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Gateway Policy Explorer: Retirement Series

Republic of Korea

Survivor Old-Age Benefit Plan Details

1992-2022

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Preface

This document is intended for researchers who want to understand the evolution of policy or the policy in place at a particular point in time. This document is not intended for financial advice or to aid in decision-making. The authors have made significant effort to identify and collect historical information pertaining to these policies, to accurately represent these policies, and to communicate how policies may interact to determine legal requirements, eligibility for benefits, and/or benefits levels. The policies presented in this document focus on rules applicable to most individuals aged 50 and older from 1992. Many systems include special policies or alternative eligibility rules for specific groups. We encourage all users to complete their own review of literature in this area depending on the research questions they have in mind.

If you have feedback or questions or identify an error, please contact policy@g2aging.org.

Background — Gateway Policy Explorer: Retirement Series

The *Gateway Policy Explorer* (<http://g2aging.org/policy-explorer>) is part of the Gateway to Global Aging Data (<http://g2aging.org>) project. The *Retirement Series* captures historical policy that affects the birth cohorts of respondents in the surveys covered by the Gateway. It was motivated by the rapid evolution of policies affecting older people across the world. As the Health and Retirement Study (HRS) began in 1992 and many of the international network of studies (HRS-INS) cover more than a decade, understanding the policies in place at the time of the survey has become more demanding for researchers.

Why are we tracking past policy? Individuals make choices based on current policies and the outcomes we see today may reflect responses to past policies. When interpreting the survey responses of individuals, an understanding of the policy environment under which those individuals operate is critical. The collection of contextual information in the *Gateway Policy Explorer* aims to support researchers who want to understand or use policy changes in their research and provide context for longitudinal or cross-country differences. Over the period 2023–2026 the *Gateway Policy Explorer* will be expanded to include information on retirement, long-term care, education, and other policies affecting the life cycle.

The key dimensions to the *Gateway Policy Explorer: Retirement Series* are country and time. We prioritize data collection for each country based on its first interview wave and are continuing to expand our data collection back in time to 1992, the earliest survey date in the HRS-INS.

A separate document, like this one, is developed for each country and each broad category of policies covered in the *Gateway Policy Explorer: Retirement Series*.

Author and Contributor Disclaimers

† The opinions expressed here are those of authors and do not necessarily reflect the views of the OECD or of its member countries.

Republic of Korea

Survivor Old-Age Benefits
Plan details 1992-2022 * †

Survivor pension is paid when an old-age pensioner, a disability pensioner with a first- or second-degree disability, or a currently or formerly insured person dies.

Key Dates

First law: 1986

Major changes since 1992: None

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* If you have questions or suggestions, please contact policy@g2aging.org.

† Detailed information and definitions are provided in tables, formulas and a glossary at the end of this document. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: "Alt" + "←"; In Adobe Acrobat on a MAC: "command" + "←"; In Preview on a MAC: "command" + "[".

Chapter 1: Policy enacted 1992-2022

Overview

The National Pension Scheme (NPS) provides benefits to survivors of old-age pensioners, disability pensioners with a first- or second-degree disability at time of death, or current or formerly insured persons at time of death. Benefits correspond to a percentage of the deceased's basic pension amount based on the length of the deceased's insured period. Concurrent benefits (e.g., own and survivor benefits) are permitted, but the amount of survivor benefits received are reduced.

During this time period, eligibility and benefit rules remained largely stable. Act No. 14214 ([Ministry of Legislation, 2016](#)), enacted May 29, 2016 and effective November 30, 2016, extended the duration of survivor benefits in some cases before the old-age pension eligibility age and also increased the amount that could be retained of survivor benefits if a beneficiary was entitled to concurrent benefits.

Eligibility

Are divorced widows or widowers entitled to benefits based on their ex-spouses contribution or earnings history? Answer: No

Age requirements to start benefits without penalty

- **Full eligibility age (FEA)**

The survivor pension is paid for up to three years after the insured dies regardless of the survivor spouse's age or income. After three years, survivor benefits stop if the survivor spouse's monthly taxable income exceeds the national average indexed monthly wage (see [Table 2](#)). The benefits later resume when the surviving spouse reaches earliest retirement age which ranges from age 55 to 60 depending on birth year (see [Table 1](#)).

- **Does FEA vary by sex?** Answer: No
- **Does FEA vary by birth year?** Answer: Yes
- **Details by birth year:** See [Table 1](#) for the earliest eligibility age for the own old-age pension. Once a survivor reaches this age and is not engaged in income-related activity, he or she is eligible to start or restart receiving the survivor pension benefit.

Requirements to be eligible to receive benefit

- **Widows and widowers married at time of spouse's death**

Conditions for the deceased

The deceased must satisfy one of the following conditions at the time of death:

- Was an old-age pensioner
- Was a disability pensioner with a 2nd degree disability or higher
- Was an insured or formerly insured person with at least 10 years of coverage
- Was a person with less than 10 years and —
 - * Before November 30, 2016: Was currently insured
 - * Since November 30, 2016: satisfied one of the following conditions:
 1. Was insured at least one-third of the period subject to coverage
 2. Was insured 3 of the last 5 years prior to death (subject to contributions not being delinquent by more than 3 years)

Conditions for the surviving spouse to receive any survivor benefits

- Cannot remarry

Typically, survivor benefits are suspended 3 years following the insured's death or when the spouse reaches the earliest eligibility age for the old-age pension (see [Table 1](#) for the earliest eligibility age by birth year). However, there are exceptions, as noted below. Once the survivor stops income-earning activities on or after the earliest eligibility age, survivor benefits resume.

Exceptions include survivors satisfying any of the following conditions —

- The surviving spouse has a 2nd degree disability or higher
- The surviving spouse supports the livelihood of a child of the deceased where the child satisfies one of the following conditions:
 - * under 18 years of age for benefits paid before July 29, 2015
 - * under 19 years of age for benefits paid between July 29, 2015 and November 29, 2016

- * under 25 years of age for benefits paid since November 30, 2016
- * has a 2nd degree disability or higher
- The surviving spouse is not engaged in income-earning activity

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- Can an individual start benefits before FEA with penalty? Answer: Yes.

Benefits

- To receive a benefit, [does an individual have to claim it?](#) Answer: Yes
- To continue to receive a benefit, does an individual have to remain [qualified](#)? Answer: Yes

Payment type

- Payment options (i.e., Annuity, cash balance, or [lump sum](#)): Annuitable

Factors effecting computation of benefit entitlement

- Does the formula for computing benefit entitlement differ by birth year? Answer: No
- Is the formula for computing benefit entitlement [progressive](#)? Answer: Yes
- Does the benefit entitlement depend on the individual's own contribution/work history? Answer: Yes
- Does the benefit entitlement depend on the contribution/work history of the individual's spouse? Answer: Yes
- Are future benefit entitlements adjusted for [cost of living](#)? Answer: Yes
- If so, what measure is used for adjustment?
CPI

Benefit formula for claiming at FEA

Depending on the years of coverage, 40%-60% of the old-age pension and the dependent's supplements the deceased received or was entitled to receive is paid to a widow(er) for three years after the death (40% if less than 10 years, 50% if 10-19 years, 60% if 20 or more years). See [Formula 1](#) for details on computing the survivor benefit based on the own old-age benefit ([Table 3](#) provides reference values).

After three years, the survivor pension stops if the surviving spouse's monthly taxable income exceeds the national average indexed monthly wage (the A-value, see [Table 2](#)). The benefits resume when the survivor reaches earliest claiming age (see [Table 1](#)). The pension benefit is the same as before.

Concurrent benefits

If the survivor is eligible for an old-age pension benefit (see *Republic of Korea Public Own Old-Age Benefit Plan Details* for how to compute this benefit) then the survivor gets the better of their survivor pension benefit or the survivor's own old-age benefit plus the 20% of the survivor benefit (30% since November 30, 2016). See [Formula 2](#) for computation details.

Adjustments for starting benefits before FEA (Early claiming or retirement)

- Are benefits reduced for starting benefits before FEA? Answer: Yes.
- Is so, what is the [earliest eligibility](#)?
None
- Adjustment formula
Benefits can be collect immediately after death with no penalty

Adjustments for starting benefits after FEA (Delayed claiming or retirement)

- Are benefits increased for starting benefits after FEA? Answer: Yes
- If so, what is the [latest claiming age](#) where benefits are adjusted? Answer: None
- Adjustment formula

The survivor's combined benefit reflecting their own entitlement and their survivor entitlement only increases due to incentives to delay claiming of his/her own benefit. If the survivor delays claiming his/her own benefit, the own old age pension is increased by 7.2% a year (0.6% a month) for each year the survivor defers retirement beyond the [SRA](#), up to five years (see *Republic of Korea Public Own Old-Age Benefit Plan Details* for how to compute this benefit). The portion of their combined benefit based on the decedent's earnings history is not changed due to the survivor's delayed claiming.

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes

- **Adjustment formula**

The survivor's benefit or concurrent own and survivor benefits can be reduced if monthly taxable income exceeds the earnings test threshold. This threshold corresponds to the average indexed monthly wage (the A-value, [Table 2](#)).

A survivor's own old-age pension is reduced if income from work exceeds the earnings test threshold between the own old-age pension benefit's [SRA](#) and five years after the SRA. It is suspended before the SRA if income from work exceeds the earnings test threshold. See benefit details for the active old-age pension in *Republic of Korea Public Own Old-Age Benefit Plan Details* for how to compute this benefit and associated eligibility rules.

The survivor benefit is suspended during periods where income from work exceeds the earnings test threshold.

- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Tables and Formulas

Table 1: Earliest Eligibility Ages by Birth Year (with at least 10 years of coverage)

Birth year	Earliest Eligibility Age
1952 or earlier	55
1953-56	56
1957-60	57
1961-64	58
1965-68	59
After 1968	60

Source: Article 8 of Addendum to the National Pension Act, Act No. 8541, July 2007 ([Ministry of Legislation, 2021](#))

Table 2: Average Monthly Income and A-value by Year

Year	Average Monthly Income	A-Value
1988	0 ₩	0 ₩
1989	374,485	374,485
1990	451,308	423,569
1991	540,146	486,449
1992	619,882	581,837
1993	726,197	670,540
1994	819,687	757,338
1995	900,024	859,838
1996	943,502	931,293
1997	1,070,474	1,015,544
1998	1,216,834	1,123,185
1999	1,271,595	1,260,611
2000	1,271,595	1,290,803
2001	1,190,870	1,271,595
2002	1,290,227	1,294,723
2003	1,362,212	1,320,105
2004	1,454,522	1,412,428
2005	1,524,859	1,497,798
2006	1,586,061	1,566,567
2007	1,634,687	1,618,914
2008	1,692,766	1,676,837
2009	1,726,533	1,750,959
2010	1,779,574	1,791,955
2011	1,814,477	1,824,109
2012	1,882,336	1,891,771
2013	1,955,395	1,935,977
2014	2,016,894	1,981,975
2015	2,084,920	2,044,756
2016	2,159,703	2,105,482
2017	2,227,788	2,176,483
2018	2,319,100	2,270,516
2019	2,412,593	2,356,670
2020	2,496,548	2,438,679
2021	Unknown	2,539,734
2022	Unknown	2,681,724

Source: From 1988-2020, Table 3, Average Monthly Income, Dependents' Pension Amount & Revaluation Rate ([National Pension Service, 2021](#)); Since 2021, authors' collection of annual press releases related to adjustments in values (see [Ministry of Health and Welfare, 2022](#) for an example).

Formula 1: Survivor Benefit

$$B_{SU,i,t} = c_j \times BPA_{j,t}$$

- $B_{SU,i,t}$ = Individual i 's survivor old-age pension benefit at time t based on insured j 's NPS record.
- c_j = Multiplier for survivor pension based on insured j 's years of contribution to NPS (see [Table 3](#))
- $BPA_{j,t}$ = Deceased spouse j 's basic pension amount at time t . See computation in *Korea: Public Own Old-Age Benefit Plan Details*.

Source: Article 63 of the National Pension Act, as amended ([Ministry of Legislation, 2007](#))

Table 3: Multiplication Coefficient for Survivor Pension

Years of coverage	Percentage of pension amount
Less than 10 years	40
Between 10 and 20 years	50
More than 20 years	60

Source: Article 74 of the National Pension Act, Act No. 8541, July 2007 ([Ministry of Legislation, 2021](#)). Previously, Article 64 of National Pension Act, Act No. 3902, December 1986. [Ministry of Legislation, 1986](#)).

Formula 2: Concurrent Survivor and Own Old-Age Benefits

$$B_{OA+SU,i,t,t_c} = \text{Max}(B_{OA(x),i,t,t_c} + \chi \times B_{SU,i,t}, B_{SU,i,t})$$

- B_{OA+SU,i,t,t_c} = Survivor i 's combined own old-age pension benefit and survivor benefit at time t if own old-age benefit had been claimed at time t_c
- $B_{SU,i,t}$ = Survivor i 's benefit based on the deceased spouse j 's contributions to NPS (see [Formula 1](#))
- $B_{OA(x),i,t,t_c}$ = Surviving spouse i 's old-age pension benefit at time t if benefit had been claimed at time t_c where x corresponds to the applicable own old age pension benefit based on i 's claiming age and earned income (i.e. old-age pension, active old-age pension). See computation in *Republic of Korea: Public Own Old-Age Benefit Plan Details*.
- χ = Coefficient for concurrent benefits (0.2 before November 30, 2016, 0.3 since November 30, 2016)

Source: Article 56 of the National Pension Act, as amended ([Ministry of Legislation, 2007, 2016](#))

Sources

This section records key sources consulted when we collected the institutional details reported in this document. Archived versions of these sources are available at the Gateway Policy Explorer website (<http://g2aging.org/policy-explorer>).

Ministry of Health and Welfare (2022). 2021년도 국민연금 재평가율 및 연금액 조정」 일부 개정안 시행 [Partial amendments to National Pension Revaluation Rate and Pension Amount Adjustment for 2021]. Press Release. Available in Korean only. As of April 18, 2022. [\[Link\]](#)

Ministry of Legislation (1986). National Pension Act, Act No. 3902, December 31, 1986. Only available in Korean. As of March 25, 2022. [\[Link\]](#)

Ministry of Legislation (2007). National Pension Act, Act No. 8541, July 23, 2007. Only available in Korean. Current version as of April 19, 2022. [\[Link\]](#)

Ministry of Legislation (2016). National Pension Act, Act No. 14214, May 29, 2016. Only available in Korean. Current version as of April 19, 2022. [\[Link\]](#)

Ministry of Legislation (2021). National Pension Act, Act No. 18608, December 21, 2021. Only available in Korean. Current version as of March 25, 2022. [\[Link\]](#)

National Pension Service (2021). 국민연금 통계연보(2020년) [National Pension Statistical Yearbook 2020]. Available in Korean only. As of April 18, 2022. [\[Link\]](#)

Glossary of terms

This section summarizes key definitions from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

Annuitable System: A pension system that provides a periodic payment for life after the benefit begins.

Cash Balance System: A pension system that provides each individual an account that is drawn down over time.

Claimable Benefit: A pension where the beneficiary must actively file a claim for benefits with the government’s pension authority.

Cost-of-Living Adjustments (COLA): Adjustments after an individual begins receiving benefits that increase benefit payments, typically in line with consumer prices or average earnings.

Earliest eligibility: Earliest age and/or years of contributions required to be eligible to start receipt of a particular type of benefit. Earliest eligibility is the same as statutory eligibility in countries where there is no benefit penalty for claiming before the statutory retirement age.

Full Eligibility Age: The age at which individuals are eligible to receive their full benefit. For dependent benefits or social assistance, the full eligibility age may differ from the statutory retirement age for own old-age pension benefits.

Latest claiming age: Latest age where a benefit may be claimed such that benefit payments are increased as an incentive for delaying the start of benefits past the statutory retirement age. Latest claiming age is the same as statutory retirement age in countries where there is no benefit to delayed claiming. Not applicable for non-claimable benefits.

Lump Sum Benefit: A pension system that provides an individual with a one-time or limited number of payments. Lump sum benefits are distinct from annuitable or cash balance benefits because they do not continue past a specified time frame. Lump sum benefits use varies by country, but they are sometimes used as death benefits, incentives to delay claiming, or payments to individuals with an insufficient contribution history to be eligible for annuitable benefits.

National Income Measure: In some pension systems, the benefit is dependent on a national income measure, such as average wages. We indicate a pension system depends on the national income measure if the benefit paid is determined by a national income measure (as opposed to an individual’s earnings history). For example, the benefit level for the United Kingdom Basic State Pension depends on

a level set by the government and does not depend on an individual's earnings. This distinction does not include systems that adjust annual benefits based on a national income measure or index past earnings using a national income measure.

National Pension Scheme (NPS): The public old-age benefit system of South Korea

Progressive Benefit: A benefit is progressive if people with lower earnings have a greater replacement rate for their contributions.

Qualified Benefit: A benefit is qualified if an individual must continue to meet certain standards, such as a means test, to continue receipt of benefits.

Statutory Retirement Age (SRA): The age at which individuals are eligible to receive their full benefit. In the United States, this is known as the normal retirement age. In the United Kingdom, this is known as the state pension age.

Version information

Current Version: 1.1 (August 2023)

Version History

- 1.0 (May 2022): First version
- 1.1 (August 2023): Updated formatting

Additional resources

The following resources provide additional details for the interested reader:

National Pension Service [국민연금] (2022) *Old Age Pension* [노령연금]. Available only in Korean.

Available at: https://www.nps.or.kr/jsppage/info/easy/easy_04_01.jsp

Features: This website provides several easy-to-use website pages that walk a user through the calculation of benefits and the eligibility rules for old-age benefits. While only available in Korean, the website can be read using the translate feature in Google Chrome.

Ministry of Legislation [법제처] (2022) *National Pension Act* [국민연금법]. Available only in Korean.

Available at: [https://www.law.go.kr/법령/국민연금법/\(18608,20211221\)](https://www.law.go.kr/법령/국민연금법/(18608,20211221))

Features: The Ministry of Legislation provides the current version of the National Pension Act, but also allows users to see previous versions and provides a comparison tool that allows users to review changes to particular articles of legislation over time. The National Pension Act was wholly revised in 2007. While only available in Korean, the website can be read using the translate feature in Google Chrome.