

Analysis and Projection of Changes in the Lives of Elderly Koreans

Yunkyung Lee

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**Analysis and Projection of Changes in the
Lives of Elderly Koreans**

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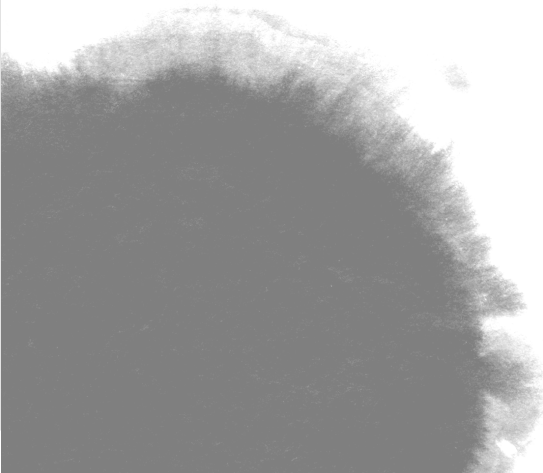
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01

Changes in Demography and Social Relationships of the Elderly



CHAPTER 1

Changes in Demography and Social Relationships of the Elderly

1. Changes in Demography of the Elderly

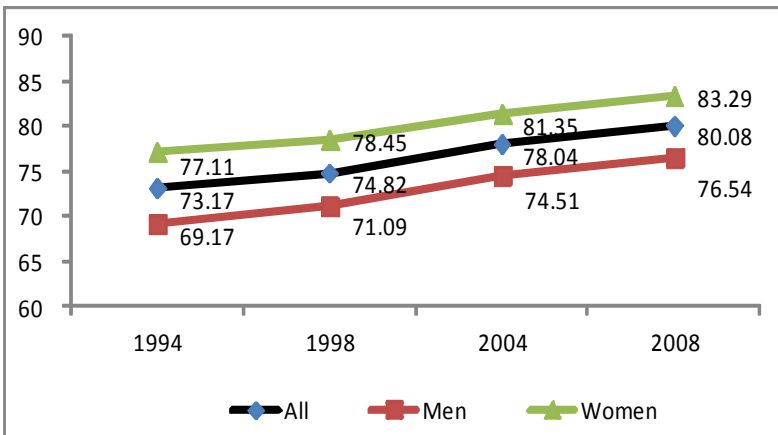
Korea's rapid economic growth, urbanization and globalization in its modern history brought about tremendous changes in its people's lifestyle and values. The current elderly generation that has undergone such a tumultuous period and has reached their old age shows different characteristics by age group. While classified together as 'the elderly' on a high level, they are of different age groups representing different characteristics, individual experiences and resources.

Cross-sectional studies on the demography of elderly Koreans, conducted from 1994 to 2008, demonstrate diverse changes in the elderly population. The urbanization that rapidly transformed the Korean society changed residential areas of the elderly. In 1994, 56.4% of the elderly population lived in eastern parts of Korea (cities), and the remaining 43.6% resided in smaller residential districts (farming and fishing communities), but the former figure kept increasing to 63.0% in 1998, 67.9% in 2004 and 65.7% in 2008 (see Table 1). This shows that the elderly population in cities has continued to rise. While the percentage of the elderly in the

total population in rural areas is on the rise, aged residents in cities outnumber those living in non-urban areas.

As the average life expectancy of women is longer than that of men, there is usually a large gap between the number of the female elderly and that of the male. However, since the difference in the average life span between women and men decreased from 7.9 years in 1994 to 6.8 years in 2008, the gender imbalance is shrinking as well. While the female population is still larger than its counterpart, the percentage of the male population is increasing.

[Figure 1-1] Average Life Expectancies for Men and Women between 1994 and 2008



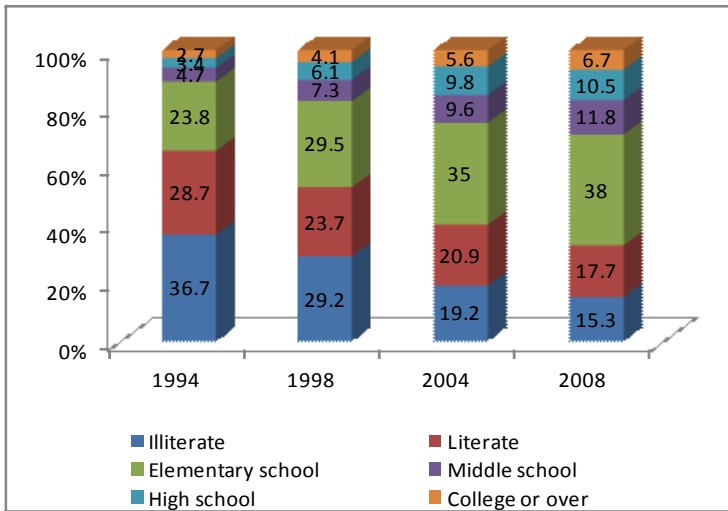
Source: Korean Statistical Information Service (<http://kosis.kr>)

The composition of different age groups in the elderly population is also changing. The young-old (age 65-69) is slightly decreasing, and the middle-old (age 70-79) and the old-old (age 80 and over) are increasing. This trend was confirmed in a population census survey by the Statistics Korea. Since the old-old population represents deteriorating

health conditions and shrinking incomes, the society's burden to take care of this age group is expected to rise over time.

The education level of the current elderly population also presents significant changes. The Korean War and the society's predominant mentality of ignoring women's capabilities deprived many Koreans of education opportunities in the past, but the society's improved awareness of the importance of education and women's capabilities have led to dramatic changes. In the 1994 survey, the percentage of the old without any formal education was as high as 65.4%, but the figure significantly dropped to 33.0% in 2008. The 2008 survey also showed that the elderly population with at least a two-year college education or over improved to 6.7%.

[Figure 1-2] Changes in Education Level of the Elderly between 1994 and 2008



The percentage of the elderly with spouses kept increasing for the last 14 years from 47.9% in 1994 to 64.5% in 2008. This is partly attributed to the decreasing difference in life expectancies of the male and female populations. This increase in the elderly with spouses is believed to have affected family type.

Family type is one of the characteristics that showed significant transformation during 1994 and 2008. Single or couple-only elderly families that accounted for 40.4% in 1994 jumped to 66.7% in 2008. The number of families where the elderly lived with their children plunged from 54.7% in 1994 to 27.6% in 2008. In summary, over the last 14 years, the family type of the elderly shifted from families with children to single or couple-only families.

In the past, many old people lived with their children's families, usually the son's family, or started living together with the children's families when their spouses died. In recent years, however, an increasing number of the elderly continue to live alone even when their spouse passed away.

〈Table 1-1〉 Demographic Characteristics of the Elderly

(Unit: %, Number of people)

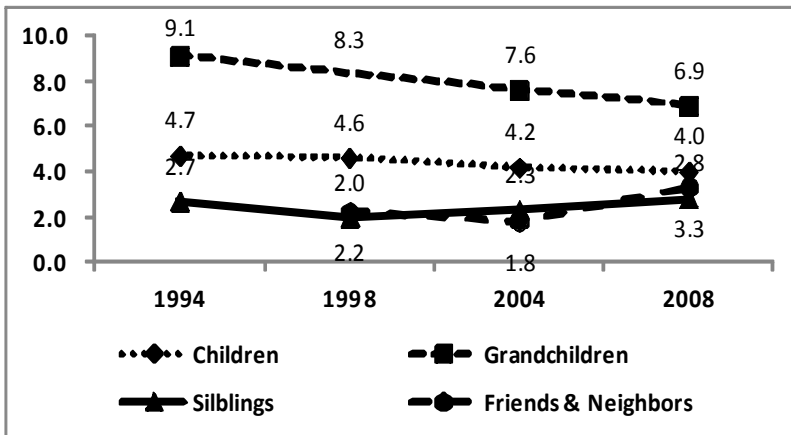
Classification	'94	'98	'04	'08	Classification	'94	'98	'04	'08
Region					Educational Level				
East	56.4	63.0	67.9	65.7	Illiterate	36.7	29.2	19.2	15.3
Small districts	43.6	37.0	32.1	34.3	Literate	28.7	23.7	20.9	17.7
Gender					Elementary	23.8	29.5	35.0	38.0
Men	38.7	36.9	38.3	40.2	Middle & high	8.1	13.4	19.4	22.3
Women	61.3	63.1	61.7	59.8	College or above	2.7	4.1	5.6	6.7
Age					Family Type				
65~69	41.5	38.1	37.8	38.0	Alone	13.6	17.9	20.6	19.7
70~74	29.7	29.2	28.5	28.4	Couple	26.8	27.9	34.4	47.0
75~79	16.5	18.1	17.5	17.6	With children	54.7	48.6	38.6	27.6
80 and over	12.4	14.7	16.2	16.0	Others	4.9	5.5	6.4	5.6
Marital status									
Married	47.9	49.2	54.8	64.5					
Single	52.1	50.8	45.2	35.5					
Total	100.0 (1,371)	100.0 (2,372)	100.0 (3,278)	100.0 (10,798)	Total	100.0 (1,371)	100.0 (2,372)	100.0 (3,278)	100.0 (10,798)

2. Changes in Family and Social Relationships of the Elderly

Increased life expectancy, changed family type and education level also brought overarching changes in the family and social relationships of the elderly in the last 14 years. The size and composition of families changed and this trend continued. The number of children kept declining and the number of grandchildren did so accordingly. The average number of children of the elderly continued to fall: 4.7 in 1994, 4.6 in 1998, 4.2 in 2004 and 4.0 in 2008. The number of their grandchildren also dropped from 9.1 in

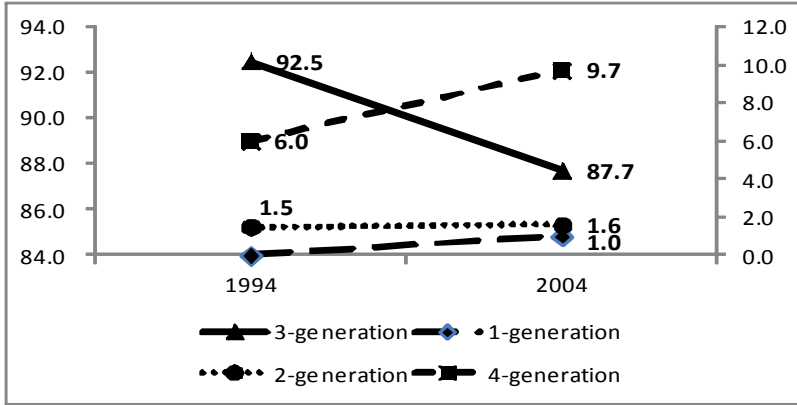
1998 to 6.9 in 2008. Meanwhile, the number of siblings declined until 2004 and rebounded in 2008. This trend requires a cautious analysis and the extended life span is believed to have made more brothers and sisters live together. The number of friends and neighbors did not change much.

[Figure 1-3] Changes in Family and Social Relationships



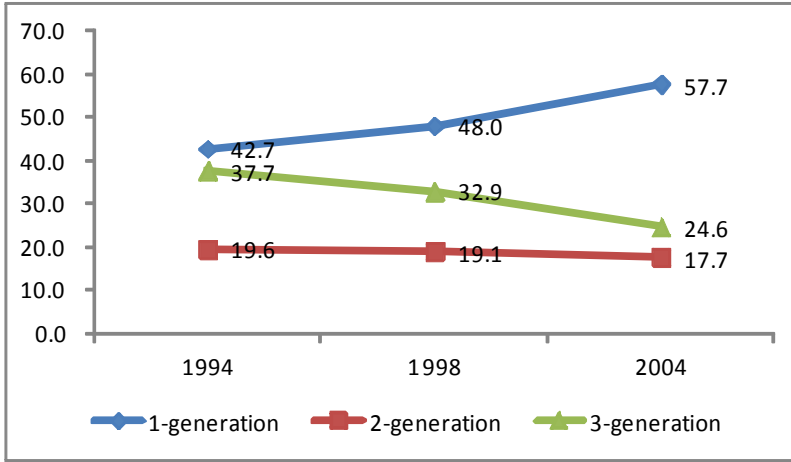
As for family composition, the extended life expectancy increased the possibility of multi-generation families. The surveys spanning from 1994 to 2004 confirmed the possibility. While the percentage of the elderly whose three generations of families are alive decreased from 92.5% to 87.7%, that of four-generations of families rose by 3.7% from 6.0% to 9.7%. Meanwhile, it was also noticed that there was no old person who had no lineal ascendant or descendant in 1994, but the number of this group started to appear even though it was still a small number.

[Figure 1-4] Changes in Family Composition



We also studied how many generations actually lived together in the same house. The reason that this survey was separately conducted from the previous one was that the availability of different generations of family members did not necessarily mean that all of them lived together. Regardless of which generation of members the elderly resided with, we counted the number of generations that lived in the same house, more specifically, whether it was parents, children or grandchildren, any old people who lived only with one other generation of family were classified as 2-generation families. The percentage of 1-generation families grew from 42.7% in 1994, to 48.0% in 1998 and to 57.7% in 2004. However, 3-generation families plummeted from 37.7% to 32.9% and further to 24.6%. In conclusion, while the number of generations available to live together was on the rise, the number of generations actually living together has declined.

[Figure 1-5] Changes in Family Composition of Generations Living Together



The last 14 years also transformed the elderly's social networks. The wider social networks they have, the more opportunities of life they are given. These social networks are very important resources for the aged population since they provide them with emotional, informational and material support (Campbell, Marsden and Hurbert, 1986; Gronovetter, 1982; Kadusin, 1982; Lin, 1982; Walker, 1985). Families especially are in the best position to perform those functions. While this study does not systematically measure the social networks of elderly Koreans, it covers most of the relationships presented in the hierarchical-compensatory model of Cantor, which are plotted in a concentric circle based on the their distance from the old. We specifically surveyed the number of spouses, parents of the respondents or their spouses, children, grandchildren, siblings, relatives, friends/neighbors and groups to which they belonged in order to measure the scale of the social networks of the old.

Here, the limitation is that the surveys of different times researched on different items, leaving big gaps in the scope and details of social group activities. Therefore, of the relationships defined by Cantor (1979), this study excludes official networks and only focuses on primary unofficial networks such as children, parents, grandchildren, siblings and relatives, and secondary unofficial relationships such as friends and neighbors.

Two types of measurements were performed to understand the size of social networks of the elderly. The first type only counted spouses, children, siblings and relatives¹⁾ (narrow definition) because the 1998 survey did not cover parents and grandchildren. The second type included the number of parents and grandchildren (broad definition) in addition to spouses, children, siblings and relatives, and counted out the 1998 survey result. We have already reviewed individual ties, but these specific surveys will give us a more comprehensive view of the scale of those social ties of the old population.

The size of social networks measured by the narrow definition showed no major change over time except in 1994: 8.9 in 1998, 8 in 2004 and 8.1 in 2008. The size based on the broad definition dropped from 18.5 in 1994 to 15.2 in 2008, which might be explained by decreases in the number of children and grandchildren during the same period. While the first type of surveys produced small differences in standard deviation, ranging from 2.6 to 2.9, the second type

1) The 1994, 1998 and 2004 surveys only checked whether the respondents had any relative(s) and if they had any, it was counted as '1' regardless of the actual number of relatives.

presented declining standard deviation from 7.2 in 1994 to 5.8 in 2004 and to 5.5 in 2008.

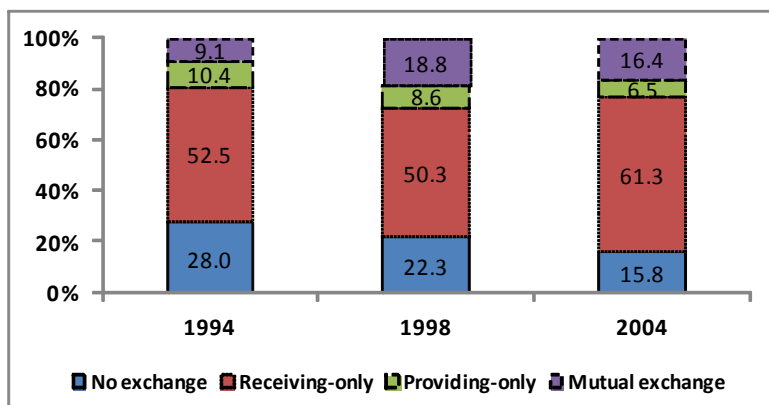
We understood what types of functions families performed for the life of the aged by examining the exchanges of different types of support. Since the major providers or recipients of various types of support identified are family members, we can say that the transfer of resources is made between family members.

There are different types of support: financial, instrumental (household chores or care) and emotional support. This study only reviews financial and emotional support. As for financial support, in 1994 and 1998, we presented the respondents with six categories: housing, food, clothes and necessities, health expenses, money gifts and leisure life to check if the elderly members received any support from their families, but in 2004, we only surveyed one category of financial support. Thus, special care should be paid to comparison of the statistics of 1994, 1998 and 2004. In addition, the 2008 survey adopted a different research approach from the previous three, putting another limitation on the comparative analysis of the surveys' results. More specifically, the previous surveys identified the provider and the recipient for different types of support, but the 2008 survey asked respondents such as children or grandchildren what type of support they provided or received from their elderly family members. Therefore, we could not directly compare data from different years based on the same standards, and ruled out the 2008 data from the analysis.

There are four types of exchanges: no exchange type, in

which no support is exchanged between family members; receiving-only type where one side unilaterally receives support from the other; providing-only type where only one side keeps providing the other with support; and mutual exchange type in which both sides give to, and receive from, each other. In 1994, no support type was 28.0%, receiving-only type 52.5%, providing-only type 10.4%, and mutual exchange type 9.1%. It indicates that about half of the old population unilaterally received financial support from family members. However, no exchange type has decreased, and the cases of mutual exchange have grown. It suggests that the instrumental functions of the social networks have been strengthened.

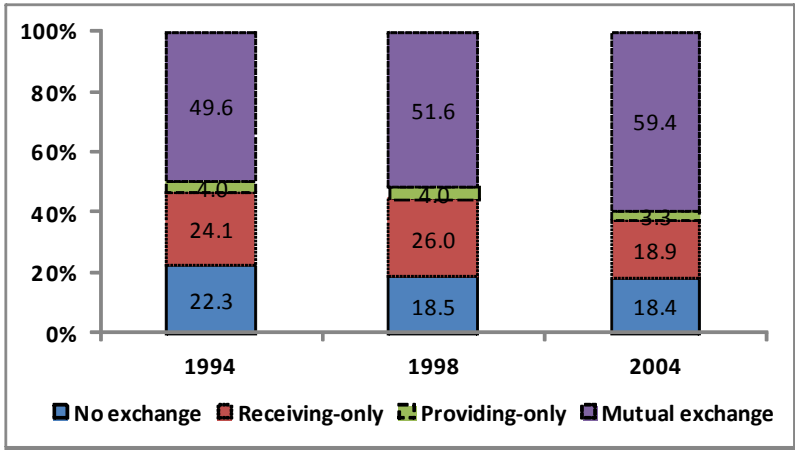
[Figure 1-6] Changes in Financial Support and Exchange Types



As for emotional support, mutual exchange type accounts for about 50%, and no exchange type and receiving-only type make up one-fourth each. This is a significant deviation from the composition of financial support, of which

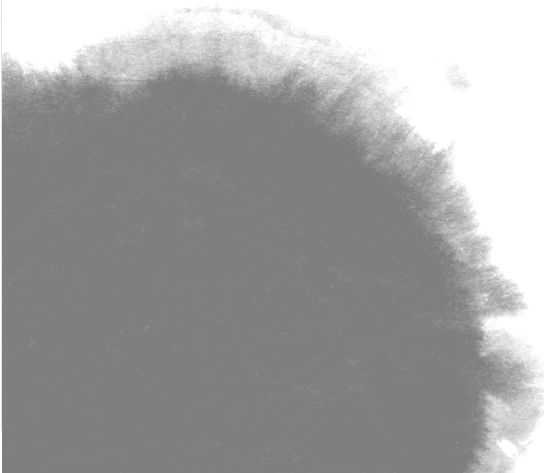
receiving-only type accounts for about a half. This trend is still effective and the percentage of mutual exchange type continues to rise.

[Figure 1-7] Changes in Emotional Support and Exchange Types



02

Changes in the Health and Functional Conditions of the Elderly



CHAPTER 2

Changes in the Health and Functional Conditions of the Elderly

With the launch of economic development initiatives during the 1960s, Korea has successfully started making rapid economic growth since the 1970s. This improved hygienic conditions and nutrition and led to the development of medical technologies, which allowed Koreans to enjoy much better health conditions than 40 or 50 years ago. This physical enhancement increased life expectancy: 58.7 years for men and 65.6 years for women in 1970 rose to 76.2 years for men and 82.9 years for women as of 2010 (Statistics Korea, 2010).

However, despite such a remarkable improvement in health and life expectancy over the last four decades, it was observed that 9 out of 10 old people suffered from at least one chronic disease as of 2005. This made it difficult for old people to maintain normal lives, and their quality of life is much lower than that of young and middle-aged people (Center for Disease Control, 2007). While we assume that the health conditions of the elderly have been enhanced over the last several decades, no detailed research has been conducted on how they have changed.

Therefore, this chapter will review the physical conditions of elderly people under different categories: self-rated health

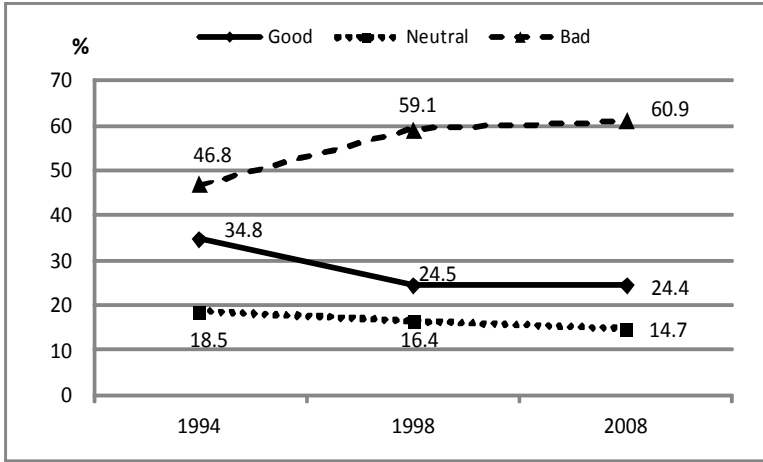
conditions, self-comparison with peer group, prevalence rates of diseases, eyesight, hearing capabilities, chewing capabilities and use of dental supplements, Activities of Daily Living (ADL), and Instrumental Activities of Daily Living (IADL).

1. Changes in Health and Functional Conditions of the Elderly

Self-rated health refers to "one's assessment or recognition of his/her own overall health conditions" and is reported as "related to occurrence of disease and severity of disability" (Liang, 1986). While it is just a single item, it serves as a key indicator of the quality of life (Nunley, Hall, & Rowles, 2000) and death (Bath, 2003; Ferraro & Kelley-Moore, 2001) of the old population.

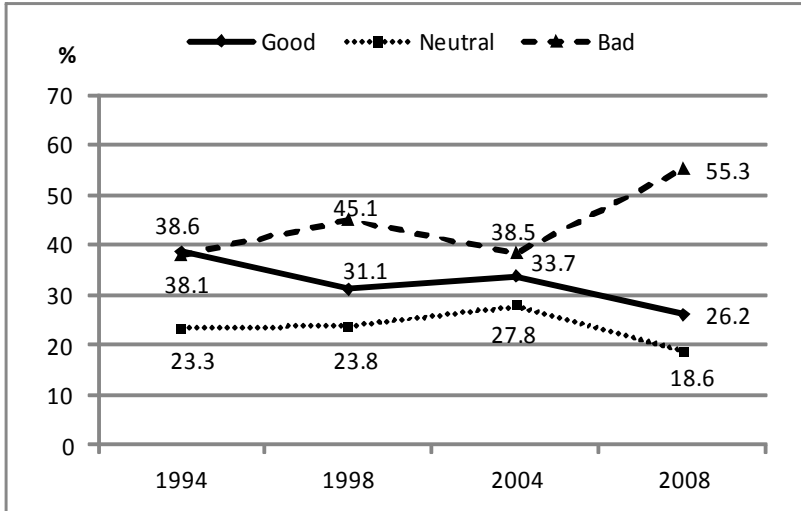
As we see in Figure 2-1 of self-rated health, the percentage of respondents who chose 'Good' was on a downward slope from 34.8% in 1994, to 24.5% in 1998 and to 24.4% in 2008. On the contrary, the percentage of respondents who said 'Bad' was on the rise. In 2008, two out of three respondents gave negative feedback on their health. The 2004 survey was excluded from this analysis since it did not include the question of self-rated health.

[Figure 2-1] Changes in the Elderly's Self-rated Health



In Figure 2-2 of self-rated health against peer group, the percentage of respondents who said 'Good' continued to drop except for 2004: 38.6% in 1994, 31.1% in 1998, 33.7% in 2004 and 26.2% in 2008. Those who said 'Bad' kept growing except for 2004: 38.1%, 45.1% 38.5% and 55.3%, respectively. It indicates that an increasing number of old people have a negative view of their health conditions against their peer group.

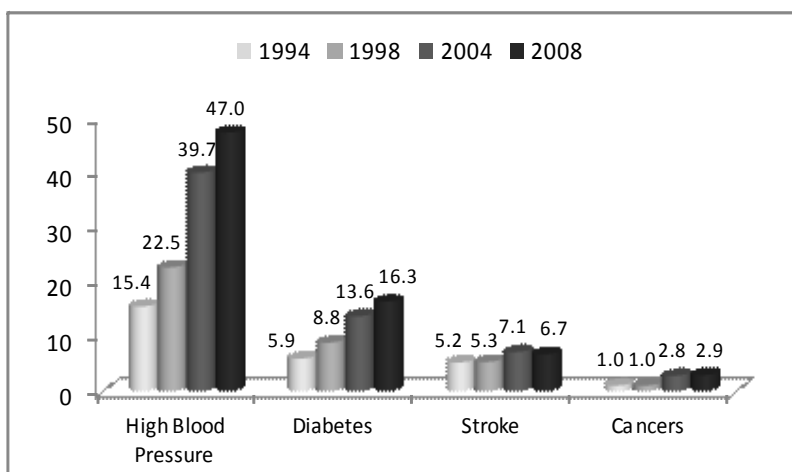
[Figure 2-2] Changes in the Elderly' Self-rated Health against Peer Group



As of 2008, a total of 4.6 million elderly people were registered with the National Health Insurance Corporation and they accounted for 9.6% of the entire insured population. In the same year, the national health insurance agency spent 10.4310 trillion won to cover hospital bills of the elderly, and the monthly average hospital bill per old person amounted to 188,985 won, which was more than a 2.3 times increase from 2001 (National Health Insurance Corporation, 2009). This rapid growth in health expenditure on the elderly population can be explained by increases in the prevalence rates of chronic diseases following their extended life expectancy. For the four major chronic diseases of high blood pressure, diabetes, stroke and cancers, which were included in all 1994, 1998, 2004 and 2008 surveys, we compared their prevalence rates over time based on the diagnosis of doctors.

As presented in [Figure 2-3], the prevalence rates of high blood pressure, diabetes, stroke and cancers have steadily increased over the last 14 years. The prevalence rate of high blood pressure jumped three times over the period: 15.4% in 1994, 22.5% in 1998, 39.7% in 2004 and 47.0% in 2008. The percentage of diabetic patients also rose about three times from 5.9% in 1994 to 16.3 % in 2008 and the cases of other severe chronic diseases such as stroke and cancers continuously increased as well. As for cancers, their prevalence rate as of 2008 was only 2.9%, but it also represents a triple growth from 1994.

[Figure 2-3] Changes in the Elderly's Prevalence Rates of Chronic Diseases



2. Changes in Activities of Daily Living (ADL) and Instrumental Activities of Daily Living (IADL)

The most frequently employed standards to measure the physical functions of elderly people are the Activities of Daily Living (ADL) and the Instrumental Activities of Daily Living (IADL). ADLs refer to daily self-care activities for fundamental functions such as eating, bathing, dressing, walking/getting out of a room, and using the toilet, while IADLs include activities that require more complex thinking and body movements such as housekeeping, shopping for groceries and clothes, managing money, food preparation, taking medications, telephone use and using transportation. Once a person starts losing physical functions, he/she would have difficulty in performing some of the ADLs. Bathing is the activity that people find the most difficult to perform independently and need other's help, while eating is regarded as the easiest activity that can be performed without any help.

The functional conditions of old people are very important factors that affect their social activities, family relationships and level of satisfaction with life. In addition, not only physical conditions but also their house types and residential areas determine the elderly's capabilities to perform ADLs and IADLs. For example, one's bathing capability can be different depending on the convenience of the bathing facility of the house. The results of this survey are also affected by measurement methods and specific questions asked. Therefore, different questions in the four

iterations of the survey resulted in significant changes. As for ADLs, bathing, dressing, eating, going from lying to standing position (going from a seated to standing position)²⁾, and using the toilet were included in all of the four surveys. In 2004 and 2008, however, more specific items were included: washing face, brushing teeth, controlling bowel movement, controlling urination. With these two surveys, any old person who had difficulty in performing one or more of ADLs were categorized as those with difficulty in doing ADL.

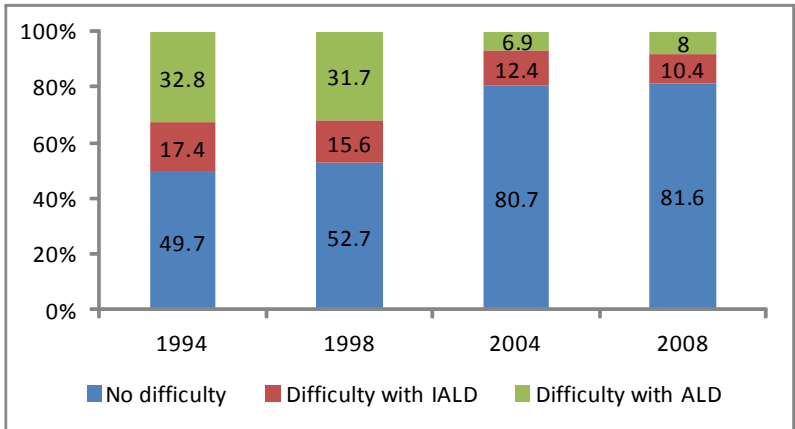
The same rule is applied to IADL. While the four iterations of the survey had only four common items, as for the 2004 and 2008 surveys that included more specific items, any old person who had difficulty in performing one or more of IADLs were classified as the population with difficulty in doing IADL. In these two surveys, grooming, food preparation (preparing ingredients, cooking and serving food), laundry, traveling a short distance (without transportation), managing financial matters and taking their own medication were added.

The percentage of old people who did not have any difficulty in conducting ADL and IADL kept rapidly growing over the last 14 years: 49.7% in 1994, 52.7% in 1998, 80.7% in 2004 and 81.6% in 2008. The percentage of the group with difficulty only with IADL dropped from 17.4% in 1994 to 10.4% in 2008 and those with difficulty

2) While the 1994 and 1998 surveys of ADL included going from lying to standing position (going from a seated to standing position, seating) and going out, the 2004 and 2008 surveys had changing position (going from lying to seated position, transferring) and getting out of a room. And previously going out was replaced with traveling a short distance in IADL.

with ADL also shrank from 32.8% in 1994 and to 6.9% in 2004 and 8% in 2008, respectively. While the question items became more specific in 2004 and 2008, the percentage of the elderly with difficulty in performing ADLs and IADLs plummeted. The result suggests that not only the functional conditions of the elderly greatly improved during the observation period, but also major improvements were made in bathing, restroom and kitchen facilities of houses, and the enhanced transportation environment and urbanization increased the elderly's access to diverse convenient facilities.

[Figure 2-4] Changes in Functional Conditions of the Elderly

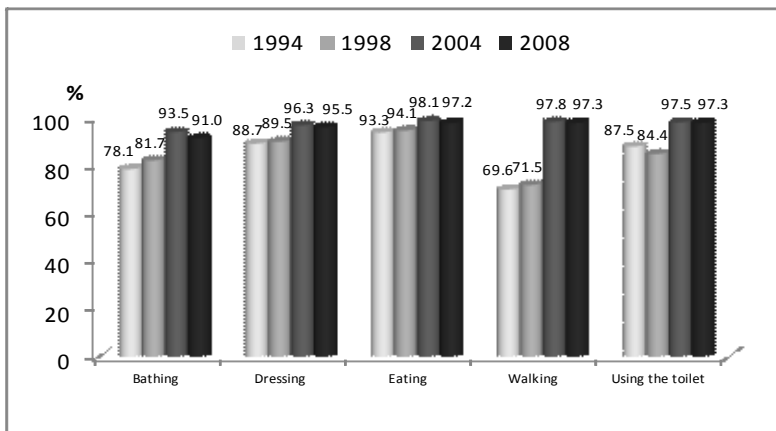


To more specifically understand how the functional conditions of the elderly have changed, we kept track of changes in the independence rates of comparable ADL and IADL items in the 1994, 1998, 2004 and 2008 surveys.

As seen in Figure 2-5, the independence rate of bathing rose from 78.1% in 1994 to 91.0% in 2008, that of dressing

from 88.7% to 95.5%, that of eating from 93.3% to 97.2%. In particular, the independence rate of walking or getting out of a room jumped from 69.6% in 1994 to 97.3% in 2008, indicating that few elderly people have difficulty in walking or getting out of a room. This big progress can be explained by the fact that the item of "going out" in the 1994 survey referred to going out of the house, but it was changed to "getting out of a room" in the 2004 and 2008 surveys. The rate for using the toilet also improved from 87.5% to 97.3% in 2008.

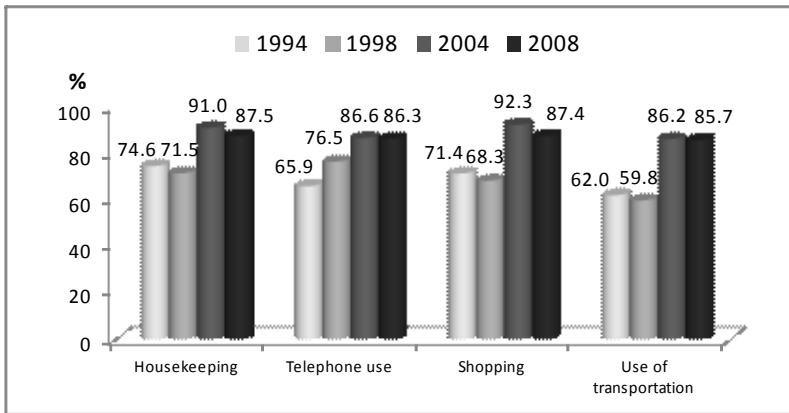
[Figure 2-5] Changes in the Elderly's Independence Rates of ADLs



Out of IADL items, we selected the items that were commonly covered in all of the four surveys (housekeeping, telephone use, shopping and use of transportation) and analyzed how their independence rates changed. [Figure 2-6] presents that IADLs of the elderly Koreans improved over the last 14 years. The independence rate of housekeeping increased from 74.6% in 1994 to 87.5% in 2008. The rate of

telephone use also increased from 65.9% in 1994 to 76.5% in 1998, to 86.6% in 2004 and to 86.3% in 2008. The rate of shopping, which was 71.4% in 1994, rose to 87.4% in 2008, and the rate of use of transportation soared from 62.0% in 1994 to 85.7% in 2008, which showed the highest growth rate of the selected items.

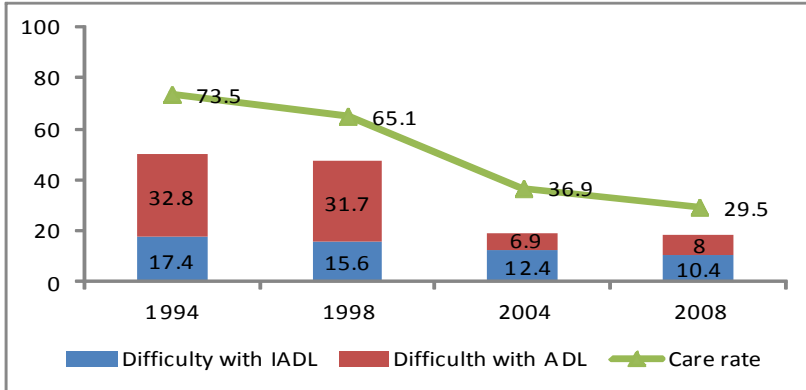
[Figure 2-6] Changes in the Elderly's Independence Rates of IADLs



3. Changes in Care Conditions of the Elderly

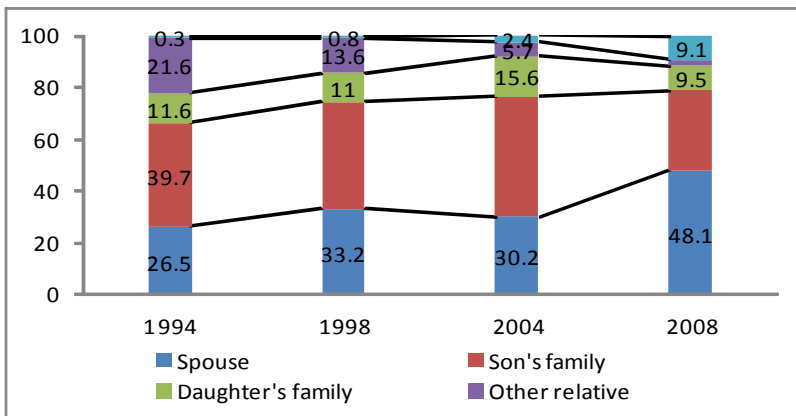
Deterioration of one's capabilities for ADL or IADL requires care of other people. The percentage of those needy elderly (those who have difficulty in performing one or more ADL or IADL) considerably fluctuated depending on the year of survey: 50.2% in 1994, 47.3% in 1998, 19.3% in 2004 and 18.4% in 2008. The percentage of those who were receiving care dropped, faster in recent years, from 73.5% in 1994, 65.1% in 1998, 36.9% in 2004 and 29.5% in 2008.

[Figure 2-7] Changes in Rate of Care-requiring Elderly (those with ADL and IADL restriction) and Care Rate



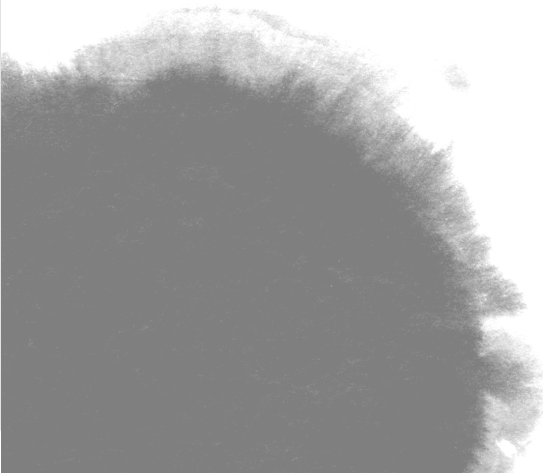
Caring of elderly people is mainly provided by family members, mainly females. Care by spouse is on the rise, while care by son's family is on the decline. Also, care by aged care nurse or employed caregiver continues to rise.

[Figure 2-8] Relationship between the Elderly and Caregiver



03

Changes in Economic Status and Social Engagement of the Elderly



CHAPTER 3

Changes in Economic Status and Social Engagement of the Elderly

The current elderly population that does not benefit much from public income security systems for the aged heavily relies on their own financial resource or children's support. However, the ever-changing family structure and economic market are expected to transform the economic status of the elderly population. This chapter will look into the changes in economic status and social engagement of the elderly based on different categories.

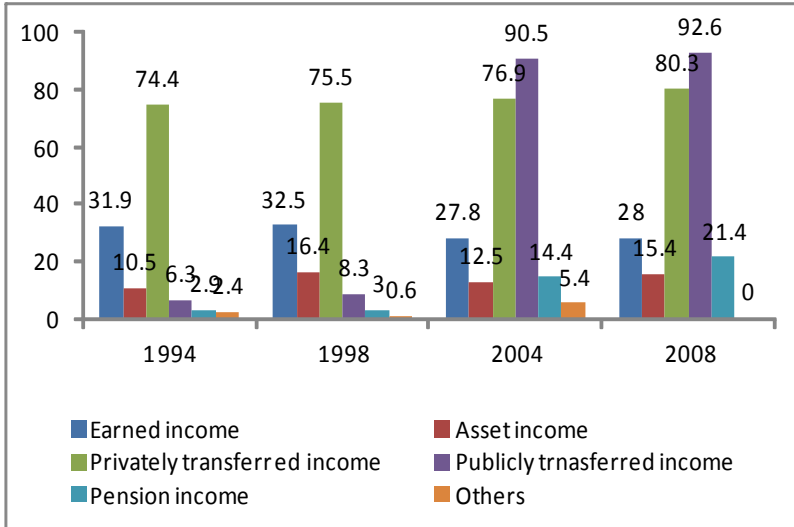
1. Changes in Economic Status of the Elderly

The life of the aged relies on multiple income sources and those who have sources such as work, assets and pension, which represent the current work activities and accumulated assets of themselves and their spouse can be categorized as an economically-independent group. While the percentage of old people with earned income did not show much change in the last 14 years: 31.9% in 1994, 32.5% 1998, 27.8% in 2004 and 28.0% in 2008, the percentage of earned income of the total income sources decreased. The percentage of those who have income from assets slightly increased from 10.5% in 1994 to 16.4% in 1998, to 12.5% in 2004 and to 15.4% in

2008. When it comes to the aged's independent income sources of earned income, asset income and pension income, old people with earned income did not change much, but those who had assets and pension income significantly increased. This suggests that an increasing number of people started to set aside certain assets at earlier stages for their future.

Privately transferred income is usually provided by children, and the percentage of the elderly with this source of funds grew from 74.4% in 1994 to 80.3% in 2008. In other words, those who have asset or pension income increased, but those with privately transferred income did not decline. Publicly transferred income refers to benefits from the National Basic Livelihood Security System, the Basic Old-Age Pension System (previously the Elderly Pension), transportation allowance and disability benefits. With the introduction of the Basic Old-age Pension System in 2008, more than 70% of the aged receive benefits from the pension fund. Even before the introduction of the new pension system, the aged were given transportation allowance and elderly pension benefits, and transportation allowance is available for any one who is aged 65 or over, which significantly raised the percentage of those covered by publicly transferred income. Those with publicly transferred income surged from 6.3% in 1994, to 8.3% in 1998, to 90.5% in 2004 and to 92.6% in 2008. Therefore, we can conclude that most of the elderly now have at least one public income source.

[Figure 3-1] Changes in Income Source of the Elderly



The elderly's income sources have become more diverse. What then is the major income source? Major income source refers to the one that has the highest monetary value of different income sources. In 1994, privately transferred income was the major source for 53.2% of the elderly population, and earned income was for 27.7%. Compared to them, asset income accounted for 6.6%, publicly transferred income was 4.7% and pension income was 2.7%. In 2004, the elderly with privately transferred income as their major income source dropped to 36.8%, but those with publicly transferred income as a key financial source greatly increased to 29.1%. The rate for earned income was 21.0%. The most noticeable change is that those who have pension income as a major source jumped to 6.2%.

In 2008, however, the trend reversed. While privately

transferred income increased its percentage to 55.5%, earned income and publicly transferred income accounted for 22.5% and 10.9%, respectively. In fact, the 2008 survey results were similar to those of 1994. It is also confirmed that income provided by other people such as children remains as an important source for the elderly.

〈Table 3-1〉 Changes in Major Income Source of the Elderly

(Unit: %, Number of people)

Income Source	1994	2004	2008
Earned income	27.7	21.0	22.5
Asset income	6.6	6.6	7.9
Privately transferred income	53.2	36.8	55.5
Publicly transferred income	4.7	29.1	10.9
Pension income	2.7	6.2	3.3
Others	5.1	0.2	-

2. Changes in Social Engagement of the Elderly

Elderly people engage in the society through work, social gathering, leisure and volunteer activities, and educational activities. As the elderly population keeps growing and their life expectancy is extended, an increasing number of elderly people want to become involved in social activities. Continued engagement in the society is believed to be a key to a successful life for the aged on a personal level, and also provides an important human resource pool for the society as a whole.

For the elderly, work is a very important component of their social engagement. It also remains a major income

source for the current elderly population that does not have a guaranteed stable income source. However, from 1994 to 2008, the percentage of the working elderly did not change much. Despite the society's continued efforts to provide old people with more work opportunities, no significant progress was made.

Geographically, in the eastern part of the country, the working elderly population rate rarely changed: 17.7% in 1994, 17.1% in 1998, 20.0% in 2004 and 17.3% in 2008. Meanwhile, in small districts of farming and fishing, the rate continued to rise: 42.4% in 1994 to 54.3% in 2008. As the industrial systems of farming and fishing allow old people to continue to work, the elderly working population in these areas kept growing. On the contrary, in the urban areas of the east, most jobs required employment, and this industrial structure and working atmosphere made it difficult for the old to find work opportunities even though they want to.

Changes were observed in work types of the elderly. The percentage of senior managers, managers and professionals is rising. Still, farming, fishing and blue collar workers account for a major portion of the elderly working population. While those who engaged in farming and fishing decreased in 2008 compared to the level in 1994, blue collar workers increased from 20.5% to 26.2%. We understand that while farming and fishing allow old people to continue to work at their will regardless of age, many employed people move to low-skilled, blue collar positions after retirement. In addition, the percentage of those who work in service industries is on the decline, which can be explained by a declining demand for the elderly due to a

continued high unemployment rate among the young and the middle-aged.

〈Table 3-2〉 Changes in Work Types of the Elderly

Category	(Unit: %)			
	1994	1998	2004	2008
Senior manager	-	2.0	1.8	2.7
Expert	2.9	1.9	1.2	1.7
Engineer and quasi-expert	0.4	1.1	1.1	0.9
Office clerk	3.3	1.2	0.6	4.8
Service provider	12.3	8.8	8.7	6.6
Farming and fishing	56.6	60.4	54.1	51.2
Functional worker	2.7	2.7	1.9	2.8
Assembly worker	0.7	0.4	2.7	3.1
Blue collar worker	20.5	21.5	27.8	26.2
Others	0.7	-	-	-

As the health and functional conditions of old people have improved, they have had more interest in leisure activities. The old have shown big differences in their leisure activities based on their individual characteristics. We have identified the most common group activities in the four surveys to understand how leisure and cultural activities of the old have changed.

The rate of participation in social gatherings continued to grow: 21.6% in 1994, 27.2% in 1998, 33.2% in 2004 and 54.9% in 2008, indicating that more than half of the elderly are engaged in at least one social group. The rate of those involved in religious groups increased about two times. However, the participation in culture, sports and political groups rarely increased. This can be explained by the lack of opportunities to access cultural, sports or political communities and the lack of social activities of those groups themselves.

Meanwhile, participation in volunteer activities, which stood at only 0.6% in 1998 rose to 2.6% in 2008. Even though the absolute number is still small, it is encouraging news for the society that more and more elderly people are participating in volunteer activities.

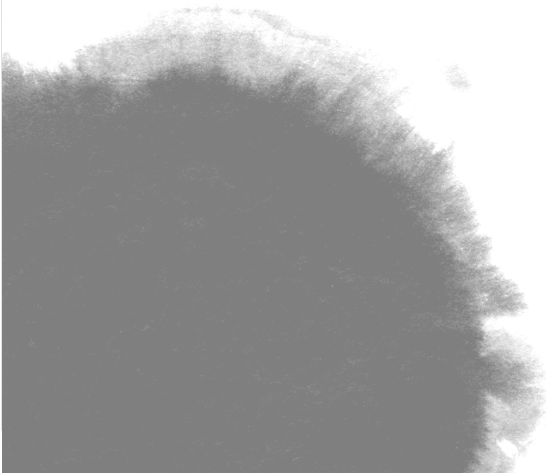
〈Table 3-3〉 Changes in Rates of the Elderly's Engagement in Social Activities

(Unit: %)

Category	1994	1998	2004	2008
Social gathering	21.6	27.2	33.2	54.9
Religious group	21.2	50.6	45.5	44.3
Cultural group	-	0.7	0.9	0.7
Sports group	-	2.7	3.6	2.9
Civic group	-	-	-	1.6
Political group	0.8	-	1.9	0.4
Volunteer group	-	0.6	-	2.6
Educational group	3.1	-	-	6.0

04

Changes in Values of the Elderly



CHAPTER 4

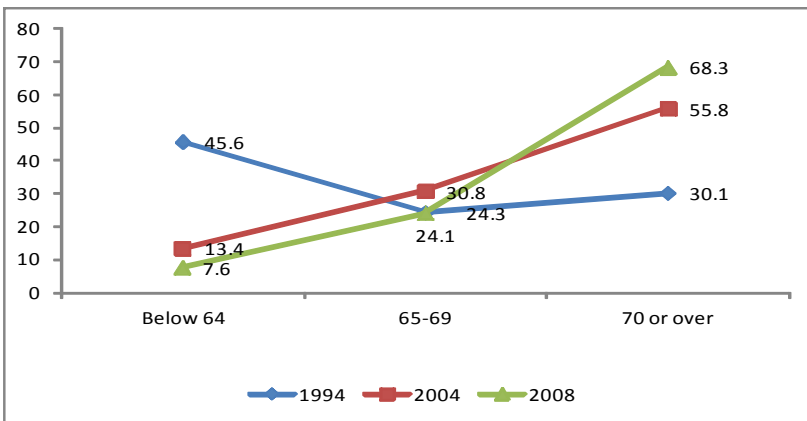
Changes in Values of the Elderly

1. Changes of the Elderly's View of Old Age and Support

The age of '65' is proposed as the criteria for classifying people as elderly, and at this age, people become eligible for most of the social welfare services.

As to the question of what age should be the criteria for classifying people as elderly, 45.6% of the respondents said 'below 64' in 1994. In 2008, however, only 7.6% said 'below 64' and 68.3% chose '70 or over', which was a big transition from 1994.

[Figure 4-1] The Perceived Age of the Elderly

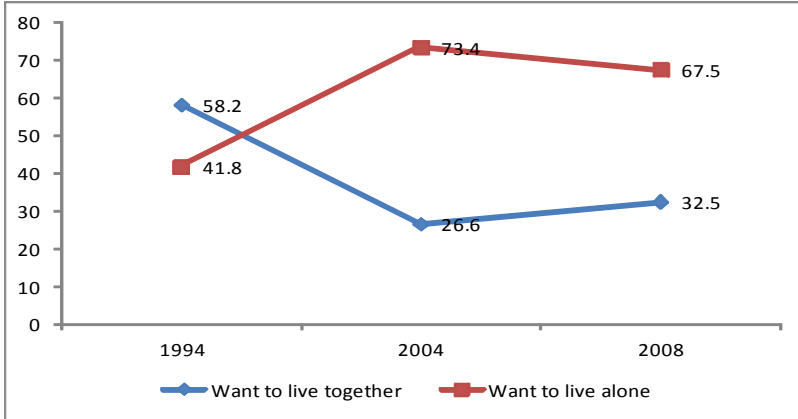


The percentage of respondents selecting '65-69', which was specified in the Elderly Welfare Act and widely accepted, was 24.3% in 1994, 30.8% in 2004 and 24.1% in 2008. These are far lower than those of '70 or over' except for 1994. This change in people's perception of the elderly explains the recent propositions that the retirement age be raised and the age criteria for the elderly also be changed from 65 to 70.

We also analyzed the elderly's opinion of living with children. In the 1994 survey, 58.2% said 'want to live together', but the rate significantly dropped to 26.6% in 2004. Even though the rate slightly went up to 32.5% in 2008, it is attributed to the change of the question statement. In 1994 and 1998, the question was, "Do you believe that a (married) child should live with old parents?", but it was changed in 2008, "Do you believe that at least one child should live with old parents?" This change also needs to be considered in the following analysis of survey results based on characteristics of respondents.

This change of view was also reflected in changes in family types. As we observed in the previous chapters, the number of families where parents reside with children was plunging while that of single or couple-only families was increasing.

[Figure 4-2] Changes in the Elderly's View of Living with Children



We then analyzed who the elderly thought should live with elderly parents. In 1998, the question was asked of all respondents, and in 2004 and 2008, this was included as a sub-item of the question: "Do you think that a married couple has to live with their parents?". In the 1998 survey, the question was, "Who do you think has to live with elderly parents?", and those who chose the answer, 'the old parents have to live separately', were left out. In other words, the analysis was designed to identify who the respondents believed should live with elderly parents. Still, there were some differences in specific questions included in the three surveys and some caution is required in analyzing survey results.

In the three surveys of 1998, 2004 and 2008, those who answered 'the eldest son has to live with parents' slightly rose from 54.9% in 1998 to 57.5% in 2004 to 59.2% in 2008. This trend is opposite to the observed disruption and change of Korea's long patriarchal family culture and we

need to pay attention to the possibility that the wording of answer choices might have affected the respondents' decision. In the 1998 survey, the wording of the corresponding answer was 'The eldest son should live with parents.' But in the 2004 and 2008 surveys, the wording was 'it would be best if the eldest son lives with his parents.' However, even though we admit the impact of external factors, it is still true that 'the eldest sons' are still obliged to take care of their parents.

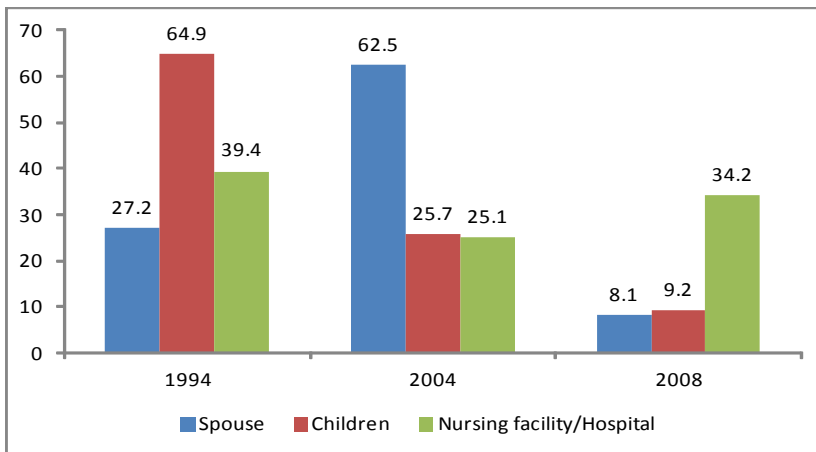
Another interesting observation is that those who chose 'daughter' are increasing even though it is still a very small number. The percentage of the respondents who selected 'Daughter has to live with old parents' was on a slight rise: 0.9% in 1998, 1.1% in 2004 and 2.7% in 2008. While it is still a small percentage, it represents a significant change of people's views on assigning the responsibility of taking care of parents to daughters given our long history of deeply-rooted Confucianism.

As for the question of the desired caregiver in case of continued deterioration of health, in 1994, 62.5% of respondents selected 'I want to live with children' and 27.2% chose 'I want to live with the spouse or alone'. However, the 2004 survey presented the completely opposite result. About 64.9% selected 'I want to live with the spouse or alone' and 25.7% chose 'I want to live with children'. In the 2008 survey, the number of respondents who selected 'I want to live with the spouse or alone' greatly dropped to 39.4%, while those who chose 'I want to go to nursery or hospital' jumped to 34.2%, which was a meaningful change since the Long-term Care Insurance System for the aged was

introduced in 2008.

Dynamic change was observed from 1994 to 2008 in the elderly's opinion of whom they want to rely on when they have a health problem. Their preference was changed from support by children to support by spouse to professional nursing facilities such as hospitals.

[Figure 4-3] Changes in the Elderly's Desired Caregiver in Case of Health Problems



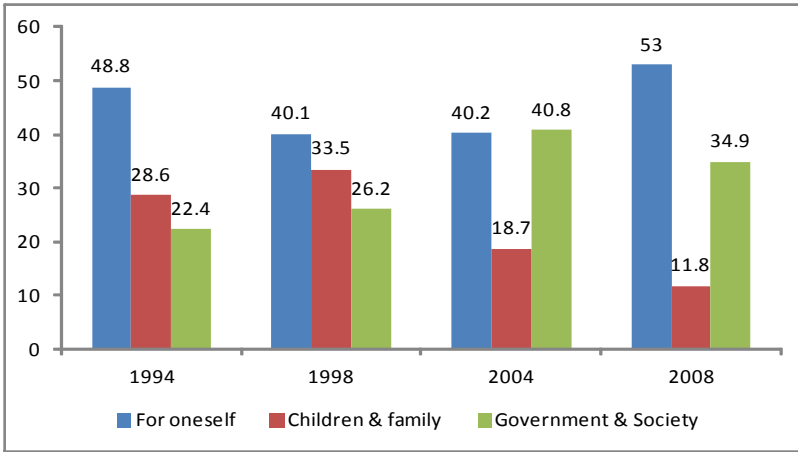
2. Changes in the Elderly's Desired Financial Plan for Old Age

In this section, we examined what are the elderly's most desired income source for old age and whether they are taking actions to secure that required fund.

As for the question of desirable income source for the elderly, the percentage of respondents who chose 'children

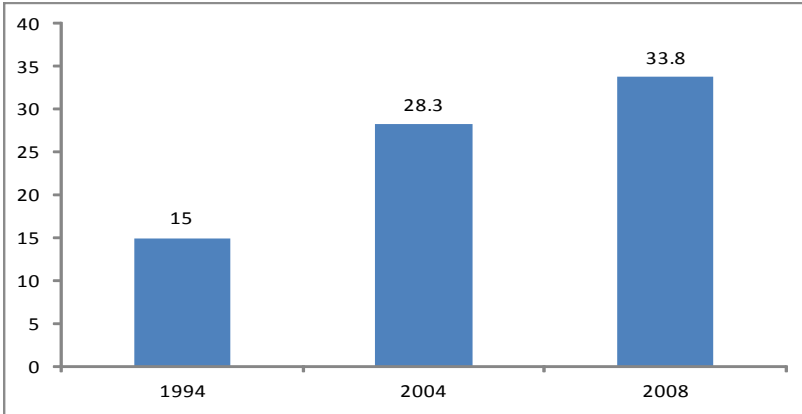
and family' continued to drop from 33.5% in 1998 to 18.7% in 2004 and to 11.8% in 2008, while those who selected 'government and society' rose from 22.4% in 1994 to 26.2% in 1998 and to 40.8% in 2004. In 2008, however, the latter group slightly declined (by 5.9%) from 2004, while the respondents who chose 'the old themselves have to prepare' significantly grew (by 12.8%).

[Figure 4-4] Changes in the Elderly's Desired Financial Plan for Old Age



The percentage of those who are financially prepared for later years, which only stood at 15.0% in 1994, jumped to 33.7% in 2008. It suggests that more and more old people have realized their responsibility to be financially independent and set aside funds for the later years in life.

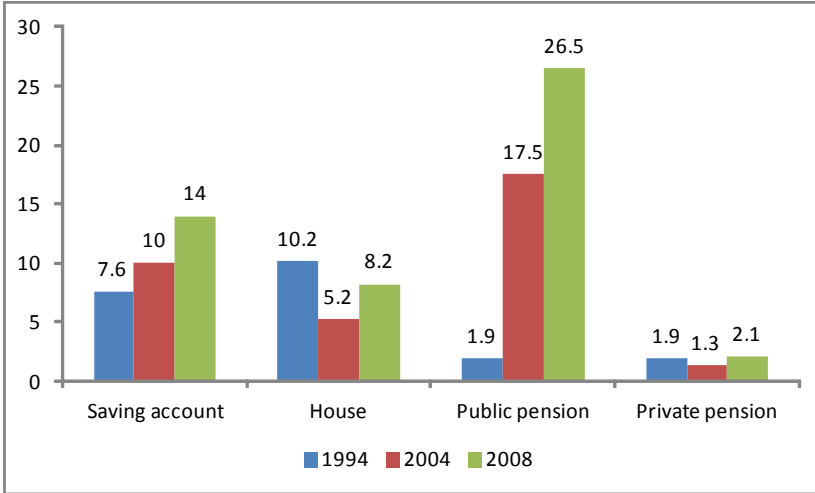
[Figure 4-5] Change in the Percentage of the Elderly who Made Financial Preparations for Old Age



As for the types of financial preparation, the percentage of those who had savings accounts for later years increased from 7.6% in 1994 to 10.0% in 2004 and to 14.0% in 2008. The percentage of those with house was 10.2% in 1994 but plunged to 5.2% in 2004 and slightly bounced back in 2008. The most significant change was witnessed in public pension: 1.9% in 1994, 17.5% in 2004 and 26.5% in 2008. Those who had private pension slightly rose from 1.3% in 2004 to 2.1% in 2008.³⁾

3) As for private pension, the 1994 survey result had 1.9% for category, but the answer was 'insurance or pension' and it is difficult to conclude that the result refers to 'private pension'. We also have to notice that private pension was not much developed in 1994.

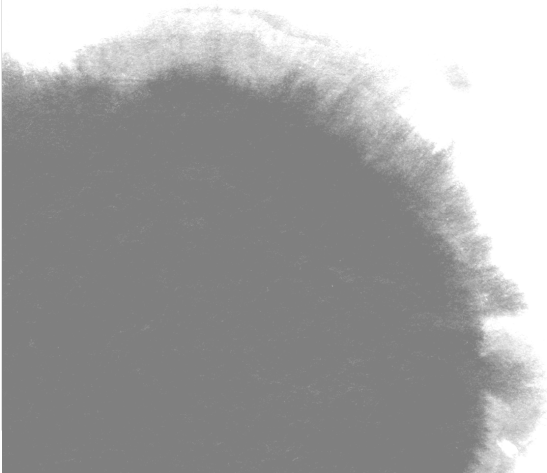
[Figure 4-6] Preparation Rate of Different Types of Financial Plans



Note: In the 1994 survey, the results of public pension and private pension represent combined figures of both schemes.

05

**Forecast of Changes in the
Elderly Population and
Direction of Welfare Policies
for the Elderly**



CHAPTER 5

Forecast of Changes in the Elderly Population and Direction of Welfare Policies for the Elderly

1. Forecast of Changes in the Elderly Population

The characteristics of the elderly population continue to change. It is triggered by demographic changes of the old population and also by socio-cultural changes and changes in values of the society. The four iterations of the survey identified over the 14-year period different aspects of changes in the life of the elderly. The trend is expected to continue in the future, and when the post-Korean War generation and the baby boomer generation join this population, they will show different characteristics from the current elderly population.

While it is challenging to forecast how the future of the elderly population will change, this chapter will predict future changes based on the results of our previous 14-year period studies as well as the known characteristics and values of the post-war generation and the baby boomer generation⁴⁾.

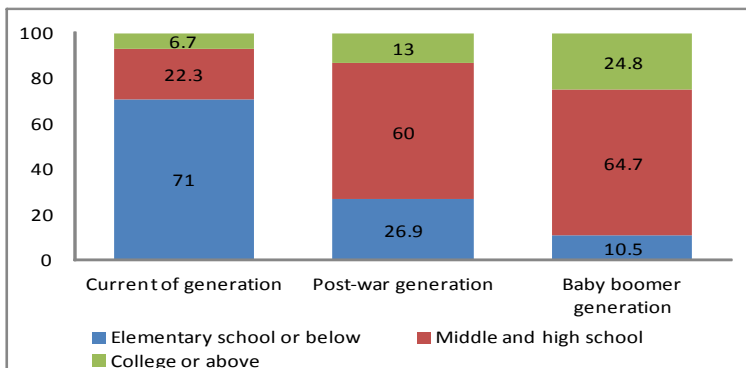
4) The characteristics of the post-war and the baby boomer generations described in this chapter are based on the research conducted by Jung Kyung-hee et al (2010).

A. Changes and Forecast of General Characteristics and Family Relationships of the Elderly

Education level and family types of the elderly are the areas that underwent dramatic changes over the last 14 years. Over the same period, the average education level increased almost two times from 2.63 years in 1994 to 5.53 years in 2008. The increase in the highly-educated elderly represents that the value of the elderly as human resources has enhanced, and the future society will be highly likely to utilize this resource pool.

In the current old generation, 71.0% had elementary school or less education, 22.3% had middle and high school, 6.7% had two-year college or more. However, in the post-war generation, 73% had at least middle and high school education and in the baby boomer generation, only 10.5% had elementary school or less education and 24.8% have two-year college or more. It suggests that once they are merged into the elderly population they will have different and higher quality requirements.

[Figure 5-1] Comparison of Education Level between Current and Future Old Generations



Family type went through major changes in the last 14 years. In the past, there were many families in which the eldest son lived with the parents, but the percentage of this type of family started rapidly declining with the spread of nuclear families. The current senior generation shows two family types. When both parties of a couple are alive they tend to live on their own, but once either of them dies or health conditions aggravate, requiring help from others, they reside with children. However, young old people began to show a different trend in which they wanted to live alone even after the death of their spouses. In summary, over the last 14 years, the number of couple-only elderly families have steadily increased, and those living with married children have decreased. The single families kept growing from 1994 to 2004, but slightly decreased in 2008.

In the future, the number of couple-only and single old families will quickly increase. In the post-war generation that is soon to join the elderly population, 6.1% selected children as the family member with which they want to live, while 92.8% chose couple-only or single families. The same trend was observed in the baby boomer generation and the percentage of the latter choice was as high as 93.2% (Jung Kyung-hee et al, 2010). These results strengthen our forecast of a future increase in couple-only or single families of senior citizens. This makes it urgent to strengthen social systems to support the elderly living alone.

For the life of the elderly, unofficial relationships with family and relatives serve as valuable resources for economic, emotional and instrumental support. These relationships are of more importance for the aged since they

lose social relationships as they get old. Over the last 14 years, the longer the life expectancy has gotten, the bigger the possibility of multi-generation families has become. While the percentage of the families of which three generations exist dropped from 92.5% to 87.7%, that of four generations increased by 3.7% from 6.0 to 9.7%. Still, the above trend did not lead to actual living together of multi-generations. In fact, single old families rose from 42.7% 1994 to 48.0% in 1998 and to 57.7% in 2004, while 3-generation families shrank from 37.7% to 32.9%, and further to 24.6%. In conclusion, while the number of generations available for living together has increased, the percentage of families actually living together has declined. This trend is expected to continue as single old families will be a trend.

However, the decrease in multi-generation families does not necessarily mean the weakening relationship between the old parents and their children. The frequency of their contacts has rather grown over the last 14 years and this trend is believed to continue. As for the exchange of economic support, in 1994, no exchange was 28.0%, receiving-only 52.5%, providing-only 10.4% and mutual exchange 9.1%. About half of the old population unilaterally receive financial support. In recent years, however, no exchange type decreased and mutual exchange type increased. With the upcoming incorporation of the baby boomer generation, the mutual exchange type will grow further.

B. Changes in Health and Functional Conditions of the Elderly

Health conditions are one of the major factors that determine the quality of the elderly's life. Elderly Koreans have become more negative about their health conditions for the last 14 years. Their self-rated assessment of their health against their peer group has also been more negative these days than in the past.

The prevalence rates of chronic diseases such as high blood pressure, diabetes, stroke and cancers have continued to grow. Especially the rates of high blood pressure, diabetes and cancers have jumped about three times over the last 14 years.

The Activities of Daily Living (ADL) and the Instrumental Activities of Daily Living (IADL) of the Korean elderly have improved, especially more in recent years. However, their self-rated assessment of their health conditions and comparison with peer good have become more negative these days. This is because their expectation level of health has increased.

The objective observation is that the elderly's health and functional conditions have steadily enhanced and they will do more given changes in their health behaviors. In the potential elderly population such as the post-war and the baby boomer generations, the non-smoking population was as high as 76.6% and especially those who successfully quit smoking accounted for 18.0%. In addition, 68.8% do regular exercise, 59.8% take in health foods and 81.6% take medical exams. These changes in the elderly's behavior regarding

health signals that once they are incorporated into the elderly population, their health status will be better than the current old population. However, the increase of the old-old group raises the possibility that more old people will suffer from dementia and longer-extended deteriorated health conditions. While the raised awareness of and interest in the importance of health for the elderly will improve their health conditions, as concluded from the previous analysis of economic gap, the gap of health conditions between different groups will become wider.

C. Changes in Economic Status and Social Engagement of the Elderly

The major changes in the economic status of the elderly over the last 14 years can be summarized into diversification of income sources and improved economic independence of senior citizens. Compared to the past, the percentages of those who have asset income and pension income increased while those of earned income and privately transferred income have not much changed. Another major change is a rise in the number of old people with public income source. In the past, private income and earned income were major financial sources, but recently public, asset and pension income have increased their percentages, providing the elderly with more financial sources.

For more than half of the elderly population, private income mainly provided by children remains a main income source. It can be said that the current old population still heavily relies on children for financial source. But at the

same time, the percentages of other sources such as income from assets, publicly transferred income and pension income are on the rise even at lower rates.

The income source of the elderly has become diversified, and they have become more financially independent, two trends that will continue. As specified in the study on the future income sources of the post-war generation and the baby boomer generation, about 60% of them are covered by the national pension scheme (public pension) and 21.8% of them have intentions to subscribe to the reverse mortgage loan. It suggests that a higher percentage of the elderly than the current rate of those with asset income will benefit from asset income through reverse mortgage loans. In addition, about 21.9% of the potential old generation have private pension (income guarantee for the aged) and 43.3% are accumulating a lump sum fund that will allow them to be more financially independent in the future. However, privately transferred income is still the major income source for more than half of the elderly population, but its percentage as the major income source will drop, even if the percentage of those who own this income source is maintained. Only 3.3% of the potential old population depends on children and family for future economic requirements because they believe that they have to rely on themselves, their spouses and social insurance such as pension for future financial needs.

The economic independence of the elderly will surely increase, but we should also notice that 40% of that population that are not eligible for the national pension are highly likely to be the poor. In other words, the polarization

of income will be ever more serious in the future. Therefore, it is an urgent task to prepare measures to guarantee stable income for the future old population.

The social activities of the current old population are grouped into two categories: work and leisure and cultural activities. The percentage of the working elderly population did not show much change over the last 14 years, remaining at a 30% level, and recently dropped. In addition, given that about half of the working elderly engage in farming and fishing, the working population rate is not expected to further improve significantly. Especially if the current labor market structure does not change, the population aged 65 or over will rarely have opportunities to work. On the contrary, 64% of the potential old generation shows their intention to continue to work. Therefore, there will continuously be a gap between the number of elderly who want to work and the number of jobs available.

Over the last 14 years, leisure and cultural activities of the elderly have rapidly increased, and more than anything else, the number of social gatherings has soared. The trend is expected to continue, with the future old population believed to be more productively engaged in social activities since they show great interest in social contribution through volunteer services and lifelong education opportunities.

D. Changes in the Elderly's Mindset about the Life of Old Age

In preparation for the life of the aged, people have different types of concerns: who I have to live with, how I

can cover my living expenses and who will be a caregiver if my health conditions deteriorate. The post-war and the baby boomer generations are found to worry most about problems with their health and functional conditions. About 31.9% of them are also concerned about economic difficulty. In summary, health and economic stability are the biggest concerns for the future elderly. The current old generation finds the solution to the two issues in their children. However, an increasing number of old people try to resolve the issues independently and their way of thinking has changed to become more independent.

The current elderly want to 'live separately from their married child' more than to 'live together', which is confirmed in an increase in the percentages of the single and couple-only families, while that of those living with children is on the decrease. Still, as for the question of who should take care of old parents, those who chose 'the eldest son' increased from 54.9% in 1998 to 57.5% in 2004 to 59.2% in 2008. It shows that despite the change in the elderly's attitude toward living with children, 'the eldest sons' are not free from the traditional social belief that the eldest son must take care of the parents.

As for the question of the desired caregiver in case of health issue, the preference has changed from children in 1994, spouse in 2004, and nursing facilities and hospitals in 2008. But when we looked at the actual caregivers for those who suffered from health problems, the highest percentage of the elderly relied on children. Next, as for the question of who should provide funds to cover living expenses, those who chose 'children and family' significantly decreased from

33.5% in 1998 to 18.7% in 2004 and 11.8% in 2008, but those who selected 'government and society' jumped from 22.4% in 1994 to 26.2% in 1998 and to 40.8% in 2004. In 2008, however, the rate of the elderly that selected 'government and society' slightly dropped (5.9%) and that of those who chose 'the old themselves have to prepare)' sharply increased (12.8%). Still, more than 50% of the respondents depend on privately transferred income as their major income source, confirming that they still highly relied on their children. In summary, even though the current old generation psychologically wanted to be independent, in reality, they still turn to their children to a great extent.

This change in the elderly's mentality is also witnessed in the potential old generation. They believe that they have to secure financial resources independently, from spouses and the social insurance system, and want to receive care from spouses or external facilities and not from children in case of health problems.

In the future, a higher percentage of the old will be able to be independent. The care of ailing old people will be largely covered by the Long-term Care Insurance System and the National Health Insurance System, and no severe burden will be put on the children's generation. However, as we discussed before, a large percentage of the post-war and the baby boomer generations will likely be poor as they will not receive much support from their children and will be forced to independently take care of financial needs.

2. Direction for the Welfare Policies for the Elderly

The elderly population has continued to change. Although a 2004 research showed that younger generations' images of the elderly were weak, opinionated and financially dependent (Jung Kyung-hee et al, 2004), our 14-year studies show that they have transformed and shown more diverse characteristics. Their financial stability, health conditions and education level all have improved. Their participation in social activities also have increased, and their view of the life of the aged has changed, too. In other words, the old generation is not showing common characteristics, but rather being categorized into more diverse groups. The trend will be stronger once the post-war and the baby boomer generations join the old population. Therefore, the welfare policies for the future old generation should reflect those changed characteristics.

First, different policies need be developed based on characteristics of different groups. The old generation can be categorized into different groups based on age group (young, middle and old), education level, economic status and health conditions. The argument for the characteristics-based policy development is compelling in that the future old generation will have a more severe polarization in terms of economic status and health conditions.

Second, a focus should be made on the policy targeting the single and couple-only families. Dramatic change is being made in the family structure of the old generation. In the past, many parents lived with their children and they naturally received emotional, financial and physical care

from them, but many old people can no longer expect such care as an increasing number of old families comprise single old people or old couples only. Therefore, dedicated policies for single elderly families, which do not receive much attention, have to be developed to support this group. The current welfare policies for the old focus on poor single elderly families, but the percentage of single old families is increasing, and more universal services need be prepared and be available for all of them.

Third, policies designed to address a deepening economic gap should be developed. Economic needs of the elderly will be more covered by themselves and social pension schemes, lowering the burden on child generation. However, those who cannot be financially independent will become more poor. Especially for the post-war and the baby boomer generations, those who fail to secure enough income sources for the future will suffer from economic difficulties. In this sense, policies have to be developed to prevent them from falling into the poor group. The most impending are measures to help those who cannot pay premiums for the national pension fund and measures to encourage them to save money for the future (interest rate incentive for savings by the poor). The government can also consider the option that it finances a part of the national pension fund in an effort to encourage poor people to subscribe to and pay premiums for the fund.

Fourth, the government is also required to develop policies to resolve gaps in health conditions of the elderly. To prevent inequality in the health status of the elderly, as observed in the advanced countries of the West, from

setting in the Korean society, the government should extend more support for physical checkup of the elderly, home care service through the Long-term Care Insurance System and free health promotion programs for those with chronic diseases such as high blood pressure, diabetes and stroke so that the elderly can control their health conditions regardless of their economic capabilities. In addition, medical services for the socio-economically underprivileged including support for the purchase of hearing and chewing aids will have to be put in place.

Fifth, the labor market structure should be changed to let more old people have the opportunities to work. Although those with higher education level and values will constitute the old generation, the current labor market dictated by the age of employees cannot actively utilize this good resource pool. Therefore, to allow more active involvement of the elderly, the wage system, working conditions and available work types have to be changed. Activated engagement by the old working force will contribute to resolving the expected poverty of the old.

Last, the future old population will more actively participate in social and leisure activities. Therefore, along with policies to guarantee better health and economic status, other policies need to be prepared to allow them to become involved in more diverse cultural leisure activities. To do so, the government should encourage more diverse social resources, especially private resources to step in. In addition, policy support is needed to encourage elderly-friendly industries to more actively engage in leisure and cultural industries for the old.