

South Korea

Exchange rate: US\$1.00 = 1132.90 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. Voluntary coverage for employed and self-employed persons aged 60 to 64.

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

Basic old-age pension: Citizens and foreigners married to South Koreans.

Source of Funds

Social insurance:

Insured person: 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 240,000 won.

The maximum monthly earnings used to calculate contributions are 3,890,000 won.

Self-employed person: 9% of gross monthly earnings.

The minimum monthly earnings used to calculate contributions are 240,000 won.

The maximum monthly earnings used to calculate contributions are 3,890,000 won.

Employer: 4.5% of gross monthly payroll.

The minimum monthly earnings used to calculate contributions are 240,000 won.

The maximum monthly earnings used to calculate contributions are 3,890,000 won.

Government: 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:

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost of the basic old-age pension.

Qualifying Conditions

Old-age pension (social insurance): Age 60 (gradually rising to age 65 by 2034) with 20 years of coverage. If younger than age 65, taxable monthly income or earnings from gainful activity must not exceed 1,891,771 won.

Reduced old-age pension: Age 60 (gradually rising to age 65 by 2034) with 10 to 19 years of coverage and monthly income or earnings from gainful activity not exceeding 1,891,771 won. There is no income test if aged 65 or older.

Active old-age pension: Age 60 to 64 with 10 years of coverage and in gainful activity with monthly taxable income exceeding 1,891,771 won.

Early pension: Age 55 to 59 with 10 years of coverage and taxable monthly income or earnings from gainful activity not exceeding 1,891,771 won.

Dependent's supplement: Paid for eligible dependents, including the 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 60 or older or assessed with a first-degree or second-degree disability.

Old-age lump-sum refund (social insurance): Age 60 with less than 10 years of coverage and no longer gainfully employed; 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 60 and divorced. Must have been married to an insured spouse for at least five years during his or her covered employment.

Basic old-age pension (social assistance): Age 65 with an income below 780,000 won a month for a single person or 1,248,000 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 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 eligible dependents, including the 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 60 or older or assessed with a first-degree or second-degree disability.

Lump-sum disability benefit (social insurance): Paid for a fourth-degree disability (partial loss of work capacity). The insured must have paid 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 insured person (the deceased must have paid 66.7% of scheduled contributions on time, except when the unpaid coverage period is less than six months), an old-age pensioner, or a disability pensioner with a first- or second-degree disability dies.

Eligible survivors include a widow, a widower with a first- or second-degree disability, parents and grandparents (including the spouse's parents or grandparents) aged 60 or older or assessed with a first- or second-degree disability, and children and grandchildren younger than age 19 (any age if assessed with a first- or second-degree disability). The pension is paid to eligible survivors in the following order of priority: spouse, children, parents, grandchildren, and grandparents.

Dependent's supplement: Paid for eligible dependents, including the 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 60 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 meet the qualifying conditions 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): With 20 years of coverage, the basic monthly pension amount (BPA) is 1.44 (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 each year of coverage exceeding 20 years.

Reduced old-age pension: 50% to 95% of the monthly BPA is paid with at least 10 years but less than 20 years of coverage.

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

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

Dependent's supplement: 236,360 won a year for a spouse and 157,540 won a year per child or parent is paid to all pensioners, except those 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 the insured's total contributions (including any employer contributions) plus 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 Senior Pension (social assistance): 5% (gradually rising to 10% by 2028) of the average monthly income of National Pension Service participants is paid.

In 2012, the benefit was 94,600 won a month for a single person; 151,400 won a month for a couple.

Permanent Disability Benefits

Disability pension (social insurance): The pension is calculated according to the insured's basic monthly 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 1.44 (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: 236,360 won a year for a spouse and 157,540 won a year per child or parent is paid to insured persons with an assessed first-, second-, or third-degree disability.

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

Lump-sum disability benefit (social insurance): 225% of the BPA is paid to insured persons with a fourth-degree disability (partial loss of work capacity).

Survivor Benefits

Survivor pension (social insurance): 60% of the deceased's basic monthly 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 1.44 (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: 157,540 won a year is paid per 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 the deceased's total contributions (including employer contributions) plus 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 the deceased's total contributions (including employer contributions) plus 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.mw.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: 1999 (national health insurance), implemented in 2000; 2002 (financial stability of national health

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

Type of program: Social insurance system. Medical and long-term care benefits only.

Coverage

All 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: 2.9% (medical benefits) and 0.19% (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: Varies based on personal factors including property ownership, income, age, and gender.

Employer: 2.9% (medical benefits) and 0.19% (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: 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 and maternity benefits: No cash benefits are provided.

Medical benefits: Must not have missed 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 cash benefits are provided.

Maternity benefit: No cash benefits are provided.

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, and medicine. Doctors, clinics, hospitals, and pharmacists under contract with the National Health Insurance Corporation (NHIC) provide medical services.

Maternity care is provided, with no limit on the number of children. There are no cash maternity benefits.

Copayment: 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 2,000,000 to 4,000,000 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 have no income and live with the insured, including the insured's spouse, children, grandchildren, parents, grandparents, and siblings.

Administrative Organization

Ministry of Health, Welfare, and Family Affairs (<http://www.mw.go.kr>) provides general supervision.

National Health Insurance Corporation (<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 three 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.

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

Source of Funds

Insured person: None.

Self-employed person: 0.6% to 35.4% of declared earnings or payroll.

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

Employer: 0.6% to 35.4% 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 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 46,933 won.

The maximum daily benefit is 165,890 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 1,012, according to the assessed degree of disability.

The pension is paid monthly.

The minimum daily benefit is 46,933 won.

The maximum daily benefit is 165,809 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 fourteen (lower severity).

Nursing benefit: Paid for nursing services for insured persons with a residual chronic disability after receiving medical treatment. The benefit ranges from 25,490 won to 38,240 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 the dependent spouse, parents and grandparents older than age 60, children and grandchildren younger than age 18, and siblings older than age 60 or younger than age 18. The pension is paid to eligible survivors in the following order of priority: spouse, children, parents, grandchildren, grandparents, and brothers or sisters.

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 8,794,710 won.

The maximum funeral grant is 12,180,600 won.

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 (<http://www.kcomwel.or.kr>) sets contribution rates, pays benefits, and administers the program through its own medical care institutions.

National Health Insurance Corporation (<http://www.nhic.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

All employees.

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: Persons working less than 60 hours a month or less than 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: 0.55% 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: 0.8% to 1.4% (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 36,640 won.)

The maximum daily benefit is 40,000 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 (<http://www.kcomwel.or.kr>) sets contribution rates.

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