

## Summary

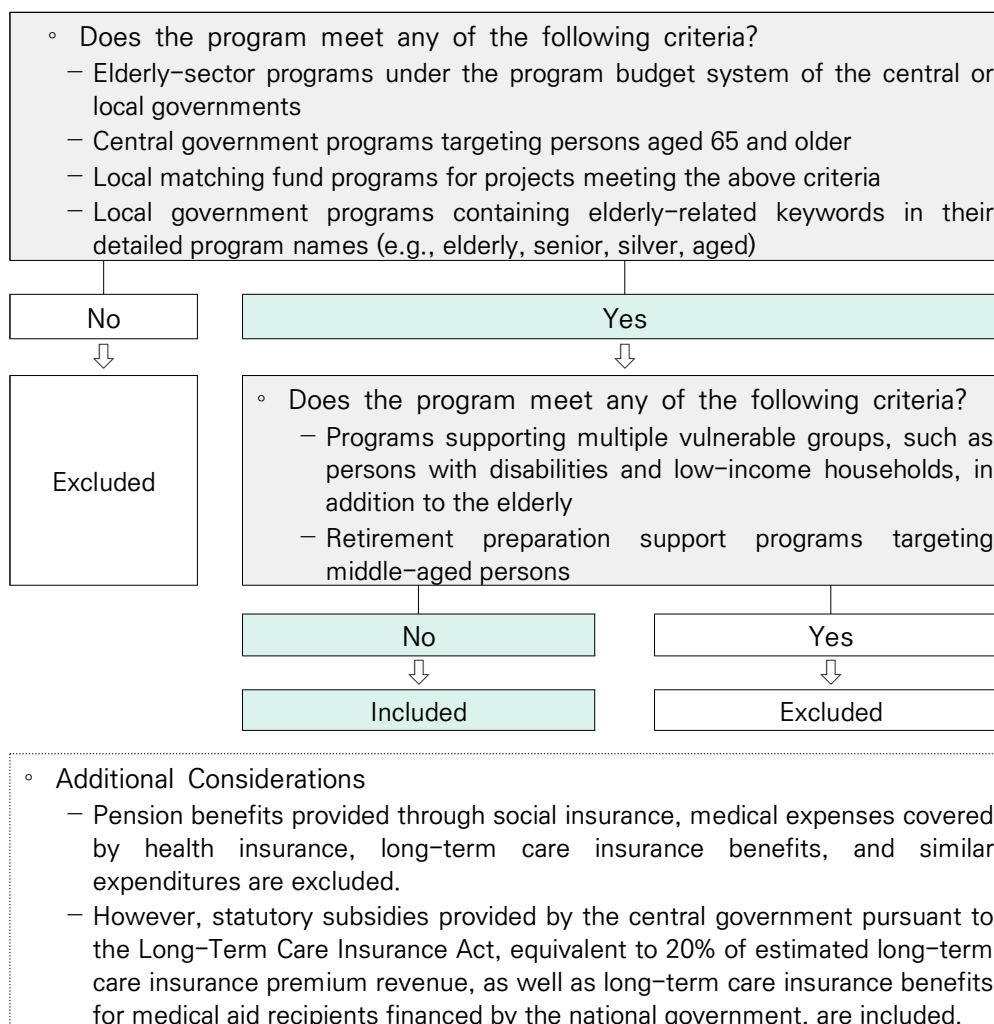
### I . Introduction

- ❑ Korea officially became a super-aged society in 2025, with the share of the population aged 65 and older reaching 20.3%. This share is projected to exceed 30% in 2036 and 40% in 2050.
  - Rising life expectancy is also extending the duration of old age, carrying policy implications that go beyond a mere increase in the elderly population.
  - As the working-age population declines while the elderly population continues to grow, structural demographic imbalances are increasing the dependency burden, and demand for elderly support policies is expected to continue rising.
- ❑ However, the absence of an official, government-wide definition of elderly support programs limits a systematic understanding of their overall scale and scope, highlighting the need for a comprehensive analysis of the current state of such programs.
  - Elderly support policies encompass various forms of assistance, including care, housing, transportation, safety, social activities, and leisure. Multiple central government ministries and local governments operate these programs independently under their respective governing laws.
- ❑ Accordingly, this report systematically categorizes elderly support programs administered by the central government and upper- and lower-level local governments, comprehensively examines their scale and scope, and projects their fiscal

requirements over the next 10 years in order to draw implications for responding to future policy demand.

- [Chapter 2] Analysis of Financial Trends in Elderly Support Programs by Policy Area, 2016–2025
  - (Data for Analysis) Data submitted by the central government and detailed program-level expenditure data from Local Finance 365.
  - (Scope of Analysis) The analysis covers elderly-sector programs under the program budget system and central government programs targeting persons aged 65 and older. It also includes local matching fund programs associated with these projects, as well as local government programs whose detailed program names contain elderly-related keywords.

### [Selection Criteria for Programs Subject to Analysis]



Source: National Assembly Budget Office

- (Extraction of Financial Resources) For subsidized programs, financial resources may be recorded in both central and local government budgets. To prevent double counting, subsidized programs across the central, metropolitan/provincial, and municipal/county/district levels are matched based on program names and information on the funding sources comprising each program budget in the budget data of the central and local governments.

[Criteria for Extracting Financial Resource Data for Analysis]

| Category                                      |                               | Financial Resources Allocated in the Budget |             |                         |                                 |                         |
|-----------------------------------------------|-------------------------------|---------------------------------------------|-------------|-------------------------|---------------------------------|-------------------------|
|                                               |                               | No Matching Funds                           |             | With Matching Funds     |                                 |                         |
| Local governments national subsidies          | Central government            | Central                                     | Central     | Central                 | Central                         | Central                 |
|                                               | Upper-level local governments | Central                                     |             | Central/Upper-level     | Central/Upper-level             |                         |
|                                               | Lower-level local governments |                                             | Central     |                         | Central/Upper-level/Lower-level | Lower-level             |
|                                               | Preparation of analysis data  | Central                                     | Central     | Central/Upper-level     | Central/Upper-level/Lower-level | Central and lower-level |
| Lower-level local governments local subsidies | Upper-level local governments | Upper-level                                 | Upper-level | Upper-level             | –                               | –                       |
|                                               | Lower-level local governments |                                             | Upper-level | Upper-level/Lower-level | –                               | –                       |
|                                               | Preparation of analysis data  | Upper-level                                 | Upper-level | Upper-level/Lower-level |                                 |                         |

Note: In the table, “Central” refers to central government resources, “Upper-level” refers to upper-level local government resources, and “Lower-level” refers to lower-level local government resources.

Source: National Assembly Budget Office

- [Chapter 3] Projection of Fiscal Trends from 2026 to 2035 for the Basic Pension and Other Programs
  - (Basic Pension) Total fiscal requirements are projected by separately estimating the number of recipients and the benefit amount per recipient type, taking into account differences in benefit amounts depending on public pension receipt, whether benefits are received by one or both spouses in a household, and whether recipients receive the full or a reduced benefit amount.
  - (Other Programs) Future expenditure levels are projected by policy area using two approaches: extrapolating historical trends in total expenditure and extrapolating historical trends in expenditure per elderly person.

- [Chapter 4] Estimation of the Impact of Basic Pension Policy Reforms under Hypothetical Scenarios
  - The Basic Pension is analyzed separately and in greater depth because it accounts for a substantial share of overall elderly support expenditure and, as mandatory expenditure, requires careful assessment of and preparation for future fiscal requirements.
  - In addition, given the recent active discussions on Basic Pension reform, it is important to assess in advance the fiscal impact of various potential policy reform scenarios.

## II. Policy Environment and Current Status of Elderly Support Programs

- This report categorizes and analyzes elderly support programs based on two dimensions: policy area and delivery system.
- The policy areas are divided into 12 categories: income security; care; housing; protection and safety; social participation and emotional support; economic activity; funeral and burial services; health and medical care; transportation and mobility; daily living support; other support programs; and multi-sector programs. Each area addresses different needs in the lives of elderly persons.

[Categorization of Elderly Support Programs by Policy Area]

| Major Category     | Main Description                                                                                                                                                                                           | Subcategory                                                                                                                       | Major Programs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Income Security | Cash benefits provided to help elderly persons maintain a basic standard of living                                                                                                                         | <ul style="list-style-type: none"> <li>◦ Basic Pension</li> <li>◦ Other Income Security</li> </ul>                                | <ul style="list-style-type: none"> <li>– Basic Pension</li> <li>– (Songpa-gu, Seoul) Living allowance for low-income elderly persons living alone</li> <li>– (Jeju-do) Allowance for elderly haenyeo</li> </ul>                                                                                                                                                                                                                                                                                                                                                                           |
| 2. Care            | Programs that provide direct care and assistance with aspects of daily life that elderly persons have difficulty managing independently due to reduced functional capacity resulting from aging or illness | <ul style="list-style-type: none"> <li>◦ Daily Care</li> <li>◦ Long-term Care</li> <li>◦ Support for Family Caregivers</li> </ul> | <ul style="list-style-type: none"> <li>– Customized care services for older persons</li> <li>– Statutory central government subsidy for long-term care insurance, equivalent to 20% of estimated long-term care insurance premium revenue</li> <li>– Support for long-term care benefits for medical aid recipients (home- and facility-based benefits)</li> <li>– Support for elderly care facility residents not eligible for a long-term care grade</li> <li>– Self-help groups for families of persons with dementia</li> <li>– Filial piety and family support allowances</li> </ul> |

| Major Category                                | Main Description                                                                      | Subcategory                                   | Major Programs                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. Housing                                    | Programs aimed at improving living conditions for elderly persons                     | ◦ Housing Environment Improvement             | <ul style="list-style-type: none"> <li>– Provision of gas safety shut-off devices to elderly households</li> <li>– Housing environment improvement support to prevent falls among elderly persons</li> </ul>                                                                                   |
|                                               |                                                                                       | ◦ Housing Hygiene and Heating/Cooling Support | <ul style="list-style-type: none"> <li>– Heating and cooling cost support for low-income elderly households</li> <li>– Support for elderly persons living alone during heat waves and extreme cold</li> <li>– Disinfection and pest control services for vulnerable elderly persons</li> </ul> |
| 4. Protection and Safety                      | Programs aimed at protecting elderly persons from abuse and safety-related accidents  | ◦ Crisis and Accident Prevention              | <ul style="list-style-type: none"> <li>– Emergency safety alert service</li> <li>– Missing person prevention programs</li> </ul>                                                                                                                                                               |
|                                               |                                                                                       | ◦ Driver Protection                           | <ul style="list-style-type: none"> <li>– Support for voluntary surrender of driver's licenses by elderly drivers</li> <li>– Support for installation of lane departure warning systems for elderly drivers</li> </ul>                                                                          |
|                                               |                                                                                       | ◦ Abuse Prevention                            | <ul style="list-style-type: none"> <li>– Education and public awareness programs on elder abuse prevention</li> </ul>                                                                                                                                                                          |
| 5. Social Participation and Emotional Support | Programs that promote social participation and enhance vitality among elderly persons | ◦ Culture and Recreation                      | <ul style="list-style-type: none"> <li>– Cultural events</li> <li>– Operation of senior arts groups and choirs</li> </ul>                                                                                                                                                                      |
|                                               |                                                                                       | ◦ Sports                                      | <ul style="list-style-type: none"> <li>– Sports competitions for elderly persons</li> <li>– Support for sports facility fees</li> <li>– Placement of sports instructors for elderly persons</li> </ul>                                                                                         |
|                                               |                                                                                       | ◦ Education                                   | <ul style="list-style-type: none"> <li>– Operation of senior colleges</li> <li>– Support for lifelong education for elderly persons</li> </ul>                                                                                                                                                 |
|                                               |                                                                                       | ◦ Support for Related Organizations           | <ul style="list-style-type: none"> <li>– Support for the Korean Senior Citizens Association</li> </ul>                                                                                                                                                                                         |
|                                               |                                                                                       | ◦ Celebration and Filial Piety                | <ul style="list-style-type: none"> <li>– Longevity allowance</li> <li>– Birthday celebration programs for elderly persons of advanced age</li> </ul>                                                                                                                                           |

| Major Category                 | Main Description                                                                                                                                                                                      | Subcategory                       | Major Programs                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6. Economic Activity           | Programs supporting the economic activities and labor market participation of elderly persons                                                                                                         | ◦ Livelihood Support              | <ul style="list-style-type: none"> <li>– Agricultural work support for farmers</li> <li>– Support for elderly persons collecting waste paper and recyclables</li> </ul>                                                                                                                                                                                          |
|                                |                                                                                                                                                                                                       | ◦ Jobs                            | <ul style="list-style-type: none"> <li>– Senior employment and social activity support programs</li> </ul>                                                                                                                                                                                                                                                       |
|                                |                                                                                                                                                                                                       | ◦ Employment and Entrepreneurship | <ul style="list-style-type: none"> <li>– Senior employment support</li> <li>– Senior entrepreneurship support</li> </ul>                                                                                                                                                                                                                                         |
| 7. Funeral and Burial Services | Programs involving the establishment and operation of funeral and burial facilities or the provision of funeral services for persons who die without family or other persons to arrange their funeral | ◦ Funeral and Burial Services     | <ul style="list-style-type: none"> <li>– Public funeral support</li> <li>– Cremation subsidies</li> </ul>                                                                                                                                                                                                                                                        |
| 8. Health and Medical Care     | Support aimed at maintaining the health of elderly persons and preventing disease                                                                                                                     | ◦ Treatment and Health Management | <ul style="list-style-type: none"> <li>– Support for dementia treatment and management expenses</li> <li>– Free eye surgery for elderly persons</li> <li>– Support for artificial knee joint surgery expenses for elderly persons</li> <li>– Support for urinary incontinence treatment</li> <li>– AI-IoT-based health management for elderly persons</li> </ul> |
|                                |                                                                                                                                                                                                       | ◦ Vaccination                     | <ul style="list-style-type: none"> <li>– National vaccination program for elderly persons (influenza and pneumococcal disease)</li> <li>– Shingles vaccination for elderly persons</li> </ul>                                                                                                                                                                    |
|                                |                                                                                                                                                                                                       | ◦ Psychological and Mental Health | <ul style="list-style-type: none"> <li>– Psychological counseling for elderly persons</li> <li>– Support for outpatient mental health treatment expenses for elderly persons</li> </ul>                                                                                                                                                                          |
|                                |                                                                                                                                                                                                       | ◦ Hospital Accompaniment          | <ul style="list-style-type: none"> <li>– Hospital accompaniment services for elderly persons</li> <li>– Hospital accompaniment services for elderly persons living alone</li> </ul>                                                                                                                                                                              |
|                                |                                                                                                                                                                                                       | ◦ Insurance Premium Support       | <ul style="list-style-type: none"> <li>– National Health Insurance premium support for low-income elderly households</li> </ul>                                                                                                                                                                                                                                  |

| Major Category                 | Main Description                                                                                                                                                                                                | Subcategory                                       | Major Programs                                                                                                                                                                                                        |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9. Transportation and Mobility | Support aimed at ensuring mobility for elderly persons                                                                                                                                                          | ◦ Use of Public Transportation, etc.              | <ul style="list-style-type: none"> <li>– Public transportation fare support for elderly persons</li> <li>– Free shuttle bus services for elderly persons</li> <li>– Free taxi services for elderly persons</li> </ul> |
|                                |                                                                                                                                                                                                                 | ◦ Mobility Devices                                | <ul style="list-style-type: none"> <li>– Support for adult walkers</li> </ul>                                                                                                                                         |
| 10. Daily Living Support       | Programs that provide basic assistance and conveniences for daily living                                                                                                                                        | ◦ Meal Support                                    | <ul style="list-style-type: none"> <li>– Meal delivery for elderly persons receiving care at home</li> <li>– Free meal services</li> <li>– Side-dish delivery services</li> </ul>                                     |
|                                |                                                                                                                                                                                                                 | ◦ Other Daily Living Support                      | <ul style="list-style-type: none"> <li>– Bathing and hairdressing services</li> <li>– Laundry support</li> </ul>                                                                                                      |
|                                |                                                                                                                                                                                                                 | ◦ Grandchild Care                                 | <ul style="list-style-type: none"> <li>– Grandparent-provided grandchild care programs</li> </ul>                                                                                                                     |
|                                |                                                                                                                                                                                                                 | ◦ Public Guardianship for Persons with Dementia   | <ul style="list-style-type: none"> <li>– Public guardianship for persons with dementia</li> </ul>                                                                                                                     |
| 11. Other Support Programs     | Programs aimed at creating age-friendly environments or promoting filial piety, as well as programs for the education and training of general welfare personnel and the operation of general counseling centers | ◦ Capacity Building for General Welfare Personnel | <ul style="list-style-type: none"> <li>– Capacity building for elderly welfare personnel</li> </ul>                                                                                                                   |
|                                |                                                                                                                                                                                                                 | ◦ Information Provision                           | <ul style="list-style-type: none"> <li>– Publication of senior newsletters</li> <li>– Operation of community outreach workers</li> </ul>                                                                              |
|                                |                                                                                                                                                                                                                 | ◦ Age-friendly Environment                        | <ul style="list-style-type: none"> <li>– Senior industry fairs</li> <li>– Development of age-friendly cities</li> <li>– Operation of experience centers for age-friendly products and services</li> </ul>             |
|                                |                                                                                                                                                                                                                 | ◦ Promotion of Filial Piety                       | <ul style="list-style-type: none"> <li>– Operation of the Korea Institute of Hyo Culture Promotion</li> <li>– Programs promoting filial piety culture</li> </ul>                                                      |
|                                |                                                                                                                                                                                                                 | ◦ Other Policy Support                            | <ul style="list-style-type: none"> <li>– Operation of elderly welfare committees</li> <li>– Operating expenses for elderly welfare administration</li> </ul>                                                          |
| 12. Multi-sector Programs      | Detailed programs comprising projects with different characteristics                                                                                                                                            | –                                                 | <ul style="list-style-type: none"> <li>– Elderly welfare fund programs operated by individual local governments</li> </ul>                                                                                            |

Source: National Assembly Budget Office

- The delivery system is divided into facility-based support and other forms of direct support. Facility-based support is classified with reference to elderly welfare facilities under the Welfare of Older Persons Act, institutions dedicated to senior employment under the Act on Support for Senior Employment and Social Activities, and funeral and burial facilities under the Act on Funeral Services, Etc.
  - (Care) Elderly medical welfare facilities, home-based elderly welfare facilities, and other care support facilities
    - Elderly medical welfare facilities and home-based elderly welfare facilities are grouped together as long-term care institutions because they share the common function of providing long-term care benefits.
  - (Housing) Elderly residential welfare facilities, including homes for older persons, communal living homes for older persons, and elderly welfare housing
  - (Protection and Safety) Elder protection agencies, shelters exclusively for victims of elder abuse, and related facilities
  - (Social Participation and Emotional Support) Elderly leisure welfare facilities, including senior welfare centers, senior citizen centers, and senior classes
  - (Economic Activity) Senior employment support institutions, institutions dedicated to senior employment, and related facilities
  - (Funeral and Burial Services) Funeral and burial facilities under the Act on Funeral Services, Etc.
  - (Health and Medical Care) Elderly medical welfare facilities, including elderly care facilities and communal living homes for older persons, as well as dementia support facilities.
- Fiscal expenditure on elderly support programs increased at an annual average rate of 11.6%, from KRW 15.45 trillion in 2016 to KRW 41.52 trillion in 2025. The analysis indicates that

structural changes have accompanied this overall expansion.

- Income security has consistently accounted for more than 60% of total elderly support expenditure, although its share has declined slightly in recent years.
  - The Basic Pension accounts for most expenditure in the income security area.
- Expenditure on care and economic activity grew at annual average rates of 15.2% and 19.7%, respectively, outpacing the 11.6% annual average growth rate of total elderly support expenditure. This suggests that the focus of resource allocation is gradually shifting from cash benefits toward service provision and support for social participation.
  - (Major Programs in the Care Area) Facility-based support includes assistance for the establishment and operation of elderly care facilities and communal living homes for older persons, which are classified as elderly medical welfare facilities, as well as home-based elderly welfare facilities. Direct support includes the statutory central government subsidy for long-term care insurance, equivalent to 20% of estimated long-term care insurance premium revenue; support for long-term care benefits for medical aid recipients and persons not eligible for a long-term care grade; and Customized Care Services for Older Persons.
  - (Major Programs in the Economic Activity Area) Senior employment and job placement support programs, as well as livelihood support programs such as agricultural work assistance for elderly farmers and support for elderly persons collecting waste paper and recyclables.

# [Fiscal Trends in Elderly Support Programs by Policy Area]

(Unit: KRW trillion, %)

| Area                                          | 2016            | 2017            | 2018            | 2019            | 2020            | 2021            | 2022            | 2023            | 2024            | 2025            | Annual<br>Average<br>Growth<br>Rate |
|-----------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------------------|
| Total                                         | 15.45           | 16.85           | 19.28           | 23.44           | 26.65           | 29.69           | 32.44           | 35.79           | 39.41           | 41.52           | 11.6                                |
| 1. Income Security                            | 10.15<br>(65.7) | 10.48<br>(62.2) | 11.70<br>(60.7) | 14.59<br>(62.3) | 16.60<br>(62.3) | 18.79<br>(63.3) | 20.11<br>(62.0) | 22.42<br>(62.6) | 24.23<br>(61.5) | 25.48<br>(61.4) | 10.8                                |
| 2. Care                                       | 1.88            | 2.19            | 2.64            | 3.21            | 4.07            | 4.78            | 5.53            | 5.89            | 6.44            | 6.72            | 15.2                                |
| 3. Housing                                    | 0.11            | 0.15            | 0.16            | 0.16            | 0.16            | 0.13            | 0.15            | 0.20            | 0.16            | 0.17            | 4.7                                 |
| 4. Protection and Safety                      | 0.04            | 0.04            | 0.04            | 0.05            | 0.06            | 0.08            | 0.09            | 0.10            | 0.14            | 0.15            | 15.8                                |
| 5. Social Participation and Emotional Support | 1.18            | 1.41            | 1.67            | 1.62            | 1.42            | 1.44            | 1.64            | 1.85            | 1.93            | 2.08            | 6.6                                 |
| 6. Economic Activity                          | 0.91            | 1.18            | 1.43            | 2.03            | 2.67            | 2.80            | 3.03            | 3.27            | 4.25            | 4.60            | 19.7                                |
| 7. Funeral and Burial Services                | 0.29            | 0.37            | 0.43            | 0.43            | 0.39            | 0.39            | 0.39            | 0.42            | 0.45            | 0.45            | 4.9                                 |
| 8. Health and Medical Care                    | 0.25            | 0.42            | 0.57            | 0.68            | 0.59            | 0.63            | 0.71            | 0.71            | 0.75            | 0.75            | 12.8                                |
| 9. Transportation and Mobility                | 0.19            | 0.20            | 0.20            | 0.21            | 0.16            | 0.18            | 0.22            | 0.28            | 0.37            | 0.42            | 9.4                                 |
| 10. Daily Living Support                      | 0.13            | 0.13            | 0.14            | 0.16            | 0.17            | 0.18            | 0.23            | 0.28            | 0.30            | 0.33            | 11.1                                |
| 11. General Welfare                           | 0.06            | 0.05            | 0.05            | 0.05            | 0.04            | 0.04            | 0.04            | 0.04            | 0.04            | 0.04            | -2.8                                |
| 12. Multi-sector Programs                     | 0.26            | 0.23            | 0.24            | 0.26            | 0.32            | 0.24            | 0.29            | 0.33            | 0.35            | 0.32            | 2.2                                 |

Note: Figures in parentheses indicate the share of the total.

Source: National Assembly Budget Office

- In terms of delivery methods, the share of expenditure allocated to direct support, which is provided without going through facilities, increased from 84.9% in 2016 to 89.6% in 2025. This suggests that support has been diversifying toward approaches that better reflect the specific characteristics of individual local governments, rather than relying primarily on facility-based support applied uniformly nationwide.

[Financial Trends of Elderly Support Programs (by Delivery System)]

(Unit: KRW trillion, %)

| Area                   | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           | Anal Avg.<br>Govt Fin |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|
| Total                  | 15.5           | 16.8           | 19.3           | 23.4           | 26.6           | 29.7           | 32.4           | 35.8           | 39.4           | 41.5           | 11.6                  |
| Facility-based Support | 2.3            | 2.9            | 3.4            | 3.7            | 3.5            | 3.5            | 4.0            | 4.0            | 4.1            | 4.3            | 7.1                   |
| Direct Support (Share) | 13.1<br>(84.9) | 14.0<br>(83.0) | 15.8<br>(82.1) | 19.8<br>(84.4) | 23.2<br>(86.9) | 26.1<br>(88.1) | 28.5<br>(87.7) | 31.8<br>(88.9) | 35.3<br>(89.5) | 37.2<br>(89.6) | 12.3                  |

Note: Figures in parentheses indicate the share of the total.

Source: National Assembly Budget Office

- In terms of funding sources, the share of central government funding increased from 61.8% in 2016 to 66.5% in 2025, indicating that the role of central government finances in elderly support has been strengthening overall.

[Overall Financial Trends in Elderly Support Programs]

(Unit: KRW trillion, %)

| Area                       | 2016          | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           | Anal Avg.<br>Govt Fin |
|----------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|
| Total                      | 15.5          | 16.8           | 19.3           | 23.4           | 26.6           | 29.7           | 32.4           | 35.8           | 39.4           | 41.5           | 11.6                  |
| Central Government Funding | 9.6<br>(61.8) | 10.1<br>(59.7) | 11.5<br>(59.7) | 14.6<br>(62.2) | 17.1<br>(64.1) | 19.2<br>(64.8) | 21.1<br>(65.0) | 23.6<br>(66.1) | 26.2<br>(66.4) | 27.6<br>(66.5) | 12.5                  |
| Local Government Funding   | 5.9<br>(38.2) | 6.8<br>(40.3)  | 7.8<br>(40.3)  | 8.9<br>(37.8)  | 9.6<br>(35.9)  | 10.5<br>(35.2) | 11.4<br>(35.0) | 12.1<br>(33.9) | 13.3<br>(33.6) | 13.9<br>(33.5) | 10.0                  |
| Upper-level                | 2.4<br>(15.4) | 2.7<br>(16.0)  | 3.0<br>(15.6)  | 3.4<br>(14.5)  | 3.8<br>(14.1)  | 4.4<br>(14.7)  | 4.6<br>(14.3)  | 4.9<br>(13.7)  | 5.3<br>(13.6)  | 5.7<br>(13.8)  | 10.2                  |
| Lower-level                | 3.5<br>(22.8) | 4.1<br>(24.3)  | 4.8<br>(24.7)  | 5.5<br>(23.3)  | 5.8<br>(21.7)  | 6.1<br>(20.6)  | 6.7<br>(20.7)  | 7.3<br>(20.3)  | 7.9<br>(20.1)  | 8.2<br>(19.8)  | 9.8                   |

Note: Figures in parentheses indicate the share of the total.

Source: National Assembly Budget Office

- Programs were classified as central, upper-level local government, or lower-level local government programs according to the entity responsible for planning them, and related funding sources were reclassified accordingly to analyze their trends. The analysis found that central government independently funded and subsidized programs consistently accounted for the high-80% range of total expenditure, while the division of roles between the central and local governments varied by policy area.
  - For the purposes of the analysis, central government-subsidized programs were attributed to the central government, while locally subsidized programs were attributed to upper- or lower-level local governments. Matching funds for subsidized programs were classified as part of the corresponding subsidized programs.
    - Additional support for subsidized programs was also classified in the same category as matching funds, as such support serves a supplementary role rather than functioning independently of the subsidized programs.

[Classification for Calculating the Share of Funding for  
Subsidized and Independently Funded Programs]

| Category                                         | Independently<br>Funded<br>Programs                      | Central<br>Government-Subsidized<br>Local Government Programs                                                                                                                                                                                                                               | Locally Subsidized Programs<br>of Lower-level Local<br>Governments                                                                                                                                                                                                                                                  |
|--------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Central<br>Government<br>Budget                  | <b>Central<br/>Government<br/>Programs</b>               | <b>Central Government Programs</b>                                                                                                                                                                                                                                                          | -                                                                                                                                                                                                                                                                                                                   |
| Upper-<br>level<br>Local<br>Government<br>Budget | <b>Upper-level<br/>Local<br/>Government<br/>Programs</b> | <b>Central Government Programs</b><br>※ Examples<br>- Upper-level local government matching funds for central government-subsidized local government programs<br>- Additional support provided by upper-level local governments for central government-subsidized local government programs | <b>Upper-level<br/>Local Government Programs</b>                                                                                                                                                                                                                                                                    |
| Lower-level<br>Local<br>Government<br>Budget     | <b>Lower-level<br/>Local<br/>Government<br/>Programs</b> | <b>Central Government Programs</b><br>※ Examples<br>- Lower-level local government matching funds for central government-subsidized local government programs<br>- Additional support provided by lower-level local governments for central government-subsidized local government programs | <b>Upper-level<br/>Local Government Programs</b><br>※ Examples<br>- Lower-level local government matching funds for locally subsidized programs of lower-level local governments<br>- Additional support provided by lower-level local governments for locally subsidized programs of lower-level local governments |

Source: National Assembly Budget Office

[Status of Central and Local Government Subsidies and  
Independently Funded Elderly Support Programs]

(Unit: KRW trillion, %)

| Area                                                                                                   | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           | Annual<br>Average<br>Growth<br>Rate |
|--------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------------|
| Total                                                                                                  | 15.5           | 16.8           | 19.3           | 23.4           | 26.6           | 29.7           | 32.4           | 35.8           | 39.4           | 41.5           | 11.6                                |
| Central<br>Government<br>Independently<br>Funded and<br>Subsidized<br>Programs                         | 13.2<br>(85.2) | 14.1<br>(83.8) | 16.2<br>(84.0) | 20.1<br>(85.8) | 23.1<br>(86.8) | 26.0<br>(87.5) | 28.0<br>(86.3) | 31.1<br>(86.9) | 34.4<br>(87.2) | 36.1<br>(87.0) | 11.9                                |
| Upper-level<br>Local<br>Government<br>Independently<br>Funded and<br>Locally<br>Subsidized<br>Programs | 1.8<br>(11.7)  | 2.2<br>(12.9)  | 2.4<br>(12.6)  | 2.7<br>(11.4)  | 2.8<br>(10.5)  | 3.1<br>(10.5)  | 3.7<br>(11.3)  | 3.7<br>(10.3)  | 4.0<br>(10.1)  | 4.3<br>(10.3)  | 10.1                                |
| Lower-level<br>Local<br>Government<br>Independently<br>Funded<br>Programs                              | 0.5<br>(3.1)   | 0.6<br>(3.4)   | 0.7<br>(3.4)   | 0.7<br>(2.9)   | 0.7<br>(2.6)   | 0.6<br>(2.0)   | 0.8<br>(2.4)   | 1.0<br>(2.8)   | 1.1<br>(2.8)   | 1.1<br>(2.6)   | 9.7                                 |

Note: Matching funds are included in the calculation of expenditure for central and local government subsidies. Programs for which lower-level governments provide additional funding independently are also included.

Source: National Assembly Budget Office

- The analysis found that central government independently funded and subsidized programs accounted for an overwhelmingly large share of expenditure in the income security, protection and safety, economic activity, and transportation and mobility areas, exceeding 90% in all four areas through 2022. However, the share in the transportation and mobility area gradually declined to 74.3% in 2025.
  - (Income Security) This is attributable to the large fiscal scale of the Basic Pension, which is implemented as a central government-subsidized local government program.
  - (Protection and Safety) Operating support for regional elder protection agencies and shelters exclusively for victims of

elder abuse, both of which are classified as facility-based support, is provided through central government-subsidized programs. Major direct support programs, including the Emergency Safety Alert Service for Elderly Persons Living Alone and support for the voluntary surrender of driver's licenses by elderly drivers, are also implemented with central government subsidies.

- (Economic Activity) This is attributable to the substantial scale of the 100-Year Era Senior Employment Program implemented by Gangwon State using lottery funds, in addition to the Senior Employment and Social Activity Support Program, as well as the significant additional support provided by individual local governments for these programs.
- (Transportation and Mobility) The recent decline in the share of central government funding is attributable to the rapid expansion of public transportation support programs independently implemented by local governments.
- In the housing area, the central government's share has been declining since the operation of elderly residential welfare facilities was transferred to local governments in 2022.
- In the social participation and emotional support and daily living support areas, programs implemented by local governments account for a large share, particularly upper-level local government independently funded and locally subsidized programs.
  - (Representative Programs in the Social Participation and Emotional Support Area) Support for operating expenses of senior citizen centers; various events for elderly persons, including sports competitions, exhibitions, and choir competitions; and congratulatory allowances for elderly persons reaching a specified age, such as 100
  - (Representative Programs in the Daily Living Support Area) Operation of senior dining facilities; meal delivery;

hairdressing, bathing, and laundry services

[Share of Central Government Independently Funded and Subsidized  
Expenditure for Elderly Support Programs in Major Policy Areas]

(Unit: %)

| Category                                   | 2016  | 2017  | 2018  | 2019 | 2020 | 2021  | 2022  | 2023  | 2024  | 2025  |
|--------------------------------------------|-------|-------|-------|------|------|-------|-------|-------|-------|-------|
| Income Security                            | 100.0 | 100.0 | 100.0 | 99.9 | 99.9 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Protection and Safety                      | 96.3  | 95.5  | 93.9  | 88.1 | 92.3 | 94.5  | 93.9  | 93.4  | 93.2  | 94.0  |
| Economic Activity                          | 94.6  | 92.7  | 94.4  | 96.8 | 97.7 | 97.7  | 97.6  | 97.0  | 97.8  | 97.9  |
| Transportation and Mobility                | 99.4  | 99.4  | 99.2  | 98.9 | 98.8 | 98.5  | 94.0  | 86.6  | 78.0  | 74.3  |
| Housing                                    | 89.8  | 91.2  | 92.8  | 89.2 | 81.8 | 81.4  | 41.1  | 32.7  | 25.1  | 17.0  |
| Social Participation and Emotional Support | 32.0  | 31.5  | 35.3  | 31.6 | 29.9 | 33.2  | 33.4  | 32.7  | 35.4  | 36.6  |
| Daily Living Support                       | 6.5   | 6.7   | 6.0   | 6.0  | 5.8  | 8.2   | 7.0   | 6.6   | 5.9   | 4.0   |

Note: Matching funds are included in the calculation of central government subsidies.  
Programs for which lower-level governments provide additional funding independently are also included.

Source: National Assembly Budget Office

### III. Medium-term Fiscal Outlook for Elderly Support Programs: 2026–2035

- The total fiscal requirements for the Basic Pension, a representative program, are projected to increase at an annual average rate of 5.5%, from KRW 27.5 trillion in 2026 to KRW 44.4 trillion in 2035, assuming that the current eligibility and benefit standards are maintained, under which the bottom 70% of persons aged 65 and older by income receive up to KRW 349,700 per month.
  - Applying the average central government subsidy rate of 84.42% reflected in the Ministry of Health and Welfare's 2026 budget, central government funding requirements are projected to increase from KRW 23.3 trillion in 2026 to KRW 37.5 trillion in 2035.

[Basic Pension Fiscal Outlook under the Current System: 2026–2035]

(Unit: KRW trillion, %)

| Category                   | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | Annual Average Growth Rate |
|----------------------------|------|------|------|------|------|------|------|------|------|------|----------------------------|
| Total Fiscal Requirements  | 27.5 | 29.3 | 31.2 | 32.8 | 34.6 | 36.5 | 38.3 | 40.2 | 42.3 | 44.4 | 5.5                        |
| Central Government Funding | 23.3 | 24.7 | 26.4 | 27.7 | 29.3 | 30.8 | 32.3 | 33.9 | 35.8 | 37.5 | 5.5                        |
| Local Government Funding   | 4.3  | 4.5  | 4.8  | 5.1  | 5.4  | 5.6  | 5.9  | 6.2  | 6.6  | 6.9  | 5.5                        |

Source: National Assembly Budget Office

- Combining the Basic Pension projection with projections for other programs, total elderly support expenditure over the next 10 years is estimated to exceed KRW 70 trillion by 2035.
  - (Total Expenditure Trend Extrapolation Method) Combining the baseline projection for the Basic Pension with the results of extrapolating total expenditure trends by policy area, expenditure

on elderly support programs is projected to increase at an annual average rate of 5.8%, from KRW 45.1 trillion in 2026 to KRW 74.8 trillion in 2035.

- Although the projections are based on an extrapolation of historical trends, the projected growth rate of expenditure is lower because it reflects the expected slowdown in the growth of the elderly population.
  - The annual average growth rate of the population aged 65 and older is projected to slow from 5.0% during 2016–2025 to 3.5% during 2026–2035.
  - The Basic Pension projection directly reflects future demographic changes, while projections for other programs also incorporate the effects of demographic changes embedded in historical expenditure trends. Accordingly, the fiscal outlook is also affected by the projected slowdown in elderly population growth.
- Assuming that the 2025 share of central government funding remains unchanged, central government funding is projected to increase from KRW 29.7 trillion to KRW 49.6 trillion over the same period, while local government funding is projected to increase from KRW 15.2 trillion to KRW 25.1 trillion.
- Expenditure on income security is projected to increase from KRW 27.5 trillion in 2026 to KRW 44.4 trillion in 2035, accounting for 59.4% of total elderly support expenditure in 2035.
- Expenditure on care is projected to increase at an annual average rate of 6.6%, from KRW 7.6 trillion to KRW 13.5 trillion, while expenditure on economic activity is projected to increase at an annual average rate of 6.7%, from KRW 4.9 trillion to KRW 8.8 trillion. Their shares of total elderly support expenditure are projected to increase to 18.0% and 11.8%, respectively.

[Elderly Support Program Fiscal Outlook under Current Standards,  
by Policy Area: Total Expenditure Trend Extrapolation Method]

(Unit: KRW 100 million, %)

| Category                                      | 2016    | Share | 2026    | Share | 2035    | Share | 2026-2035<br>Annual<br>Average<br>Growth Rate |
|-----------------------------------------------|---------|-------|---------|-------|---------|-------|-----------------------------------------------|
| Total                                         | 154,349 | 100.0 | 451,010 | 100.0 | 747,844 | 100.0 | 5.8                                           |
| 1. Income Security                            | 101,351 | 65.7  | 275,229 | 61.0  | 444,094 | 59.4  | 5.5                                           |
| 2. Care                                       | 18,830  | 12.2  | 75,540  | 16.7  | 134,827 | 18.0  | 6.6                                           |
| 3. Housing                                    | 1,143   | 0.7   | 1,693   | 0.4   | 1,868   | 0.2   | 1.1                                           |
| 4. Protection and Safety                      | 391     | 0.3   | 1,623   | 0.4   | 3,170   | 0.4   | 7.7                                           |
| 5. Social Participation and Emotional Support | 11,755  | 7.6   | 22,273  | 4.9   | 35,134  | 4.7   | 5.2                                           |
| 6. Economic Activity                          | 9,097   | 5.9   | 49,159  | 10.9  | 88,285  | 11.8  | 6.7                                           |
| 7. Funeral and Burial Services                | 2,919   | 1.9   | 4,645   | 1.0   | 5,913   | 0.8   | 2.7                                           |
| 8. Health and Medical Care                    | 2,531   | 1.6   | 8,172   | 1.8   | 11,354  | 1.5   | 3.7                                           |
| 9. Transportation and Mobility                | 1,867   | 1.2   | 4,838   | 1.1   | 10,570  | 1.4   | 9.1                                           |
| 10. Daily Living Support                      | 1,279   | 0.8   | 3,743   | 0.8   | 7,016   | 0.9   | 7.2                                           |
| 11. General Welfare                           | 550     | 0.4   | 474     | 0.1   | 507     | 0.1   | 0.8                                           |
| 12. Multi-sector Programs                     | 2,636   | 1.7   | 3,622   | 0.8   | 5,105   | 0.7   | 3.9                                           |

Source: National Assembly Budget Office

- (Per Capita Expenditure Trend Extrapolation Method) Combining the baseline projection for the Basic Pension with the results of extrapolating trends in expenditure per elderly person, expenditure on elderly support programs is projected to increase at an annual average rate of 6.4%, from KRW 45.5 trillion in 2026 to KRW 79.2 trillion in 2035.
  - Assuming that the 2025 share of central government funding remains unchanged, central government funding is projected to increase from KRW 34.1 trillion to KRW 58.5 trillion over the same period, while local government funding is projected

to increase from KRW 11.4 trillion to KRW 20.8 trillion.

- The care area is projected to grow at an annual average rate of 7.6%, from KRW 7.4 trillion to KRW 14.3 trillion, while the economic activity area is projected to grow at an annual average rate of 9.3%, from KRW 5.4 trillion to KRW 11.9 trillion. This indicates that expenditure in these two areas is particularly responsive to growth in the elderly population.

[Elderly Support Program Fiscal Outlook under Current Standards,  
by Policy Area: Per Capita Expenditure Trend Extrapolation Method]

(Unit: KRW 100 million, %)

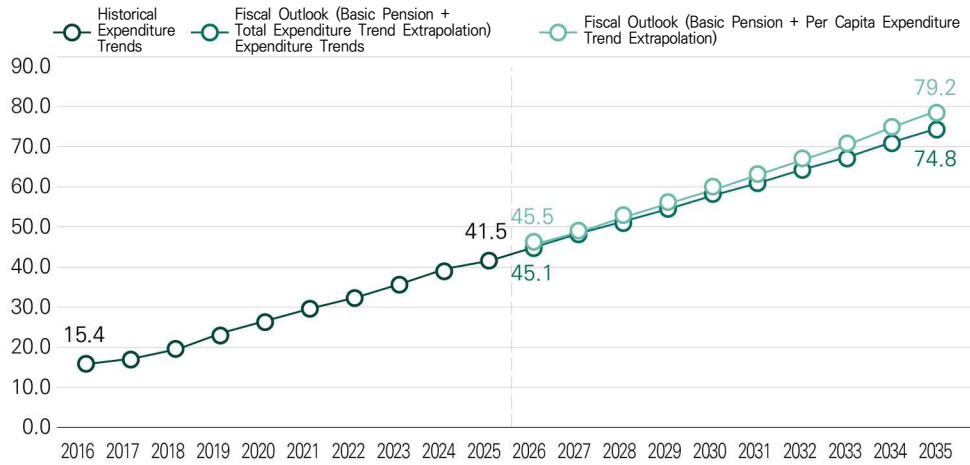
| Category                                      | 2016    | Share | 2026    | Share | 2035    | Share | 2026-2035<br>Annual<br>Average<br>Growth Rate |
|-----------------------------------------------|---------|-------|---------|-------|---------|-------|-----------------------------------------------|
| Total                                         | 154,349 | 100.0 | 455,141 | 100.0 | 792,264 | 100.0 | 6.4                                           |
| 1. Income Security                            | 101,351 | 65.7  | 275,228 | 60.5  | 444,098 | 56.1  | 5.5                                           |
| 2. Care                                       | 18,830  | 12.2  | 74,243  | 16.3  | 143,493 | 18.1  | 7.6                                           |
| 3. Housing                                    | 1,143   | 0.7   | 1,800   | 0.4   | 2,349   | 0.3   | 3.0                                           |
| 4. Protection and Safety                      | 391     | 0.3   | 1,973   | 0.4   | 4,492   | 0.6   | 9.6                                           |
| 5. Social Participation and Emotional Support | 11,755  | 7.6   | 22,762  | 5.0   | 34,103  | 4.3   | 4.6                                           |
| 6. Economic Activity                          | 9,097   | 5.9   | 53,531  | 11.8  | 119,397 | 15.1  | 9.3                                           |
| 7. Funeral and Burial Services                | 2,919   | 1.9   | 4,649   | 1.0   | 5,834   | 0.7   | 2.6                                           |
| 8. Health and Medical Care                    | 2,531   | 1.6   | 8,302   | 1.8   | 12,861  | 1.6   | 5.0                                           |
| 9. Transportation and Mobility                | 1,867   | 1.2   | 4,932   | 1.1   | 12,969  | 1.6   | 11.3                                          |
| 10. Daily Living Support                      | 1,279   | 0.8   | 3,670   | 0.8   | 7,276   | 0.9   | 7.9                                           |
| 11. General Welfare                           | 550     | 0.4   | 504     | 0.1   | 690     | 0.1   | 3.5                                           |
| 12. Multi-sector Programs                     | 2,636   | 1.7   | 3,545   | 0.8   | 4,700   | 0.6   | 3.2                                           |

Source: National Assembly Budget Office

- The difference between the two projections for 2035 is KRW 4.4 trillion, with the population-linked projection expected to exceed the trend extrapolation projection as population aging accelerates.

## [Elderly Support Program Fiscal Outlook by Projection Method]

(Unit: KRW trillion)



Source: National Assembly Budget Office

## IV. Basic Pension Scenario Analysis

- For the Basic Pension scenario analysis, four scenarios were developed with reference to bills introduced in the National Assembly and discussions among experts.<sup>1)</sup>
  - Bills introduced in the National Assembly can be broadly categorized into measures to strengthen support for lower-income groups, expand eligibility, and abolish benefit reduction mechanisms.
    - Measures to strengthen support for lower-income groups focus on differentiating benefit levels by income through the partial abolition of benefit reductions and the introduction of differentiated benefits.
    - Measures to expand eligibility focus on providing the Basic Pension to a larger number of elderly persons by adjusting the current eligibility determination method.
  - Proposals have also been made to use the standard median income to determine both eligibility and benefit levels.
    - Under the target recipient rate method, eligibility is determined solely on the basis of relative income within the elderly population. By contrast, using the standard median income would determine eligibility based on relative income across the population as a whole and therefore has the potential advantage of improving intergenerational equity.
    - However, it is difficult to reasonably estimate the level of the standard median income that will be determined in future policy decisions. In addition, using the standard median income would require agreement on how recognized income should be incorporated into the determination of Basic Pension eligibility. This approach was therefore not included in the scenarios analyzed in this report.

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1) While the main text presents projection results for four scenarios, additional scenarios combining elements of these scenarios were also developed to provide more comprehensive information, with the results presented in the [Reference Materials].

- For reference, in 2025, the recognized income of single recipients in the bottom 50% of the elderly income distribution was no more than 51.3% of the standard median income for a one-person household. For married recipients in the bottom 60% of the elderly income distribution, whether one or both spouses received the pension, recognized income was no more than 46.6% of the standard median income for a two-person household. These income distributions, however, may change depending on future levels of the standard median income.

[Basic Pension Fiscal Outlook Scenarios]

| Scenario                                           |   | Eligibility Scope                                                              | Eligibility Age                                                  | Standard Pension Amount                                                  |
|----------------------------------------------------|---|--------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------|
| Baseline                                           |   | Aged 65 and older<br>Bottom 70% of the elderly income distribution             | Aged 65 and older                                                | KRW 349,700 in 2026                                                      |
| Benefit Differentiation                            | ① | (Current system maintained)                                                    | (Current system maintained)                                      | (2027) KRW 400,000 for the bottom 30% of the elderly income distribution |
| Expansion of Eligibility                           | ② | (From 2027)<br>Bottom 80% of the elderly income distribution aged 65 and older | (Current system maintained)                                      | (Current system maintained)                                              |
| Reduction in Eligibility + Benefit Differentiation | ③ | (From 2027)<br>Bottom 60% of the elderly income distribution aged 65 and older | (Current system maintained)                                      | (2027) KRW 400,000 for the bottom 30% of the elderly income distribution |
| Adjustment of Eligibility Age                      | ④ | (Current system maintained)                                                    | (2027) Age 66 → raised by one year annually → (From 2029) Age 68 | (Current system maintained)                                              |

Source: National Assembly Budget Office

- The analysis of the four Basic Pension reform scenarios produced the following fiscal impacts.
- Scenario ①: Increase the standard pension amount to KRW 400,000 for the bottom 30% of the elderly income distribution

beginning in 2027.

- Total fiscal requirements are projected to increase from KRW 27.5 trillion in 2026 to KRW 47.7 trillion in 2035, representing an annual average growth rate of 6.3%. Additional fiscal requirements over the 10-year period are projected at KRW 23.9 trillion.
- Scenario ②: Expand eligibility to the bottom 80% of the elderly income distribution beginning in 2027.
  - Total fiscal requirements are projected to increase from KRW 27.5 trillion in 2026 to KRW 50.8 trillion in 2035, representing an annual average growth rate of 7.0%. Additional fiscal requirements over the 10-year period are projected at KRW 47.1 trillion.
- Scenario ③: Increase the standard pension amount to KRW 400,000 for the bottom 30% of the elderly income distribution and reduce eligibility to the bottom 60% beginning in 2027.
  - Total fiscal requirements are projected to increase from KRW 27.5 trillion in 2026 to KRW 41.6 trillion in 2035, representing an annual average growth rate of 4.7%. Fiscal savings over the 10-year period are projected at KRW 21.0 trillion.
- Scenario ④: Gradually raise the eligibility age to 68.
  - Total fiscal requirements are projected to increase from KRW 27.5 trillion in 2026 to KRW 36.9 trillion in 2035, representing an annual average growth rate of 3.3%. Fiscal savings relative to the baseline are projected at KRW 53.0 trillion over the 10-year period, the largest savings among the scenarios.
- Abolishing the reduction for couples is projected to require an additional KRW 23.1–39.5 trillion over 10 years, depending on the scenario, while abolishing the reduction linked to National Pension benefits is projected to require an additional KRW 8.9–13.0 trillion.

[Basic Pension Fiscal Requirements by Scenario: 2026–2035]

(Unit: KRW trillion)

| Category                                                       | Baseline | ①    | ②    | ③     | ④     |
|----------------------------------------------------------------|----------|------|------|-------|-------|
| Total Financial Requirement in 2035                            | 44.4     | 47.7 | 50.8 | 41.6  | 36.9  |
| 2026–2035 (10 Years)                                           |          |      |      |       |       |
| Total Additional Fiscal Requirements (A)                       | 0        | 23.9 | 47.1 | –21.0 | –53.0 |
| Effect of Abolishing the Reduction for Couples (B)             | 34.6     | 28.5 | 39.5 | 23.1  | 29.0  |
| (Total Additional Fiscal Requirements, A+B)                    | 34.6     | 52.5 | 86.6 | 2.1   | –24.0 |
| Effect of Abolishing the National Pension-linked Reduction (C) | 12.1     | 11.9 | 13.0 | 8.9   | 9.5   |
| (Total Additional Fiscal Requirements, A+C)                    | 12.1     | 35.8 | 60.1 | –12.0 | –43.5 |

Note: (Baseline) Current system maintained

(Scenario ①) Increase the standard pension amount to KRW 400,000 for the bottom 30% of the elderly income distribution beginning in 2027

(Scenario ②) Expand eligibility to the bottom 80% of the elderly income distribution beginning in 2027

(Scenario ③) Increase the standard pension amount to KRW 400,000 for the bottom 30% of the elderly income distribution and reduce eligibility to the bottom 60% beginning in 2027

(Scenario ④) Gradually raise the eligibility age to 68

Source: National Assembly Budget Office

## V. Conclusions and Implications

- Expenditure on elderly support programs by the central and local governments recorded a high annual average growth rate of 11.6% over the past 10 years, accompanied by structural changes in the composition of expenditure.
  - Although income security continues to account for more than 60% of total expenditure, the care and economic activity areas are growing at rates above the overall average.
  - This suggests that the focus of resource allocation is gradually shifting from cash benefits toward service provision and support for social participation.
- If current trends continue, expenditure on elderly support programs is projected to increase from approximately KRW 45 trillion in 2026 to more than KRW 70 trillion in 2035.
  - If the current level of support expands in proportion to growth in the elderly population, an even higher level of fiscal expenditure is expected.
- The design of the Basic Pension, a core component of income security, is a key variable that directly affects the overall scale of expenditure, and its fiscal impact is projected to vary substantially depending on the policy scenario.
  - Expanding eligibility to the bottom 80% of the elderly income distribution while maintaining the current benefit level (Scenario ②) is projected to require an additional KRW 47.1 trillion over 10 years.
  - Gradually raising the eligibility age to 68 (Scenario ④) is projected to generate fiscal savings of KRW 53.0 trillion.

- Accordingly, future elderly support policy faces the fundamental challenge of balancing expenditure growth with fiscal sustainability, requiring consideration of the following policy issues.
  - Given the rapid growth in demand for care and economic activity support, the appropriateness of the current resource allocation structure centered on income security should be continuously reviewed. Over the medium to long term, it will also be necessary to consider an appropriate balance between cash benefits and direct service provision.
    - Cash benefits require an environment in which elderly persons are able to purchase needed services directly in the market, while direct service provision requires appropriate management of both the quantity and quality of services.
  - Because the fiscal impact of the Basic Pension varies substantially depending on program design, ranging over 10 years from an additional fiscal requirement of up to KRW 47.1 trillion to fiscal savings of KRW 53.0 trillion, major variables such as benefit levels, eligibility scope, and eligibility age require careful review.
    - As the Basic Pension was introduced as a supplementary scheme to the National Pension, reform measures should be developed with due consideration of its relationship with the National Pension.
      - It is also necessary to consider that the income and asset levels of elderly Basic Pension recipients are increasing faster than the standard median income for one- and two-person households, which is commonly used as a benchmark for identifying low-income households, while the share of elderly persons receiving both the Basic Pension and the National Pension continues to rise.
      - The current system applies a target recipient rate under which eligibility is set at the bottom 70% of the elderly income distribution. As a result, the nature of the benefit has

become somewhat ambiguous between targeted support for lower-income elderly persons and a demogrant provided broadly on the basis of age. A thorough review is therefore needed to determine the future direction and fundamental character of the system.

- With elderly support expenditure projected to exceed KRW 70 trillion by 2035, the effectiveness and efficiency of elderly support policies as a whole should be continuously assessed. At the same time, consideration should be given to financing measures capable of responding reliably to medium- and long-term fiscal needs.