CHAPTER 1 GENERAL PROVISIONS

Article 1 (Objective)
The objective of this Act is to provide pension benefits in contingency of old-age, or death of breadwinner with a view to contributing to the livelihood stabilization for the promotion of the welfare of the nation.

Article 2 (General Supervision)
The Minister of Health and Welfare shall supervise the National Pension Scheme under this Act. (Amended by Law No. 5454, Dec. 13, 1997)

Article 3 (Definitions)
(1) The terms of the Act shall be defined as follows: (Amended by Law No. 4110, Mar. 31, 1989; Law No. 4909, Jan. 5, 1995; Law No. 5623, Dec. 31, 1998; Law No. 6286, Dec. 23, 2000)
1. "Employee" means a person who offers his/her services in a workplace and whose livelihood depends upon the wages received in return for services irrespective of the type of labor or occupation (including directors and officers of a corporation), except as otherwise provided by Presidential Decree;

2. "Employer" means a person who owns or runs a business or an enterprise;

3. "Income" means earnings gained by offering service, running business and operating assets, etc. for a specified period. In this case, the kind of income shall be provided by Presidential Decree according to the categories of persons participating in the National Pension Scheme (hereinafter referred to as the "participant");

4. "The Average Monthly Income" means the average amount of the Standard Monthly Income of all workplace based participants and regional participants across the country as computed every year;

5. "Standard Monthly Income" means the amount determined by Presidential Decree for each income group on the basis of the participant's monthly income which is used to determine the amount of contributions and cash benefits;

6. "Workplace based participant" means an employer or employee who is enrolled in the National Pension Scheme under the provision of Article 8;

7. "Regional participant" means a person enrolled in the National Pension Scheme under the provision of Article 10, who is not a workplace based participant.

8. "Voluntary participant" means a person enrolled in the National Pension Scheme under the provision of Article 10-2, who is neither a workplace based nor regional participant;

9. "Voluntary & continuous participant" means a person whose participation period is less than 20 years but who may continue participate in the National Pension Scheme under the provision of Article 13(1);

10. "Contribution" as the main financial resource of the National Pension is defined as the combination of employer liability and employee contribution in the case of a workplace based participant and the amount contributed exclusively by the participant himself/herself in the case a regional participant, voluntary participant and voluntary & continuous participant.

11. "Employer liability" means the amount contributed by an employer;

12. "Employee contribution" means the amount contributed by a workplace based participant;

13. "Workplace" means a place of business or office which has employees.

(2) Spouse, husband or wife, shall each include a person who has *a de facto* martial relationship.
(3) If a current or former participant at the time when he/she acquires the right to receive benefits under this Act carries a fetus and such fetus is born alive, the fetus shall be considered a dependent of the current or former participant.

Article 4 (Valuation of Financial Equilibrium of the National Pension and Adjustment of Pension Amount)

(1) The level of benefits and contributions under this Act shall be adjusted to secure long-term financial balance of the National Pension.

(2) The Minister of Health and Welfare, as determined by Presidential Decree, shall calculate the income and expenditure of the National Pension every five years, make an overall plan concerning National Pension operation including projection of finances, adjustment of contributions and operation, etc., and shall obtain the President's approval after having it reviewed by the Council of National Affairs and report the plan to the National Assembly. This plan shall be made public as determined by Presidential Decree.

(3) In the event that a significant change in the living standards, wages, prices and other economic conditions of the people, the benefit amount to be paid under this Act shall be adjusted in accordance therewith.

[This Article was Wholly Amended by Law No. 5623, Dec. 31, 1998]

Article 5 (National Pension Council)

(1) The National Pension Council shall be established in the Ministry of Health and Welfare in order to deliberate on the following items concerning the administration of the National Pension program:

1. Matters pertaining to the National Pension and its financial equilibrium;

2. Matters pertaining to National Pension benefits;

3. Matters pertaining to National Pension contributions;

4. Matters pertaining to the National Pension fund;

5. Other matters through which the Minister of Health and Welfare seeks consultation concerning the operation of the National Pension Scheme.

(2) The National Pension Council shall consist of a Chairman, Vice-chairman, and participants. The Minister of Health and Welfare shall be the Chairman of the Council, the Vice-chairman shall be elected from among participants representing public interests, and participants shall
be appointed or commissioned by the Minister of Health and Welfare in accordance with the following criteria:

1. 4 persons representing employers recommended by employers' associations;

2. 4 persons representing employees recommended by the federation of labor unions;

3. The following participants representing regional participants;
   (a) 2 persons recommended by farmers and fishermen associations;
   (b) 2 persons recommended by associations related to self-employed persons other than farmers and fishermen associations;
   (c) 2 persons recommended by consumers and civilian associations.

4. 5 experts related to the National Pension as participants representing public interests.

(3) The matters necessary for the organization and operation of the National Pension Council shall be determined by Presidential Decree.

[This Article was Wholly Amended by Law No. 5623, Dec. 31, 1998]

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