Income Guarantee Effect of Deferred Retirement and Private Pension Polity

Korea has extended the minimum retirement age to 60 since 2016. This age extension is very encouraging in the sense that many middle-aged workers who could not prepare for their old age due to early retirement can have more chance to prepare for later lives.

However, there are some issues that need to be solved. For example, extension of the minimum retirement age is applied to only fully employed workers, employment costs increase, negotiations about introducing salary peak system with labor unions are not easy, and so on.

This paper is very valuable, because this study deals with the retirement income guarantee that is one of the most fundamental purposes in introducing the system of mandatory minimum retirement age.

In particular, this study is different from other studies, in the sense that this paper analyzes various effects on the governments and industries as well as individuals.

The main results of this study are as follows. First, replacement rates of the additional private pension benefits are increased by 4.8%p~5%p. Second, the additional private pension makes the pension markets more activate. Third, the additional private pension makes elderly poverty rates decrease.

These results show that individual retirement pension(IRP), like private pension, need to be activated,