 65 by 2034) with at least 20 years of coverage.

Income and earnings test: If younger than age 66, taxable monthly income or earnings from gainful activity must not exceed 2,105,482 won.

Reduced old-age pension: Age 61 (gradually rising to age 65 by 2034) with 10 to 19 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 2,105,482 won.

Early pension: Aged 56 to 60 with at least 10 years of coverage.

Income and earnings test: If younger than age 66, taxable monthly income or earnings from gainful activity must not exceed 2,105,482 won.

Dependent's supplement: Paid for eligible dependents, including a spouse, children younger than age 18 or 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 61 or older or assessed with a first-, second-, or third-degree disability.

Old-age lump-sum refund (social insurance): Age 61 with less than 10 years of coverage; at any age if the insured emigrates permanently, loses Korean citizenship, or if there is a bilateral agreement for insured foreigners who leave Korea.

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

Basic old-age pension (social assistance): Age 65.

Income test: Income must not exceed 1,000,000 won a month for a single person or 1,600,000 won for a couple.

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 insured must have paid at least 66.7% of scheduled contributions on time (except when the unpaid coverage period is less than six months).

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 younger than age 18 or 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 61 or older or assessed with a first-degree or second-degree disability.

Lump-sum disability benefit (social insurance):

Assessed with a fourth-degree disability (partial loss of work capacity) and has paid at least 66.7% of scheduled contributions on time (except when the unpaid coverage period is less than six months).

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. The deceased must have paid at least 66.7% of scheduled contributions on time (except when the unpaid coverage period is less than six months).

Eligible survivors include (in order of priority) a spouse, children younger than age 19 (any age if assessed with a first- or second-degree disability), parent, grandchildren younger than age 19 (any age if assessed with a first- or second-degree disability), and grandparents (including the spouse's parents or grandparents) aged 61 or older or assessed with a first- or second-degree disability.

Dependent's supplement: Paid for a spouse, children younger than age 18 or 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 61 or older or assessed with a first-degree or second-degree disability.

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

Lump-sum death benefit (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): The pension is the insured's monthly basic pension amount (BPA).

The BPA is 1.38 (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 insured's total contribution period. An increment is paid for years of coverage exceeding 20 years.

Reduced old-age pension: 50% to 95% of the insured's monthly BPA is 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 according to the insured's monthly taxable income from gainful activity.

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.

Dependent's supplement: 249,600 won a year is paid for a spouse and 166,360 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 according to changes in the consumer price index for the previous year.

Old-age 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.

Split pension (social insurance): Up to 50% of the insured ex-spouse's pension is paid, according to the length of marriage.

Basic old-age pension (social assistance): Up to 204,010 won a month is paid, according to income.

Permanent Disability Benefits

Disability pension (social insurance): The pension is calculated according to the insured's monthly basic pension amount (BPA) and assessed degree of disability. For a first-degree disability (total loss of work capacity and requiring constant attendance), 100% of the insured's BPA is paid; 80% for a second-degree disability (severe loss of work capacity); and 60% for a third-degree disability (less severe loss of work capacity).

The BPA is 1.38 (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 insured's total contribution period. An increment is paid for years of coverage exceeding 20 years.

Dependent's supplement: 249,600 won a year is paid for a spouse and 166,360 won a year for each eligible child or parent.

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

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

The BPA is 1.38 (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 insured's 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 1.38 (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 insured's total contribution period. An increment is paid for years of coverage exceeding 20 years.

Dependent's supplement: 166,360 won a year is paid for each eligible child or parent.

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

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

Lump-sum death benefit (social insurance): A lump sum of total deceased and employer contributions plus accrued interest based on the average annual bank interest rate is paid.

The maximum lump-sum 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 higher.

Administrative Organization

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

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

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; 2007 (long-term care insurance), implemented in 2008; and 2010 (integrated collection of social insurance contributions).

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

Coverage

Cash maternity and child-care benefits: Employed persons.

Voluntary coverage for certain small businesses in agriculture, forestry, hunting, fishery, and construction; electricians; telecommunications workers; fire service personnel; certain self-employed persons; and household workers.

Exclusions: Most persons working less than 60 hours a month or 15 hours a week, and family labor.

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

Medical and long-term care benefits: Korean citizens and employees. Voluntary coverage for foreigners residing in Korea.

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

Source of Funds

Insured person

Cash benefits: See source of funds for Unemployment.

Medical and long-term care benefits: 3.06% (medical benefits) and 0.2% (long-term care) of gross monthly earnings.

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

The maximum monthly earnings used to calculate contributions are 78,100,000 won.

Self-employed person

Cash benefits: Varies based on personal factors including property ownership, income, age, and gender.

Medical and long-term care benefits: Varies based on personal factors including property ownership, income, age, and gender.

Employer

Cash benefits: See source of funds for Unemployment.

Medical and long-term care benefits: 3.06% (medical benefits) and 0.2% (long-term care) of monthly payroll.

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

The maximum monthly earnings used to calculate contributions are 78,100,000 won.

Government

Cash benefits: Provides subsidies as necessary; contributes as an employer.

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

The maximum monthly earnings used to calculate contributions are 78,100,000 won.

Medical benefits and long-term care benefits: Provides subsidies as necessary; contributes as an employer.

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

The maximum monthly earnings used to calculate contributions are 78,100,000 won.

Qualifying Conditions

Cash sickness benefits: No statutory benefits are provided.

Cash maternity and child-care benefits: Must have at least 180 days of insurance before the last day of maternity leave or the first day of child-care leave.

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

Long-term care: 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: 100% of the insured's wages is paid for 90 days (45 days must be after childbirth). The employer generally pays the first 60 days.

The maximum total benefit is 4,500,000 won.

Child-care benefit: A benefit is paid for up to 12 months.

The minimum monthly benefit is 500,000 won.

The maximum monthly benefit is 1,000,000 won.

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

Workers' Medical Benefits

Medical benefits: Benefits include medical treatment, surgery, hospitalization, maternity care (500,000 won for each pregnancy or 750,000 for multiple births), 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. The maximum paid by each patient is 1,210,000 to 5,060,000 won a year, depending on income.

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

Dependents' Medical Benefits

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.

Administrative Organization

Cash maternity and child-care benefits

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

Korea Worker's Compensation and Welfare Service 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.nhic.or.kr/>; <http://www.longtermcare.or.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.

Work Injury

Regulatory Framework

First law: 1953.

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 establishments with at least one employee.

Voluntary coverage for certain small businesses in agriculture, forestry, hunting, fishery, and construction; electricians; telecommunications workers; fire service personnel; certain self-employed persons; and household workers.

Exclusions: Self-employed household workers and nonincorporated enterprises in agriculture, forestry (except logging), fishery, and hunting, with fewer than five full-time employees.

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

Source of Funds

Insured person: None.

Self-employed person: 0.7% to 34% of declared earnings or payroll, according to the assessed degree of risk.

There are no minimum or maximum earnings used to calculate contributions. The contribution rate is reviewed annually.

Employer: 0.7% to 34% of annual payroll, according to the assessed degree of risk.

There are no minimum or maximum earnings used to calculate contributions. The contribution rate is reviewed annually.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

70% of the insured's average daily wage in the three months before the onset of disability is paid if the insured is unable to work and is receiving medical treatment.

If still receiving medical treatment after 24 months, 70.4% to 90.1% (according to the assessed degree of disability) of the insured's average daily wage is paid to persons 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. The benefit is paid for 257, 291, or 329 treatment days (according to the assessed degree of disability) until recovery or the award of the permanent disability pension.

The minimum daily benefit is 48,240 won.

The maximum daily benefit is 191,793 won.

Benefit adjustment: The minimum and maximum benefits are adjusted annually according to wage changes.

Permanent Disability Benefits

Permanent disability benefit: The benefit varies according to the assessed degree of disability, in order of decreasing severity from grades one to seven. The annual pension

is the insured's average daily wage in the three months before the onset of disability multiplied by 138 to 329, according to the assessed degree of disability. Insured persons with an assessed disability of four to seven (medium severity) may choose between the pension and a lump sum of the insured's average daily wage multiplied by 616, 737, 869, or 1,474, according to the assessed degree of disability.

The pension is paid monthly.

The minimum daily benefit is 50,255 won.

The maximum daily benefit is 180,919 won.

Partial disability: A lump sum of the insured's average daily wage in the three months before the date of injury multiplied by 55 to 495 (according to 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, according to assessed needs.

Benefit adjustment: The minimum and maximum benefits are adjusted annually according to 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: 52% of annual earnings (calculated as the insured's average daily wage in the three months before the date of death multiplied by 365) is paid for a single person; the pension is increased by 5% for each additional survivor up to 67% for a family of four or more. The pension is paid monthly.

Eligible survivors include (in order of priority) a spouse, children younger than age 19 (any age if assessed with a first- or second-degree disability), parent, grandchildren younger than age 19 (any age if assessed with a first- or second-degree disability), and grandparents (including the spouse's parents or grandparents) aged 61 or older or assessed with a first- or second-degree disability.

Benefit adjustment: The minimum and maximum benefits are adjusted annually according to changes in wages.

Lump-sum 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 10,061,800 won.

The maximum funeral grant is 14,217,340 won.

South Korea

Benefit adjustment: The minimum and maximum benefits are adjusted annually according to changes in wages.

Administrative Organization

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

Korea Worker's Compensation and Welfare Service 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, hunting, fishery, and construction; electricians; telecommunications workers; fire service personnel; certain self-employed persons; and household workers.

Exclusions: Most persons working less than 60 hours a month or 15 hours a week, 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: 0.695% of gross annual wages.

There are no maximum earnings used to calculate contributions.

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

There are no maximum earnings used to calculate contributions.

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

There are no maximum earnings used to calculate contributions.

Government: None.

Qualifying Conditions

Unemployment benefits: Must have at least six months of coverage during 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

Unemployment benefit: 50% of the insured's average daily earnings during 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 benefit is 90% of the minimum daily wage.

The minimum daily wage is 43,416 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.moel.go.kr/>) provides general supervision, pays benefits, and administers the program.

Korea Worker's Compensation and Welfare Service sets contribution rates.

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