

INSIGHT

# Helping an Aging Population through Post-Retirement Work Opportunities



In the Republic of Korea, the rapid pace of population aging can be attributed to low birth rates and a significant size of baby boomers who represent 14% of the total population. Photo credit: Korea Institute of Finance.

*Jobs, education and skills development are needed to help elderly people lead a more stable life and contribute to the economy.*

## Introduction

Ensuring financial stability and independence of elderly people is rising as an important issue as population aging accelerates. As part of such efforts, it is important to provide job training and work opportunities for retirees and employees who are soon to retire. In this regard, the government recently unveiled measures to promote elderly people's employment, and if implemented effectively, they are expected to help elderly people lead a financially more stable living.

# Analysis

In the Republic of Korea, the share of elderly population (ages 65 and older) has risen to over 14% this year, and is expected to be over 20% by 2025, entering a super aged society. The elderly population is estimated to be 7.38 million this year, and reach 10.5 million in 2025. The rapid pace of population aging can be attributed to low birth rates and a significant size of baby boomers (born between 1955 and 1963) who represent 14% of the total population (7.23 million).

Korean elderly people are financially worse off than those in advanced countries that went through aging society earlier, and the demographic factors are unfavorable to the elderly as well. According to the OECD, the elderly poverty rate in the Republic of Korea—the share of poor elderly population (ages 66 and over) whose income level is below a poverty line (50% of total population's median income)—has remained significantly high at 48.5% in 2012, 49.6% in 2013, 48.8% in 2014, and 45.7% in 2015. In comparison, the elderly poverty rate is 19% in Japan (as of 2012), 9.5% in Germany (2014), and 9.3% in Italy (2014). According to 2016 population estimate by Statistics Korea, the ratio of elderly population (ages 65 and over) to younger population who supports them (ages 35 through 64) would rise from 29.2% in 2017 to 44.0% in 2025, increasing social and financial burden of supporting the elderly.

Providing more work opportunities to retirees could be a viable solution to ensuring financial independence and stability of the elderly population, but, related endeavors have been meager. According to Korea Employment Information Service, merely 270,000 people in their 50s (12%) and 70,000 people in their 60s (6.8%) participated in job training programs funded by employees. And only a small number of elderly people participated in other private training programs. Participation rate in job training programs was lower for elderly people, indicating that would-be retirees do not actively seek work opportunities after retirement.

Employees' Participation in Job Training Programs by Age Group

	No. of insured employees	Paid by employer <sup>1)</sup>			Paid by employee <sup>2)</sup>			
		No. of participants	Ratio (%)	Participation rate (%) <sup>3)</sup>	No. of participants	Ratio (%)	Participation rate (%)	
Total	12,363,063	2,505,849	(100)	20.3	330,293	(100)	2.7	
Age	19 and under	111,599	33,646	(1.3)	30.1	2,118	(0.6)	1.9
	20-29	2,149,763	660,109	(26.3)	30.7	114,109	(34.5)	5.3
	30-39	3,463,486	868,922	(34.7)	25.1	95,306	(28.9)	2.8
	40-49	3,292,933	596,754	(23.8)	18.1	76,397	(23.1)	2.3
	50-59	2,292,654	274,374	(10.9)	12.0	35,246	(10.7)	1.5
	60 and over	1,052,628	72,024	(2.9)	6.8	7,117	(2.2)	0.7

Notes: 1) Job training provided by employer based on employment insurance and partly paid by employer

2) Job training personally taken by employees

3) Participation rate = (No. of participants/No. of insured employees) · 100

Sources: Korea Employment Information Service, Korea Research Institute for Vocational Education & Training statistics (2015)

# Insights

Against this background, the government unveiled a 'five-year comprehensive plan to create jobs for the elderly (2018~2022)' in February. Accordingly, endeavors will be made to create some 800,000 jobs for elderly people and provide tailored job training programs, in a bid to strengthen elderly people's work capacity and add more vitality to society.

Despite fast aging population, would-be retirees are not actively participating in job training for post-retirement work opportunities, and the latest government measure is expected to address this issue. If work capacity of elderly population can be analyzed accurately, and related job training infrastructure can be established to provide customized training programs, it would help elderly people plan and develop post-retirement career path, and better respond to post-retirement financial shock. The baby boomers are a highly educated cohort?about three quarters finished high school education?and as a generation that went through rapid industrialization, they have a solid work ethic and strong motive to work to prepare for post-retirement living and also to support children. Developing proper job training programs for elderly people, improving life-long education system, and making efforts to utilize elderly people's know-hows and skills would help elderly people lead a more stable living, and also contribute to the national economy.

## References

Korea Institute of Finance website.

## Resources

Summary: *Six Lessons to Learn from Asia's World-Class Universities*

Case Study: *An Eco-friendly Approach to Waste Management*

Case Study: *Sustainable Water Management for Smart Cities*

Insight: *How East Asia Can Reduce Climate Change Impact*

Explainer: *Get On My Cloud - Explaining the MathCloud System of Learning*

Insight: *Smart Strategies for Getting More Women into the Workforce*

Insight: *A Successful Example of How to Shift to Cyberlearning*

Explainer: *Using Television to Improve Education Systems*

Case Study: *Revitalizing a City by Reviving a Stream*



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Last updated: June 2018