



10th OEWG Call for Inputs Submission

Social Protection and Social Security System for the Elderly

Types of Welfare in South Korea

Most of welfare system in Korea has been drawn up by the central government and commissioned and conducted by the local governments. The central government gives subsidies for welfare works to the local government largely under national subsidy programs.

Currently, the central government conducts over 300 welfare programs, and they can be summarized as follows:

Firstly, we have the social assistance such as National Basic Livelihood Security Act and Public Rental Housing.

Secondly, we have the social insurance programs for workers who are always exposed to unemployment, disease and industrial accidents in the capitalistic economy and who have to face old age.

Thirdly, we have social benefits/social welfares. One thing distinct for this type is that the people eligible for social benefits/social welfares are not fixed. They are floating. The social assistance is arranged for socially and economically vulnerable people, and the social insurance for all workers, but the social benefits/social welfares can be applied only to some of vulnerable people or whole class.

Korean Welfare System and Unequal Development

The Korean welfare expenditure has increased consistently though it was at a slower rate. In terms of social assistance, the National Basic Livelihood Security

Act was conducted in 2000, and the social insurances has naturally increased. Particularly, the controversies on free lunches in 2010 made people aware of social welfare and contributed rapidly to social benefits/social welfares. As a result, our welfare expenditure was from GDP 8.2% in 2010 to 11.2% in 2018.

We have had the highest poverty rate of the older people for over 10 years, which is a disgrace upon Korea in OECD. Our welfare expenditure towards them is expected to keep increasing as we are entering into an ageing population though people have aspirations to live in the welfare country.

The problem is our 'unequal welfare development'. We have many dead zones of welfare, and therefore our vulnerable elderly people experience slower welfare than they see the increases of social benefits/social welfares. To lead the welfare country for the elderly, we should establish the strategy of welfare country in which the whole welfare system is equally balanced and developed.

Old Age Income Security Through Reinforced Basic Pension (Old Age Alliance)

The elderly poverty is very serious, and a lot of people are worried about upcoming old age. In this situation, reinforcing the public pension has become a very important agenda.

The National Action Network for Reinforced Basic Pension where over 300 social organizations including KARP participate in started a movement to increase income replacement rate of national pension.

The public pension applied to people was just the national pension. However, we have retirement pension and basic pension, and adding to it, we now have three-tier system of legal pension including reverse mortgage system suggested by KARP in 2004.

Now, we need to have a strategy for customized old age income security that combines multi-pillar pension system. Particularly, our basic pension has been rapidly increasing, which has grown to be a key axis for old age income security.

The basic pension has big effect on income redistribution, and it is very helpful for vulnerable elderly people.

The national pension doesn't have big effect on increased pension towards the elderly people in the lower level system. And it causes serious imbalances in our financial structure, which brings significant burden to our future generation. Current reform bill on national pension is pending at the National Assembly, but NGOs and people doubt that the National Assembly really has the reform will for it, due to partisan strife.

KARP(Korean Association of Retired Persons)