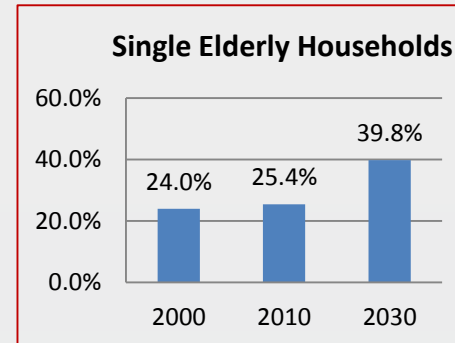
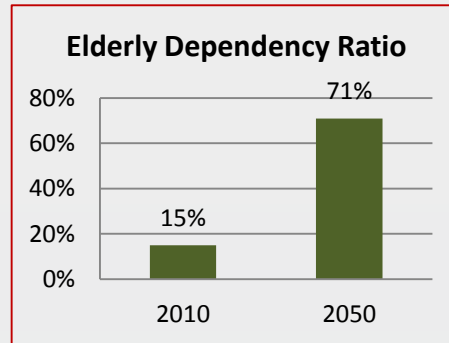
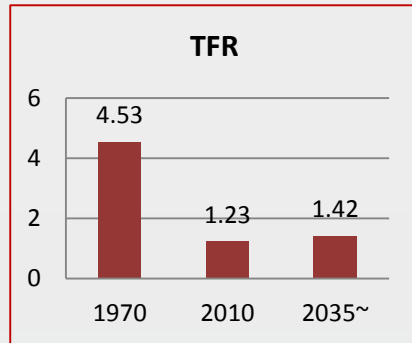
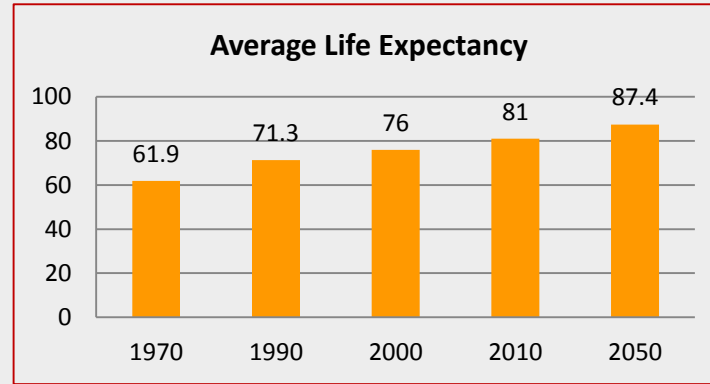
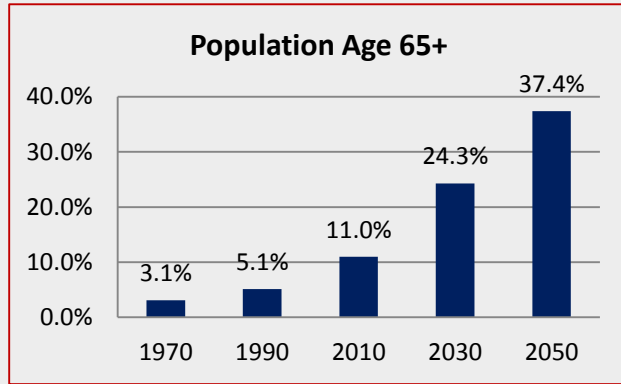


Ageing and Related Challenges in Korea

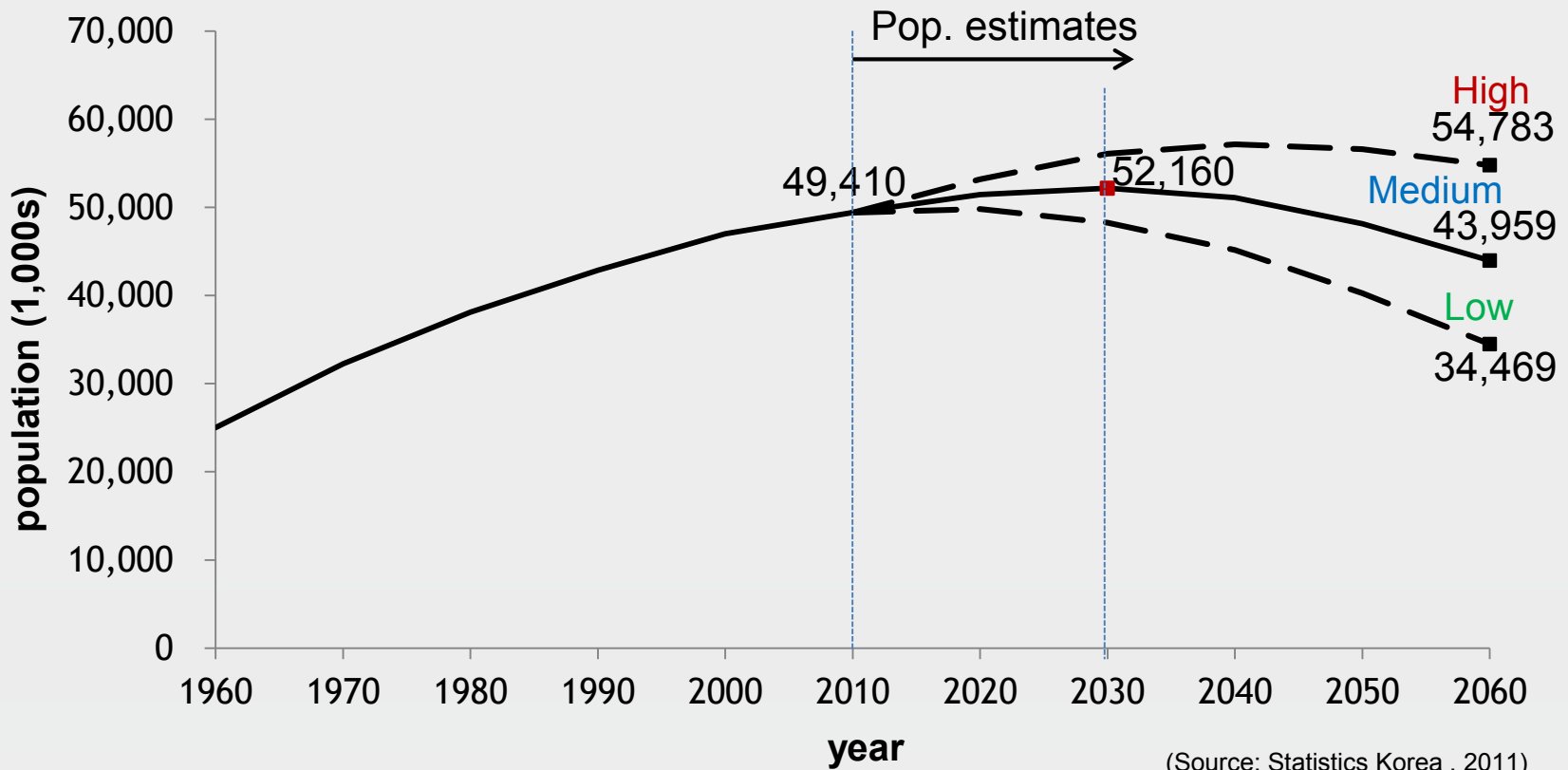
Dr. Donghyun Park, Asian Development Bank (ADB)
International Social Security Conference 2014
“Sustainable Social Security Ecosystem within an Ageing Society”
Kuala Lumpur, Malaysia
19 – 20 May 2015

Ageing: Changes of Population and Family Structure



(Source: Statistics Korea , 2011)

Ageing: Population Projection, 2010~2060



(Source: Statistics Korea , 2011)

Challenges: Low Fertility

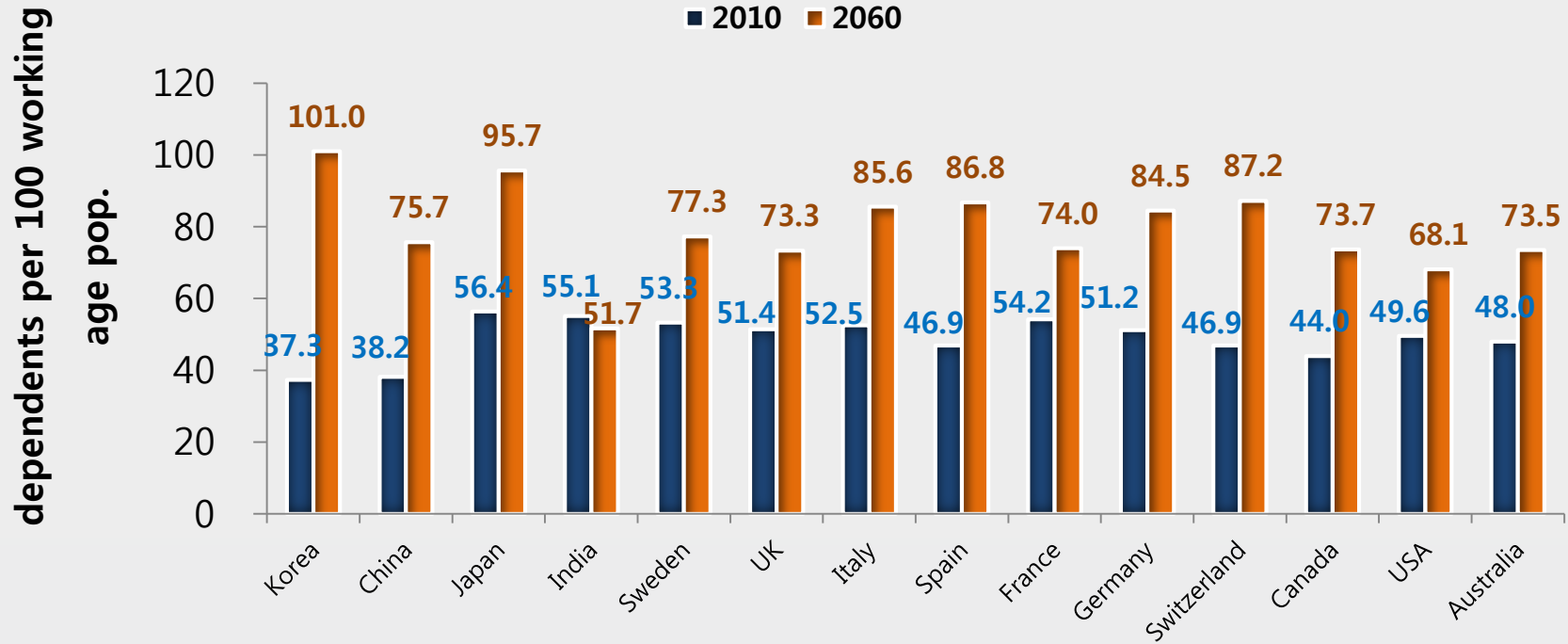
Low fertility: Starting in 1983(TFR 2.06)

- TFR 1.2 ± 0.1 since 2001

Low fertility \Rightarrow shortage of labor force, shrinking domestic market, increase of social security burden, slow economic growth

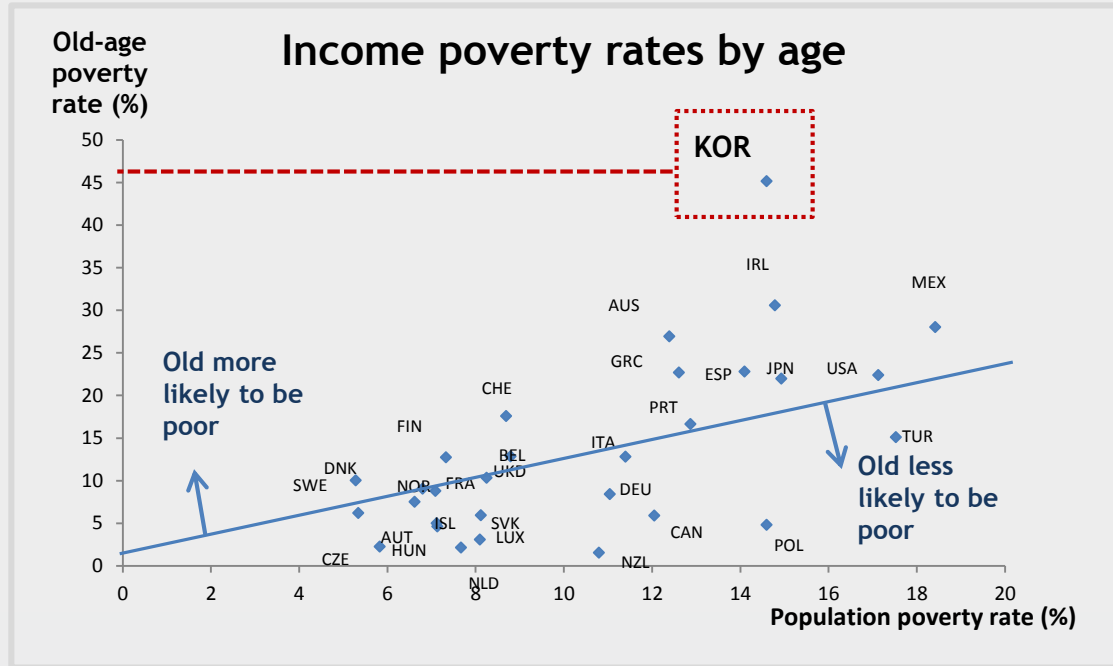
- Government has established and implemented “Basic plans to tackle low fertility and ageing” every 5 years since 2006.
- Governmental budget for special measures to low fertility and ageing to GDP: 0.52% in 2006 \Rightarrow 1.93% in 2013

Ageing: Total dependency Ratio - International Comparison



(Source: UN, 2010 & Statistics Korea, 2011)

Challenges: Elderly Poverty



(Source: OECD Income Distribution database; see OECD (2008), Growing Unequal?)

- Currently, elderly Koreans experience the highest poverty rate among OECD countries

Challenges: Coverage of Pensions (12.2012)

		Working Age 18-59	Labor Force 18-59
Public Pensions	Total insured persons	65.9%	97.4%
	Active contributors	47.9%	70.8%
		Applied workplaces /total workplaces	Applied workers /total regular workers
Private Pensions	Occupational Pension	13.4%	46.0%
	Individual Pension	Membership rate(surveyed data)	
		21.4%	

Sources: National Pension Research Institute, Ministry of Employment and Labor, Korea Insurance Research Institute

Challenges: Inadequate income security

● Beneficiaries of Public Pensions (12. 2012)

(unit : thousand persons, %)

Total population of aged 65 and over	Basic Old Age Pension (BOAP) Recipients	Recipients of the National Pension (NP) and/or Public Occupational Pensions (POP)	Non-recipients
5,985 (100%)	3,909 (65.4%)	2,038 (34.6%)	1,046 (17.5%)
	only BOAP 2,896 (48.4%), NP & BOAP 1,013 (16.9%), only NP or only POP 1,025 (17.1%) <Total = 4,934 (82.5%)>		

Sources: National Pension Service data base

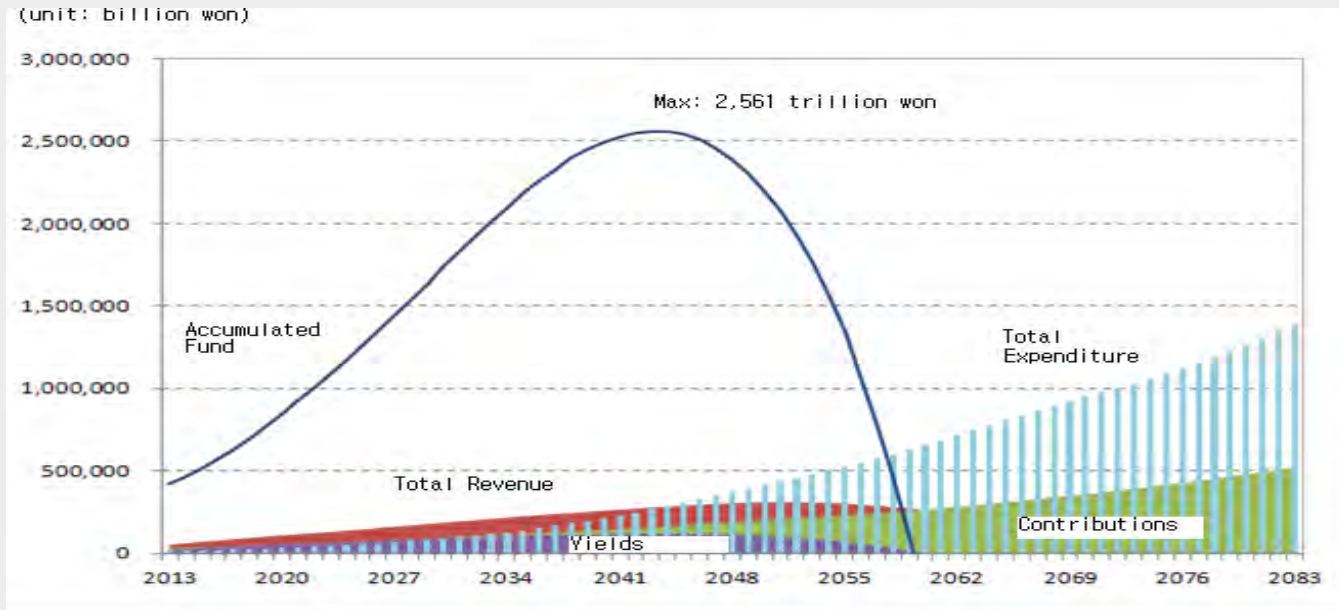
● Inadequate public pension benefits(12. 2012)

- NP old-age benefit : 15.4% of the average monthly income (NP)
- BOAP old-age benefit : 5.0% of the average monthly income (NP)

Challenges: Sustainability

Sustainability of the National Pension

- According to the 2013 financial review, the National Pension fund will be depleted by 2060 (9% contribution rate, 40% benefit at present)

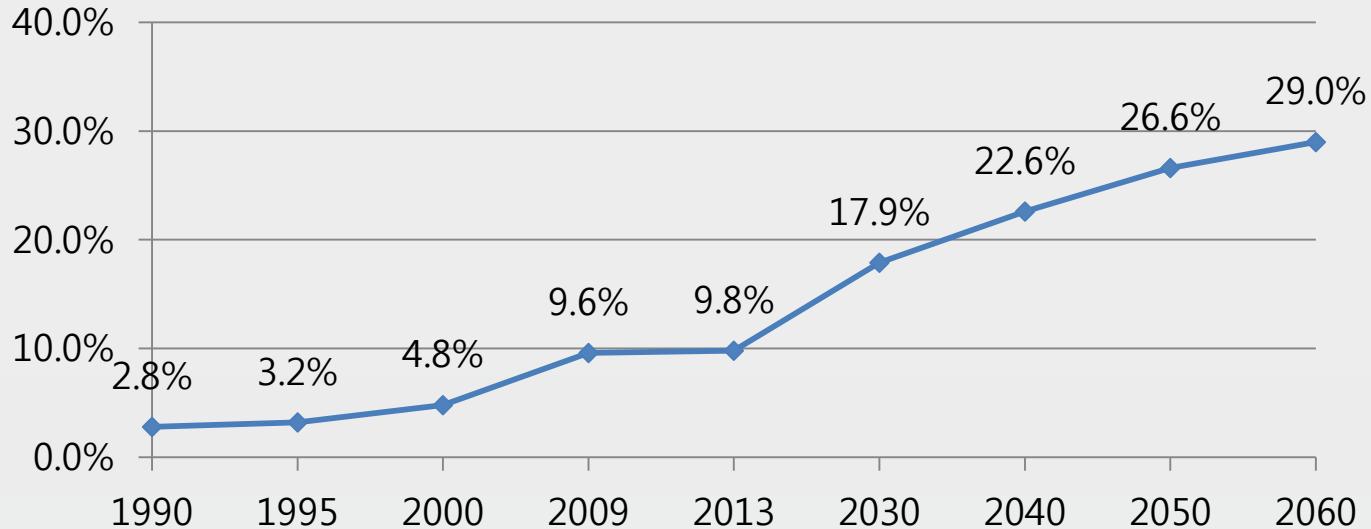


Sources: National Pension Financial Review Committee(2013)

Challenges: Sustainability

Long term projection of public expenditure

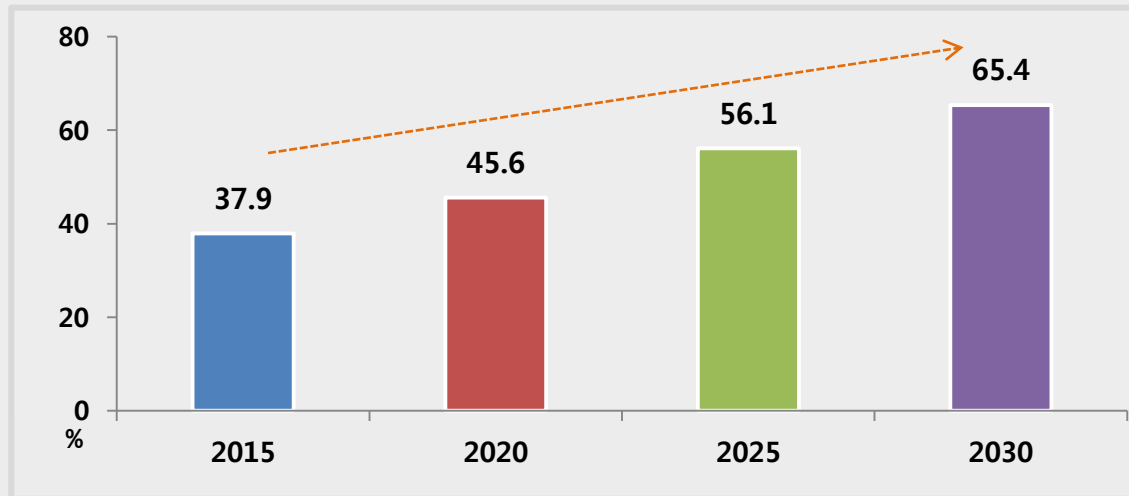
Public expenditure to GDP in Korea



Sources: Medium and long term social security financial projection(2014), Social Security Committee in Korea

Challenges: Health care expenditure for the Elderly

The elderly are expected to consume 65.4% of total health care expenses in the National Health Insurance in 2030

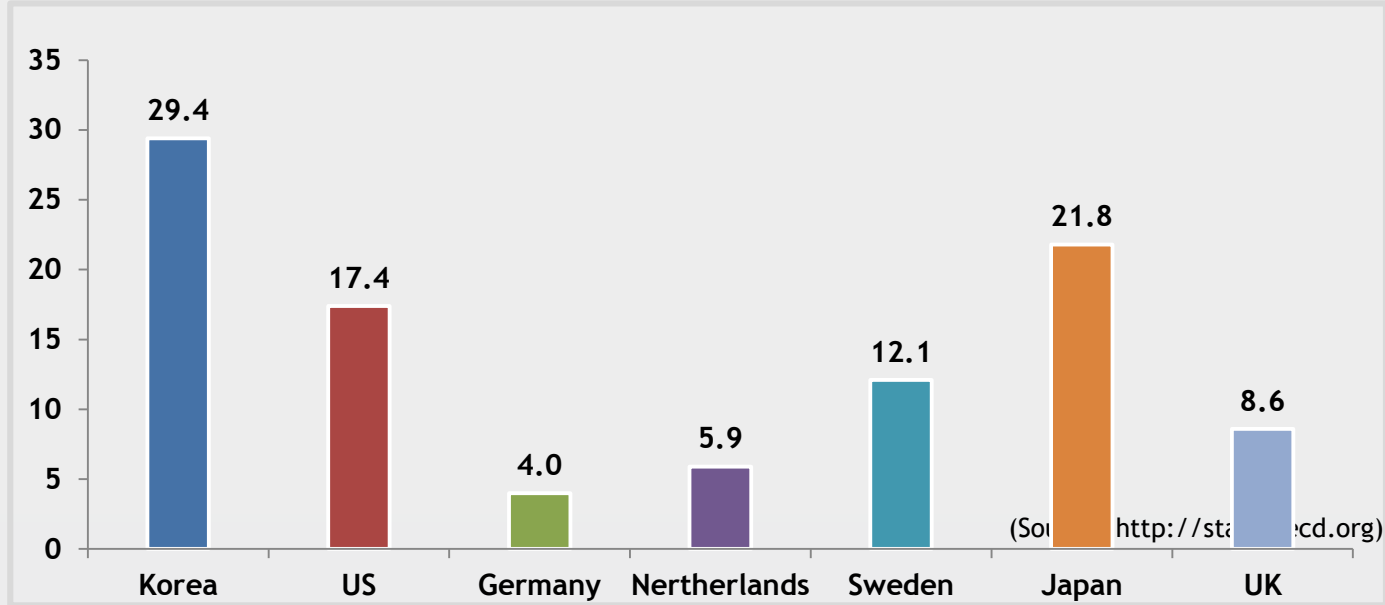


(Source: NHIS, 2008)

- Between 2000 and 2009, health care expenses in the National Health Insurance have grown by 12.8%

Challenges: Labor Participation of Good Quality

- High labor participation rate of 65 and over



- But, mostly participating in low paid jobs or informal sector

Policy Directions: Low Fertility and Ageing

◆ Promoting fertility

- Make environment to be compatible work with family
- Reduce burdens for marriage, child bearing and caring
- Make healthy environment to take care of children

◆ Solving labor shortage

- Promote working of women and the elderly
- More influx of foreign workforce

Policy Directions: Low Fertility and Ageing

◆ Coping with ageing

- Develop a multi-pillar income security system with sustainability, wide coverage and adequacy
- Establish a comprehensive and sustainable health care system
- Provide employment opportunities for older workers
- Support active and successful ageing through helping people prepare for their old age in advance

THANK YOU
