

**COUNTRY NOTE**  
**Database on Social Expenditure ([www.oecd.org/social/expenditure.htm](http://www.oecd.org/social/expenditure.htm))**  
OECD - Social Policy Division - Directorate of Employment, Labour and Social Affairs

**KOREA**

*Nomenclature*

MND	Ministry of National Defense
MOEF	Ministry of Economy and Finance
MOEL	Ministry of Employment and Labor
MOE	Ministry of Education
MOHW	Ministry of Health and Welfare
MOIS	Ministry of the Interior and Safety
MP	Military Pension
MPM	Ministry of Personnel Management
MSIT	Ministry of Science and ICT
NBLS	National Basic Livelihood Security
NP	National Pension
POP	Public Officials Pension (Government Employees Pension)
PPSTS	Pension for Private School Teachers and Staff
SPOP	Specific Post Office Pension
KIHASA	Korea Institute for Health and Social Affairs
KPFIS	Korea Public Finance Information Service under supervision of MOEF
dBrain	Digital Budget Accounting System operated by KPFIS
IGSMS	Integrated Government Subsidies Management System operated by KPFIS
LFMS	Local Finance Management System managed by MOIS (eHojo)

*Monetary unit*

Social spending is expressed in millions of Won (KRW).

*General notes*

Fiscal year from 1 January.

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The Korean social security system is a collective system of social insurance, public assistance, and social service designed to protect people from various social risks.

The central government administers social insurance schemes in accordance with the relevant laws and regulations.

There are five social insurance schemes: (1) Statutory pension (NP, POP, MP, PPSTS, SPOP), (2) National Health Insurance, (3) Long-term Care Insurance for the Elderly, (4) Employment Insurance, and (5) Industrial Accident Compensation Insurance.

NP, the National Health Insurance, and the Long-term Care Insurance for the Elderly come under the jurisdiction of the Ministry of Health and Welfare.

POP, MP, PPSTS, and SPOP come under the jurisdiction of the Ministry of Personnel Management, the Ministry of National Defense, the Ministry of Education, and the Ministry of Science and ICT, respectively.

The Employment Insurance and the Industrial Accident Compensation Insurance come under the jurisdiction of The Ministry of Employment and Labor.

With the entrustment of the relevant ministers, the National Health Insurance Corporation, the National Pension Service, the PPSTS Service, the Local Employment and Labor Administration, the Labor Welfare Corporation, and the Occupational Safety and Health Corporation are involved in the administration and delivery of insurance benefits.

The central government and local governments (17 upper-level local autonomies and 226 municipalities) have joint responsibility for the provision of public assistance and social service programmes. Most of these benefit programmes are operated based on matching fund financing.

The individual country note of the OECD Benefits and Wages ([www.oecd.org/social/benefits-and-wages.htm](http://www.oecd.org/social/benefits-and-wages.htm)) provide a comprehensive description of characteristics of social programmes (e.g. conditions for receipt, calculation of payment rates, tax treatment of social support, benefit duration, etc.) for the working-age population, including: unemployment insurance and assistance, social assistance, employment-conditional benefits, housing benefits, family benefits, childcare support,

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and support for sole parent households.

For more information, please contact [socxkorea@korea.kr](mailto:socxkorea@korea.kr)

### *Break in series*

A break in series occurs in 2016 for data on net social expenditure as tax expenditure items are added from 2016 onwards.

### *Estimations*

### *Sources*

<b>2018 onwards</b>	Public expenditures based on data from the settlement of accounts directly supplied by the KPFIS (dBrain and IGSMS) and the LFMS (for 243 local governments in total). Therefore, government spending on matching-fund programmes is fully reported.
<b>2017 onwards</b>	Public expenditures include benefit programmes fully funded by local governments.
<b>2015 onwards</b>	Public expenditures for Housing benefits are reported since the reform of NBLs in 2015.
<b>2012-2017</b>	Public expenditures based on the settlement data of the central government (dBrain and the statistical year book of social insurance agencies) and local governments (eHojo with some exceptions).
<b>1990-2011</b>	Public expenditures based on data collected from annual budget and financial reports of the central government, some local governments, and public institutions.
<b>1990 onwards</b>	4. Health: OECD Health Statistics ( <a href="http://www.oecd.org/health/healthdata">www.oecd.org/health/healthdata</a> )
<b>1998 onwards</b>	5.2.1.3 Childcare (pre-primary education): OECD Education database ( <a href="http://www.oecd.org/edu/database.htm">www.oecd.org/edu/database.htm</a> ).
<b>1990 onwards</b>	6. ALMP: OECD Labour Market Policy database.

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### *Background information*

MOHW, Social Protection (<http://www.mohw.go.kr>)

HWIS bokjiro, Social Services, qualitative information (<http://bokjiro.go.kr>)

MOEF, Open Fiscal Data (<https://www.openfiscaldata.go.kr>)

MOIS, Local Finance Integrated Open System (<https://lofin.mois.go.kr>)

KPFIS, Korea Public Finance Information Service (<https://www.fis.kr>)

KOSIS, Korean Statistical Information Service (<https://kosis.kr>)

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Gho, K.H, K.H. Lee, A.Y. Park, J. J. Kim, J.W. Kang, M.Y. Ah and Y. A. Chung(2017), Korean social expenditure method and calculation in Korea on the Basis of the OECD (in Korean only), Ministry of Health and Welfare(MOHW) & Korean Institute for Health and Social Affairs (KIHASA), Korea.

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Code	Title of the programme	Description of the programme and attached notes
<b>1.</b>	<b>OLD AGE</b>	
410.10.1.1.1.1	National pension	<p>Established in 1988, the National Pension is a defined benefit program for the public, combining earnings-related and redistributive components together.</p> <ul style="list-style-type: none"> <li>- The contribution rate is 9% of the insured person's Standard Monthly Income. The contribution of workplace-based insured persons is equally shared by the employer and the employee, while individually insured persons pay all of their contributions by themselves.</li> <li>- The government's financial support is provided for some portion of contributions paid by farmers, fishermen and low-wage employees.</li> </ul> <p>Figures represent monthly NP payments for persons aged 60 and older with more than 10 years of insured period. Pensionable age varies from 60 to 65 depending on the pensioner's year of birth.</p>
410.20.1.1.1.1	Retirement pension	<p>Introduced in 2005 as the second pillar of old-age income security, Korea's retirement pension allows the employer and employee to choose one of the following three pension types: DB (defined benefit), DC (defined contribution), and IRP (individual retirement pension). Insured persons are paid sometime after turning 55 years old.</p>
410.10.1.1.1.3	Government Employees Pension	<p>Introduced in 1960 and funded by the government by legislation, the POP pays monthly benefits to retired public officials aged 60 and over who have fulfilled at least 20 years of service. For officials recruited after 2010, the pensionable age is set at 65.</p>
410.10.1.1.1.4	Private School Teacher's Pension	<p>Introduced in 1975, the PPSTS adopted a benefit scheme identical to the POP.</p>
410.10.1.1.1.5	Military Pension	<p>The MP was introduced in 1963. Veterans who have served more than 20 years in military service are entitled to its benefits.</p>
410.10.1.1.1.6	Basic Pension	<p>The Basic Pension was introduced in 2008 to provide income assistance to the elderly as a complement of the NP. Senior citizens aged 65 and over in the lowest 70% income bracket receive the non-contributory, non-taxable monthly benefits. The benefit amount</p>
410.10.1.2.1.2	Home-help services for the elderly	<p>The program provides assistance for people aged 65 and over who have difficulties in performing activities of daily living.</p>

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410.10.1.2.1.4	Residential care for the elderly	HOWH is in the process of building a comprehensive community care system in which to provide older Koreans with residential, medical, nursing and care services in their homes and non-facility settings by 2025. In 2017, 12 local government bodies have taken the first step toward this effort by launching two-year trial programs.
410.10.1.2.2.2	Price reduction for the elderly	A welfare system that relieves the elderly by reducing fares, ranging from transportation costs to utility bills.
<b>2. SURVIVORS</b>		
410.10.2.1.1.1	National pension	It is given to the spouse, children, or parents of a beneficiary (the insured person) whose livelihoods are maintained under the help of the beneficiary. Depending on the contribution, the survivor's pension benefits range from 40% to 60% of basic amount.
410.10.2.1.1.4	Government Employees pension	The survivor's pension benefit is 70% of the basic amount, provided that the beneficiary was recruited before 2010. The rate is reduced to 60% for the surviving family members of the beneficiary recruited in 2010 or later.
<b>3. INCAPACITY-RELATED BENEFITS (Disability, Occupational injury and disease, Sickness)</b>		
410.10.3.1.1.1	National pension	The Disability Pension is provided to a person having a physical or mental illness even after being treated for the disease or injury which came about during his/her insured period. The Disability Pension is paid while the beneficiary has the disability, and the benefit level is determined on the severity or conditions of physical or mental illness.
410.10.3.1.1.2	Government Employees pension	The retirees who are disabled physically or mentally after the complete cure of job-related sickness or injury are eligible for the disability pension. It is permitted in case of the disability resulting from an accident at work or occupational disease only. The qualification for disability pension is determined by the Pension Examination Council. The degree of disability ranges from 1 to 14 classes. The retirees who are eligible for disability pension can choose lump-sum compensation instead of disability pension.
410.10.3.1.1.3	Private school teacher's pension	The retirees disabled by job-related sickness or injury are eligible for the disability pension.
410.10.3.1.1.4	Military pension	The retirees disabled by job-related sickness or injury are eligible for the disability pension. The calculation of benefit is decided according to the degree of disability.

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410.10.3.1.2.1	Disability benefit (Occupational Injury and Disease Insurance)	<p>Korea's Industrial Accident Compensation Insurance (IACI) was established to protect workers from industrial accidents and work-related diseases in 1964. Since July 1, 2000, the IACI has applied to companies with at least one employee and all workers including foreign workers regardless of their employment status.</p> <ul style="list-style-type: none"> <li>- Benefits of the Industrial Accident Compensation Insurance include both cash and in-kind benefits: medical care benefit, nursing benefit, sick leave benefit, survivors' benefit, disability benefit, and funeral expenses.</li> <li>- Workers with permanent disabilities are paid compensation in the form of an annuity or lump-sum payments according to the degree of damage to their physical functions.</li> </ul>
410.10.3.1.3.1	Sick leave benefit (Occupational Injury and Disease Insurance)	<ul style="list-style-type: none"> <li>- 70% of the average wage is given in compensation for wage loss, provided that an insured worker is unable to work due to medical treatment.</li> </ul>
410.10.3.1.5.1	Disability allowance	<p>This category includes allowances for the disabled:</p> <ul style="list-style-type: none"> <li>- Disability Allowance for disabled Children under 18.</li> <li>- Disability Allowance for low-income persons with mild disabilities aged 18 and above</li> <li>- Non-contributory allowance for low-income persons with severe disabilities aged between 18 and 64.</li> </ul>
410.10.3.2.1.1	Welfare facility care for the disabled	<p>The government is expanding the scope of operation for the welfare institutions in order to provide better vocational, medical and social rehabilitation for the severely disabled.</p>
410.10.3.2.1.3	Day care for the disabled	<p>Persons aged 6-65 with Grade 1-3 physical and mental disabilities who score 220 points or more in the activity assistance eligibility assessment and have difficulty in performing daily and social activities alone.</p> <p>Vouchers are issued to provide home-visit bathing and nursing care, as well as activity assistance services such as housework, physical and social activity support.</p>
<b>4. HEALTH</b>		
		<i>See OECD Health Statistics.</i>
<b>5. FAMILY</b>		
410.10.5.1.1.1	Single- parent families	<p>Low-income single-parent families are provided with childcare allowances and school fees. The government provides support to residential facilities for single parent families.</p>

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410.10.5.1.2.1 Maternity leave (Employment Insurance)	<p>Working women in pregnancy shall have 90days of maternity leave before and after childbirth (120 days in case of multiple births), but the allocation of leave period shall be granted 45 days after childbirth (60days in case of multiple births) or more.</p> <p>The employer pays for the first 60 days' leave at the rate of 100% of the female employee's ordinary wage.</p> <p>Employment insurance pays for the remaining days, but the upper limit is set. If an employee's ordinary wage is higher than the ceiling, the employer must pay the employee the difference.</p> <p>To be eligible, the female employee's insurance period should be at least 180 days before the end of maternity leave.</p>
410.10.5.1.2.2 Parental leave (Employment Insurance)	<p>Parental leave refers to a leave from work for raising children under 8 years of age or under 2<sup>nd</sup> grade of elementary school. From Feb 28 2020, couples can apply for parental leave at the same time. Parental leave is within a year. Each child can use one year, so two children can use one year each for two years.</p> <p>For parental leave benefits, 80% of the ordinary wage for the first three months, with a monthly cap of KRW1.5 million; 50% of the ordinary wage for the rest of the parental leave with a monthly cap of KRW 1.2 million. However, 25% of the parental leave benefit is paid in a lump sum 6 months after returning to work.</p>
410.10.5.1.3.1 Child Development Account (CDA)	<p>Introduced in 2007, the CDA program supports asset-building of children under 18 in low-income household or child welfare facilities. As of 2022, the government transfers up to KRW 100,000 per month, matching deposits made in to CDAs. Government's matches are deposited into a fund account and cannot be withdrawn for purposes other than those permitted by the CDA program. At age 18, children can withdraw matched savings for higher education, vocational training, housing, micro-enterprise start-up, medical costs, or wedding expenses.</p> <p>Between ages 15 and 18, children can withdraw savings in CDAs for training and education if they have saved for at least 5 years.</p>



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410.10.5.1.1.3	Child (home care) allowance	<p>Child home care allowance for children aged under 7 who are not enrolled in childcare facilities or kindergartens. KWR 100,000 per month for newborn babies aged under 11 months KRW 150,000 for infants aged 1, and KRW 100,000 for children aged between 2 and 6.</p> <p>In 2018, a non-taxable means-test child benefit of KRW100,000 per child aged under 6 was introduced. From April 2019, the child benefit is universally paid to all children aged under 6, and to children aged under 7 after September 2019.</p> <p>From January 2022, Baby allowance replaced the child home care allowance. The Baby allowance pays additional KRW 200,000 per month for newborn babies aged under 12 month.</p>
410.10.5.2.1.1	Child welfare services	<p>Child welfare services are provided for children aged below 18. The government endeavors to provide children in need with proper accommodation at child welfare facilities and to train social workers specializing in dealing with children's problems.</p>
410.10.5.2.1.2	Childcare subsidy (Vouchers for Childcare Service)	<p>This category includes childcare subsidy provided for children who attend childcare facilities. In 2013 childcare subsidy became a universal childcare assistance program regardless of income level.</p>
410.10.5.2.1.3	Pre-primary education (3-5 years old) (Vouchers for Childcare Service)	<p>See OECD Education data. Since 2012, estimations by KIHASA have been made based on trends in the OECD Education data and the number of students enrolled. This category includes the education fee subsidy (equivalent amount of the above childcare subsidy) provided for children aged 3 to 5 who attend kindergartens and childcare facilities.</p>
410.10.5.2.3.4	Protection of child & adolescent	<p>This category includes programs managing shelters for women in order to protect them from domestic violence.</p>
<b>6. ACTIVE LABOUR MARKET PROGRAMMES</b>		
<p>See <i>OECD Labour Market Policy database</i>.</p>		
<b>7. UNEMPLOYMENT</b>		
410.10.7.1.1.1	Job seeking allowance	<p>50% of previous average wage is paid for 90-240 days, depending on the beneficiary's age at the time of resignation and the period of his/her employment insurance contribution.</p> <p>To be eligible, individuals must meet the following criteria:</p> <ul style="list-style-type: none"> <li>- Have been paid wages for more than 180 days in the previous 18 months before leaving a job</li> <li>- Left a job involuntarily and are actively seeking a new job.</li> <li>- The reasons for resignation are justifiable-e.g., resignation suggested by the employer, expiration of the contract period, and suspension or closure of the business.</li> </ul>

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410.10.7.1.1.2	Employment promotion allowance	<p>-Early reemployment allowance, etc. are paid to Job-seeking benefit recipients who have been employed or engaged in business for more than 12months after the expiration of the waiting period (7 days) by reemployment with at least half of the prescribed number of days remaining.</p> <p>-From 2020, the Ministry of SMEs and Startups provides financial support to self-employed (small business owners, petty local market merchants, Gig and platform workers) who have suffered losses due to COVID 19 quarantine measures such as a ban on business operations and restrictions on business hours.</p>
<b>8. HOUSING</b>		
410.10.8.2.1.1	Housing assistance	The Basic Livelihood Security Program was amended to adopt a customized benefit system in 2015.
<b>9. OTHER SOCIAL POLICY AREAS</b>		
410.10.9.1.1.2	Livelihood care BPLS (means-tested)	The Basic Livelihood Security Program provides households in absolute poverty with cash and a package of in-kind benefits. The livelihood category covers cash benefit only. The number of recipients is about 1.5 million.
410.10.9.1.1.8	Earned Income Tax Credit(EITC)	EITC is a <a href="#">refundable tax credit</a> for low-income individuals and married couples, primarily for those who have children.
410.10.9.1.1.9	Emergency cash assistance	From 2020, direct cash benefits are provided to individuals and families who suffer from economic hardships in order to mitigate adverse effects of severe income shocks driven by COVID-19 pandemic and other social disasters.
410.10.9.2.1.2	Educational care(means-tested)	The government provides school-age children of households under the NBLS with education fee assistance, which covers entrance fees, tuition and textbooks up to the high school level.
410.10.9.2.2.6	Natural disaster victims	The Disaster Relief Act was enacted in 1962 in order to assist the victims of natural disasters resulting from drought, wind, flood, fire and earthquake. Victims are provided with livelihood aid and house repair costs.