

Employee benefits under Korean Law



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In Korea, the Labor Standards Act is the principal law governing matters relating to employer-employee relationships. It generally applies stricter standards on companies that employ five or more employees, but is more lenient on companies having less than five employees. We have outlined the general provisions pertaining to employee benefits that would apply to both types of companies below.

Leave

All companies are required to provide three months of maternity leave for their female employees and a minimum of three paid days and two non-paid days of paternity leave (to be taken at or around the time of birth) for their male employees.

Companies that employ five or more people are required to provide their employees with paid vacation days. During the first year of employment, an employee is entitled to a minimum of one paid vacation day for each month of perfect attendance. Thereafter, if the employee has been in attendance at the workplace for at least 80 percent of his/her previous year of employment, he/she is entitled to 15 paid vacation days per year (if the employee was in attendance at the workplace for less than 80 percent of his/her previous year of employment, then he/she would be entitled to a minimum of one paid vacation day for each month of perfect attendance). Thereafter, the annual paid leave of the employee increases at the rate of one day for every two-year period of employment, subject to a cap of 25 paid vacation days per year.

Social insurance

Regardless of the number of employees that the company may have, there are four types of 'social insurance' that it is required to subscribe to on behalf of, and for the benefit of, its employees:

- (i) national pension;
- (ii) unemployment insurance;
- (iii) worker's compensation for industrial accidents; and
- (iv) national health insurance.

Severance pay

Further, when an employee leaves employment (voluntarily or otherwise) after having been continuously employed for one or

more years, the employer must pay the employee severance pay in an amount equal to or exceeding 30 days' average salary calculated as follows: one third of the total salary paid for the three months immediately preceding the termination date multiplied by the number of consecutive years of employment preceding termination.

Fringe benefits

In addition to the foregoing benefits that are required by law, the company may choose to provide its employees with additional days of leave for illness. Also, the following are some fringe benefits that are customarily offered to employees at an employer's discretion (the monetary gift figures and the days of paid leave set forth below are for reference only and will vary in the discretion of the company).

- Employee's marriage: KRW 300,000 + 5 days paid leave
- Child's marriage: KRW 100,000 + 1 day paid leave
- Parents' or spouse's parents' 60th birthday: KRW 100,000 + 1 day paid leave
- Birth of child: KRW 200,000 + 3 days paid leave
- Sibling's marriage: KRW 50,000 + 1 days paid leave
- Death of employee: KRW 1,000,000
- Death of spouse: KRW 300,000 + 5 days paid leave
- Death of child or parent: KRW 300,000 + 5 days paid leave
- Death of spouse's parent: KRW 100,000 + 3 days paid leave
- Death of sibling: KRW 100,000 + 3 days paid leave
- Death of grandparent or spouse's grandparent: KRW 50,000 + 1 day paid leave

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