

## Stratification in Employment Status and Income

- unbeneficial economic class over the life course
- Continuity of women's unbeneficial status in labor status
- Various types of unstable workers, their deliberate exclusions in the labor market, work place, and public recordings
- Trapped in disadvantaged work condition
- Disadvantages during the working life culminating with the risk of chronic poverty in later life

## Inequality triggered by welfare policy

- Extension of welfare policy since the late 1990s- extension of National Pension, introduction of long term care insurance since 2008, but limited extension of welfare right
- deliberate exclusions which renders disadvantaged workers invisible in the social security systems
- despite the legislative extension of the coverage, many unstable workers voluntarily deny the access, partly due to the unwillingness to deposit some part of their earnings for their post retirement because of an imminent need to meet their daily expenses

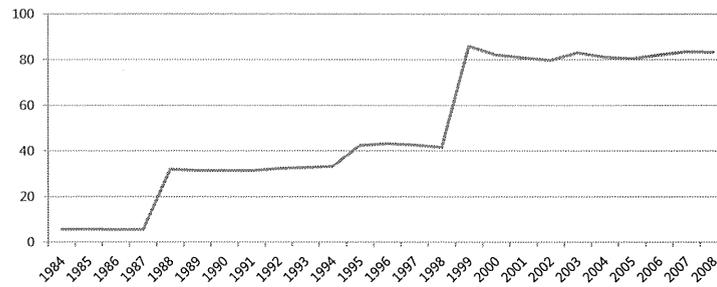
- Frequent job changes and the lack of concrete employment contracts make irregular workers invisible in public labor recordings used to determine the entitlement of the social security benefits.

## Coverage Rate of Public Pension

Table 1-7 The Development of the National Pension System and the Coverage Rate in South Korea

Year		Coverage rate for the total workers, %			total
		Government military insurance	Private school teacher insurance	National insurance	
1960	Government insurance	-	-	-	-
1963	Military insurance	-	-	-	-
1973	Private school teacher insurance	-	-	-	-
1988	National Pension (companies with 10 or more workers)	4.6	0.8	26.3	31.7
1992	National Pension (companies with 5 or more workers)	4.8	0.9	26.4	32.1
1995	National insurance (rural/fishery workers)	4.7	0.9	35.5	41.1
1999	National Pension (companies with less than 5 workers, self employed in urban sectors)	4.5	1.0	53.0	58.5
2000		4.3	1.0	55.9	61.2

Coverage rate of Public Pension



Source: National Pension Statistics, 2011, MOW

The intersecting association between employment and social benefits  
 Characteristics of Employed Workers, 50-54, 1999

		Workers entitled to NP	Workers not entitled to NP	Total
Gender	Male	79.7	45.1	62.2
	Female	20.3	54.9	37.9
	Total (N)	100.0 (592)	100.0 (610)	100.0 (1,202)
Education	Primary	12.2	25.9	19.1
	Middle	16.7	29.0	23.0
	High	40.5	36.1	38.3
	College +	30.6	9.0	19.6
	Total (N)	100.0 (592)	100.0 (610)	100.0 (1,202)
Occupation	Adm/manager/prof	28.0	10.8	19.3
	Clerical	13.7	5.7	9.6
	Sales	7.4	22.0	14.8
	Product	41.1	35.8	38.4
	Menial	9.8	25.7	17.8
	Total (N)	100.0 (584)	100.0 (600)	100.0 (1,184)
Labor status	Full time	93.2	42.4	67.5
	Part time	6.8	57.6	32.5
	Total (N)	100.0 (591)	100.0 (608)	100.0 (1,199)
Size of company	Less than 5	1.6	39.1	20.4
	5-9	5.3	17.2	11.2
	10-29	14.3	21.2	17.8
	30-49	9.3	5.3	7.3
	50-69	9.3	2.7	6.0
	70-99	6.9	1.1	4.0
	100+ =	53.4	13.4	33.4
Total (N)	100.0 (551)	100.0 (552)	100.0 (1,103)	
Duration of employment	Mean (years, N)	10.7 (589)	4.8 (604)	7.7 (1,193)
monthly earning income (N)	Mean (10,000 won, N)	146.4 (592)	84.9 (610)	115.2 (1,202)

Source: Park, 2003

The intersecting association between employment and social benefits

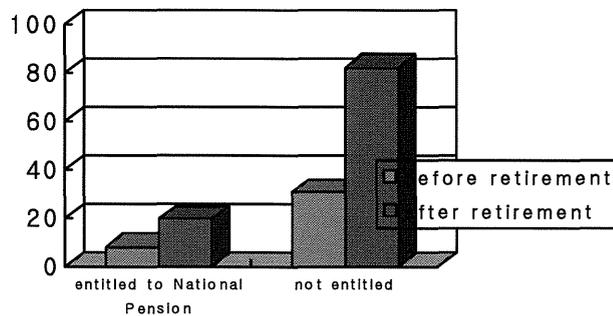
Family Income and Asset Level of Employed Workers, 1999

	Workers entitled to NP	Workers not entitled to NP
Net Family income in the last employment year, 10,000 won (N)	2,735.6 (570)	1,608.6 (583)
Labor income, monthly (N)	212.3 (590)	133.0 (609)
Monetary income, per year (N)	91.8 (589)	25.7 (608)
Real estate income, per year (N)	93.2 (590)	33.0 (609)
Public and private transfer income, per year (N)	11.1 (590)	27.3 (609)
Others, per year (N)	152.1 (590)	98.3 (608)
Debt, monthly (N)	14.8 (586)	12.4 (600)
% of family income under minimum livelihood by family members of the 1998	8.2 (570)	30.7 (583)
Net Asset value in the last year, 10,000 won (N)	2245.9 (481)	283.3 (548)
Financial asset (N)	2067.8 (584)	1,044.5 (606)
Real estate (N)	1344.6 (490)	429.5 (556)
Debt (N)	1126.5 (586)	1099.4 (606)

Source: Park, 2003

The intersecting association between employment and social benefits

poverty rate of employee workers aged 40 to 54



Source: Park, 2003

Discussion

## Mechanisms of Poverty and Inequality of the Korean Elderly – Family, Labor, Welfare

- Family – the most prevalent source of welfare, but controversy about its potential and sustainability. Key argument is that the role and sustainability of family as primary welfare source was hampered
- The emphasis on family support often elapses into the rhetoric of a cultural placebo to what structural rearrangements are substantially in need
- Increasing labor flexibility generally impairs employment status and make unstable retirement
- Increasing importance of economic participation at advanced ages but the simultaneous restructuring of old workers into secondary and marginalized jobs.

Discussion

## Mechanisms of Poverty and Inequality of the Korean Elderly – Family, Labor, Welfare

- the strong linkage between labor stratification and selective social security.
- Gender, educational achievement, and employment status are intimately related to each other and delimit the access to social security benefits, differentiating income levels in old age.
- Unstable workers not only suffer from low income levels and employment instability, but also limited access to the social security benefit.
- The result of the cumulated disadvantages in the labor market/work place and in the social security system reveals the formation of new class, who are subjected to unbeneficial economic conditions over the life course and a chronic poverty risk in post retirement.

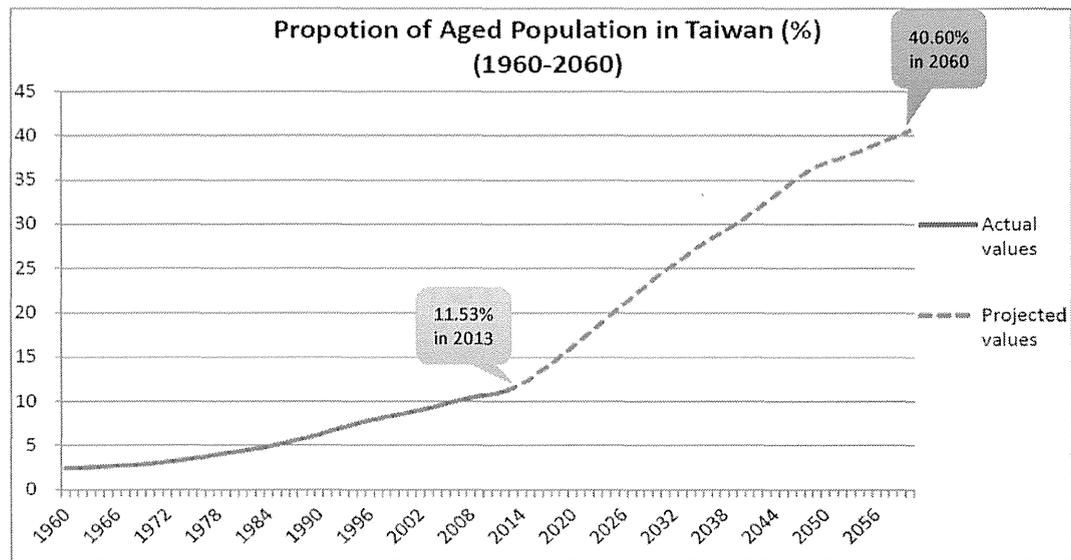
# Familial support and living arrangement of the elderly people in Taiwan

Ruoh-rong Yu

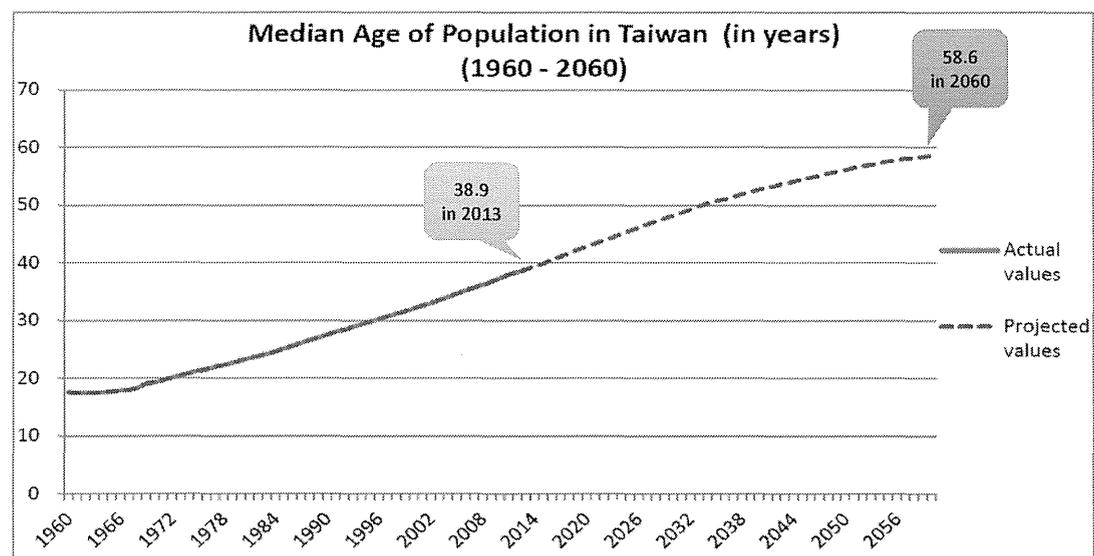
Center for Survey Research

Research Center for Humanities and Social Sciences, Academia Sinica

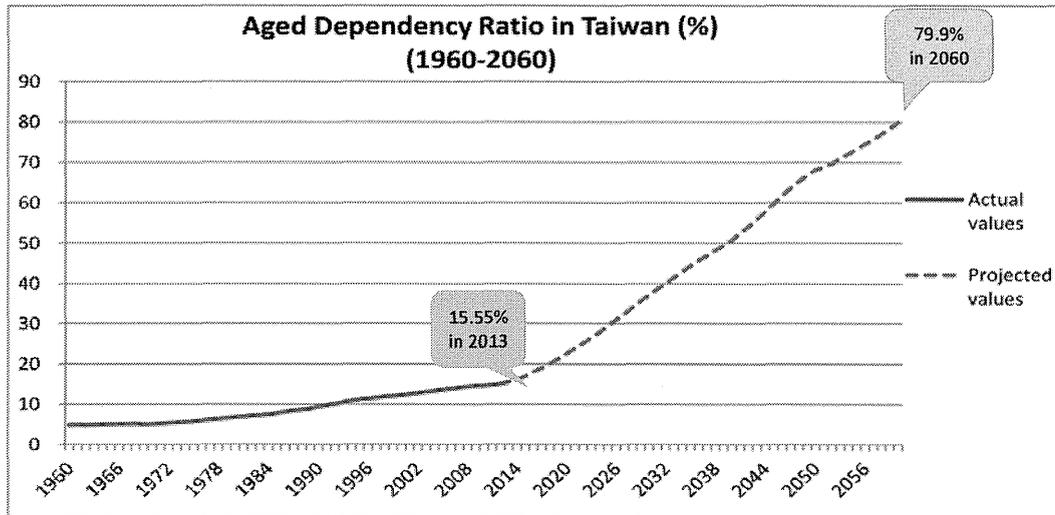
# Population Aging in Taiwan: Past and Future



Source: National Development Council, Taiwan  
 Note: The dotted lines indicate the projected values.



Source: National Development Council, Taiwan  
 Note: The dotted lines indicate the projected values.

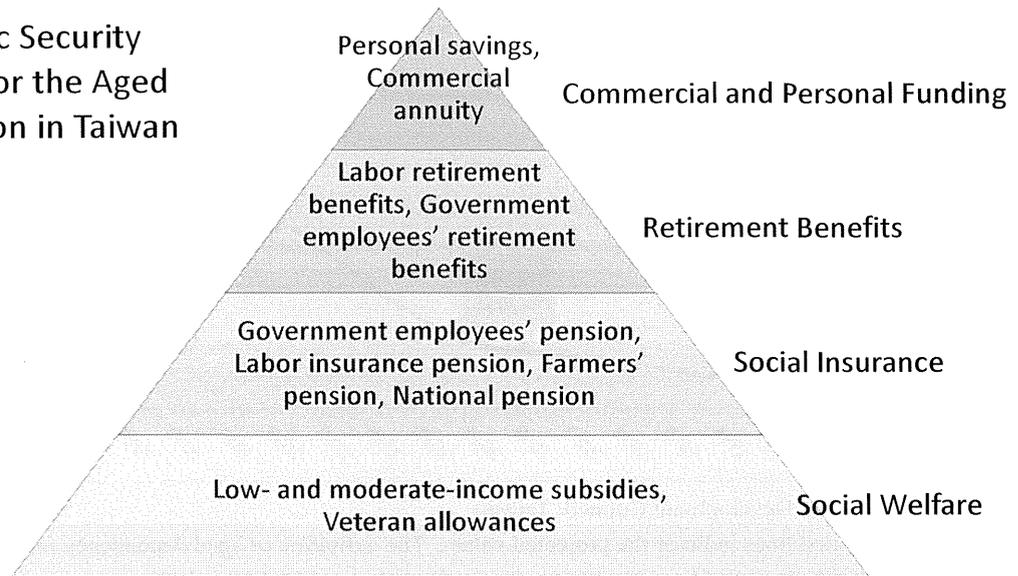


Source: National Development Council, Taiwan

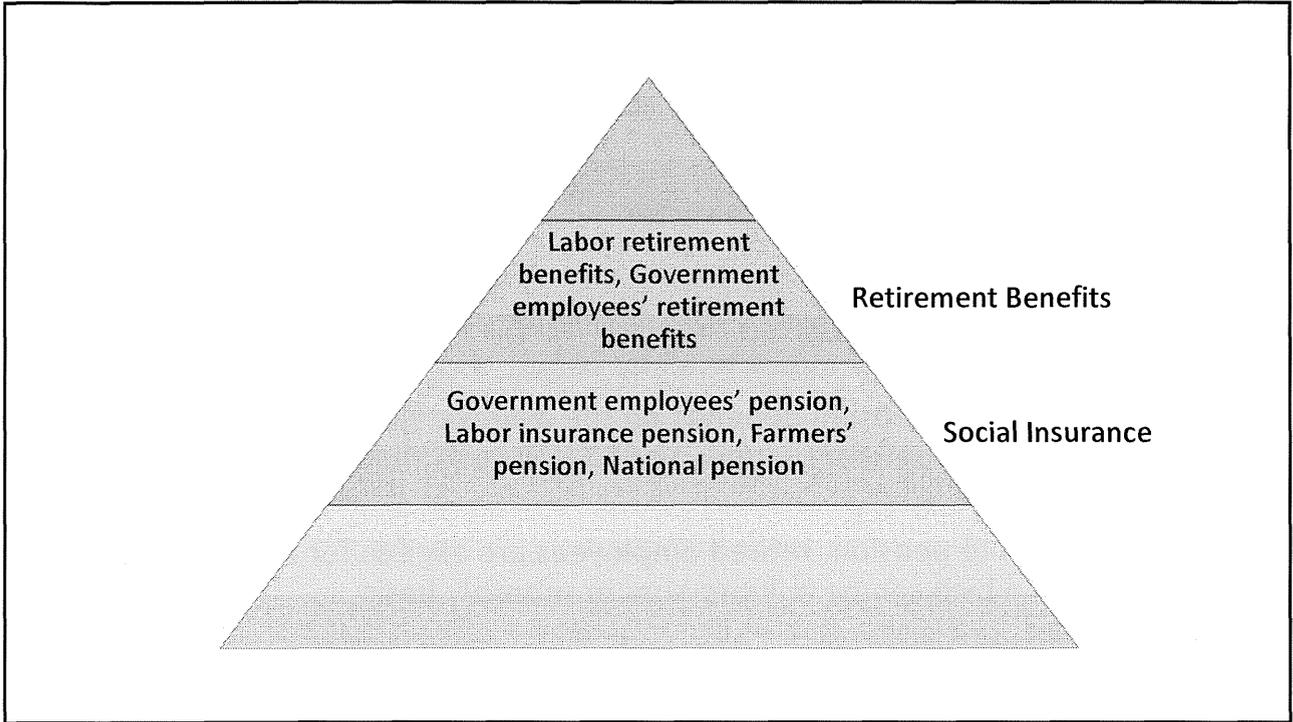
Note: The dotted lines indicate the projected values. The definition of aged dependency ratio is  $[(\text{number of people aged 65 or above}) / (\text{number of people aged 15-64})] \times 100\%$ .

## Economic Security System for Aged Population in Taiwan

**Economic Security  
System for the Aged  
Population in Taiwan**



**Economic Security System for  
Aged Population in Taiwan:  
Retirement Benefits and Pensions**



## Retirement Benefits and Pensions

Labor Insurance Payments (1950)

Government Employees' Retirement Payments and Pension (1958)

Farmers' Pension (1995)

National Pension (2008)

## Labor Insurance Pension (勞保年金)

- Retired employees of private sector
- Monthly pension
- Eligible at age 60 and with 15 years of labor insurance (age requirement shall be raised to 65 by 2027)
- The amount of pension depends on the average insured monthly income (the upper limit is now 43,900 NTD) and the years of labor insurance.
- In addition to pension, retired employees are eligible for retirement benefits, which can be in lump-sum or monthly basis.



Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan

## Government Employees' Retirement Benefits

- Retired civil servants, public school teachers, and soldiers
- Lump-sum payment and/or monthly pension
- Eligible at age 60 and with 5 years of service, or after 25 years of service (requirement for monthly pension is more stringent)
- The pension income replacement ratio can be as high as 100% (the upper limit shall be reduced to 80% by 2022).



Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan

## Farmers' Pension (老農津貼)

- Farmers and Fishermen who reach certain age
- Monthly pension
- Eligible at age 65 and with at least 0.5 year of farmers' insurance
- The amount of pension has increased from 3,000 NTD in 1995 to 7,000 NTD in 2011.



Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan

## National Pension (國民年金)

- Those who are not eligible for labor insurance, farmers' insurance, and government employees' insurance. The insured persons are mainly students, housewives, and unemployed.
- Monthly payments
- Eligible at age 65
- The basic monthly pension is 3,500 NTD. The extra insurance payments depend on the years of insurance and the insurance premium.



Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan

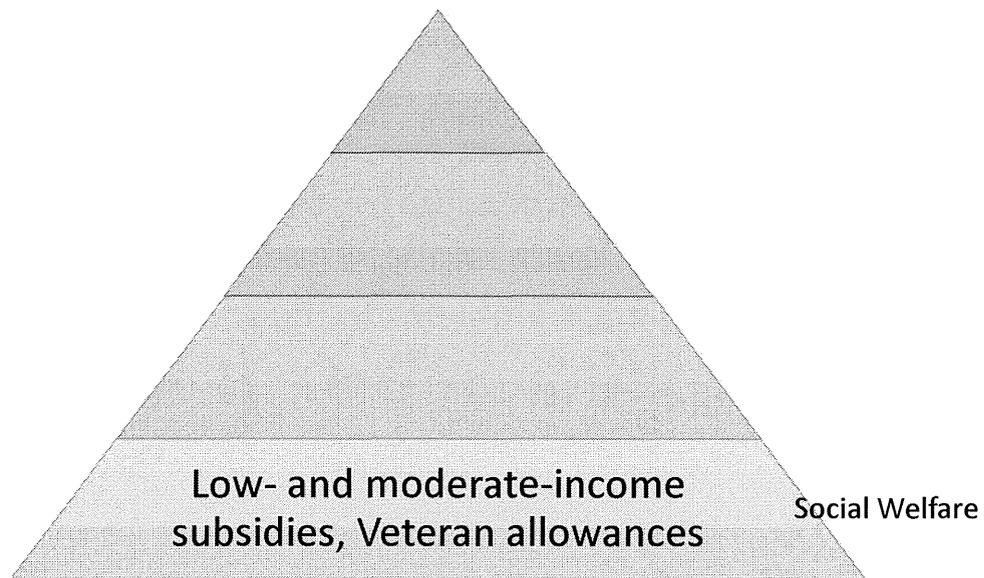
## Retirement Payments and Pensions: Potential Crises

- No comprehensive pension program for the aged
- Huge discrepancies among different types of pension
  - For example, the income replacement ratio for government employees' pension is about 90%, yet that of the labor pension is often less than 20%
- Many jobless persons cannot afford pension premium of the National Pension
- Insurance premium are relatively low as compared to the amount of retirement payments or pensions
- Rates of return for pension fund are low in recent years
- Declining fertility rate and increasing life expectancy have deteriorated the financial situation of pensions



Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan

## Economic Security System for Aged Population in Taiwan: Social Welfare



## Social Welfare Services for the Aged

- Local governments
  - Elder allowances
  - Low- and moderate-income living allowances for the aged
  - Low- and moderate-income nursing allowances for the aged
  - Subsidies for the disabled aged
  - Day-care and/or home nursing services for the disabled aged
  - Traffic, rehabilitation, and meal services for the disabled aged
- Social welfare programs provided by central government
  - Veteran allowances



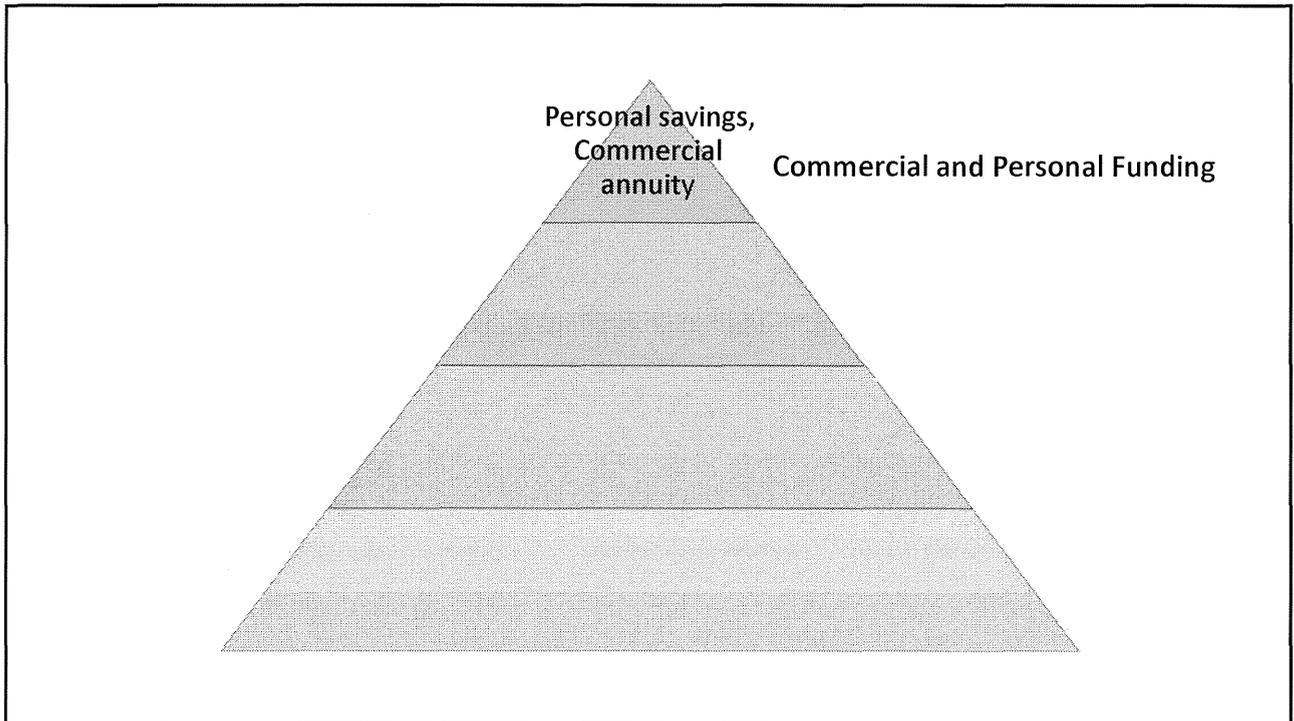
## Social Welfare Programs: Potential Crises

- Within the total government expenditure in 2012,
  - The social welfare expenditure is about 23%
  - The pension and compensation expenditure is about 7%
- Not to mention similar problems to the social security programs



Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan

## Economic Security System for Aged Population in Taiwan: Commercial and Personal Funding

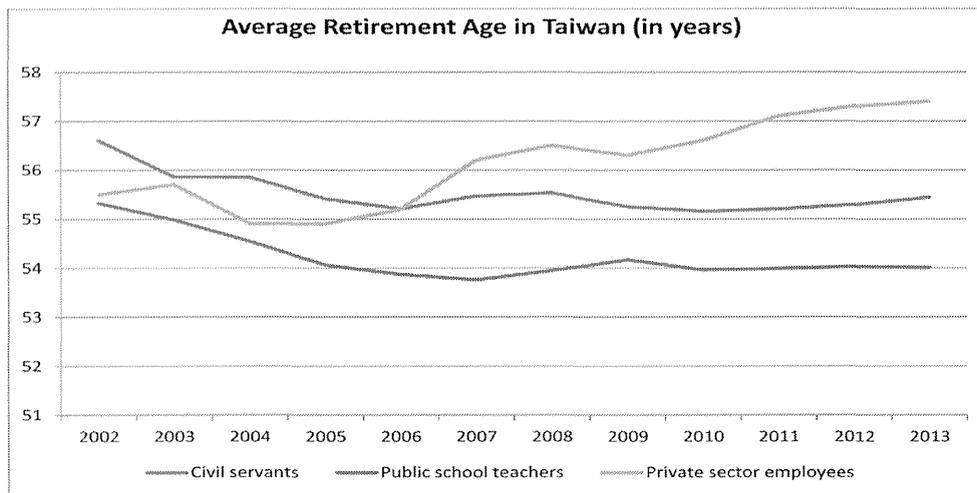


## Labor Force Participation of the Aged

- **Early retirement**
  - The average retirement age of government civil servants has reduced from 60.8 in 1997 to 55.4 in 2013. During the same period, the average retirement age of school teachers has declined from 58.0 to 54.0.
  - The average retirement age of private sector employees in 2013 is 57.4.
- **Low labor force participation rate of elder population**
  - In 2013, the labor force participation rate of population aged 55-59 has declined to 53.2%, and that of those who aged 60-64 is 33.4%.



Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan



Source: The numbers of “civil servants” and “public school teachers” are from the Public Service Pension Fund, Taiwan. The numbers of “private sector employees” are from the Directorate-General of Budget, Accounting and Statistics, Taiwan.

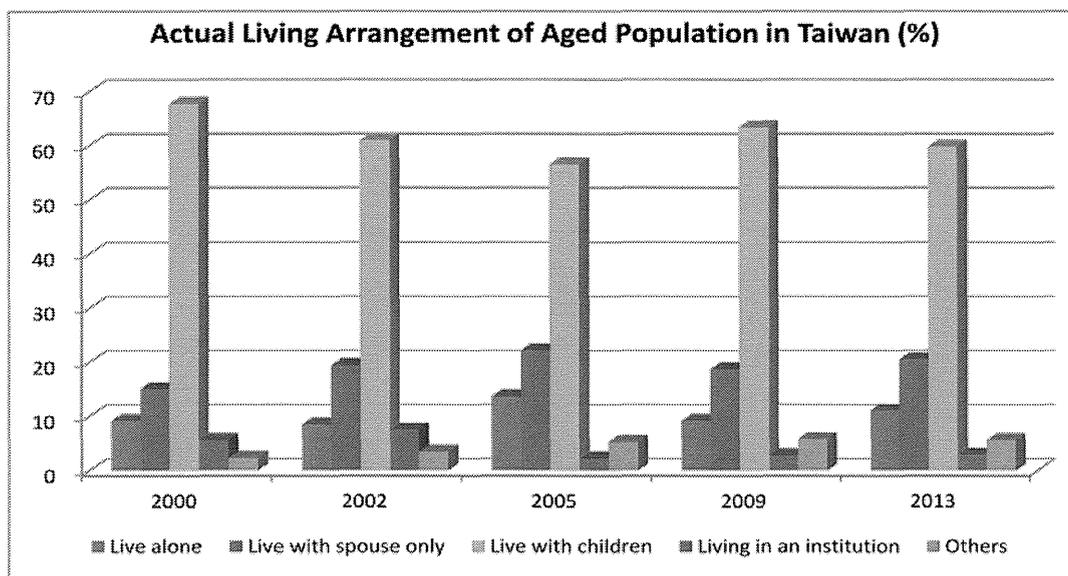
## Wages, Savings and Commercial Annuity in Taiwan

- The average monthly real wage income in 2014 is about 46,786 NTD, which is almost the same as that of year 1997 (46,646 NTD).
- The savings rate of households in Taiwan has reduced from 30.7% to 20.6% during the past twenty years.
- After the financial crisis in 2009, the rate of return for financial investment has become more uncertain.
- People who bought commercial annuity and life insurance are relatively few.
- However, there is a comprehensive National Health Insurance program in Taiwan.

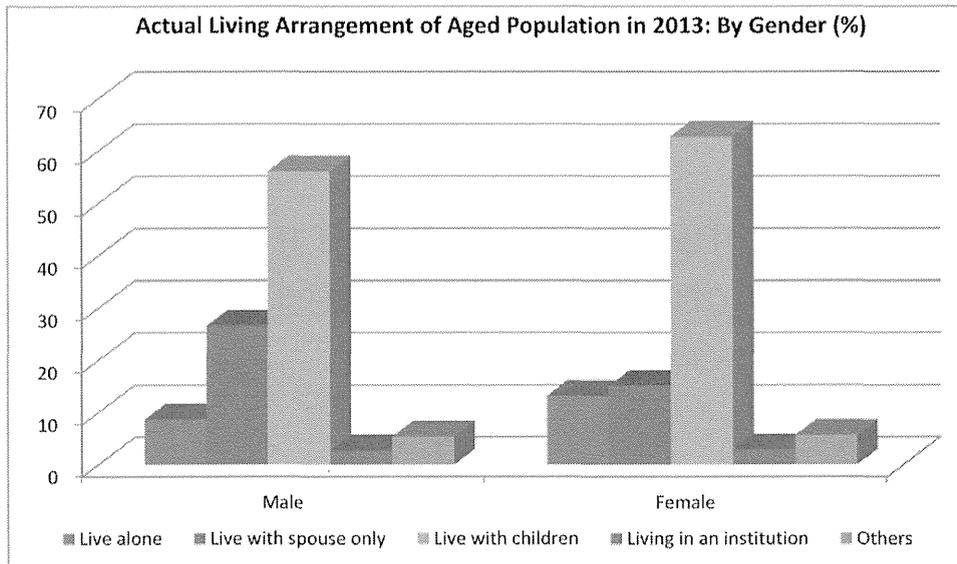


Center for Survey Research, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan

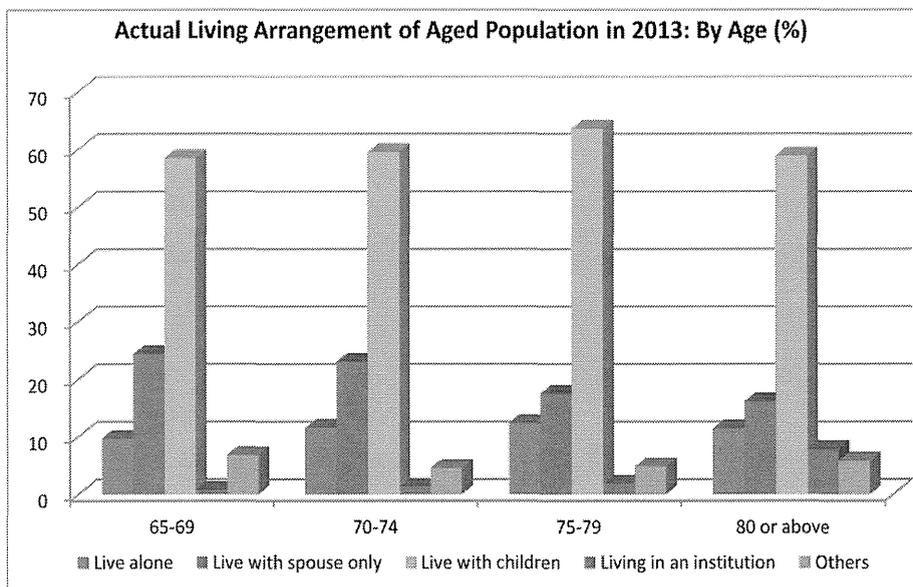
## Living Arrangement of Aged in Taiwan: Actual and Preferred



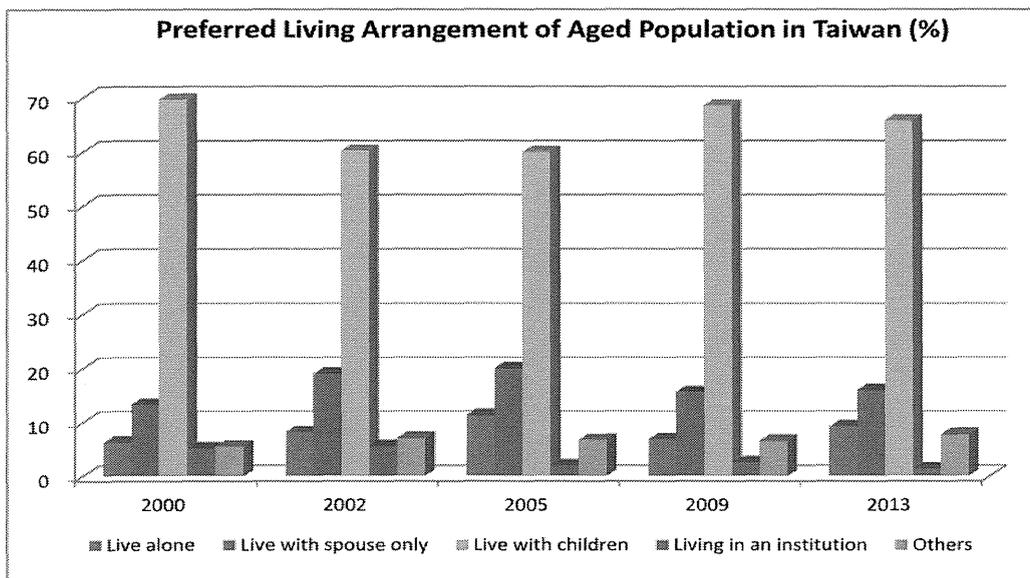
Source: Report of the Senior Citizen Condition Survey, Ministry of the Interior, Taiwan



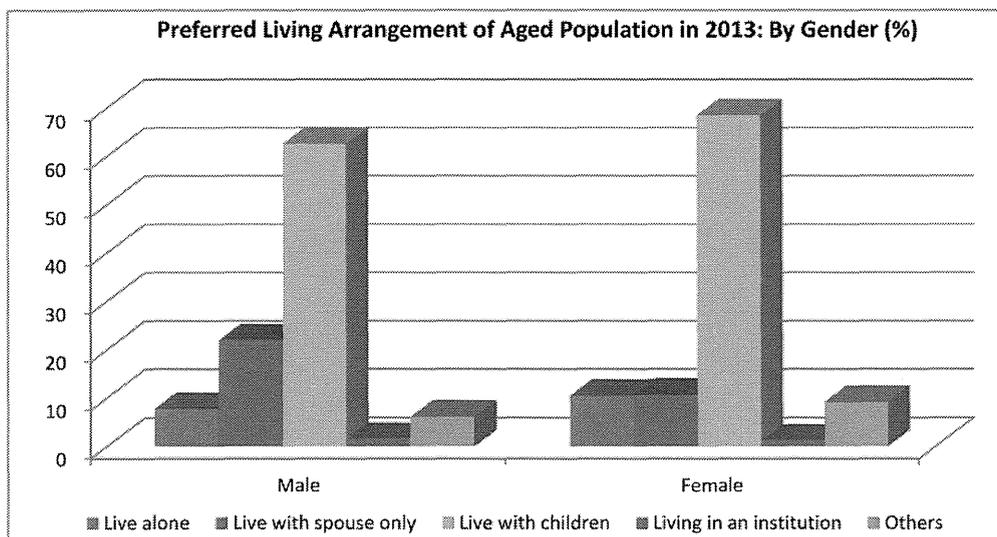
Source: Report of the Senior Citizen Condition Survey, Ministry of Health and Welfare, Taiwan



Source: Report of the Senior Citizen Condition Survey, Ministry of Health and Welfare, Taiwan



Source: Report of the Senior Citizen Condition Survey, Ministry of the Interior, Taiwan



Source: Report of the Senior Citizen Condition Survey, Ministry of Health and Welfare, Taiwan