



ELDERLY POVERTY IN SOUTH KOREA – AN UPHILL BATTLE

by

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Introduction

Social conventions, such as the “[Confucian social contract](#)” and the concept of “filial piety,” which previously served as the traditional private safety net for elderly care within the family, have been undermined in South Korea, partly as a result of the country’s rapid economic transformation and high living costs. This, combined with an [immature pension system](#), leaves a significant portion of the current older population with little to no coverage and has resulted in South Korea having the highest rate of relative elder poverty among [OECD countries](#) at approximately 39.8 percent.

To tackle this and as part of the Lee Jae-myung administration’s “[Basic Society](#)” objectives, the National Pension System (NPS) was [reformed](#) in early 2026 with the goal of ensuring long-term financial sustainability, preventing fund depletion, and improving old-age income security. Despite this reform, considerable hurdles remain in safeguarding future generations and lifting the current approximately [3.38 million](#) South Korean elders out of poverty. These challenges include addressing longstanding employment discrimination and adopting short-term measures aimed at assisting the present elderly population living in poverty.

Breakdown of the “Confucian Social Contract”

The Confucian social contract is fundamentally based on the concept of “[filial piety](#)” (*hyo*, 孝)—a moral and social accord in which the family, rather than the state, serves as the primary provider and source of support for its members, including its elderly. Here, reciprocity and gratitude for care operate in a circular motion within the family dynamic, with parents nurturing children who, in turn, provide physical, financial, and emotional assistance in their parents’ old age.

Following severe financial strain caused by [rising living costs](#) and relatively limited financial resources, South

Korean parents now prioritize their own retirement and their children’s expensive and competitive education, making it financially more difficult to support their own parents in retirement. Coupled with growing individualism among younger generations, the conceptualization of filial obligation has changed from a moral duty of family caregiving to an [increasing societal consensus](#) that such care should be provided through government support and comprehensive social policies. Consequently, as traditional familial care commitments no longer align with the financial demands of a modern life, a “care gap” has emerged in the provision of senior care.

Furthermore, due to the speed of its socio-economic transformation over the past five decades, South Korea had limited capacity to develop a comprehensive state social safety net as a substitute. Combined with South Korea’s transition to a “[super-aged society](#)” in 2024, with more than 20 percent of its 51 million citizens aged 65 or older, the pension system continues to face enormous budgetary pressures and inefficiencies in safeguarding older adults against poverty.

Immature Pension System & Age Discrimination

South Korea’s pension system is built around [two forms of social benefit](#): the National Pension Service (NPS), which is tied to work and contributions, and the Basic Pension, a cash benefit available to the bottom [70 percent](#) of the elderly population and calculated based on “recognized income” (a combination of monthly income and property value). The NPS scheme, which acts as the principal contributory component of the country’s pension plan, was established in 1987, significantly later than the pension systems of other developed countries. Because of its late formation, South Korea’s pension system is frequently referred to as “immature,” as it has yet to reach the point at which a full generation of workers has contributed for an entire working life.

As a result of its late inception and the existing older population’s short contribution history, average NPS monthly payments are comparatively low. With two out of every three pensioners reliant on the benefits of the NPS scheme, the average monthly payout of



approximately USD [450](#) is well below [the government-estimated minimum cost of living](#) for a single senior, which is approximately USD 1070. Even with the Basic Pension providing an additional USD [240](#) in 2026 to the lower 70 percent of the older population, combined benefits from the Basic Pension and the NPS cover only 64.49 percent of the estimated minimal cost of living.

Compounding this issue is the mandatory retirement age of 60 and the fact that approximately 76 percent of workers experience involuntary “voluntary” retirement in their early 50s through the country’s “[peak wage](#)” system—a system designed to legitimize cuts in older workers’ pay in order to hire younger employees and boost productivity. This creates an “income gap period” between retirement and the official national pension eligibility age of 65. To close this gap, nearly 70 percent of workers nearing retirement take up precarious, low-paying “[non-regular](#)” employment, such as cleaning or collecting cardboard, which pays significantly less than their previous careers.

While the system was implemented to balance an aging workforce with young employment demands and to finance jobs for younger South Koreans, the policy raises concerns about senior employees’ human rights by allowing for unjustifiable age discrimination. The lack of a comprehensive anti-discrimination statute, as well as [current legislation](#)—including the Act on Prohibition of Age Discrimination and Elderly Employment Promotion—that contains exemptions permitting age-based employment practices, has led to the institutionalization of age discrimination on South Korea’s job market, further contributing to the country’s elderly poverty rate.

The 2026 Pension Reform & Need for Additional Measures

The combination of an immature pension system, age discrimination in the job market, and the breakdown of the Confucian social contract places many South Korean seniors in an exceedingly fiscally vulnerable position. In an effort to tackle this, the Lee administration’s most recent [pension reform](#) raised the mandatory contribution rate from 9 percent to 13 percent (through a gradual increase of 0.5 percentage points annually for eight years) and increased the

income replacement rate to 43 percent.

While the financial soundness of the national pension system is being addressed, poor coverage for individuals who did not contribute enough in the past means that the high poverty rate endures, with future generations likely to see only slow improvement. This has generated considerable criticism of the reform’s limited scope, as the existing framework remains insufficient for South Korea to address its most persistent sustainable development challenge: poverty.

Furthermore, with President Lee’s pledge to raise the retirement age to 65 in order to close the gap between retirement and pension eligibility, [some experts](#) argue that as long as the “peak wage” system remains in place, companies will just have more years to implement the discriminatory wage cuts under the current framework.

The complexity of South Korea’s high level of elderly poverty, despite its reform commitment and recent efforts, reaffirms the need for the government to keep restructuring its pension system and enacting necessary legislation to address ageism in the labor market in order to protect future generations from elderly poverty. Such measures might consist of the following:

Short-term Government Payouts to the Current Elderly Living in Poverty

While providing government payments to aid the current elderly living in poverty may be monetarily difficult, it is both a political and humanitarian need. Additional adjustments aimed at making the system more targeted to [low-income seniors](#) are currently being discussed and appear feasible for implementation in 2026. Plans to eliminate the current “[couple penalty](#),” which reduces married couples’ pensions by 20 percent, should ease some of the financial burden on lower-income households.

However, such additional benefits are thought to be financially unsustainable in the long run, necessitating more adjustments to South Korea’s pension system to account for future funding pressures, as senior recipients are projected to account for [40 percent](#) of the population by 2050.



Remove Article 19 of the Act on Prohibition of Age Discrimination and Elderly Employment Promotion

While South Korea already has an [Act on Prohibition of Age Discrimination and Elderly Employment Promotion](#), this framework offers little protection because it permits public and private sector employers to impose a mandatory retirement age of 60 or older, regardless of a worker's qualifications. To address this issue, an amendment to repeal Article 19 of this Act, thereby abolishing mandatory retirement and making it illegal to discharge employees based only on their age rather than job performance, should be introduced.

Dismantle the “Peak Wage” system

The current “peak wage” system, which allows employers to reduce wages for workers nearing mandatory retirement and thereby encourage involuntary “voluntary” retirement, must be dismantled. Instead, new legislation preventing wage cutbacks based on age and ensuring equal compensation for equal work should be enacted.

Introduce an Anti-discrimination Act

South Korea should pass a comprehensive anti-discrimination law to address persistent ageism, which has contributed to the country's high rate of senior poverty. While opponents have argued that such legislation is unnecessary because equality provisions already exist within the existing legal framework, including Article 11 of the Constitution, [counter-arguments](#) from legal scholars suggest that such an act would serve as a foundational statute by addressing loopholes left by existing individual anti-discrimination laws and improving remedies for discriminatory

practices. Furthermore, as recent polls reveal that [approximately 71 percent](#) of Koreans support the enactment of such legislation, the current government should utilize this moment to push forward in adopting an anti-discrimination act.

Conclusion

As a result of the unusual speed with which family-based elder care has transitioned from a near-universal expectation to a governmental obligation, South Korea is working to institutionalize welfare policies, albeit at a slower pace, resulting in a persistent “care gap”. As South Korea seeks to adjust to this new reality, continuous emphasis on pension reform and anti-discrimination legislation will be critical to addressing the country's high rate of senior poverty. With projections indicating a continued growth in the elderly share of the population, there is an increasing need for societal solidarity and recognition of the rising costs of welfare measures. With the younger generation already expressing financial grievances in this area, South Korea faces significant challenges in safeguarding its elderly population from poverty.

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