Guarantee Schemes for Defined Benefit Corporate Pension

Since the introduction of the retirement pension, the amount of assets has reached KRW 190 trillion, and 53.4% of full-time workers are registered and the number is increasing.

Despite the quantitative growth of retirement pensions and the increasing proportion of DB retirement pensions, the policies to protect eligibility for retirement benefits (benefit guarantee) are insufficient.

The level of benefit guarantee under the Korean Workers’ Retirement Benefit Act is lower than in developed countries such as the United States, despite the provision of pre-benefit guarantee provisions such as minimum funding regulations, and post-benefit guarantee such as retirement benefit claim prior payment.

Since the benefit guarantee system has been partially improved, there are still problems in the system. Therefore, this study compares domestic and overseas benefit guarantee system with pre and post qualifications, and presents policy directions.

Considering Korean retirement pensions operate in the form of contractual governance and the fact that small business have a weak financial burden, the benefit guarantee policy should be implemented.

In summary, in terms of pre-benefit guarantee, it is necessary to supplement the system so that external funds reach sufficient funds, and ensure external funds through corporate tax reductions and supporting small business. In terms of post-benefit guarantee, it is necessary to strengthen pension payment guarantees by expanding the system of the wage claim prior payment guarantee.