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GRIST



S. KOREA: PENSION CHANGES EXPECTED IN JULY

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South Korea's government has unveiled planned changes to the Employee Retirement Benefit Security Act. Absent objections, the changes will take effective in July 2019.

HIGHLIGHTS

Key changes:

- Further restrict eligibility for interim settlement due to illness to situations where the illness costs the employee at least 12.5% of his or her income
- Reinforce defined benefit governance requirements:
 - Employers can no longer inform their employees of underfunding by “board posting.”
 - Employers with multiple pension providers need to let them know of a change in the lead pension provider no later than seven days after the change.
 - The information acquiring process has been clarified as “less than 3 months from the end of fiscal year.” Employers and pension providers should provide requested information to lead pension providers within that period.
- Pension providers will no longer be allowed to offer principal secured products with different interest rates to employers and employees absent a solid reason for doing so.
- Simplify procedures for establishing pension plans:
 - The authority won't require minor information (e.g., average service tenure, benefit structure, and contacts) from employers filing new pension plans, and the screening period will be reduced from 14 days to seven.

RELATED RESOURCES

- [Notice 2019-232](#) (Korean) (Ministry of Employment and Labor, 24 May 2019)
- [Notice 2019-233](#) (Korean) (Minister of Employment and Labor, 24 May 2019)

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