
Abstract

As the internal and external environment surrounding the labor market changes rapidly, young people at the forefront of the changing labor market are experiencing job insecurity. Different types of employment other than the standard employment relations represented by full-time wage work are increasing, and young people are forced to take on various job types, such as temporary, daily, platform labor, freelance, and special employment. These jobs are likely to be excluded from various social safety nets and social insurance schemes while offering lower wages with little job security. These jobs are known to be the most unstable in today's late industrial society. Therefore, young people working in these jobs are likely to have unwanted career breaks and earn low income. They are also often excluded from signing up for the national pension plan. Due to the serious insecurity in the youth labor market, most research and policy interests are focused on improving the labor market security at this point. However, there is a lack of research or interest in guiding young people to achieve income security as they age. Of course, if the continuity of the national pension eligibility is guaranteed along with the resolution of the instability of the current labor market, it can lead to improvement in the stability of guaranteed old-age income. However, this study seeks ways to improve the level of guarantee of future retirement income for young people by focusing on the pension system.

In order to fulfil its objective, this study first analyzed the factors due to which young people cannot join the national pension plan using data from the Korean Labor Panel. The National Pension Service is a state-run corporation responsible for managing the public pension scheme which anyone with income has an obligation to join, but there are still many

working young men and women who are excluded from joining the national pension plan. In particular, the gap in national pension membership by occupational status is wide, with most of the permanent workers being registered while a large percentage of the temporary, daily, and self-employed youth not being able to register for it. Both cross-sectional logistic analysis and panel data logistic regression analysis confirmed these results. Individual labor market factors serve as major reasons for working youth's non-registration in the national pension. The lower their monthly income is, and the smaller their companies are, the more likely they are to be excluded from the national pension. In addition, temporary, daily, and self-employed young people were more likely not to join the national pension than permanent workers. Meanwhile sales, services, and manual labor workers were more likely not to register for the national pension compared to white-collar workers. These facts make it clear that indicators closely linked to unstable labor status have a major impact on young people's non-participation in the national pension plan.

To raise the level of pension benefits, young people with low incomes working for small businesses, and those experiencing job insecurity, need to strengthen their pension collection rights while participating in economic activities before retirement. There are five typical ways to strengthen pension collection rights in the national pension scheme. The unemployment credit guarantees an additional period of up to 12 months to participate in the national pension scheme during a period of unemployment. The child credit allows people to participate in the national pension scheme for an additional period if they give birth to two or more children. The following periods will be added to the participation period when calculating pension benefits: 12 additional months for two children, 30 additional months for three children, 48 additional months for four children, and 50 additional months for five

or more children. The military service credit guarantees a six-month additional period for those who have fulfilled their military duties. In addition to the three types of pension credits, the Durunuri insurance premium support and the insurance premium deferment schemes can help raise the level of income for young people who are excluded from the national pension due to job insecurity.

This study conducted a simulation using the five measures of strengthening pension collection rights to identify how much the level of pension benefits for young people would be raised in the future. To do so, changes in pension benefit levels were estimated when low-income participants (those earning an average income of 50% or below), average-income participants (an average income of 100%), and high-income participants (an average income of 200%) have a gap of 2 to 27 years in their national pension membership. Unemployment credits, childbirth credits, and military service credits, which are based on the national pension A value or are subject to a ceiling of up to 700,000 won, increase pension benefits for young people regardless of the income level of the participants. Similarly, the effect of childbirth credits was greater than unemployment credits when guaranteeing an additional 12-month period of participation in pension. Through the Durunuri scheme, the level of pension benefits can be raised if young people join the national pension plan from the beginning of their career. The insurance payment deferment scheme requires participants to pay full premiums without the government's financial support, but if the deferment payment system can compensate for the period excluded from the national pension plan for various reasons, the level of pension benefits can be greatly increased. Although the effects of each scheme are analyzed in this study, the combined use of the five measures discussed in this study is expected to further increase the level of pension benefits for young people because they can experience a combination

of major incidents such as unemployment, childbirth, and insecure jobs in their life cycles.

Since the central government is in charge of the pension system, there is a limit to the role that local governments can play in improving the system. However, Gyeonggi Province needs to actively encourage youth participation in the national pension plan to strengthen the guarantee of retirement income. The Gyeonggi Province National Pension Insurance Support Program, which was planned to be implemented for young people to guarantee their retirement income, was revised in March 2021 and changed to include financial design consulting to encourage young people to join the plan. Various plans to strengthen pension collection rights of the national pension system support its participants. Therefore, Gyeonggi Province needs to play an active role in increasing the period of youth's participation in the national pension system through early membership and helping them improve the level of their pension benefits by utilizing various credit and payment deferment schemes. In particular, to strengthen the pension collection rights of young people experiencing job insecurity, various support measures are needed, such as providing insurance premiums to low-income young people or those working for small companies and providing education and training credits to those who do not participate in economic activities.

Keyword Old-age Income Security, Youth Precarious Work, Pension Credits