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SOUTH KOREA ISSUES PENSION REFORM DETAILS

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South Korea's government has published new information about its proposed pension reforms that would require employers to introduce a retirement pension plan, specifies which authorities would be responsible for certain measures, and includes an implementation timetable.

HIGHLIGHTS

- Specification of which authorities would be responsible for certain measures.
- A timetable for introducing the reforms.
- Expanded eligibility to receive a housing pension:
 - The age threshold to join is age 55, down from age 60.
- Private sector employers, starting with larger employers, would be required to phase-in retirement pension plans.
- The introduction of pension management methods (delegation/defaults/trust) that aim to leverage economies of scale and encourage portfolio diversification.
- Revision of retirement income taxation by using tax incentives that encourage individuals to draw annuities instead of lump sums; allowing expired Individual Savings Accounts (ISAs) to be deposited in Individual Retirement Pension (IRP) accounts; and expanding IRP tax credits to individuals aged 50 or older.

RELATED RESOURCES

Non-Mercer Resource

- [Announcement of Pension Reform Initiatives](#) (Financial Services Commission, 13 Nov 2019)

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- [South Korea Slates Retirement Act Reforms To Take Effect 30 Apr 2020](#) (4 Nov 2019)

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