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South Korea

Parental leave social benefits enhanced to further incentivize co-parenting

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On 31 December 2023, in a press release, the Ministry of Employment and Labor announced changes coming into effect in 2024 (고용노동부, 2024년부터 이렇게 달라집니다). The changes included enhancements to parental leave benefits aimed at further incentivizing co-parenting.

Specifically, starting 1 January 2024, a new "6+6 System" applies if both parents take leave when their child(ren) is under the age of 18 months, instead of the previous "3+3 System" that applied in 2023. Meaning, parents will receive social employment insurance benefits equal to their regular pay (up to a ceiling) for six months, instead of previously three months (among other enhancements).

The measure is to address the government's low birth rate strategy – Creating a social environment where marriage, childbirth, co-parenting and the shared-care culture are incentivized (결혼· 출산· 양육이 행복한 선택이 될 수 있는 사회 환경 조성). The strategy was announced by the Presidential Committee on Low Birth Rate and Aging Society on 28 March 2023.

For employers, the enhanced incentives are likely to translate into increased use of parental leave by both male and female employees.

The changes were introduced by an Enforcement Decree amending the Employment Insurance Act, namely, <u>Presidential Decree No. 34048, of 26 December 2023</u>.

Parental leave system

Parents are each entitled to one year of non-transferable basic parental leave. Employers are not required to pay wages during parental leave. However, eligible parents are entitled to benefits paid by social Employment Insurance (EI) during their leave. When an employee with a child under the age of eight years (or up to the second year in primary school) takes parental leave, 80% of their pay (up to KRW 1.5 million per month) is paid for up to one year, including during the first three months.

The 3+3 parental leave system

Under the previous 3+3 System, when parents took parental leave at the same time or sequentially for a child under the age of 12 months, each parent's EI benefit was increased during the first three months from ordinarily 80% under the basic parental leave system, to 100% of pay up to a ceiling that gradually increased with each additional month of leave drawn simultaneously by both parents. These ceilings were KRW 2 million for first month, KRW 2.5 million for the second month, and KRW 3 million for the third month.

The new 6+6 parental leave system

Under the enhanced 6+6 parental leave system, when parents use parental leave simultaneously or sequentially within 18 months of their child's birth, the amount of parental leave benefits paid to each parent is increased for the first 6 months, and the upper limit is also gradually increased.

The Enforcement Decree partially amending the Employment Insurance Act increased EI benefits for the first six months if both parents take parental leave for more than three months, providing each parent with 100% of pay for the first six months, up to a ceiling that gradually increases (in KRW 500,000 increments per month), from KRW 2 million for the first month to KRW 4.5 million per month for the sixth month.

Underlying legislation

Enforcement Decree of the Employment Insurance Act [Enforced January 1, 2024] [Presidential Decree No. 34048, of 26 December 2023, partially revised] (고용보험법 시행령 [시행 2024. 1. 1.] [대통령령 제34048호, 2023. 12, 26., 일부개정])).

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