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As the age for National Pension eligibility rises, creating an income gap, many older people typically offset this by increasing their labor earnings, studies suggest. Those facing a pension gap tend to increase earnings without an accompanying rise in poverty or reduction in consumption. However, households with excessive medical expenses struggle to fully offset the reduced pension, as increased labor income doesn't completely make up for the pension shortfall. Given the ongoing upward trajectory of the pensionable age, meticulous monitoring of elderly employment trends and bolstering support for prolonged employment are of paramount importance. For immediate relief, older households, constricted by caregiving obligations and facing labor supply limitations, require further reinforcement through targeted support programs.

Addressing the Prolonged Pension Gap

Dohun Kim, Fellow at KDI



I. Introduction

Increasing the National Pension eligibility age can bolster the fund's financial viability. However, without adequate income supplementation during the pension gap, this change may potentially escalate poverty rates and diminish the quality of life among older individuals.

To ensure the financial viability of the National Pension Fund, the government has implemented a progressive increase in the pension eligibility age, increasing it by one year every five years from 2013 to 2033. This change entails a shift from the previous age of 60 to the new threshold of 65, as stipulated in the 1998 National Pension Reform. In contrast, the statutory retirement age has remained unchanged at 60 since 2016, while the average retirement age for primary jobs has generally fallen within the early to mid-50s range. Given the increasing distance between pension eligibility age and retirement age, the period of pension gap is extending. Despite this, recent deliberations are on further raising the eligibility age as a means of pension reform, aiming to bolster the sustainability of national pensions. The OECD, in particular, has recommended a gradual increase in the eligibility age from 65 to 67, extending beyond the year 2035 (OECD, 2022). While such a measure has the potential to enhance the financial sustainability of pension financing, it also carries the risk of exacerbating poverty rates and diminishing the quality of life for elderly individuals during income crevasse.

This study investigates the response of older adults to an extended pension gap resulting from an increased pensionable age. As pension income is reduced, older adults tend to lower their income and consumption levels. However, if they can supplement the decrease in pension income with alternative sources of income, they may be able to sustain their income and consumption levels. The findings indicate that households with a primary earner born in 1957, who are subject to the raised pension age (from 61 to 62), experience a decline in pension income at age 61, compared to those born in 1956. Nonetheless, they were able to compensate for this reduction and maintain their consumption patterns by augmenting their earnings. However, those burdened by a significant share of healthcare expenses are unable to sufficiently increase their labor income. As the pensionable age persistently rises, the pension gap will likely broaden, affecting even older age groups; already, some households cannot fully compensate for the decrease in pension income. Therefore, it is imperative to identify strategies to address the prolonged pension gap over various time periods.

Based on Kim, Dohun, *The Impact of Increase in Pension Age on Employment, Income and Consumption*, Korea Development Institute, 2022 (forthcoming) (in Korean).

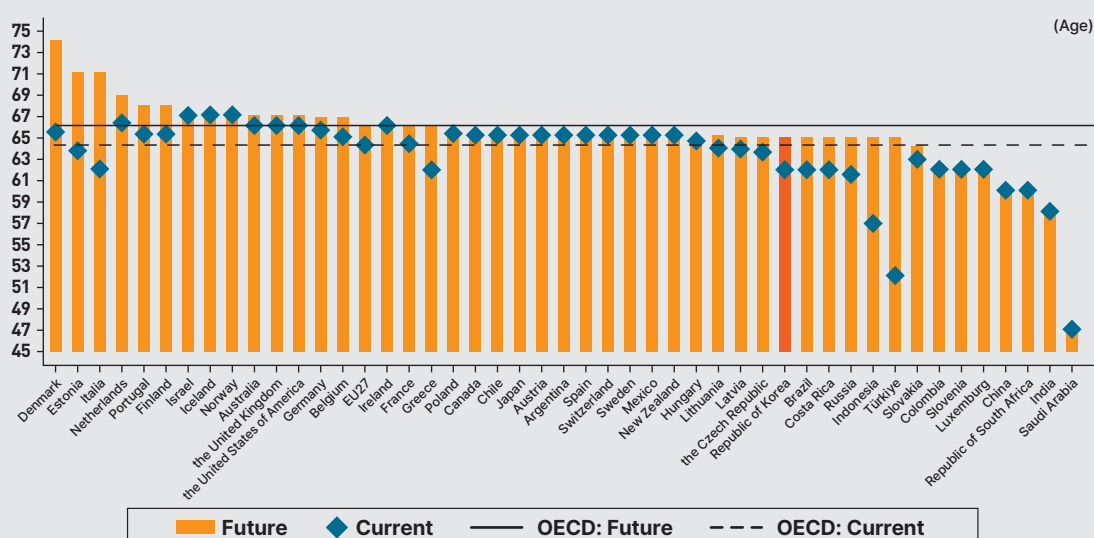
II. Raising the Pensionable Age

The goal of raising the pensionable age is twofold: to reduce long-term pension benefit expenditures by postponing the commencement of pension benefits, and to encourage labor market participation among the elderly.

The financial soundness of pension funds is weakening on the rising life expectancy and the growing proportion of elderly individuals within populations. To address this issue, major countries have implemented policies aimed at delaying retirement and incentivizing continued participation in the workforce. One of the key strategies employed is raising the minimum age for accessing pension benefits. This approach aims not only to reduce long-term pension expenditures by putting off the initial age for accessing pension benefits but also to foster greater labor market participation among older individuals during the pension gap period. This, in turn, could help decrease dependence on social welfare systems and boost earned income tax revenue.

Countries facing population aging earlier than Korea have taken gradual measures to increase the pensionable age, aiming to enhance fiscal sustainability. As shown in Figure 1, the average pensionable age among OECD countries reached 64.2 years in 2020, surpassing Korea's current age of 62. Among the highest-income OECD member countries, sixteen have already set a pensionable age of 65 or higher, or are deliberating further increases. Additionally, five of these countries have implemented automatic stabilizers that automatically adjust the starting age of pension benefits in accordance with changes in life expectancy. For instance, Denmark intends to raise its pensionable age from 68 to 74 between 2030 and 2060, aligning it with projected increases in life expectancy.

Figure 1. Pensionable Age in Major Countries



Source: OECD, *Pensions at a Glance 2021*, 2021.

Raising the pensionable age has the potential to positively impact the labor force participation rate of older individuals, thereby enhancing fiscal sustainability. However, it is important to acknowledge the potential drawbacks, such as increased poverty rates and diminished quality of life for this generation. An example of this can be observed in the UK, where the pensionable age was raised from 65 to 66. While the labor income of those turning 65 was higher compared to previous generations, the increased income failed to fully compensate for the reduction in their pension income. Consequently, the poverty rate increased by 14%p, with particularly significant rises among vulnerable groups such as low-educated households, single-person households, and renters (Cribb and O'Brien, 2022). In Australia, individuals with poorer health and lower lifetime earnings tended to rely relatively more on social programs, such as disability pensions and unemployment benefits, during the pension gap period, rather than increasing their labor force participation (Staubli and Zweimüller, 2013). These findings suggest that the income effects of raising the pensionable age may vary depending on household characteristics such as health, education, and housing tenure type.

Korea is currently confronted with a significant disparity between the pensionable age and retirement age among its middle-aged and senior population, along with an extended period of pension absence characterized by a lack of stable income in retirement. The initial pension reform in 1998 introduced a gradual increase in the pensionable age, raising it by one year every five years from 2013 to 2035, ultimately reaching 65. Individuals born before 1953 are eligible for national pension at age 60, those born between 1953 and 1956 at 61, those born between 1957 and 1960 at 62, those born between 1961 and 1964 at 63, those born between 1965 and 1968 at 64, and those born after 1969 at 65, without any reduction in benefits (Table 1). However, the legally mandated minimum retirement age has remained fixed at 60 since 2016, resulting in a widening gap between retirement age and the pensionable age. Moreover, Korea experiences a high rate of involuntary early retirement before the designated retirement age, thereby extending the period of vulnerability to income insecurity. While many older adults engage in transitional employment following their primary career, these positions often entail temporary or casual work with limited income and job stability. Consequently, as the duration of the pension gap lengthens, the likelihood of insufficient or unstable earned income rises. Thus, it is imperative to analyze the impact of increasing the pensionable age on income and consumption and to assess the necessity of government intervention in response to these challenges.

Table 1. Pensionable Age Increases in Korea

Year of birth	Before 1952	1953~1956	1957~1960	1961~1964	1965~1968	After 1969
Pensionable age for old-age pension	60	61	62	63	64	65
Pensionable age for early pension	55	56	57	58	59	60
Effective form		2013	2018	2023	2028	2033

III. Effects of Increased Pensionable Age on Household Income and Expenditure

To assess the implications of raising the pensionable age, this section employs data from the Survey of Household Finances and Living Conditions to examine the disparities in household income and expenditures among heads of households born in 1956 and 1957 when they reach the age of 61. Given that the eligibility age for the Old-age Pension has been raised from 61 to 62 for individuals born after 1957, there is a noticeable decline in both the average rate and amount of pension receipts at age 61 for those born in 1957, compared to their counterparts born in 1956.

Figure 2 illustrates a significant decrease in the household-level recipient rates and amounts of public pension benefits for households with heads born in 1957, who are subject to the increased pensionable age of 62. This decline is particularly prominent during the period when the household head reaches the age of 61, in comparison to those born in the years 1955-56.^{1) 2)} Consequently, the subsequent empirical analysis compares the income and expenditure of households with heads born in 1956 and

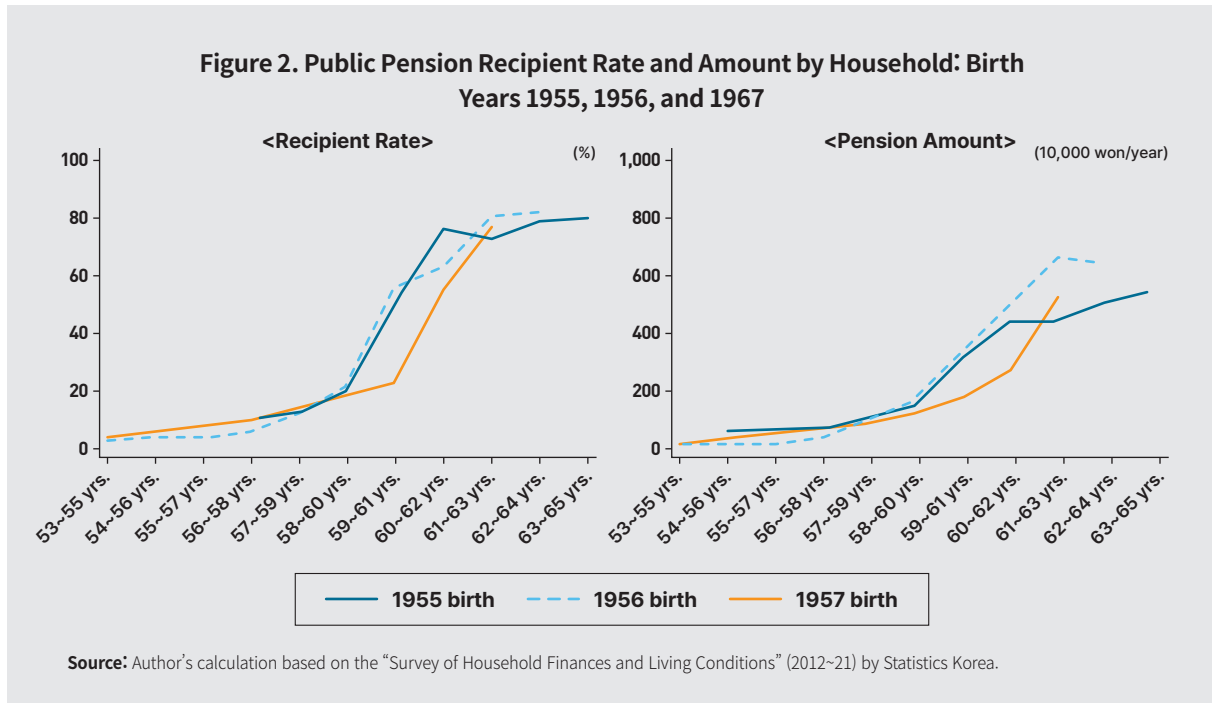
1) The Survey of Household Finances and Living Conditions was conducted at the end of March, but its data on household income and consumption are as of the preceding year. In other words, for households surveyed at age x , the income and consumption from the previous year are determined by aggregating all values for the period between ages $x-2$ and x . This method is reflected in Figure 3, where the public pension recipient rate and amount from the previous year at age x derive from values spanning from ages $x-2$ to x . However, given that the proportion of income and consumption at age $x-1$ is higher than others, the regression analysis utilizes values of income and consumption from the previous year, surveyed at age $x+1$, to represent the income and consumption at age x .

2) In analyzing the impact of the increased pensionable age on income and household expenditure, the author employed cohort-discontinuity, which compares the dependent variable at each age for individuals born in 1956 and 1957. The following presents the applied formula.

$$y_{it} = \sum_a 1(\text{Age}_i = a)(\lambda_a + \alpha_a \times 1957 \text{ birth}_i) + \beta X_{it} + \lambda_i + \epsilon_{it}$$

The dependent variable " y_{it} " represents income and household expenditure of male-headed households. Variable " λ_a " indicates the age effect, while " X_{it} " is a dummy variable for final education level (ranging from elementary to graduate school), marital status, number of household members, and household characteristics. It also encompasses macroeconomic factors like capital and non-capital unemployment rates that may affect income and household expenditure. The variable " D " signifies the effect of increased pensionable age, represented by the difference in the dependent variable between those born in 1957 and 1956. This study primarily concentrates on the findings specific to the age of 61.

1957 around the age of 61 (based on a cohort-discontinuity design) to measure the impact of the raised pensionable age on household income and expenditure.³⁾



1. Effects on Household Income

In response to the extended pension gap, pensioners supplemented their income through work. Consequently, no significant changes were observed in either the average household income or poverty rates.

In response to the extended period without a pension, older individuals predominantly opt to bolster their labor income. As indicated in Table 2, households with a head born in 1957 experience a reduction in public pension benefits amounting to 2.33 million won at the age of 61, compared to their 1956-born counterparts. However, their labor income shows an increase of 5.13 million won, fully compensating for the decline in public pension income. Consequently, the decrease in disposable income, encompassing market income (including labor, business, and property income) and transfer income (including public and private transfers), is estimated to be 880,000 won, which is not

3) The implementation of the retirement age extension in 2016, initially targeting companies with 300 or more employees, impacted individuals born after 1957 who were employed in these specific companies, where the pre-extension retirement age was set at 59. However, given the limited number of firms with a retirement age of 59 prior to the extension, Han (2019) conducted a comparative analysis between the 1957-born generation and the 1958-born generation. In this study (Kim, 2022), to distinguish the impact of the retirement age extension from the effect of the starting age of pension benefits, the author employed a regression analysis, comparing individuals born in 1957 and 1958 who were subject to the same pensionable age but different retirement ages. The results revealed no discernible effect of increased earnings.

statistically significant.^{4) 5)}

The analysis does not reveal a noteworthy rise in other forms of public transfer income, such as disability and unemployment allowance, or private pension benefits resulting from the increase in the pensionable age. This differs from the situation observed in Australia, where unemployment and disability benefits exhibited an upward trend during the pension gap period. Given that Korea has progressively enhanced tax benefits for private pensions, potential utilization of private pensions to bridge the pension gap was checked, but no significant increase in private pension receipt was observed.

Table 2. Effects of the Raised Pensionable Age on Annual Average Household Income

(10,000 won)

Variables	Disposable income	Labor income	Business income	Property income	
				Total	Private pension, etc.
1957 birth ×61 yrs.	-88 (179)	513*** (180)	-155 (141)	-124* (72)	0.4 (12)
NOBS	2,986	2,986	2,986	2,986	2,986
Variables	Public transfer income				Private transfer income
	Total	Public pension	Disability allowance	Unemployment allowance, etc.	
1957 birth ×61 yrs.	-213*** (53)	-223*** (51)	2 (3)	13 (18)	12 (12)
NOBS	2,986	2,986	2,986	2,986	2,986

Note: 1) Figures in parenthesis are heteroskedasticity-robust standard errors, *** and * indicate significance at the 1% and 10% levels, respectively.

2) This table uses the following control variables: age dummy, education dummy, marital status dummy, capital area residence dummy, number of household member dummy, and 30-59 year old unemployment rate by capital and non-capital areas.

3) Values are rounded to the nearest whole number.

Source: Statistics Korea, "Survey of Household Finances and Living Conditions," 2012~21.

Table 3. Poverty Rate at the Household Level

(10,000 won)

Variable	Absolute poverty rate	Relative poverty rate
1957 birth ×61 yrs.	-0.019 (0.015)	-0.029 (0.019)
NOBS	2,986	2,986

Note: Figures in parenthesis are heteroskedasticity-robust standard errors

Source: Statistics Korea, "Survey of Household Finances and Living Conditions," 2012~21.

4) To account for potential cohort effects in all analyses, the author conducted additional placebo tests by comparing individuals born in 1954 and 1955, as well as those born in 1955 and 1956. These groups shared the same starting age for the National Pension benefit. The results revealed no discernible effect of increased earnings.

5) To differentiate between generational effects in all analyses, the author employed placebo effects by comparing individuals born in 1954 and 1955, as well as those born in 1955 and 1956, who initiated the receipt of national pension benefits at the same age. The findings indicate no discernible impact of increased earnings.

While, on average, the increase in labor income appears to sufficiently compensate for the reduction in pension income, it may not be enough for individuals in the low-income bracket. This suggests the possibility of an exacerbation in poverty indicators. To examine this further, another analysis was conducted to assess the impact of raising the pensionable age on the poverty rate. According to the findings, there was no deterioration in both the relative and absolute poverty rates at age 61 for heads of households born in 1957, in comparison to those at age 61 for heads of households born in 1956 (Table 3). This can likely be attributed to the fact that national pension benefits do not currently constitute a substantial portion of household income in Korea where individuals are responding to this gap by increasing their earned income. This distinguishes Korea's situation from that of the UK, where an increase in poverty rates was observed due to similar pension reforms.

The increase in pensionable age has not significantly impacted household consumption expenditures.

2. Effects on Household Expenditures

The analysis reveals that the increase in the pensionable age did not lead to a significant reduction in household expenditure, let alone their income (Table 4). While there was a decrease of 190,000 won in total annual consumption expenditure, this decline did not reach statistical significance. Furthermore, essential expenditure items such as food, housing, and medical expenses did not experience a significant decrease. This outcome can be attributed to the ability of older individuals to offset the decline in public pension income during the income crevasse period by increasing their labor income. Consequently, their disposable income did not undergo a significant decrease, enabling them to maintain their level of consumption without substantial disruptions.

Table 4. Effects of the Raised Pensionable Age on Consumption Expenditures

(10,000 won)							
Variables	Total	Food	Housing	Medical	Transportation	Communication	Miscellaneous
1957 birth ×61 yrs.	-19 (62)	-20 (22)	-3 (13)	-5 (14)	1 (12)	-3 (4)	-6 (31)
NOBS	2,348	2,348	2,348	2,348	2,348	2,348	2,348

Note: 1) Figures in parenthesis are heteroskedasticity-robust standard errors.

2) Values are rounded to the nearest whole number.

Source: Statistics Korea, "Survey of Household Finances and Living Conditions," 2012~21.

Table 5. Effects of the Raised Pensionable Age on Non-Consumption Expenditures

(10,000 won)

Variables	Total	Taxes		Public pension and social security contributions	
		Total	Income tax	Total	National Pension
1957 birth ×61 yrs.	121 (77)	73* (43)	83** (40)	37** (14)	21** (8)
NOBS	2,986	2,986	2,986	2,986	2,986

Note: 1) Figures in parenthesis are heteroskedasticity-robust standard errors, ** and * indicate significance at the 5% and 10% levels, respectively.

2) Values are rounded to the nearest whole number.

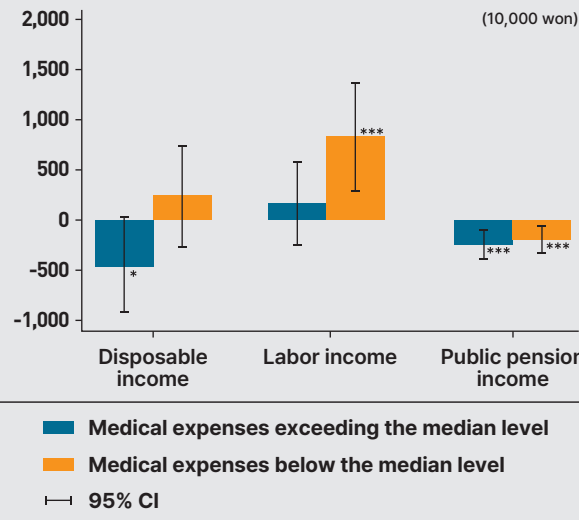
Source: Statistics Korea, "Survey of Household Finances and Living Conditions," 2012~21.

Indeed, the raised pensionable age leading to a significant increase in labor income has been observed to drive an upsurge in tax revenues and national pension fund contributions. Table 5 shows that individuals affected by the raise contributed an additional 830,000 won in income taxes and 210,000 won in pension contributions. These findings highlight that raising the pensionable age not only reduces pension benefit expenditures but also positively impacts national finances by augmenting tax revenues and national pension contributions through the higher labor income generated.

IV. Income Replacement in Households with Ill Members

The prior analysis examined how households might supplement their labor income to counteract falling pension income during the pension gap. However, it is crucial to acknowledge that this option may not be viable for households in which the health condition of the household head or other members restricts their ability to pursue flexible work arrangements. To further explore this matter, an additional analysis was conducted, classifying households according to their medical expenses as a percentage of total consumption expenditures to assess their income status.

Figure 3. Income Comparison of Households by Medical Expenses as a Percentage of Consumption Expenditures



Note: *** and * indicate significance at the 1% and 10% levels, respectively.

Source: Author's calculation based on the "Survey of Household Finances and Living Conditions" (2012~21) by Statistics Korea.

Households with medical expenses exceeding the median level struggled to counterbalance the decline in public pension income. They faced constraints in amplifying their labor income during the pension gap period.

The Survey of Household Finances and Living Conditions does not directly provide information on the health status of household members. Therefore, households were categorized based on the proportion of medical expenditures in relation to total consumption expenditures. This categorization was used to analyze the impact of the raised pensionable age on household income. Figure 3 demonstrates several key findings. First, in the case of public pensions, heads of households born in 1957 experienced a significant decline in benefits due to the increased pensionable age, regardless of their medical expenditure burden. Conversely, for labor income, households with a lower burden of medical expenses (below the median level) witnessed an increase of 8.24 million won in annual earned income compared to households with a head of household born in 1956. In contrast, households with a higher burden of medical expenses (above the median level) experienced only a marginal labor income increase of 1.56 million won.⁶⁾

To recap, households with a higher proportion of medical expenses exceeding the median level were unable to fully compensate for the decrease in public pension benefits during the pension gap through increased labor income. As a result, their disposable income,

6) The difference is not even statistically significant.

encompassing property and business income, decreased by 4.44 million won. Conversely, households with a median or lower share of medical expenditures were able to adequately offset the reduction in public pension benefits by augmenting their labor income. As a result, their disposable income is estimated to have increased by 2.30 million won, although this increase is not statistically significant. These findings suggest that households in which the head of the household is ill or bears a heavy burden of caring for an ailing family member may face challenges in supplementing their pension income due to limited labor market participation.^{7) 8)}

V. Conclusion and Policy Implications

Generations impacted by the elevated pensionable age have navigated the pension gap by boosting their labor earnings, compared to unaffected cohorts. Consequently, no alterations were observed in their poverty rate or consumption expenditures.

The comparison of income and consumption expenditure at age 61 reveals a significant difference between the 1957 birth cohort, when the pensionable age was raised to 62, and the 1956 cohort, when the pensionable age remained at 61. The data suggests that pensioners bridged the pension gap created by the increased pensionable age through enhanced earnings. In other words, no increase in the poverty rate or decrease in consumption was observed during this period. However, as the pensionable age is expected to increase to 65 in the future, subsequent generations will encounter a pension gap until the age of 64. Given that physical capabilities tend to decline with age and the likelihood of reemployment in the labor market diminishes, the longer the pension gap persists, the less feasible it becomes for pensioners to compensate for the gap by increasing their earning (Lee,

7) This analysis is constrained by the omission of direct health indicators owing to limitations in survey data. Future investigations should incorporate direct health indicators to facilitate a more comprehensive analysis.

8) Previous studies (Choi, 2017; Kim, 2020) found no increase in labor supply when the pensionable age was raised from 60 to 61. However, this study reveals a contrasting outcome, indicating an observed increase in labor income when the pension age was elevated from 61 to 62. This discrepancy may be attributed to the diminished expectation of old-age wealth associated with the further increase in the pensionable age, thereby fostering a heightened motivation for individuals to actively participate in the labor market.

Continual monitoring of employment trends among the elderly, alongside the enhancement of employment extension support and reemployment services for middle-aged and senior populations, is crucial given the anticipated future extension of the pension gap.

The promotion of a phased retirement system, linked to a partial pension scheme, is essential for encouraging long-term employment.

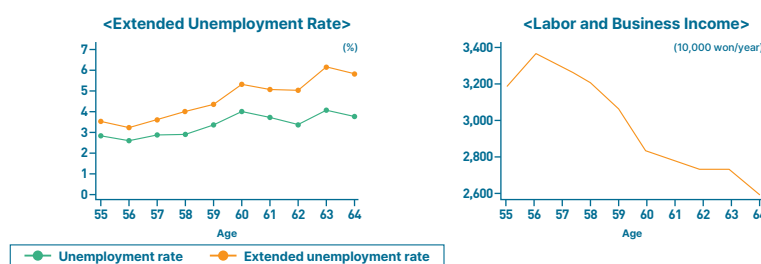
2010; Baek, 2012).⁹⁾ Therefore, it is crucial to continuously monitor the employment patterns of older individuals in the future, in order to closely observe the dynamics of the pension gap.

Discussions regarding further increases in the pensionable age are taking place as a means to enhance fiscal sustainability. The OECD has recommended an increase to 67, which would result in an even lengthier pension gap. Additionally, considering that the average retirement age from primary employment in Korea is in the early 50s, the period without a stable income after retirement can become protracted. Consequently, it is imperative to actively promote employment extension through the restructuring of job-oriented wage systems. Reemployment support services, tailored to the evolving industrial landscape and the characteristics of the middle-aged and older population, are necessary to facilitate secure and rewarding bridge jobs post-primary employment.

A partial pension scheme could aid older adults with fluctuating earnings until they reach pensionable age, offering early access to a fraction of their basic pension to help balance their income while transitioning to retirement or bridge jobs. By allowing workers to adjust their working hours according to their physical abilities and preferences during the latter stages of their career, the scheme discourages early retirement and promotes continued participation in the labor market until reaching the pensionable age.¹⁰⁾ It can also offer benefits to companies as well. It can lessen labor cost burden, particularly during

9) As individuals age, the extended unemployment rate, encompassing the economically inactive population seeking jobs, rises while households face declining earned and business income. Consequently, the lengthened pension gap in later stages of life may undermine their ability to counteract the reduction in income by extending their work tenure.

Attached 1. Changes in Employment Rates and Earned and Business Income by Age: Men Born 1950 to 1955



Note: 1) The expanded unemployment rate was calculated as the ratio of the sum of unemployed and discouraged workers to the sum of the economically active population plus discouraged workers (Oh & Lee, 2021).

2) Earned and business income was adjusted and normalized using the CPI (2020 as the base year = 100) and the square root of the number of individuals in the household.

Source: Author's calculation using the "Survey of Household Finances and Living Conditions" and the "Economically Active Population Survey" by Statistics Korea.

10) The impact of part-time pension systems on employment exhibits variation across different research studies. Some noted a decrease in working hours when switching from full-time to part-time employment under such systems (Phang *et al.*, 2009). However, a regression analysis conducted in Denmark indicates that the effect of extending the number of years of employment after the retirement age outweighs the impact of transitioning from full-time to part-time work; Consequently, this results in an overall upsurge in employment levels (Wadensjo, 2006).

Efforts must be made to address deficiencies in the disability pension system in order to strengthen income supplementation for individuals unable to work due to injury or illness.

economic downturns or business challenges, by providing increased management flexibility for the older workforce. A complementary component to the phased retirement system is the implementation of a partial pension system within the social insurance framework. So far, ten EU members have adopted the phased retirement system. Among them, Germany has operated the progressive retirement system in conjunction with partial pension schemes; For instance, individuals can receive early pension benefits equivalent to 1/3, 1/2, or 2/3 of the basic pension amount (Lee, 2011). Additionally, Finland increased the pensionable age in 2017 and simultaneously implemented a partial pension system, aiding older workers in prolonging their employment until qualifying for the standard old-age pension through various methods (Nivalainen *et al.*, 2021). Although Korea operates an early pension system, it proves challenging for workers seeking diverse work arrangements due to the stipulation for full, rather than partial, early pension receipt.^{11) 12)}

In the short term, it is essential to implement income support measures for households facing significant constraints on labor market participation due to their own health problems or caregiving responsibilities. Specifically, addressing the limitations of the current income security system is necessary for the vulnerable working class unable to participate in the labor market during the pension gap due to injury or illness. One important approach is to revise the medical criteria for determining disability ratings to accurately reflect the degree of reduced work capacity. The disability pension, aimed at supporting the income of National Pension-enrolled individuals unable to work due to injury or disability, is presently determined by disability grades (1-4) under the National Pension Act. However, this can result in cases where individuals who have lost their work ability are not eligible due to not meeting the current standards. These shortcomings need to be resolved

11) Labor shortages drive many SMEs to employ individuals over the age of 60, while early retirement of the middle-aged and senior workers poses a more significant challenge for large enterprises. As a result, the demand for a wage peak system, aimed at alleviating labor cost pressures due to an extended retirement age, is higher among larger companies. In 2019, approximately 54% of companies with 300 or more employees had adopted this system, compared to only about 20% of companies with fewer than 10 employees. This suggests that the implementation of a phased retirement system may have a more pronounced effect on extending working life for employees in larger companies.

12) To prevent the possible misuse of phased retirement systems for personal interests, irrespective of company circumstances, it is valuable to consider the implementation of industry-specific and company-tailored phased retirement systems through labor-management agreements. This approach, akin to the practices in Belgium, the Netherlands, and Norway, ensures that the systems are aligned with industry and company-specific factors.

Appropriate care services should be provided for elderly households facing significant caregiving burdens for sick household members.

(Park, 2020; Lee and Oh, 2020).¹³⁾

It is also crucial to provide apt care support services for older households with limited labor market involvement due to caregiving for sick members, thus addressing labor supply constraints. Specifically, by conducting a survey on the actual conditions of care support services targeting older households in their early to mid-60s facing potential pension gaps, it is necessary to evaluate the efficacy of the care services, identify system deficiencies, and devise tailored services with an appropriate scale that cater to their unique needs.¹⁴⁾ ■

13) Additionally, careful consideration must be given to the eligibility criteria of the disability pension to avoid discouraging workforce participation.

14) It is imperative to assess the efficacy of existing care support services aimed at individuals with disabilities, the elderly, and those with severe illnesses in mitigating care burdens. For instance, an investigation of the Disability Activity Support Service, which caters to households with disabilities, revealed no discernible work incentives for household members without disabilities (Kim *et al.*, 2021). Considering the substantial expansion of the service since 2019, additional analysis is warranted to gain deeper insights.

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