

# research snapshot

summarize | mobilize



## The Pressures of Rapid Population Ageing Affect Retirement, Work, and Pension Policies in South Korea

### What is this research about?

South Korea is currently facing the problem of a rapidly greying population. By 2050, estimates put the average age of its population at 54 years old. This will make South Korea the country with the world's most elderly population. The country's current workers pay for the benefits of retirees. However, marriage and fertility rates are falling and young people are having a harder time getting employment. Given this, the state has been pressured to search for new ways to strengthen its income security programs. This research provides an up-to-date look at state initiatives. It also outlines the challenges and possible policy directions for dealing with South Korea's old age crisis.

### What did the researchers do?

This research brought together twelve leading scholars and experts interested in how ageing affects the design of social policies. They used South Korea as a case study to expand the current knowledge of how demographic changes are central factors in the design of social policies. They focused on policies in the areas of:

- Work
- retirement
- pensions

### What you need to know:

South Korea's rapidly ageing population is putting pressure on the state to come up with new social policies that accommodate this demographic shift and prevent an age crisis. This shift has played a major role in shaping workplace and income security policies for the elderly.

The researchers looked at how ageing affects social policy from a number of angles. Some of the aspects they focused on were:

- social risks from efforts to establish a multi-pillar system of public, private and occupation pension plans
- pension fund management
- investment strategies

### What did the researchers find?

The researchers found that South Korea's reforms to existing pension schemes and its new social programmes are not enough to prevent the economic and social crises that may occur due to rapid ageing. Instead, they suggest that wider social service reforms are needed. These include:

- subsidized child care
- family allowances
- the expansion of active labour market policies

The researchers found that there is a positive correlation between social investment and fertility rates. This means that women tend to have more children and contribute to the labour market at the same time, when there are more social programs available. Researchers found that, if the government expands social investment, it will be able to do all of the following at the same time:

- prevent old-age poverty
- increase fertility
- ensure economic competitiveness

### How can you use this research?

Public policy makers, specifically those in countries with emerging welfare state programs or facing the effects of an ageing population, will find this research useful. This research acts as a comparative point of reference and a source of guidance to help policy makers better understand:

- the diverse aspects of ageing
- the social risks that it carries
- the considerations that need to be made while designing policy to accommodate rapid ageing.

### About the Researchers

Jae-jin Yang is an Associate Professor in the Department of Public Administration at Yonsei University in South Korea. Thomas R. Klassen is an Associate Professor in the Department of Political Science and the School of Public Policy and Administration at York University in Canada.

### Citation

Klassen, T. R., & Yang, J. (Eds.). (2010). *Retirement, work and pensions in ageing Korea*. New York: Routledge. Preview available online at <http://bit.ly/NKFEIO>

### Keywords

South Korea, Ageing population, Demographic change, Pension, Welfare state reform

---

### Knowledge Mobilization at York

York's Knowledge Mobilization Unit provides services for faculty, graduate students, community and government seeking to maximize the impact of academic research and expertise on public policy, social programming, and professional practice. This summary has been supported by the Office of the Vice-President Research and Innovation at York and project funding from SSHRC and CIHR.

[kmbunit@yorku.ca](mailto:kmbunit@yorku.ca)

[www.researchimpact.ca](http://www.researchimpact.ca)

