

Government Employees Pension

Annual Report 2017



Contents

CEO's Message	4
Major Reflections on the Year	5
Highlights of the Year	6
Our Mission and Core Business Strategy	7
1. Government Employees Pension System	9
1.1 Overview	
1.2 Brief History	
1.3 Financial Outlook	
1.4 Administrative Structure	
2. Government Employees Pension Service	23
2.1 Overview	
2.2 Business Structure	
2.3 Major Activities	
2.4 Innovation of Services in 2017	
3. Government Employees Pension Fund	35
3.1 Overview	
3.2 Fund Management Results	
4. Financial Statement	49
4.1 Consolidated Balance Statement	
4.2 Consolidated Statement of Income & Expenses	
5. Major Statistics	57

CEO's Message

「2017 Annual report of Government Employees Pension」 covers the public pension system for civil servants and its administration in the Republic of Korea.

The Government Employees Pension System (GEPS) was introduced in 1960 as the first public pension provision in Korea. The GEPS, currently operated separately from the private pensions, provides various benefit programs such as loans, housings and resort facilities for the active government employees as well as old-age, survivors and disability pensions for the retirees.

The Government Employees Pension Service (GEP Service) is a quasi-governmental entity which was established in 1982 in order to manage the GEPS effectively. The GEP Service has taken over the comprehensive management of the GEPS including pension operation, disability compensation, fund management and the other member support services. The number of pension recipients which was 2,059 when the system was founded increased to around 480,000 people. The amount of the fund increased from 549 billion won to 11 trillion won at the end of 2017.

The Government Employees Pension Fund (GEPF) was founded so as to operate the pension finance in a stable manner. Currently, it has a minimum reserve based on a pay-as-you-go plan. Nevertheless, the GEPF makes its best effort not only to achieve high profits over stability but also to extend the Social Responsible Investment.

To help ease the increasing workloads and expectation for better services for the member of the GEPS and the general public, the GEP Service has proactively pushed for intensive improvement in its management and services with the vision, 'Innovative Management with people, Happy Life Together with Members. Our new vision is also focused on creating communal values of benefitting the people and the nation from the public's perspectives.

Over the years, most countries have tried to reduce financial burden on public pension systems in the era of ageing population, low interest rates and low economic growth. There is no exception in Korea. GEP Service will try its best to make more efficient management of the system guaranteeing social protection for the present & the future government employees.

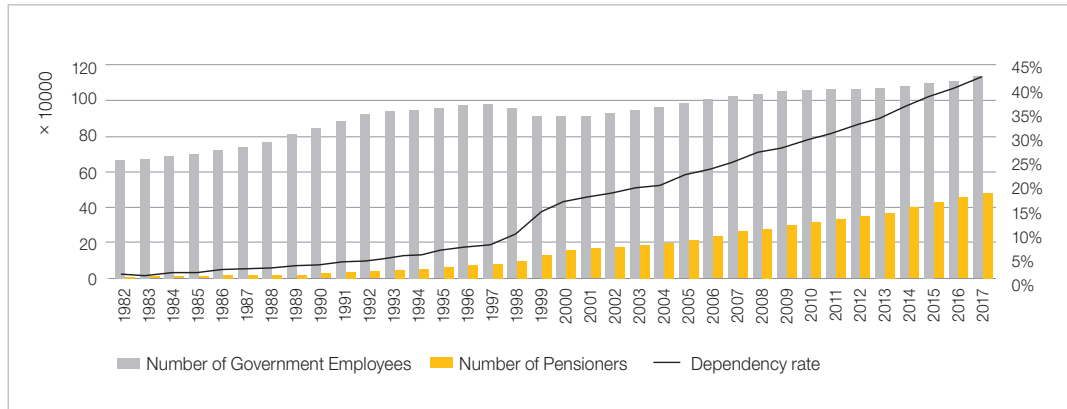
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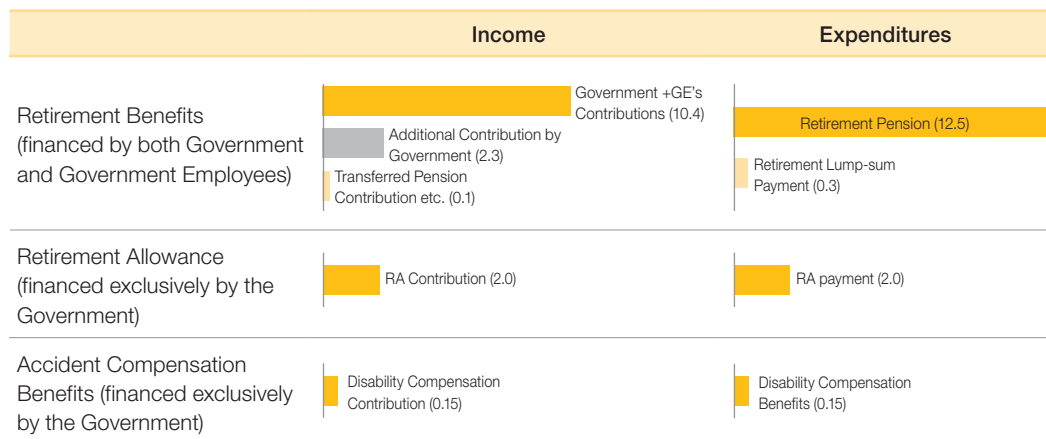
Nam-Joon Chung
Chairman & CEO

Major Reflections on the Year

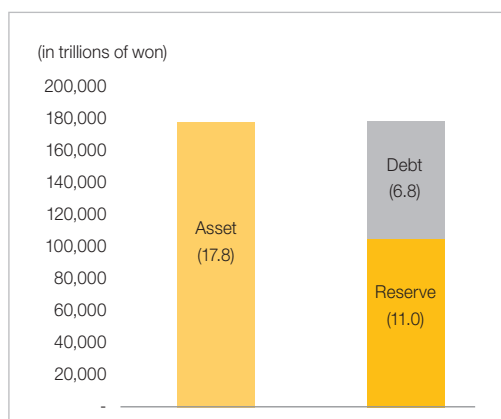
■ Past Flow of Government Employees and Pension Recipients



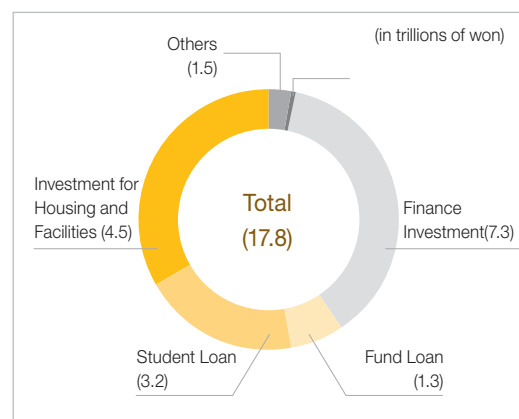
■ Financing Structure of the Government Employees Pension(in trillions of won)



■ Financial Status in 2017



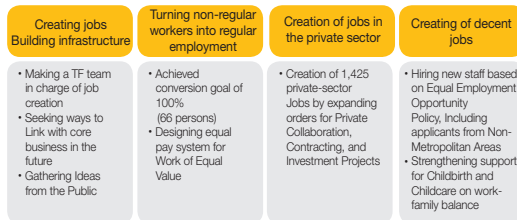
■ Asset Allocation in 2017



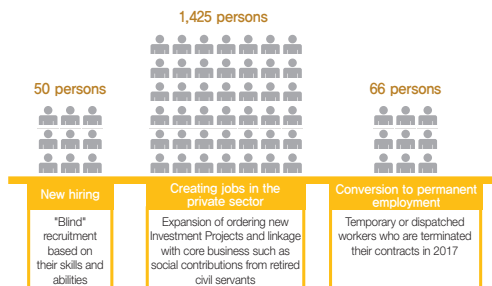
Highlights of the Year

■ Creating & sharing better jobs without any disadvantage on the status of employment

Leading social value by creating Jobs as a part of the corporate strategy altogether



Providing better jobs for 1,541 candidates



■ Providing a Comprehensive Injury compensation Service

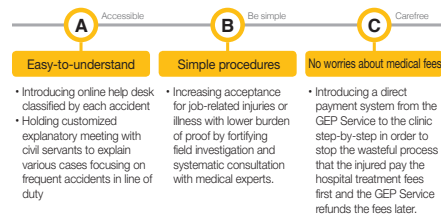
Establishment of a comprehensive Injury Compensation System

By enacting the Civil Servants' Injury Compensation Act, a systematic compensation will be enhanced for injured or disabled active members in line of duty containing supports for accident prevention, compensation, rehabilitation and going back to work. The new act has also expanded the coverage of compensation not only for regular staff but also for non-regular workers in the government agencies in order to narrow the gap in working status.

Support for injured civil servants in line of duty going back to work after the Professional Rehabilitation Service



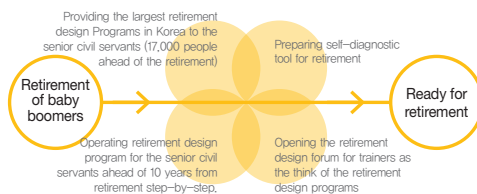
Making the patients concentrate on recovery only with the ABC system



■ Extending pre/pro-retirement training programs

Retirement program to prepare for a healthy and worthwhile old age

Six parts of life design: change management / finance / health / work & leisure / housing / interpersonal relationships



Support for retired civil servants joining social participation activities which was counted up to 30,000 times in a year



Support for the retired civil servants to make their lives healthy and active by linking them to various social participation activities in which they could contribute their expertise in the fields such as education, safety and administration after making the pooling system of talented retirees

■ Enhancing correctness & transparency of pension administration

Introduction of Internal Checking System for better pension administration

The ICS enables staff in charge to find out factors interfering a correct and prompt daily tasks. The ICS has expanded not only to pension-administration but also to the whole area of the GEP Service including financing, housing, and financial assets management.



Extending the coverage of the Government Employees Pension System (GEPS) to the part-timers in civil service

In order to resolve the issue of disadvantage against part-time civil servants who were excluded from the GEPS, the GEP Service played a leading role to make a lawmakers-introduced bill containing the part-time civil servants as the new members of the GEPS, which could contribute to establish a better job environment in civil service.

Promoting inter-relations through overseas

Singing the MOU with the Off-budgetary Pension Fund in Uzbekistan to promote bilateral Exchanges in the area of pension management and construction of IT infrastructure, etc.

Inviting the PT Taspen of Indonesia in order to exchange the way to provide better services for the members in each country, based on the MOU which were signed in 2017.

Our Mission and Core Business Strategy

■ Mission · Vision

As specified in article 1 of the Government Employees Pension Act, the mission of the GEP Service is “to contribute to the stabilization of livelihood and enhancement of the welfare of civil servants by providing payment of pension benefits and injury compensation.” In addition, it presents the direction of its business promotion with the vision, “Innovative Management with People, Happy Life Together with Members.” Since the current CEO took office in 2018, a new strategic system was re-established through forming a taskforce team on setting up a strategy and putting together ideas from staff to achieve the objective of establishment of GEP Service and to proactively cope with the constantly changing environment. Moreover, the GEP Service established strategic goals, tasks, and detailed promotion plans in order to strengthen the link between the objective of establishment, value system, and mid/long-term management strategy, and to maximize executive ability and efficiently allocated management resources through the restructuring of organization and reassignment of human resource.

■ Our Mission, Vision, Strategic Target & Core values

Mission	Providing sufficient pension service to both the incumbent and the retired civil servants as well as making them devote to the public and social contribution			
Vision	Innovative Management with People, Happy Life Together with Members			
Strategic Target	Providing better member support programs	Pursuing Social Values	Operating sound pension service	Leading and managing innovation
Core Values	Social Consensus	Pride in Civil Servants	Innovation	

Members of the Board

(2018)



Nam-Joon Chung
/ Chairman & CEO

- Vice Minister of Public Administration and Security
- Assistant Minister, Headquarters for Government Innovation MOGAHA
- Vice Mayor of Kwangju Metropolitan City



Cheon Woo Kim
/ Executive Auditor

- Administration Committee Member of Jeju Special Self-Governing Provincial Council Autonomy
- Head of Export Promotion Division of Jeju Special Self-Governing Province



Ji Hun Lee
/ Executive Director for Planning & Management

- Secretary to the President for Personnel Affairs
- Vice Mayor of Ulsan Metropolitan City
- Director General of Personnel Management in MOSPA



Jin Ho Song
/ Executive Director for Pension Operations

- Head of Strategy and Planning DPT,
- Head of Pension Operation DPT in GEP Service
- Head of Daejeon Branch Office



Jeong Hoon Oh
/ Executive Director for Welfare

- Vice Chairman of Policy Committee in the Democratic Party of Korea
- Research Fellow of Research Institute for Regional Government & Economy of Korea



Jun Lee
/ Executive Director for Customer Service

- Head of Strategy and Planning DPT,
- Head of Management Support DPT in GEP Service
- Head of Jun-Buk Branch Office

1. Government Employees Pension System

1.1 Overview

1.2 Brief History

1.3 Financial Outlook

1.4 Administrative Structure

1.1 Overview

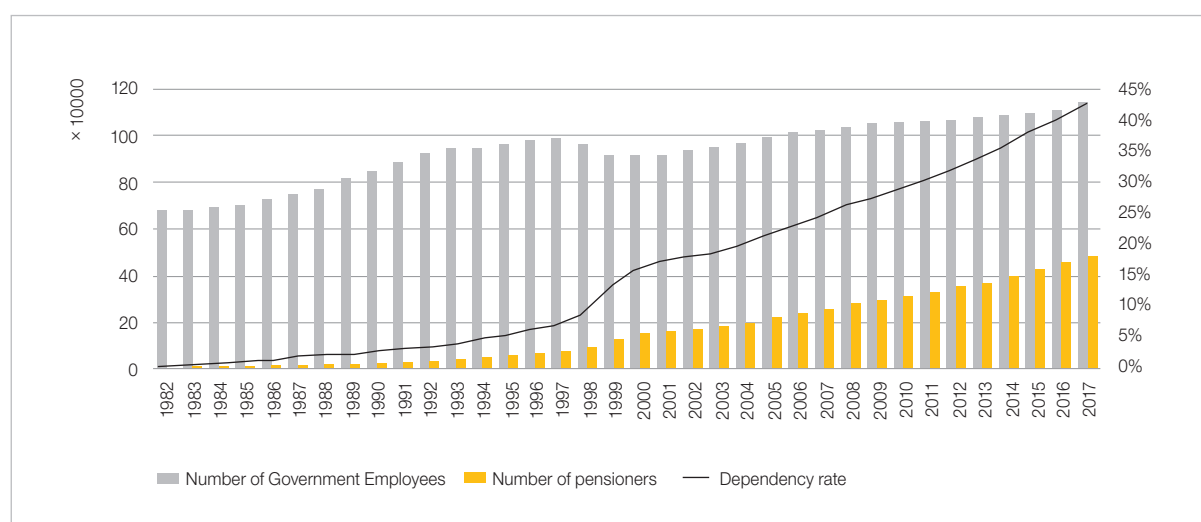
The Government Employees Pension System (GEPS) was introduced in 1960 as the first public pension system in Korea. The Military Personnel Pension System was separated from the GEPS in 1963, while the Private School Teachers Pension System and the National Pension System was established in 1975 and 1988 respectively. The aim of the GEPS is to guarantee social protection for civil servants and their survivors by providing comprehensive benefits such as retirement (old-age), survivors and disability pensions or lump-sum payments. The GEPS is also a special pension system that reflects the career-based system characteristic of the Korean civil service. The GEPS has thus played a significant role in Government policy related to personnel management by making public service attractive to potential and new employees and incentivized existing employees, thus improving retention against opportunities in the private sector.

■ Coverage and Contributions

The GEPS is a unique civil service pension program in Korea as it includes all civil servants who are employed both in central and in local governments such as public school teachers, police officers, fire fighters, judges, and prosecutors as well as general civil servants. The only group excluded from the GEPS are civil servants appointed by election.

As of the end of 2017, the number of the participants of the GEPS was 1,599,852 in total with 1,120,458 active employees in service and 479,394 pensioners (including 14,724 deferred members). Current estimations suggest the rate of pension expenditures as a share of GDP will increase continuously until the late 2040s. The growing number of pensioners is attributed to the increasing life expectancy in Korea.

Past Flow of Government Employees and Pensioners



The GEPS provides both contributory benefits and noncontributory benefits. Contributory benefits such as retirement pension and survivors' pension are disbursed from contributions of both the government and government employees. The contribution rates in 2016 were at 16.0% and, by 2020, this is set to increase to 18.0% (9% of Government and 9% of GEs). Since 2001, contributory benefits have partly relied on subsidies by the government to the amount of any annual deficit. Noncontributory benefits on the other hand, such as Disability Benefits and Retirement Allowance are allocated from the central and local government budget.

■ Benefits

The benefits of the GEPS are broadly divided into two types: short-term benefits and long-term benefits. Short-term benefits are prepared for short-term insured accidents and long-term benefits for income security after retirement. The short-term benefits consist of Medical Treatment Payment, Disaster Condolence Payment, and Death Condolence Payment. The long-term benefits include Retirement Benefits, Disability Benefits, Survivor's Benefits and Retirement Allowance.

As the main benefit of the GEPS, the Retirement Pension Benefit requires the claimant to be at least 60 years of age with at least 10 years of contributions. The retirement age will be extended to 65 years in 2033. Retirees can choose the Lump-sum Payment or the Deducted Lump-sum Payment instead of a monthly pension. A retiree whose service term is less than 10 years can take the Lump-sum Refund, which is a refund of contributions with interest. That said, if the retiree joins the National Pension System again while working in the private sector and the total term of contributions is over 20 years in both pension systems, he/she is entitled to the Combined Pension System. Under this system, retirees are eligible to receive monthly pensions from each public pension system instead of a lump-sum payment. The amount of Retirement Pension per recipient is determined by the recipients' average career salary and the period of contributions. In 2016, the accrual rate of the pension was 1.878%, however, the government plans to reduce this figure gradually to 1.7% by 2035. The maximum term of contributions and calculation of pension benefits is 36 years. Given these conditions, the replacement rate of the Retirement Pension is calculated based on the average of the retirees revalued career salary. The final compensation will, therefore, range anywhere between 17% (for 10 years in service) to 61.2% (for over 36 years in service). Pension benefits are currently adjusted annually in line with the consumer's price index. However, the amount of pension benefits is temporarily frozen until 2020 without the CPI indexation.

Regardless of the length of service, the Disability Benefits are paid to retirees who have partially or totally lost any part of their body or have suffered physical injury or mental illness while on duty. The amount of

the Disability Pension depends on the degree of disability, which ranges between 52% (Grade 1) of the final salary to 9.75% (Grade 14). In the event a government employee dies due to illness or injury while working, the Death-on-duty Pension is paid to their surviving dependents. The amount of the Death-on-duty Pension varies depending on the number of years in service. For deceased retirees who have served over 20 years, compensation is 32.5% of the final salary of the deceased whereas those who have given under 20 years receive 26% of the final salary. The Death-on-duty Compensation which is also paid in a lump-sum is equivalent to 23.4 times that of the final salary. Retirees who suffer accidents or injuries unrelated to their duties still receive Disability Benefits receive 50% of the benefits.

For cases where the deceased was receiving a retirement or disability pension at the time of death, surviving dependents receive Survivors' Benefits. Dependents who qualify for Survivors' benefits receive remuneration equal to 60% of the basic pension.

The Retirement Allowance (RA) is an additional lump-sum payment added to the basic retirement benefits. Government employees who have served for more than one year before retirement qualify for RA. The amount of the RA multiplies the final salary by the ratio for each year in service. The ratio varies from the service years, which ranges from 6.5% (1~5 years) to 39% (over 20 years).

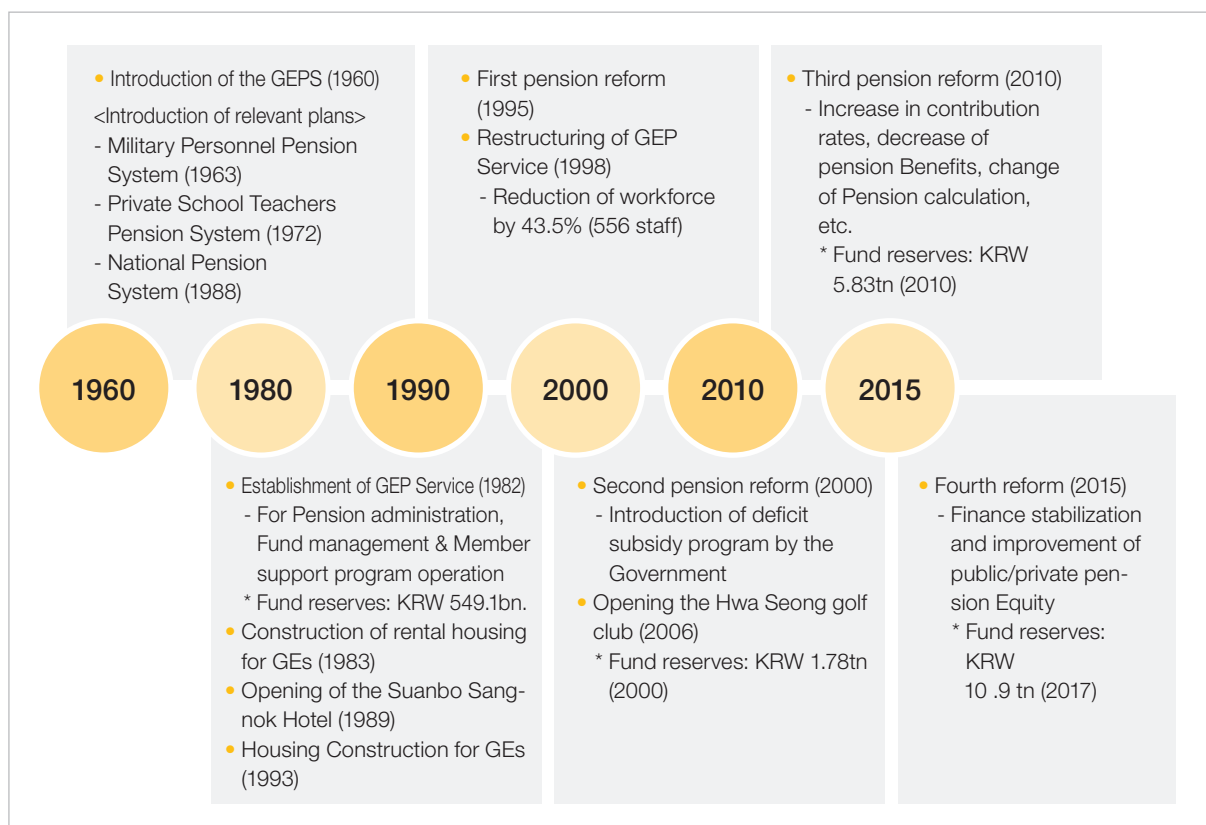
1.2 Brief History

The Government Employees Pension Act has been revised more than 30 times since its introduction.

Over this period, the revisions made to the GEPA can be split into two phases before and after the early 1990s. From its establishment until the early 1990s, changes focused on expanding the scope of pension benefits. Revisions made since the mid-1990s, however, have noticeably been implemented with the opposite goal of shrinking the scope of benefits to achieve greater financial stability. This shift in focus since the mid-1990s can be illustrated with four major pension reforms in GEPS as follows.

Firstly, the pension reform introduced in 2000 increased the fiscal burden of the employer and made the government subsidize pension deficits. Secondly, in 2009, another significant pension reform was implemented which diversified income generation and reduced expenditures – the resulting impact led to an increase in contribution rates and raised the pension age. Finally, in 2015, pension reform had been introduced which enhanced pension equity with the national pension for the general public. This reform was aimed at achieving long-term sustainability of the system and focused on financial stabilization.

Key Events of the GEPS History



The major reforms of the GEPS and its operations are as follows.

■ 1960~1962

- The Government Employees Pension System (GEPS) started in 1960.
- Five long-term benefits were provided including Retirement Pension, Lump-sum Payment to Survivors and Disability Pension Benefit.
- The combined contribution rates were 4.6% for both civil servants (2.3%) and the Government (2.3%).

■ 1963~1966

- In August 1962, the Government Employees Pension Act was revised to establish a comprehensive benefits programs for government employees.
- Five short-term benefits were newly introduced including Medical Treatment Expenses, Childbirth Expenses, and Funeral Expenses. One new long-term benefits, namely the Survivors' Pension, was also added.
- Since its establishment in 1960, Military personnel were also recipients of GEPA. As the fund and recipient base grew, however, two years later, an exclusive fund was enacted through the Military Personnel Pension Act (MPPA) to service their specific needs. As a result of this, military personnel were thereafter excluded from GEPA and instead covered exclusively by the newly established, MPPA.

■ 1967~1981

- In April 1966, the Special Law for the Government Employees Pension Account (SLGEPA) was enacted
- Based on the Act, the Government Employees Pension Fund (GEPF) was established apart from the government budget, which accrued a yearly surplus from revenue and expenditure of the GEPS.
- As a result of this, instead of investing the government fund totally, the GEPF could be used for members' benefits such as buying land for GEs' recreational facilities; providing loans to GEs & pensioners and depositing surplus funds into the banks.
- Regarding pension benefits, the replacement rate of retirement pension increased from 40%~50% to 50%~70%. The amount of Lump-Sum payment also increased by 1.5 times compared to the previous one.

■ 1982~1995

- The Government Employees Pension Service was founded in 1982.
 - As a quasi-government body, the GEP Service has taken over the management of the GEPS as well as the investment of the GEPF under the control of the Ministry of Government Administration (currently, the Ministry of Personnel Management.)
- Due to the development of the national economy and its budgetary soundness, there were many changes to the GEPS providing government employees with better benefits: many new types of benefits were created. This can be seen in the higher rate of the Retirement Allowance and Survivors' Pensions which both rose from 50% to 70%. Parallel to this, various member support programs were actively pushed forward with pension funds such as housing supply and leasing support; the construction of resort facilities & hotels for GEs and the provision loans.

■ 1996 to present

- Entering into the 1990s, the issue of pension finance began to arise along with the increase in the number of pensioners. Accordingly, the policy to expand benefits for government employees so far was suspended, and pension reforms to reduce benefits were promoted. To stabilize its financial status, the GEPA was revised in many ways since 1996. During this time, there were four significant pension reforms as follows:

<The 1995 Reform>

- The 1995 reform can be marked as the beginning of the retrenchment of GEPS. The reform was led by the Ministry of Administration. The main changes included:
 - An increase of contribution rates from 11% (government: 5.5%, employee: 5.5%) to 15% (government: 7.5%, employee: 7.5%)
 - The standardization of the retirement age to 60 years for new entrants from 1 Jan 1996.
 - An expansion of the range of the retirement earnings-test applicants to all pensioners who are working in the public sector
 - The transfer of financial resources for the Death Condolence payment, the Disaster Condolence Payment, and the Retirement Allowance to the state Budget.

<The 2000 Reform>

- Amongst other socioeconomic factors, the 2000 reform was primarily driven by the economic crisis of 1997-1998. Amidst the huge layoff of government employees and the dramatic surge of pension expenditures, the GEPF was widely projected to default in 2001. The widespread cuts characteristic of the 2000 pension reform was ultimately a response to the challenges of its time. In comparison to the 1995 reform which modified the revenue structure (e.g. increase in the contribution rates), the 2000 pension reform altered the expenditures variables as well as income sources. The main changes included:
 - An increase in contribution rates from 15% to 17%
 - An additional charge to the Government for the annual deficit.
 - A progressive rise in retirement age from 50 to 60 (this was enforced over the span of 20 years)
 - Shifting the pension index from salary base to CPI (this included recalculation every five years)
 - Changing the formula of pension calculation from final salary to a 3-year average of the claimants revalued salary
 - Reinforcing earnings test for civil servants in higher income brackets
 - Financial recalculation per every five years

<The 2009 Reform>

- In 2006, the government launched a special committee called 'the Development Committee of the GEPS' which consisted of stake holders from various fields to initiate discussions on reform. After long debates through the 1st and 2nd committees, the final reform bill was passed by the National Assembly in December 2009.
- As a result of this reform, the pensionable salary was changed from 'basic pay and a part of allowances (65% of gross pay)' to 'gross pay (subject to taxable salary)'. Therefore, both contribution rates and all benefit rates provided by the GEPS were recalculated based on the gross pay. The main changes included:
 - An increase in contribution rates from 11% (17% of the previous pensionable salary) to 14%.
 - A new formula to calculate pension from using the final 3-year average revalued salary to assessing the average of a claimants' career salary.
 - An increase in the retirement age from 60 to 65 (this was only applicable to employees who were newly-hired after the revision.)
 - The pension indexation link to pure CPI and policy adjustment was abolished.
 - Survivors' pension rating fell from 70% to 60% (this was only applicable to employees who were newly-hired after the revision.).

- Earning tests for pensioners was strengthened
- A cap was placed on the amount of pensionable salary at 1.8 times the average monthly salary across all government employees.

<The 2015 Reform>

- The 2015 pension reform was characterized by its impact and creation. On the one hand, it remains the most recent and aggressive reform of its kind in terms cost reduction. In terms of its development, the 2015 pension reform used social consensus mechanisms and the participation of a wide range of stakeholders.
- Since its establishment, subsidies by the government budgets structure for the GEPS expenditures had risen continuously for two reasons. Firstly, the provision of benefits far exceeded the contribution rates. Secondly, the demographic peak in aging as a result of the increased life expectancy led to a rapid rise in the number of pensioners. Additional pressure for reform also arose from wide-spread criticism of the GEPS for the pension benefit disparity between public employees and private sector employees.
- To solve these problems, the President expressed a clear resolve to reform the GEPS in February 2014.
- In the month after the Presidents statement in February 2014, the government commissioned a research institute in the same year, namely the Korea Development Institute (KDI), to draft reform proposals. The institute presented its proposals to the government later that year.
- In October 2014, the ruling party submitted a reform bill in the name of all members. In reality, however, civil service unions and the opposition parties strongly opposed the reform bill.
- In an attempt to foster consensus on pension reform, the National Assembly forged a Special National Assembly Committee and a Grand Compromise Committee. The latter was comprised of rival parties' members of Congress, government officials, civil service unions and experts. After having close to sixty conferences over the course of six months, a grand consensus on the pension reform was finally achieved in May 2015.
- On May 29, 2015, the final reform bill was submitted to the National Assembly, and the bill passed 233-0 with 13 abstentions.
- On June 22, 2015, the government made the law public, and the law was scheduled for implementation from January 1, 2016.
- The main changes are as follows:

Main Changes after the 2015 reform

Category		Before	After
Contribution rates		14.0% (7% of GEs+7% of Gov't)	18.0% (in 5 transition years) (9% of GEs+9% of Gov't)
Pension Calculation		$1.9\% \times n \times w$	$1.7\% \times n \times w$ (20 years' transition)
		* n: years in service * w: revalued average career pay	
Ceiling of Pensionable pay		1.8 times of average monthly pay for all full-time GEs	1.6 times of average monthly pay for all full-time GEs
Maximum of Pensionable period		33 years	36 years
Minimum service years for Pension entitlement		20 years in service	10 years in service
Full Pension Age	Employed before 2009	60 years	65 regardless of the entry year (in 18 transition years)
	Employed after 2010	65 years	
Pension Indexation		CPI	CPI (But no indexation for the next 5 years)
Minimum service years		20	10
Lump-sum alternatives		Yes (no change)	
Survivors' pension	Employed before 2009	70%	60%
	Employed after 2010	60%	
Non-job related Disability Pension		No	Yes
Income redistribution		No	Yes (only to National Pension equilibrant and up to 30 years in service)
Pension splitting on Divorce		No	yes
Earnings-test	Reference earning	average salary	average pension
	Target (coverage)	Income from wage and earnings from self-employment (Real estate rental income Excluded)	Income from wage and earnings from self-employment (Real estate income Included)

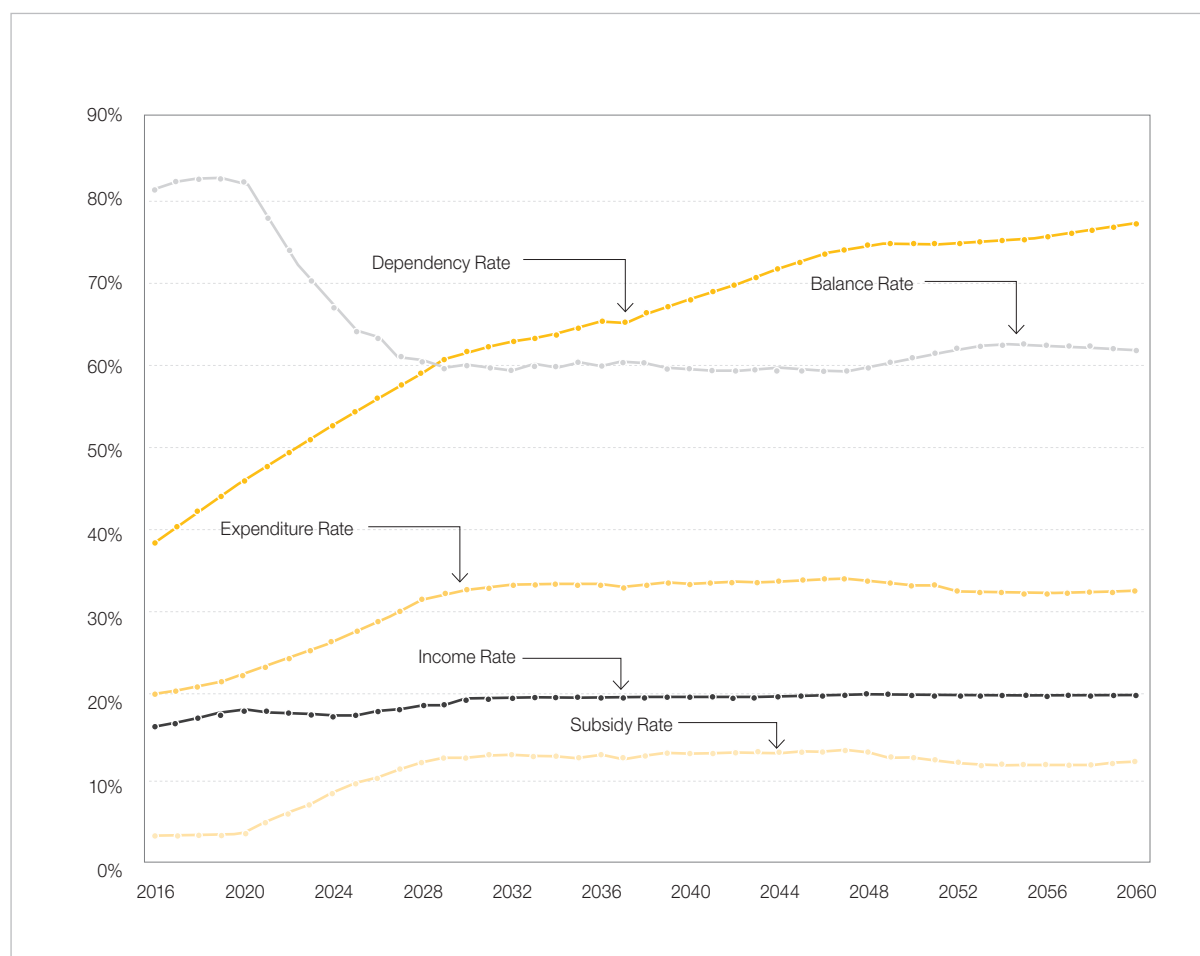
1.3 Financial Outlook

According to the actuarial estimates, the financial status of the GEPS after the 2015 reform is expected to stabilize in the mid/long-term. The dependency ratio (the ratio of the number of pensioners to that of contributors) is expected to rise from 43% in 2018 to 77% in 2060. Consequently, the deficit rates of the GEPS is estimated to increase from 3.8% to 12.6% over the same period. Nevertheless, the highest rate of pension expenditures is projected to remain within 34.5% of annual payroll (salary budget) for the government employees or 1.0% of GDP by the 2040s. In comparison to other OECD member countries, the average expenditure on government employees' pension schemes is projected to be about 1.5% of GDP. As a result of these reforms, Korea's projected spending is therefore set to be relatively lower.

Year	Dependency Ratio	Expenditure Rate		Income Rate	Balance Rate	Subsidy Rate
		Percentage of Total Payroll	Percentage of GDP*			
2018	42.6%	21.7%	0.8%	17.9%	82.4%	3.8%
2019	44.4%	22.3%	0.8%	18.4%	82.5%	3.9%
2020	46.4%	22.9%	0.8%	18.8%	82.1%	4.1%
2025	54.6%	28.3%	0.9%	18.2%	64.4%	10.1%
2030	61.7%	33.3%	1.0%	20.1%	60.3%	13.2%
2035	64.6%	33.8%	1.0%	20.5%	60.6%	13.3%
2040	68.0%	34.1%	1.0%	20.4%	59.7%	13.7%
2045	72.7%	34.5%	1.0%	20.5%	59.5%	14.0%
2050	74.8%	33.8%	1.0%	20.7%	61.2%	13.1%
2055	75.2%	32.9%	1.0%	20.6%	62.7%	12.3%
2060	76.9%	33.1%	1.0%	20.6%	62.1%	12.6%

■ Projected Flow of Major Financial Indicators

Projected Income and Expenditure Rates(2016-2060)



Definition of Financial Indicators

- Dependency Ratio: number of pension recipients at the end of the year ÷ number of incumbents at the end of the year
- Expenditure Rate: amount of pension expenditure ÷ total amount of income
- Income Rate: amount of pension income ÷ total amount of income
- Balance Rate: amount of pension income ÷ amount of pension income
- Subsidy Rate: amount of deficit of balance of pension ÷ total amount of income

1.4 Administrative Structure

The management structure of the GEPS consists of three parts: The Ministry of Personnel Management (MPM) in charge of supervision; the Government Employees Pension Service which oversees administration; and Government agencies which assist with pension services.

As the shown in the figure below, the MPM takes charge of the GEPS and supervises the activities of the GEP Service. There are three committees related to the GEPS under the control of the MPM.

The Government Employees Pension Service is responsible for overall management of the GEPS such as collecting contributions, providing pension benefits and the other employee benefits as well as fundraising. There is a committee concerning the GEPS administration under the control of the GEP Service. The board of directors is responsible for the overall policy decisions of the business regarding pension administration.

The GEP Service can manage its activities effectively with the help of government agencies from central and local governments. They collect contributions belonging to their agencies before transferring to the GEP Service and provide pension-related information of individuals of the agency where they belong. There are 1,595 agencies which have been chosen to assist the GEP Service closely.



2. Government Employees Pension Service

2.1 Overview

2.2 Business Structure

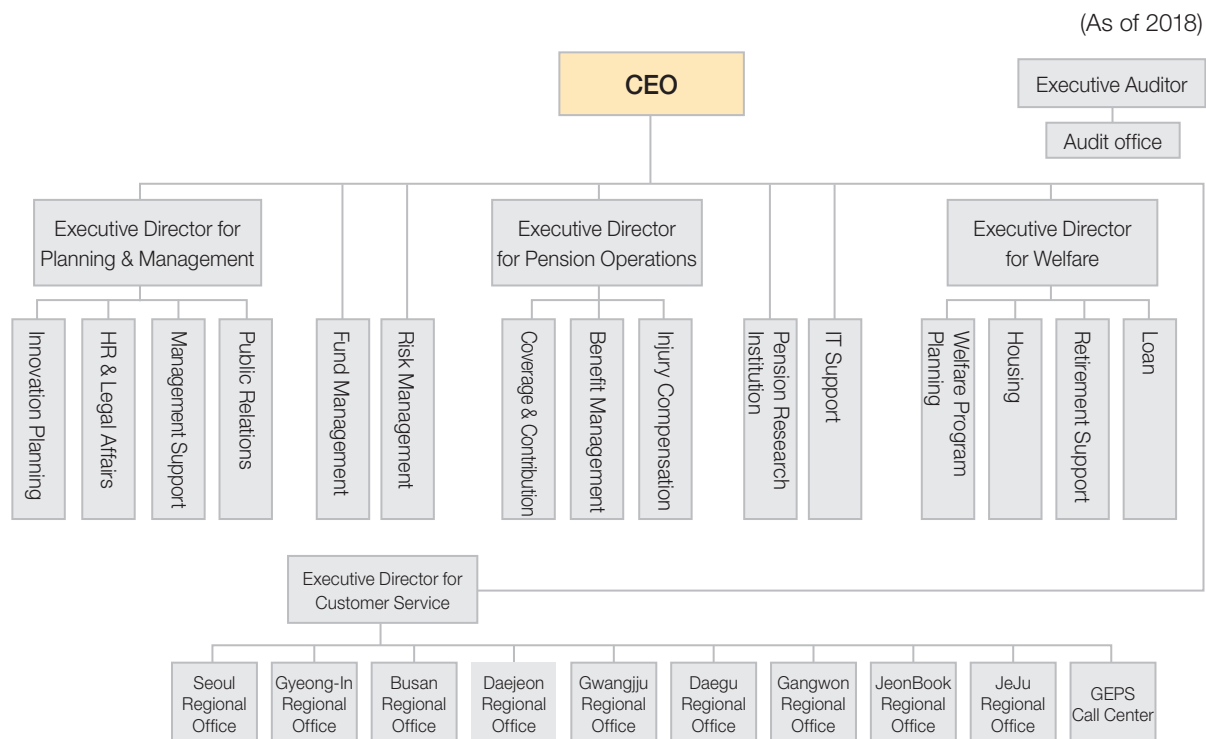
2.3 Major Activities

2.4 Innovation of Services in 2017

2.1 Overview

The GEP Service was established on February 1st, 1982 to effectively administer the pension system. At its core, the role of the GEP service is to thus support the livelihood of government employees and their families by ensuring the stable operation and maintenance of all government employees' pension-related affairs.

■ Organizational Chart



■ Number of Organization and Employees

(As of 2018)

	Number of Organization	Number of staff
Executive Directors	-	6
Planning & Management	4 Departments	95
Pension Operations	3 Departments	119
Welfare Service	4 Departments	104
Customer Service	9 Regional Offices + 1 Call Center	106
Fund Management	1 Department	30
Risk Management	1 Department	9
Pension Research Institution	1 Institution	18
IT Support	1 Department	31
Audit	1 Department	11
Total	4 Offices, 15 Departments, 1 Institute, 9 regional offices & 1 Call Center	529

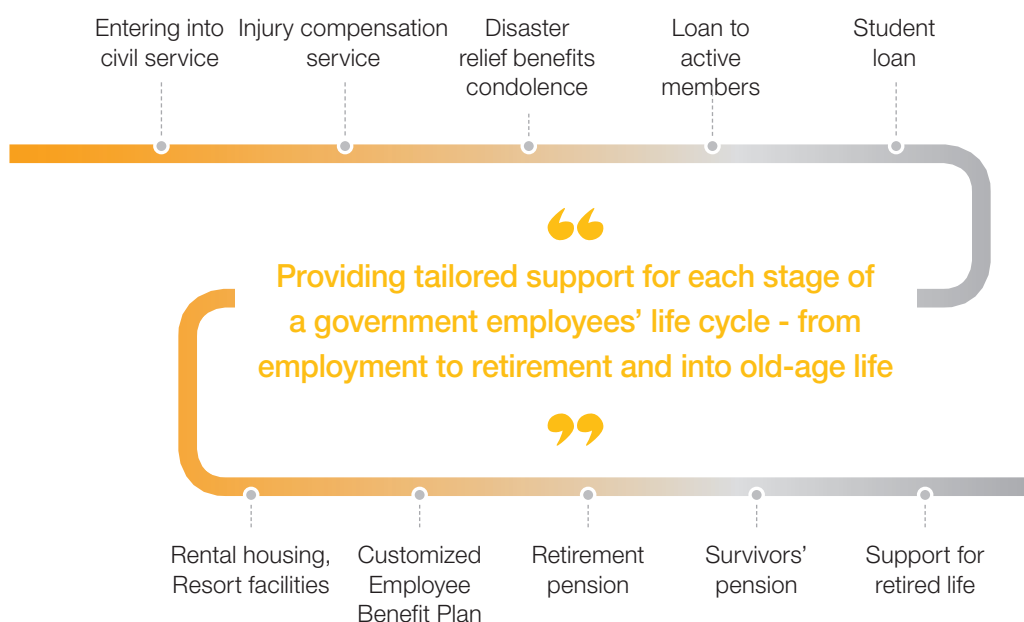
2.2 Business Structure

The business operation of the GEP Service can be divided into three parts: pension service, fund management and the other member support programs commissioned by the Government as described below.

■ Business Units of GEP Service

Pension Operation	<ul style="list-style-type: none"> • Collection of contributions from both employer (central and local governments) and employees (civil servants) • Payment of retirement benefits, injury compensation benefits and the other benefits
Fund Management	<ul style="list-style-type: none"> • Investment in securities such as stocks and bonds; Deposits into financial institutions. • Loans to members (government employees) • Construction, Supply, and Rent of Housing • Operation of other employee benefit programs and resort facilities by using the GEP
Other Programs	<ul style="list-style-type: none"> • Student loan for members' children • Customized employee benefits programs • Retirement support programs

The GEP Service provides customized employee benefit services as well as pension services according to the different stages of a government employees' life cycle. These activities can be explained from entry in the civil service to retirement to death of a government employee in chronological order as follows.





2.3 Major Activities

■ Pension Operation

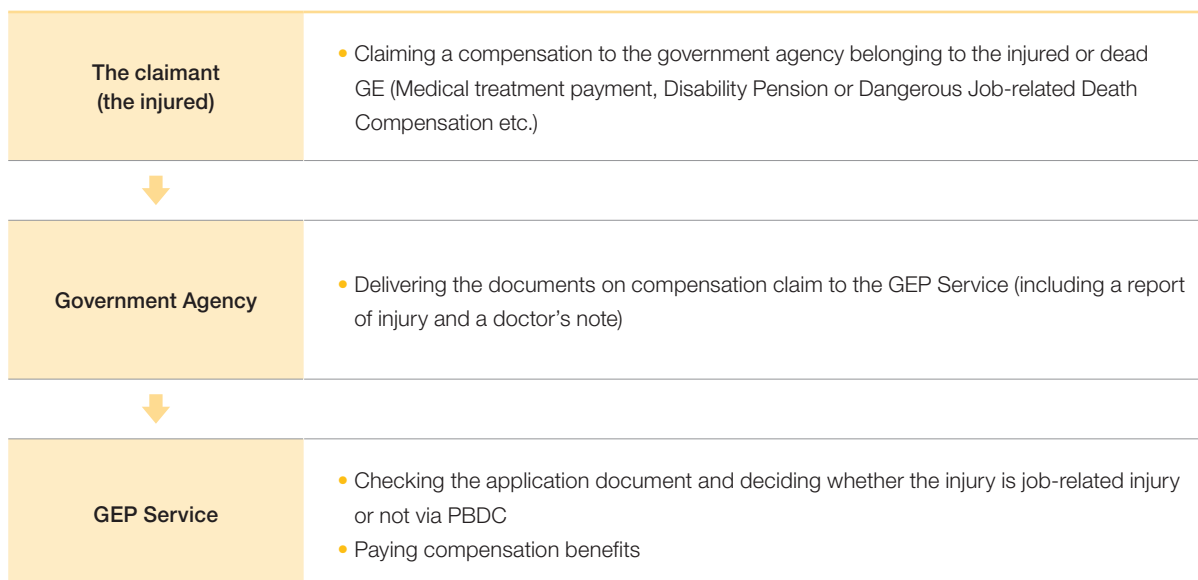
Pension Operation is the core activity provided by the GEP Service. The purpose of Pension Operation is to help government employees and their survivors maintain a stable livelihood at the end of their public service and their lives thereafter. Pension Operation consists of many activities including collecting contributions and paying various retirement benefits. The tasks of Pension Operation can be described in further detail from government employees' entry into the civil service to retirement and /or death in chronological order as follows.

Check list of Pension Operations through the life cycle of a government employee

Appointment		Retirement		Death
<ul style="list-style-type: none"> • New appointment • Addition of military service to the term insured in civil service • Addition of the period of former civil service to the current term insured in civil service • Temporary retirement and return to office • Termination of paying contributions 	 (Paying contributions)	<ul style="list-style-type: none"> • Claiming of pension or lump-sum benefits • Decision to pay benefits • Payment of benefits • Informing each pensioner of their retirement age • Reminder to employees of their right to claim pension benefits 	 (Receiving pensions)	<ul style="list-style-type: none"> • Collection of benefits paid illegally or improperly • Termination of retired pension or survivors pension benefit

■ Injury Compensation Service

Injury compensations are awarded when government employees become disabled or die due to illness or injury incurred on duty. Allocation of this is determined by the Pension Benefits Deliberation Committee (PBDC) which determines the grade of disability and the correlation between the injury and work. The process of injury compensation can be summarized as follows.



■ Fund Investment

The GEP fund investments take stability, liquidity, and profitability into careful consideration so as to enhance both the short and long-term sustainability of the fund.

The Asset Operation Committee (AOC) oversees all systematic investments. Comprised of outside experts and specialists in various fields, the AOC prepares the allocation plan for financial assets which takes into account the market situation and profit rates to make more informed investments. To safeguard investment assets against threats, the AOC also conducts risk management assessments before and after the investment is made. Further to this, the AOC also carries out regular internal and external performance evaluations.

Also, a detailed Asset Management System (AMS) is implemented to systematically link asset allocation, performance evaluation, and risk management. These systematic operations are in place to secure stable, long-term profits.

■ Loans

Loan management is whereby money is temporarily lent from the GEP fund or state coffers to government employees when a lump-sum of money is in need. There are three types of loans provided.

<Student loan>

The student loan scheme provides interest-free loans within the actual amount of tuition for university overseas or at home. Loans can be up to US\$10,000 a year in the case of overseas universities.

<Pension loan>

For pension loans, government employees can claim up to half the expected lump-sum benefits from their expected date of retirement. The maximum amount of pension loan a retiree can be remunerated is 30 million won.

<Mediation program of the bank loan for household capital demand>

To help finance the demand for loans, the GEP services have annual contracts with commercial banks. As the compensation is calculated as half of their lump-sum benefits at their expected time of retirement, government employees can receive a maximum of 50million won.

■ Housing

The GEP Service also constructs and supplies permanent housing for GEs. For GEs who do not want to purchase homes, the GEP Service also provides leased housing as an alternative. The subsidized housing options provided by the GEP service is especially appealing to government employees. The high demand for this particular service is also advantageous for the government as it helps increase GEP funds.

<Construction and Supply of Housing>

Housing is constructed and supplied for GEs and pensioners who do not own houses at lower prices than those at the market. To date, the GEP Service has supplied 32,058 houses in 33 complexes including the metropolitan area since 1982.

<Leasing>

Currently, the GEP Service leases 18,300 houses for GEs in 66 complexes nationwide including Seoul, Busan, and Daegu. The prices are around 60~80% to prices to the market. The tenancy can be up to four years, the first two years being the initial contract with the additional two years as an optional extension. For single parent households however, the lease can be extended up to six years.

■ Resort and Sport Facilities for Members

The GEP Service runs various facilities such as a family-friendly hotel, an indoor water park and four golf courses to encourage an active and happy life for government employees and their families. Currently, there are a resort and leisure facility, a family hotel and four golf courses around the country.



■ Customized Employee Benefit Plan

The Customized Employee Benefit Plan allows government employees to use additional payment besides salaries, to pick and choose various services and benefits provided by the government according to their specific wants and needs. These self-styled benefits are provided by the government in advance.

This plan can enhance the productivity of government employees by making them use extra benefits according to their necessities such as health management, leisure, self-development and family-friendly activities.

The GEP Service established a comprehensive operating system for this plan in November 2006 before launching the programs in January 2007 as commissioned by the government. Currently, there are around 700,000 GEs (over 60% of whole GEs) from 72 organizations using the GEP service program.

■ Supporting Programs for Retired Life

This is a program for government employees to systematically prepare for their retired life in advance while in service. The programs are divided into two categories as follows.

<Pre-Retirement>

The programs before retirement currently focus on educating GEs on retirement preparation such as future-design education and career-change education etc. For this purpose, the programs are provided differently according to the length of the remaining period of service before retirement (in 10yrs, 5yrs, and 1yr before retirement, etc.).

<Retirement>

There are various programs provided to help GEs adjust to life after retirement such as educational courses for social participation, cultural courses, and social contribution projects. Also, the GEP service is opening the Retired Civil Servants Support Program (RCSSP) to promote volunteerism and active aging. The RCSSP program can help them to give back their experiences and talents while in civil service to society and their community. This program has been linked with 240 organizations including the Ministry of Health and Welfare, local governments, and related organizations. Currently, there are around 250 organizations of the Sangnok Volunteer Group nationwide consisting of retired government employees.

2.4 Innovation of Service in 2017

Since its establishment, the Government Employees Pension Service (GEP Service) has continuously pushed for improvement in the administration of the pension system to meet the changing socio-economic environment. These measures to safeguard the system for the long-run were executed in various stages last year. First, the GEP Service tried to create more decent jobs than before without any disadvantages on the status of employment. Second, the GEP Service rebuilt the comprehensive compensation system for the injured in line of duty so that civil servants could dedicate themselves to the public service without worrying about loss of earnings or medical care. Third, the GEP Service expanded pre-retirement programs for the senior civil servants and provided opportunities for social participation for the retired civil servants. Fourth, the GEP Service improved the service standards and tried to share efficient administrative experiences with other countries. Finally, the GEP Service spared no effort in pursuing social values toward a fair society and a country where we live together.

■ Creating & sharing better jobs without any disadvantage on the status of employment

The GEP Service established a new taskforce team in charge of creating better jobs and built an infrastructure for job creation by gathering ideas from the public in order to seek the ways of linking current work system to core business in the future. The GEP Service completed turning all part-time workers into full-time workers without any disadvantage on the status of employment in 2017, based on the employment principle of ‘Equal Pay System for Work of Equal Value’. In addition, the GEP Service contributed to create 1,425 private-sector jobs directly and indirectly by expanding collaboration, commissioning, and investment projects with private companies. When hiring new staff, the GEP Service allocated a portion of the candidates to those from non-Metropolitan areas based on the Equal Employment Opportunity Policy. In addition, the GEP Service tried to offer better work environment for its staff by promoting support for childbirth and childcare based on the principle of work-family balance. As a result, a total of 1,541 new jobs were created inside and outside the workplace in 2017, including hiring new staff, supporting private-sector job creation, and conversion to permanent employment. The GEP Service will expand and support 7,800 better jobs by 2022 so as to meet the needs of a people-centered economy with sustainable growth in Korea.

■ Providing a comprehensive Injury Compensation Service

The Government Employees Pension System (GEPS) designed to provide compensation benefits for job-related injuries as well as retirement benefits for the retired civil servants. However, many civil servants complained that the compensation benefits for were not enough compared to those of private sector workers and neglected to improve the related provisions in the way to meet the realistic needs of the injured. To tackle the issues, the Government tried to separate Injury Compensation system from the GEPS last year. As a result, new injury compensation system was introduced in the early 2018 and the Government Employee Injury Compensation Act (GEICA) will be enforced in September this year. While the GEPS are entitled to the regular civil servants only on the permanent position, the GEICA will extend to the non-regular workers in the government agencies as well. Meanwhile, the new GEICA provides a comprehensive protection including supports for accident prevention, professional rehabilitation programs to help going back to work in addition to the compensation for the injuries.

■ Extending pre/pro-retirement training programs for happy old age & social participation

The GEP Service runs pre-retirement courses for senior civil servants to ready for retirement and active old age. The pre-retirement programs are made of seminars or lectures on the six parts of life design, which are: change management, finances, health, work & leisure, housing, and interpersonal relationships. In preparation for increase of baby boomer retirees, in particular, the pre-retirement programs are variously offered step-by-step for the applicants for at least 10 years prior to retirement. Over 17,000 older civil servants people attended the programs last year, which has become the largest pre-retirement program nationwide. At the same time, the GEP Service supports for the retired civil servants to make their lives healthy and active by linking them to various social participation activities in which they could contribute their expertise in the fields such as education, safety and administration. The retired joining social participation activities were counted up to 30,000 times in 2017.

■ Enhancing correctness & transparency of pension administration.

The GEP Service concentrated on development of the Internal Control System to make pension operations more correct and clear. The new ICS made the staff in charge enable to find out factors interfering correct and prompt daily tasks easily. The ICS has expanded not only to pension-administration but also to the whole area of the GEP Services including financing, housing, and financial assets management.

The GEP Service also played a leading role to make a lawmakers-introduced bill adopting the part-time civil servants to the new members of the GEPS. The new bill was aimed at resolving the issue of disadvantage against part-time civil servants who were excluded from the GEPS.

In the meantime, the GEP Service paid attention to relations with other countries. Last year, the GEP Service exchanged the MOU with the Off-budgetary Pension Fund in Uzbekistan to encourage bilateral exchanges in the area of pension management and construction of IT infrastructure. In addition, the GEP Service invited the PT Taspen of Indonesia in order to exchange the ways to provide better services for the members in each country, based on the MOU signed in 2016.

■ Realizing social value through the management based on the people's consensus

The GEP Service has made an effort to improve social values toward a fair society and a country where we live together since last year. To begin with, the efforts focused on facilitating the growth of both the smaller firms and local community. It contained various assistance projects such as expanding the market for smaller firms linking with the fringe benefits plan for civil servants and support for sales of specialty products in Jeju and consigned business sites. Additionally the GEP Service made many contributions on activating communication with citizens and customers.

3. Government Employees Pension Fund

3.1 Overview

3.2 Fund Management Results

3.1 Overview

3.1.1 Past Flows of Plan Fund and Investment in 2017

According to the Government Employees Pension Act, the Government Employees Pension Fund is a liability reserve for annuities such as retirement pension, survivors' pension and disability pension. The pension fund is comprised of the plan's contributions and investment income. In the initial stage of the plan's implementation, pension contribution exceeded pension expenditure and, accordingly, the size of the pension fund continued to increase. However, the fund began to decrease in 1995 when the plan ran into deficit for the first time in its history. This is mainly due to aging beneficiary group and large-scale layoffs in the public sector during the Asian economic crisis (1997~1999). Over the two-year crisis, the fund rapidly contracted from 6.2 trillion won in 1997 to 1.8 trillion won at the end of 2000. Faced with serious financial instability, the government conducted a major reform in 2000. One of the reforms implemented was to subsidize pension deficits with the governments general budget. In the following months the plan transformed into a pay-as-you-go (PAYGO) system, using a small sum of the contingency fund. Contributed by the funds' investment income, the reserve has steadily recovered its size and stood at 10 trillion-951 billion won as of the end of 2017.

Past Flows of the Financial Status and Plan Fund

(Unit: 100 million of won, As of the end of December, 2017)

Year	Financial Status*			Investment Income	Net Assets End of Year
	Income	Expenditure	Balance		
1981					5,491
1982	2,684	1,611	1,073	1,140	7,704
1984	3,673	1,841	1,832	1,461	14,672
1986	3,931	2,897	1,034	2,087	20,951
1988	5,418	4,596	822	2,641	27,893
1990	7,898	7,236	662	3,345	35,786
1992	12,767	12,095	672	3,810	44,918
1994	17,520	19,351	△1,831	5,242	52,414
1996	24,760	24,321	439	4,871	56,805
1998	33,164	50,698	△17,534	3,363	47,844
2000	34,374	43,832	△9,458	920	17,752
2002	39,512	35,736	3,776	2,604	27,276
2004	49,264	49,264	-	2,543	33,218
2006	61,775	61,775	-	3,934	42,229
2008	78,293	78,293	-	△1,182	46,861
2010	84,232	84,232	-	6,434	58,307
2011	89,391	89,391	-	1,798	60,105
2012	103,520	103,520	-	3,471	63,576
2013	107,624	107,624	-	20,094	83,670
2014	125,417	125,417	-	1,602	85,272
2015	136,769	136,769	-	2,270	87,542
2016	140,203	140,203	-	15,669	103,211
2017	148,820	148,820	-	6,295	109,506

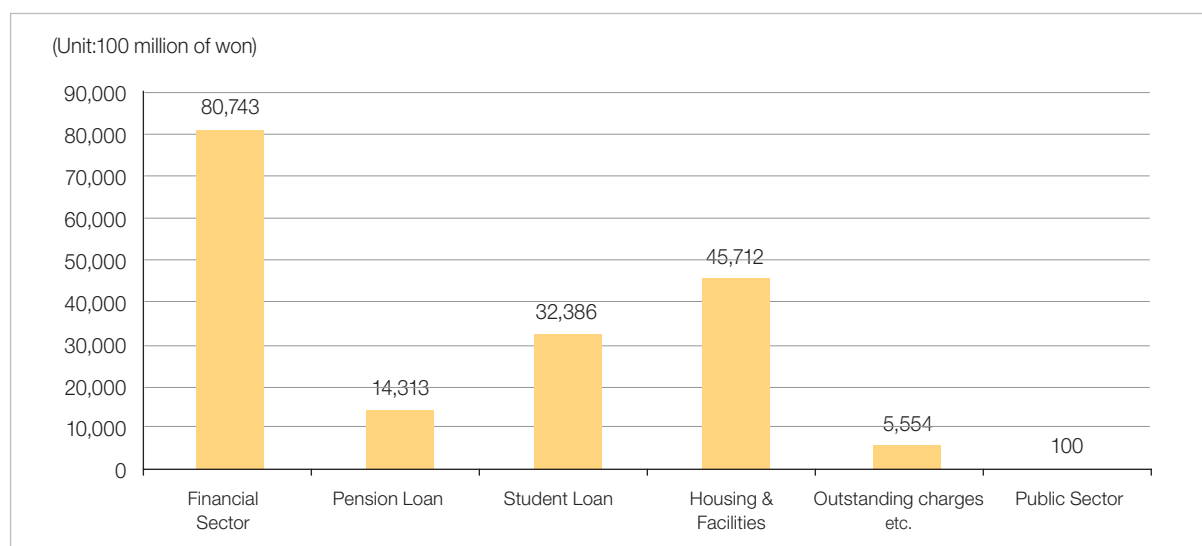
* Fund balance includes retirement allowance, excludes injury compensation and relief benefit

Investments by sector in 2017 are as follows: the pension fund assets of 17 trillion 756 billion won consist of 8 trillion 74 billion won (45.5%) in the financial sector, 1 trillion 431 billion won (8.1%) in pension loan, 3 trillion 239.3 billion won (18.2%) in student loan, 4 trillion 571 billion won (25.7%) in housing facilities, and 430 billion won (2.4%) in other outstanding receivables.

Investment of the Plan Fund by Sector

(Unit: 100 million of won, As of the end of December 2017)

Classi- fication	Financial Sector	Pension Loan	Student Loan	Housing & Facilities	Outstanding charges etc.	Public Sector	Total
Amount	80,743	14,313	32,386	45,712	5,554	100	177,557



3.1.2 Pension Fund Management

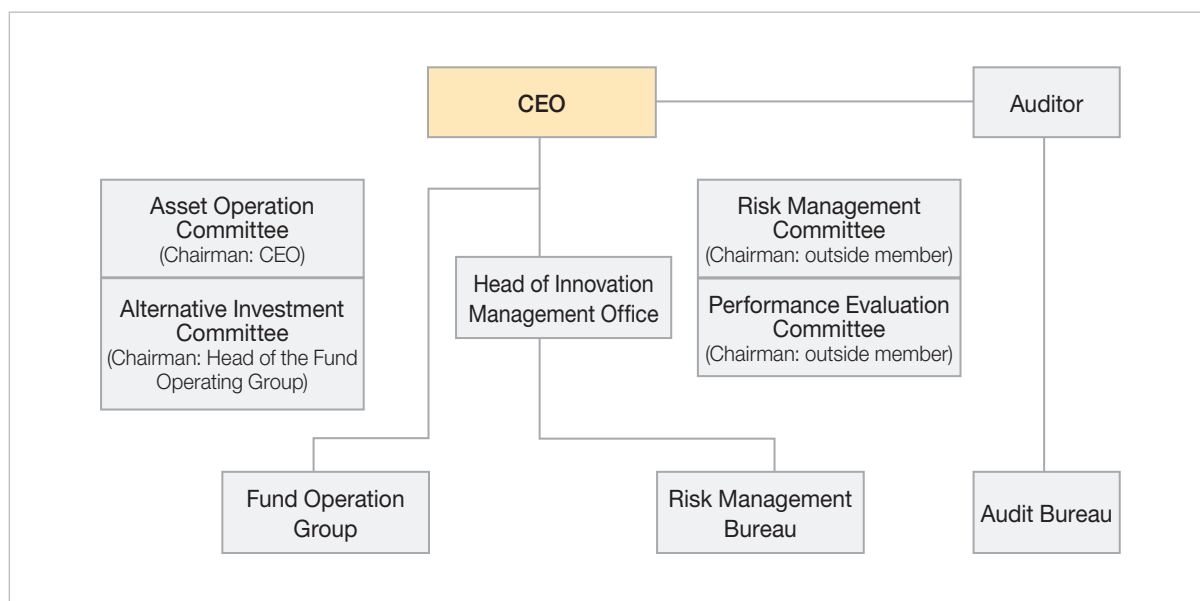
The management of the Government Employees Pension Fund is subject to the Article 74 of the Government Employees Pension Act. The Fund Management Regulation of the GEP Service therefore outlines important matters for investment based on Article 74. Aside from general cases, this also includes the investment portfolio of financial assets. The Regulation prescribes matters related to the whole management of the fund such as management objectives; investment policy and strategy; performance evaluation and matters not prescribed in relevant laws and regulations such as the Government Employees Pension Act and the National Finance Act. The by-laws of the GEP Service about the management and operation of the fund are legally bound to follow the Fund Management Regulation. Matters related to the management of financial assets in detail are prescribed in the Investment Policy Statement.

The Fund Management Group of the GEP Service actively utilizes various committees consisting of experts in financial and academic circles, to ensure professional risk management and to objective asset evaluation.

The bodies of fund management are consisted of committees such as 'Asset Management Committee' and 'Alternative Investment Committee' and an internal fund management organization in charge of implementing investment policy. For risk management and performance evaluation, there are two committees, namely the 'Performance Evaluation Committee' and 'Risk Management Committee'. As for the financial assets, the Asset Management Committee oversees and approves the asset allocation plan, thereby securing transparency and objectiveness while fully incorporating outside experts' knowledge and knowhow.

Organizational Structure of the Pension Fund Management

(As of the end of December 2017)



Committees of the Pension Fund Management

(As of the end of December 2017)

Classification	Asset Management Committee	Alternative Investment Committee	Real Asset Investment Committee	Performance Evaluation Committee
Objective (Function)	allocation and management of entire assets	deliberation on alternative investment	allocation and investment of real assets	deliberation on performance evaluation
Members				
Number	10	21	11	8
Chairman	Head of Innovation Management Office	Head of Asset Management Group	Head of Welfare Office	outside member

3.1.3 Investment Management

■ Investment Policy

The objective of the Government Employees Pension Fund is to carry out the role as a liability reserve for paying benefits to the government employees by growing the fund and maintaining adequate liquidity. As prescribed in Article 4 of the Fund Management Regulation, the fund is managed according to by four investment principles:

- 1) Stability which minimizes risk of loss in the event of fluctuating assets.
- 2) Profitability which maximizes surplus income while maintaining the value of the fund.
- 3) Liquidity which enables the smooth payment of pension benefits and self-supply of financial sources for investment.
- 4) Public welfare which contributes to the stability of life and greater well-being of government employees and families.

Every year, the GEP Service creates a five-year asset allocation strategy and fund operation plan, based on target return rate and risk limits. The asset allocation strategy thereby sets the allowable scope of investment to adequately reflect changes in financial situations.

Classification of the Plan Assets Investment

- **Financial Assets**

- Bonds (domestic, overseas / direct, entrusted / treasury, special, corporate, financial etc.)
- Stocks (domestic, overseas/ direct, entrusted / stocks, outsourced in free style and social responsibility investment style fund etc.)
- Alternative investment (real estate, private equity and SOC fund etc.)
- Short-term fund (cash / short-term specific money trust, MMF, MMDA, deposit etc.)

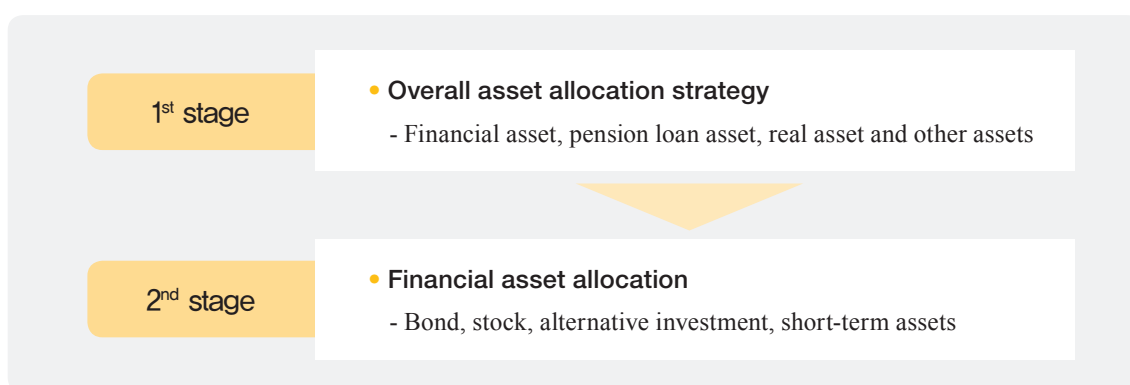
- **Real estate**

- Government employees housing assets
- Government employees facility assets

- **Pension Loan**

■ Asset Allocation Strategy

Based on mid/long-term market projections, the Asset Allocation Strategy determines the portfolio of different assets. The process is split into two stages. In the first stage, the Asset Management Committee establishes the overall asset allocation strategy. This includes financial assets, loan assets, housing assets, facility assets and other assets. In the second stage, the financial asset allocation strategy is determined for bonds, stocks, alternative investment, etc.



The fund was established to pay for annuities such retirement pensions, survivors' pensions and disability pensions. The fund should, therefore, maintain and increase the value of the fund to secure long-term financial stability. The target return rate of mid/long-term assets is set at “real economic growth rate (GDP) + consumer price index rate (CPI).”

The allowable risk limit of the financial asset is set at the maximum of endurable risk against the decrease of the rate of return.

The tactical asset allocation is a process to adjust assets within the permissible scope of strategic asset allocation to address changes in the market conditions. In the case of financial assets, the Financial Asset Investment Committee conducts the tactical asset allocation within the scope of the ratio of strategic asset allocation set by the Asset Management Committee.

■ Risk Management

The ultimate objective of risk management is to secure the long-term financial stability of the fund and the soundness of assets by minimizing risks and to preventing fund shortages by identifying, measuring and controlling various risks (market risk, credit risk, liquidity risk, legal and regulatory risk, operational risk, etc.)

Risk types of asset management

- **Market risk:** risk that value of retained securities decrease due to changes of market value of stocks, interest rate and exchange rate etc.
- **Credit risk:** risk that investment principal and interest payment cannot be collected as agreed due to default of the other party of a contract.
- **Liquidity risk:** risk that may occur because transaction at normal price cannot be made due to shortage of liquidity or thin trade in the market.
- **Law and regulation risk:** risk that the fund may suffer loss due to errors in interpretation of law or in contract etc.
- **Operational risk:** risk that fund may suffer loss due to improper internal control system or business processing procedures, errors in system and mistakes by staff.

■ Performance Evaluation

Performance evaluation aims to enhance efficiency and accountability in asset management. Evaluation results are reflected in the asset management and compensation system (i.e. feedback). To ensure transparency and objectivity in employees' performance appraisals, the evaluation is conducted in conjunction with an external organization.

■ Disclosure of all Investment Results and Voting Rights

All results related to fund management must be disclosed at an accrual accounting basis, as per the recommendations of the Global Performance Evaluation Standard (GIPS). Necessary items for the public disclosure include the performance evaluation of more than five years' period, the use of time weighted return rate, benchmarks, the use of leverage and derivative, the inclusion of fees, etc. Also, it is recommended to acquire verification by an independent third party to assess internal company matters (i.e. personnel movement, risk index, etc.) The following items are disclosed on the homepage of the GEP Service (www.geps.or.kr).

Major items for public disclosure

- **Monthly and quarterly disclosure:** investment status and rate of earnings by investment products, etc.
- **Annual disclosure:** financial status statement, statement of profit and loss, yearly income and expenditure, fund accumulation status, total investment status and rate of earning by investment products and fund operation guideline etc.
- **Ad-hoc disclosure:** items that the CEO deems necessary.

In accordance with Article 64 of the National Finance Act, the voting right of shares should be earnestly exercised in good faith for the benefit of the fund, and the content of its exercise should be disclosed too.

■ Investment Criterion

In accordance with Articles, 4 and 16 of the Fund Management Guideline, the investment management of financial assets aims to achieve performance above standard return rate, maintaining the following management principles: financial stability, profitability, liquidity and public welfare.

- The decision-making system of investment management consists of committees (namely the 'Asset Management Committee', 'Alternative Investment Committee' etc, the Fund Operation Group, and an internal operation organization which oversees the actual implementation of the investment policy.
- In accordance with the Government Employees Pension Act and its enforcement decree; the GEPS' Fund Management Guideline and its enforcement regulation, financial investment assets should be invested separately in the bonds, stocks, alternative investment and cash reserve, etc.

■ Investment Portfolio of Financial Assets

Target Investment Portfolio Ratio and Allowable Scope by Asset Classes, 2017

(Unit: 100 million of won, %, %p)

		Total	Domestic bond	Global bond	Domestic stock	Global stock	Alternative investment
Criteria	Target ratio	100.0	40.3	5.0	22.8	10.9	21.0
Ratio criteria	allowable scope	-	±7.0	±3.5	±5.0	±3.5	±4.0
	Amount	67,854	27,346	3,392	15,480	7,394	14,242

* Allocated by reflecting 16 implementation portfolio etc. of '16~'20 mid/long-term allocation plan under the Financial Asset Operation Guideline

Target Return Rate by Asset Classes, 2017

(Unit: 100 million of won, %p)

	Total	Bond	Stock	Alternative investment	Short-term asset
Average outstanding Amount	74,958	28,794	21,995	11,251	12,918
Target return	2,665	527	1,395	562	181
Target rate of return	3.6	1.8	6.3	5.0	1.4

3.2 Fund Management Results

■ Investment Portfolio in 2016 and 2017¹⁾

Investment Portfolio of the Government Employees Pension Fund

(Unit: 100 million of won, %)

	End of 2016		End of 2017	
	Amount	%	Amount	%
• public fund deposit	100	(0.1)	100	(0.1)
• financial asset management	65,325	(37.0)	80,446	(45.3)
- bond	28,843		33,857	
- stock	20,609		27,389	
- alternative investment	8,866		11,316	
- cash reserve	7,007		7,884	
Assets				
• pension loan	12,581	(7.1)	14,313	(8.1)
• student loan	34,093	(19.3)	32,386	(18.2)
• housing business	48,656	(27.6)	35,509	(20.0)
• facility operating business	10,211	(5.8)	9,480	(5.3)
• outstanding charges etc.	5,554	(3.1)	5,423	(3.1)
Total	176,520	(100.0)	177,557	(100.0)
• housing lease deposit	16,253		15,267	
• loan from Housing & Urban Fund	9,512		464	
• lease deposit and repair reserve	137		127	
Liabilities				
• trust student loan	45,231		44,613	
• sales advance of rental housing etc.	2,175		7,580	
Total	73,309	(41.5)	68,051	(38.3)
Total amount of fund	103,211	(58.5)	109,506	(61.7)
Increase of fund	15,669		6,295	

1) Publicized on 「Information publication-Management announcement-Management performance」of the GEP Service homepage (www.geps.or.kr)

■ Portfolio of Financial Assets in 2016 and 2017

Portfolio of Financial Assets in 2016 and 2017

(Unit: 100 million of won, %, as of the end of December 2017)

		2016		2017	
		Amount	%	Amount	%
Bond	Domestic	26,968	41.3	30,397	37.8
	Global	1,876	2.9	3,460	4.3
	Total	28,844	44.2	33,857	42.1
Stock	Domestic	14,979	22.9	20,422	25.4
	Global	5,629	8.6	6,968	8.6
	Total	20,608	31.5	27,390	34.0
Alternative investment		7,219	13.6	11,316	14.1
Short-term fund		6,751	10.7	7,884	9.8
Total		52,647	100.0	80,447	100.0

Recent 5 Year Return

(Unit: %)

2013	2014	2015	2016	2017
3.5	3.4	3.4	3.5	6.7

Investment Return by Classes

(Unit: 100 million of won, %, as of the end of December 2017)

		Average outstanding	Return	%
Bond	Domestic	28,642	146	0.5
	Global	1,977	87	4.4
	Total	30,619	233	0.8
Stock	Domestic	14,990	3,927	26.2
	Global	6,338	638	10.1
	Total	21,328	4,565	21.4
Alternative investment		9,721	430	4.4
Short-term fund		21,273	345	1.6
Total		82,941	5,573	6.7

■ Pension Loan Performance

Annual Pension Loan

(Unit: 100 million of won, as of the end of December 2017)

Year	No. of cases	Loan amount	Repaid amount	Outstanding amount
2012	51,444	7,397	5,533	10,176
2013	60,144	8,898	6,226	12,847
2014	45,241	7,000	7,119	12,728
2015	44,301	6,997	7,055	12,670
2016	37,031	6,300	6,389	12,581
2017	46,130	8,000	6,575	14,005

Comparison of Performance by Year

(Unit: person, 100 million of won)

	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17
No. of persons	38,423	35,070	34,629	31,264	34,889	33,224	51,444	60,144	45,241	44,301	37,031	46,130
Amount of loan	4,947	4,995	5,000	4,996	4,998	4,999	7,397	8,898	7,000	6,997	6,300	8,000
average operational outstanding	9,073	9,600	10,169	9,667	9,284	9,832	11,249	12,855	14,538	14,970	15,053	14,256
interest earnings	536	613	662	565	526	526	600	589	594	501	470	477
Earnings rate (%)	5.91	6.39	6.51	5.84	5.67	5.35	5.34	4.58	4.09	3.35	3.12	3.34

※ Changes of loan interest (recent five years)

- 4.21%('14 Jan) → 3.64%('15 Jan) → 3.06%('16 Jan) → 3.08% ('17 Jan) → 3.50% ('18 Jan)

■ Outcome of Real Assets Investment

• Housing

Housing Investment by Year

(Unit: 100 million of won, as of the end of December 2017)

	2013	2014	2015	2016	2017
investment amount	16,700	23,542	26,701	23,101	47,599

※ Based on investment amount on books

Return on Housing Investment by Year

(Unit: 100 million of won, %, as of the end of December 2017)

	2013	2014	2015	2016	2017
return	562	1,495	2,127	2,152	15,100
%	3,4	6,4	8,0	9,3	31,7

※ Including sales of rental housing and appraisal profit reconstruction (based on investment amount on books)

• Facility Operation

Facility Operation Investment by Year

(unit : 100 million of won, as of the end of December, 2017)

	2013	2014	2015	2016	2017
Investment amount	1,455	1,484	1,463	1,760	1,722

※ Investment amount: Cheonan Sangnok Resort · Hwaseong Golf Club

Return on Facility Operation Investment by Year

(Unit: 100 million of won, %, as of the end of December 2017)

	2013	2014	2015	2016	2017
return	131	138	119	157	149
%	9.0	9.3	8.1	8.9	8.4

※ Return: Net profit during the term of Cheonan Sangnok Resort-Hwaseong Golf Club

4. Financial Statement

**4.1 Consolidated Balance
Statements**

**4.2 Consolidated Statement of
Income & Expenses**

4.1 Consolidated Balance Statements

(unit: won)

Fund Assets			Liabilities and Net Assets		
Subject	2016	2017	Subject	2016	2017
Asset	17,651,988,201,289	17,755,719,836,851	Debt	7,330,885,190,490	6,805,158,639,716
I. liquid asset	3,478,482,878,559	3,818,755,548,386	I. liquid debt	813,173,478,579	653,540,906,758
(1) current asset	2,827,430,521,509	3,223,050,800,692	(1) liquid debt	813,173,478,579	416,150,661,358
1. cash	36,932,591	41,302,896	1. buying debt	298,758,245	693,119,062
2. current account	486,134	714,729	2. arrears	5,719,131,908	20,807,249,071
3. ordinary deposit	93,004,569,116	208,492,796,664	3. advance received	598,329,214,692	424,371,471
4. cash reserve	700,737,000,000	788,387,000,000	4. surtax deposit	-	
5. short-term deposit	31,967,238,577	35,960,950,062	5. deposit	462,800,500	868,877,452
6. uncollected income	9,992,845,025	11,540,924,694	6. uncollected expenses	177,710,775	0
7. benefit fund advance	1,192,843	23,245,380	7. advance profit	313,015,911	430,344,325
8. short-term pension loan	396,297,201,522	420,955,165,247	8. deposit received for guarantee	468,509,667	2,660,436,800
9. short-term member loan	354,846,750	205,499,910	9. lease deposit	13,409,583,016	12,966,682,721
appropriation for short-term irrecoverable loan	2,155,641,000	△2,252,059,000	10. advance contribution	849,621,387	892,597,567
short-term uncollected charge settlements	0	486,376,287	11. advance charge	161,020,231,618	367,243,273,519
10. short-term debt security	416,327,142,598	351,512,607,244	12. unpaid benefit	11,068,887,490	6,484,047,650
11. short-term share security	847,597,569,961	1,156,192,273,875	13. pension income deposit	1,841,791,440	2,498,002,250
12. short-term derivative product asset	939,061	13,148,457,266	14. short-term debt from Housing & Urban Fund	2,456,125,550	0
13. uncollected goods and service supply income	31,864,193,064	1,056,142,608	15. short-term debt charge settlement advance	3,135,946,869	0
14. uncollected pension income	86,521,047,951	102,973,003,783	17. short-term derivative product debt	13,622,149,511	181,659,470
15. other uncollected income	3,322,521,504	4,034,186,866	18. short-term student loan deposit	0	237,390,245,400
16. other uncollected money	227,154,869,258	144,878,893,109	short-term student loan deposit_central government	0	106,475,325,000

Fund Assets			Liabilities and Net Assets		
17. uncollected income of cash asset	1,080,448,015	987,534,201	short-term student loan deposit_local government	0	130,914,920,400
appropriation for uncollected bond	15,785,425,556	△14,348,146,994	II. non-liquid debt	1,994,633,390,966	1,927,743,656,377
appropriation for other uncollected money	889,455,905	△1,226,068,135	(1) non-liquid debt	1,994,633,390,966	1,927,743,656,377
(2) inventory assets	114,909,616,374	79,084,146,434	1. debt from Housing & Urban Fund	316,280,934,460	0
1. goods	37,069,481	55,946,684	2. appropriation for retirement benefit	23,949,225,341	26,157,949,586
2. drinks	36,774	938,161	3. fund change into retirement benefit	49,926,996	△45,208,296
3. stored goods	529,865,574	646,840,654	4. deosit for retirement insurance	4,883,754,295	△7,990,234,032
4. rental housing	7,616,612,506	0	6. rental housing repair reserve	33,927,643,456	39,173,796,600
5. unfinished distributed housing	106,726,032,039	78,380,420,935	7. housing rental deposit	1,625,322,869,000	1,526,712,060,000
(3) other liquid assets	11,708,489,587	14,081,433,357	8. charge settlement advance	-	343,735,292,519
1. advance	57,130,000	45,150,000	9. bachelor housing deposit	86,400,000	0
2. advance expenditure	152,955,987	208,202,167	III. student loan deposit(new)	4,523,078,320,945	4,223,874,076,581
3. advance corporate tax	11,498,403,600	13,828,081,190	(1)	4,523,078,320,945	4,223,874,076,581
(4) loan asset	524,434,251,089	502,539,167,903	1. student loan deposit _central government	1,511,844,518,818	1,374,582,927,818
1. student loan	542,316,040,391	518,640,379,964	2. student loan deposit _local government	3,011,233,802,127	2,849,291,148,763
Short-term loan appropriation	17,881,789,302	△16,101,212,061	(debt total)	7,330,885,190,490	6,805,158,639,716
II. non-liquid asset	14,173,505,322,730	13,936,964,288,465	capital	-	
(1) investment asset	5,439,614,257,935	6,734,725,922,228	IV. pension fund	10,321,103,010,799	10,950,561,197,135
1. deposit to Housing & Urban Fund	10,000,000,000	10,000,000,000	(1) capital	5,606,796,498,207	5,606,796,498,207
2. pension loan	861,774,950,940	989,104,235,900	1. transfer into fund	828,946,992,859	828,946,992,859
3. debt security	2,068,629,106,739	2,483,413,702,233	2. deposit	763,927,722,000	763,927,722,000
4. share security	2,499,210,200,256	3,252,207,984,095	3. surplus increase in settlement	4,013,921,783,348	4,013,921,783,348
(2) loan asset	2,884,844,500,463	2,734,661,896,194	(2) other comprehensive profit and loss accumulation	3,670,062,963,191	2,708,189,361,440
1. long-term student loan	3,257,206,379,164	3,051,803,533,341	1. Appraisal profit of securities	306,110,704,750	577,698,030,502
Loan appropriation	372,361,878,701	△317,141,637,147	Appraisal profit of debt security	30,534,996,428	16,153,270,659
(3) tangible assets	5,705,894,515,240	4,411,518,585,060	Appraisal profit of share security	275,575,708,322	561,544,759,843

Fund Assets			Liabilities and Net Assets		
1. land	4,054,236,001,633	2,871,268,371,880	2. Appraisal loss of securities	62,311,779,793	△83,392,591,180
2. building	1,741,246,263,394	1,667,012,164,108	Appraisal loss of debt security	20,346,210,102	△44,346,528,965
building depreciation accumulation	227,611,455,388	△257,695,343,464	Appraisal loss of share security	41,965,569,691	△39,046,062,215
3. asset in construction	17,714,613,324	20,713,700,191	3. Appraisal profit of tangible assets	3,426,264,038,234	2,213,883,922,118
4. vehicle transportation equipment	11,964,362,996	12,667,223,416	Appraisal profit of land	3,327,494,444,426	2,136,886,098,171
vehicle transportation equipment depreciation accumulation	7,947,094,572	△9,647,634,379	Appraisal profit of building	98,769,593,808	76,997,823,947
ements/supplies	37,492,789,440	40,583,355,402	(3) profit surplus	1,044,243,549,401	2,635,575,337,488
ements/supplies depreciation accumulation	18,443,036,011	△23,468,486,110	1. increase of profit deposits	1,044,243,549,401	1,044,243,549,401
6. mechanical equipments	28,057,645,580	28,225,700,721	2. decrease of profit deposits	-	1,591,331,788,087
mechanical equipments depreciation accumulation	12,194,140,108	△16,123,093,447	(capital total)	10,321,103,010,799	10,950,561,197,135
7. structure	108,022,176,762	108,103,589,638		-	
structure depreciation accumulation	26,643,611,810	△30,120,962,896		-	
(4) intangible assets	7,140,053,162	5,710,268,540		-	
1. software	7,140,053,162	5,710,268,540		-	
(5) other non-liquid assets	136,011,995,930	50,347,616,443		-	
1. staff loan	1,525,896,970	1,363,634,580		-	
2. other securities	872,510,000	862,060,000		-	
3. telephone/telegraph subscription right	726,000	726,000		-	
4. rental deposit	15,294,038,000	15,952,228,000		-	
5. business deposit	145,640	147,200		-	
6. long-term uncollected subsidy	88,141,811,683	0		-	
7. uncollected charge settlements	486,376,287	2,630,863		-	
8. long-term uncollected profit	34,272,071,350	37,311,858,800		-	
9. lawsuit deposit	95,450,000	98,350,000		-	
long-term loan asset appropriation	4,677,030,000	△5,244,019,000		-	
III. headquarter/ branch accounts	-	0		-	
(1) headquarter/branch accounts	-	0		-	
1. headquarter	3,351,327,197,269	△1,699,028,605,089		-	
2. branch	3,351,327,197,269	1,699,028,605,089			
(asset total)	17,651,988,201,289	17,755,719,836,851	(debt and capital total)	17,651,988,201,289	17,755,719,836,851

4.2 Consolidated Statement of Income & Expenses

(unit: won)

Expenses			Income		
Subject	2016	2017	Subject	2016	2017
I. expenses business	14,619,683,341,849	15,312,126,917,543	I. business earnings	14,958,909,097,627	15,739,408,277,099
(1) financial	137,944,731,686	105,167,370,511	(1) pension income	14,141,396,133,023	15,013,054,553,049
1. Pyment fees	3,081,555,345	4,159,969,335	1. pension contributions	4,469,180,730,515	4,867,633,024,239
2. tax/duty	344,596,701	583,173,763	2. pension charges	5,170,030,248,400	5,514,647,257,530
3. loan interest	-		3. accident compensation contributions	134,865,351,635	150,906,622,142
4. lawsuit expense	321,549,435	34,964,497	4. retirement allowance contributions	1,930,234,575,390	2,044,081,797,920
5. asset management expense	278,139,968	304,625,754	5. pension transfer contributions	51,062,277,900	53,615,451,290
6. research expense	249,470,000	208,770,000	6. subsidy	2,318,852,949,183	2,282,011,399,928
7. short-term security disposal loss	9,752,199,595	16,055,679,367	7. fund subsidy	67,170,000,000	100,159,000,000
8. security disposal loss	12,617,806,744	3,170,275,466	(2) financial asset operating profit	459,291,583,413	519,787,022,825
9. security damage loss	45,391,926,416	16,621,299,698	1. ordinary deposit interest	75,627,457	119,526,330
10. derivative product appraisal loss	13,622,149,511	182,598,531	2. cash reserve interest	25,650,932,607	34,520,098,314
11. loan aid expense	52,285,337,971	63,846,014,100	3. Housing & Urban Fund interest	147,101,918	146,700,000
(2) welfare and real estate business	368,152,922,174	218,314,172,574	4. student loan interest	140,166,459,908	120,846,832,895
1. real estate management expense	1,921,740,234	1,530,951,149	5. pension loan interest	46,991,298,466	47,675,177,386
2. paid rental fee	660,375,253	728,489,676	6. short-term security disposal profit	80,868,286,726	95,128,420,553
3. payment fee	4,854,653,273	3,611,712,382	7. security disposal profit	10,833,091,470	36,172,502,020
4. lawsuit expense	205,153,090	406,937,110	8. security loss retrieval	21,963,871	0
5. maintenance/repair expense	332,559,337	462,454,047	9. security interest income	111,830,339,449	124,426,323,287
6. facility maintenance expense	16,063,076,293	18,763,746,607	10. share security dividend income	27,871,778,157	33,941,118,853
7. interests on loan from Housing & Urban Fund	9,663,057,855	1,040,658,745	11. appraisal profit of derivative products	939,061	26,770,606,777
8. rental housing business expense	227,864,672,333	85,614,020,678	12. other financial asset profits	14,833,764,323	39,716,410

Expenses			Income		
9. rental housing sales expense	293,678,492	417,682,960	(3) loan income	1,438,097,323	856,956,461
10. product purchase	5,473,572,922	5,441,259,443	1. student loan operating contributions	1,438,097,323	856,956,461
11. food ingredient expense	7,432,723,476	7,873,073,439	(4) welfare and real estate business income	356,783,283,868	205,709,744,764
12. beverage ingredient expense	690,257,201	760,201,185	1. real estate rental income	9,527,747,718	10,338,768,703
13. other material expense	523,172,751	504,119,624	2. housing rental income	12,683,735,623	15,735,502,005
14. tax/duty	13,756,079,546	12,651,174,904	3. housing supply income	258,528,777,951	102,475,660,906
15. depreciation	54,600,901,085	54,695,874,960	4. bachelor housing operating income	954,374,240	486,640
16. insurance	172,484,887	150,836,348	5. product sale income	6,253,890,910	6,234,668,645
17. electricity/water	3,114,000,346	3,059,892,824	6. food sale income	8,986,306,614	9,516,568,401
18. fuel expense	1,587,187,201	1,404,595,904	7. beverage sale income	830,478,402	888,601,728
19. research service fees	14,868,237,108	15,494,189,109	8. accomodation fees	4,959,872,405	5,074,554,872
20. business expenses	2,226,507,945	2,309,461,224	9. sauna fees	1,823,900,370	1,266,662,551
21. irrecoverabl debt	619,609,956	1,117,381,396	10. swimming pool fees	1,759,914,058	1,911,913,967
22. supplyl housing management fees	1,026,882,499	263,458,860	11. other benefit& welfare operating income	4,875,989,106	5,039,177,314
23. R & D fees	202,339,091	12,000,000	12. golf club fees	44,100,946,017	45,589,135,818
(3) pension benefit expenses	14,107,373,345,777	14,982,171,963,690	13. park fees	1,497,350,454	1,638,043,214
1. retirement benefit	12,036,189,456,730	12,780,443,456,330	II. non-business income	195,342,278,338	1,345,315,652,383
2. duty-related accident benefit	88,531,725,110	98,478,285,130	(1) non-business income	195,342,278,338	1,345,315,652,383
3. retirement allowance	1,930,234,575,390	2,044,081,797,920	1. staff housing rental income	72,399,611	58,842,841
4. relief benefit	39,608,905,450	42,716,820,450	2. staff loan interest	9,160,670	7,731,950
5. pension transfer benefit	9,597,079,970	10,684,892,330	3. foreign exchange profit	1,500	0
6. duty-related death	2,795,298,760	5,313,392,440	4. late fee income	1,225,032,348	1,133,443,848
7. lawsuit fees	108,721,511	174,008,000	5. interests on deposit	1,605,380,916	1,463,650,432
8. pension business operating expense	307,582,856	279,311,090	6. interests on uncollected contributions	263,406,000	67,441,020
(4) computer systems expenses	4,215,245,807	4,310,354,937	7. other income	5,110,422,951	12,021,305,833
1. computer product expense	256,700,908	274,291,387	8. retrieval of appropriation for irrecoverable debt	6,656,492,229	456,066,274
2. computer facility repair expense	3,358,067,899	3,421,860,550	9. retrieved payments	9,912,801,846	9,239,502,301
3. computer services expense	600,477,000	614,203,000	10. other security interest	11,905,053	10,603,763

Expenses			Income		
(5) business consignment expense	1,997,096,405	2,163,055,831	11. pension magazine advertising fees	50,100,000	28,281,817
1. consignment fees	1,997,096,405	2,163,055,831	12. pension magazine subscription fees	2,181,604,003	2,213,053,000
II. management/operation expense	60,638,949,929	58,325,311,375	13. tangible asset disposal income	155,278,525,327	1,306,471,462,650
(1) personnel expenses	42,011,170,596	42,880,909,085	14. education income	6,374,798,833	7,142,865,091
1. retirement benefits	5,037,418,848	4,365,574,550	15. retrieved interest income	335,569,305	421,585,094
2. personnel expenses	36,973,751,748	38,515,334,535	16. reimbursemnt income	738,513,462	1,419,125,469
(2) general expenses	18,627,779,333	15,444,402,290	Gain on insurance settlement	0	8,253,000
1. benefit and welfare expense	1,648,794,253	1,460,676,542	17. retrieval of reappraised loss	5,516,164,284	0
2. statutory contribution	2,935,972,566	3,094,607,390	"know-how plus" business earnings	0	3,152,438,000
3. travel/transportation	719,500,960	710,920,367		-	
4. electricity/ water	-	38,371,362		-	
5. clothing	137,554,300	166,138,500		-	
6. rental fees	65,946,921	70,480,587		-	
7. vehicle	69,355,671	39,794,233		-	
8. R & D	387,674,278	327,184,927		-	
9. trasportation & storage	-			-	
10. general expenses	856,787,010	1,159,643,140		-	
11. tax/public utility charges	1,152,060,634	1,097,344,326		-	
12. business operating expenses	501,087,997	488,837,360		-	
13. meeting	229,296,272	255,305,430		-	
14. education & training	1,183,971,805	1,105,170,479		-	
15. prize	69,735,000	70,213,500		-	
16. depreciation	3,164,419,762	3,347,073,095		-	
17. intangible asset depreciation expenses	5,505,621,904	2,012,641,052		-	
III. non-business expenses	111,775,440,187	122,939,912,477		-	-
(1) non-business expenses	36,477,304,615	13,805,222,887		-	-
1. tangible asset disposal loss	13,699,290	1,985,234		-	-
2.pension magazine production expenses	1,917,127,178	1,879,871,683		-	-

Expenses			Income		
3. interests on excessive contribution payment	96,659,930	107,963,770	-	-	
4. education	6,568,128,357	7,494,672,878	-	-	
5. social participation activity support expenses	1,147,096,231	1,168,291,322	-	-	
6. tangible asset reappraisal loss	26,734,593,629	0	-	-	
"know-how plus" business support expenses	0	3,152,438,000			
(2) other non-business expenses	75,298,135,572	109,134,689,590	-	-	
1. exchange rate loss	-	3,460	-	-	
2. other losses	1,391,966,037	25,376,612	-	-	
3. pension transfer (expenses)	67,170,000,000	100,159,000,000	-	-	
4. advance discounts	-		-	-	
5. customized welfare operating fees	193,854,071	234,829,827	-	-	
casualty loss	0	15,016,446			
6. other special loss	6,399,599,825	8,041,216,242	-	-	
7. other irrecoverable debts	142,715,639	659,247,003	-	-	
(total expenditures)	14,792,097,731,965	15,493,392,141,395	(total income)	15,154,251,375,965	17,084,723,929,482
IV. pension account support fund	602,624,123,803				
(1) pension account support fund	602,624,123,803				
1. retirement benefit cash reserve	602,624,123,803				
2. pension account transfer	-				
V. fund contribution	602,624,123,803				
(1) fund contribution	602,624,123,803				
1. transfer	602,624,123,803				
VI. net profit during the term	△240,470,479,803				
(1) net profit during the term	△240,470,479,803				
1. net profit during the term	△240,470,479,803				

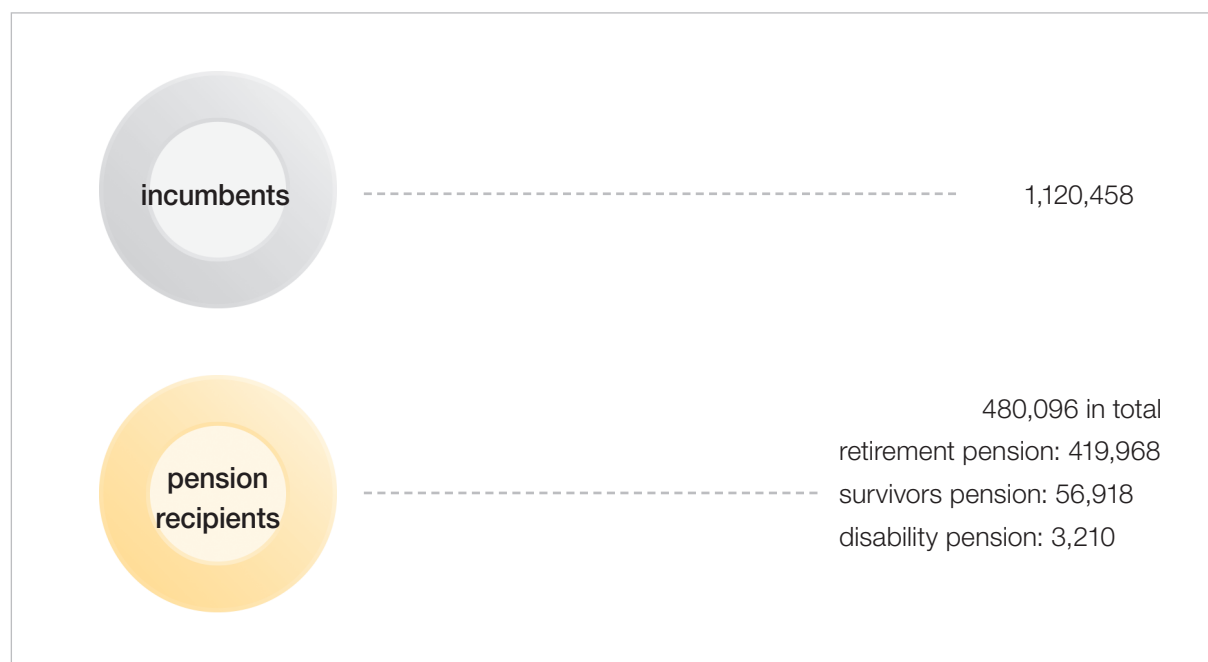
5. Major Statistics

■ Plan Participants at the End of 2017

(Unit: person, as of the end of December 2017)

Classification	Number of persons
Employees	1,120,458
Pension Recipients	480,096
retirement pension recipients	419,968
survivors pension recipients	56,918
disability pension recipients	3,210

Plan Participants


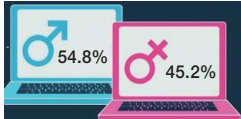








■ Demographic Structure of Government Employees

- ❖ As of the end of 2017, the number of incumbents is 1,120,458 and the gender ratio is 54.8%(male) versus 45.2%(female)
- ❖ As of the end of 2017, the average age of incumbent government employees is 42.6 years old and the average period of public service is 17.2 years.
- Incumbents with 20-year service and with not less than 10-year service are respectively 41.3% and 69.8% of the total incumbents.

Demographic Structure of Government Employees

(As of the end of December 2017)


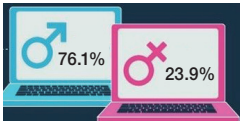





Classification		Number of persons and %
• Number of employees		1,120,458
• Gender ratio		54.8%(male) : 45.2%(female)
• Ratio of type of occupation		67.3%(non-education): 32.7%(education)
• Average age		42.6 years old
• Average years of service		17.2 years
• Ratio of 20 years and more in service		41.3%
• Ratio of 10 years and more in service		69.8%
• Total amount of contributions		4 trillion 867.6 billion

■ Demographic Structure of Retired Government Employees

- ❖ In 2017, the number of retirees is 37,059, and the gender ratio of retirees is 76.1%(male) versus 23.9%(female).
- ❖ In 2017, the average age of retirees is 53.7 years old and the average period of public service is 27.1 years.
- Retirees with 20 years and not less than 10 years respectively account for 77.9% / 82.7% of the entire retirees.

Demographic Structure of Retired Government Employees

(As of the end of December, 2017)

Classification		Number of persons and %
• Number of retirees		37,059
• Gender ratio		76.1%(male) : 23.9%(female)
• Average age		53.7 years old
• Average years of service		27.1 years
• Ratio of 20 years and more in service		77.9%
• Ratio of 10 years and more in service		82.7%
• Ratio of type of occupation		75.7%(non-education) : 24.3%(education)



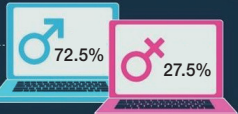

※ Retired government employees: received pension benefits from Jan. 1. 2017 ~ Dec. 31. 2017 due to retirement (death)

■ Demographic Structure of Pension Recipients

- ✦ The number of recipients of the government employees' pension is around 4.8 billion, and the dependency rate (i.e. the number of recipients over incumbents) is 42.5%.
 - Retirement pension recipients account for 88.2%(419,968 persons) and survivors pension recipients account for the remaining 11.7%(56,216 persons).
- ✦ The average age of pension recipients in 2017 is 67.3 years old, and recipients in education account for 30.8% of the whole recipients and the gender ratio is 72.5%(male) versus 27.5%(female).

Demographic Structure of Pension Recipients

(As of the end of December 2017)

Classification	Number of persons and %
<ul style="list-style-type: none"> Number of pension recipients 	476,184
<ul style="list-style-type: none"> Average age 	67.3 years old
<ul style="list-style-type: none"> Gender ratio 	72.5%(male) : 27.5%(female)
<ul style="list-style-type: none"> Type of occupation 	69.1%(non-education) : 30.9%(education)

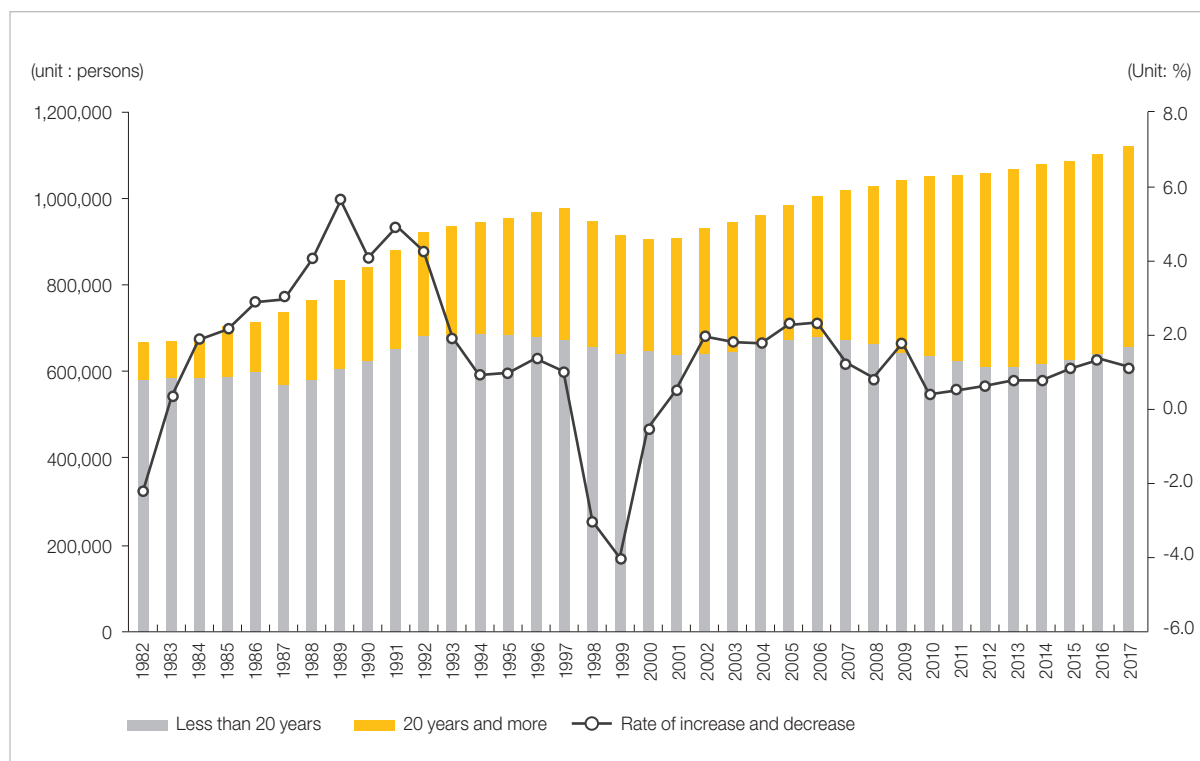
Benefits Distribution of Pension Recipients

(As of the end of December 2017)

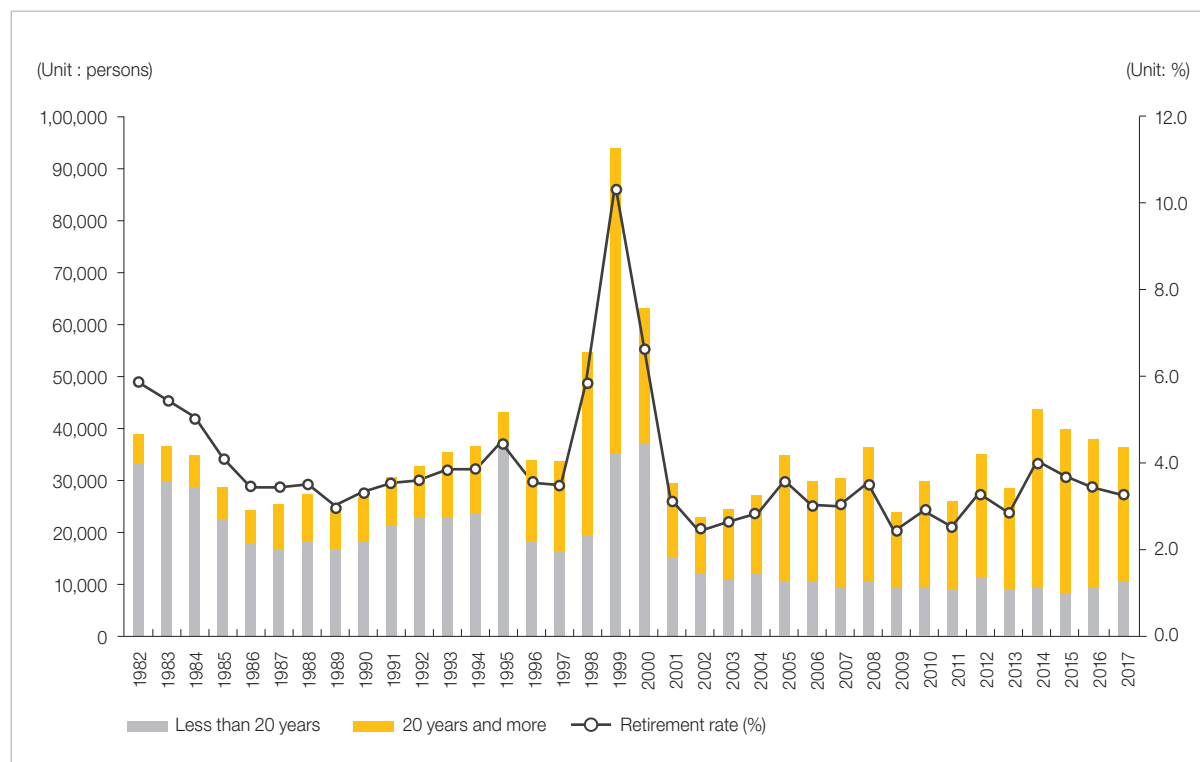
Total	Retirement pension	Survivors pension
476,184	419,968	56,216

※ Excluding disability pension recipients (3,210) and disability survivors pension recipients (702)

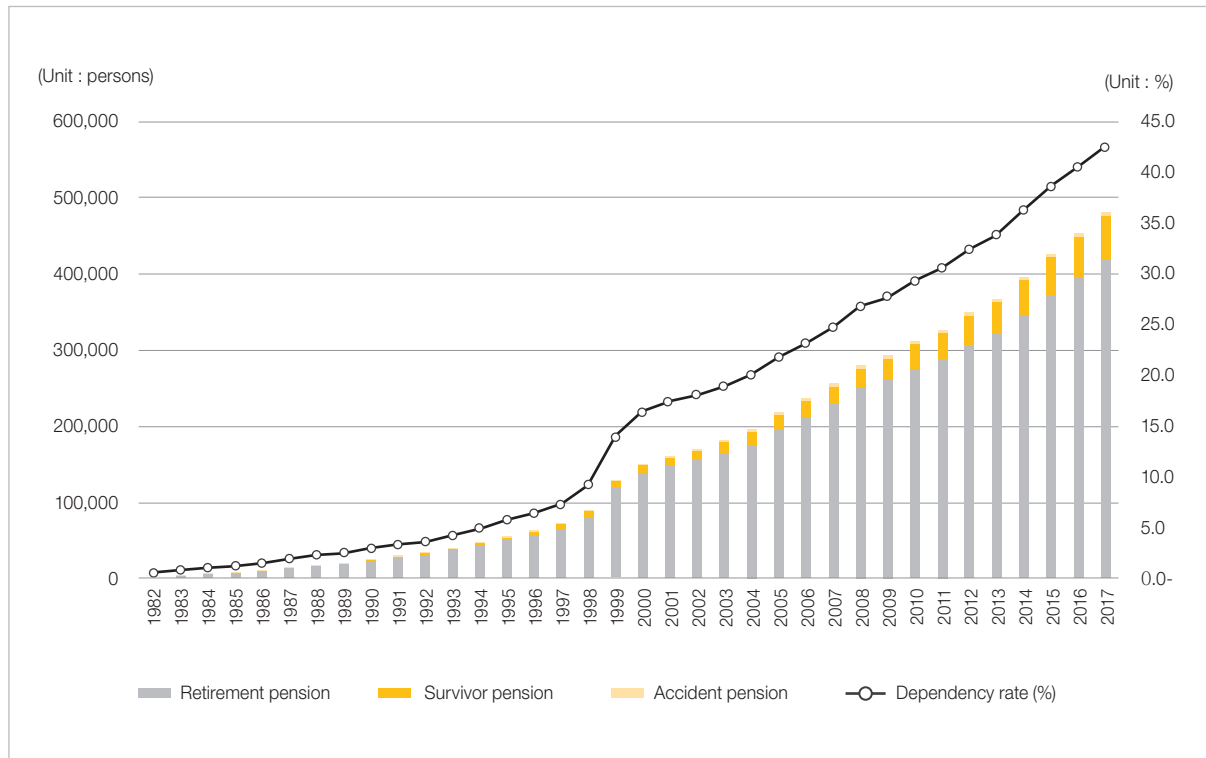
■ Flow of Government Employees by Service Years since 1982



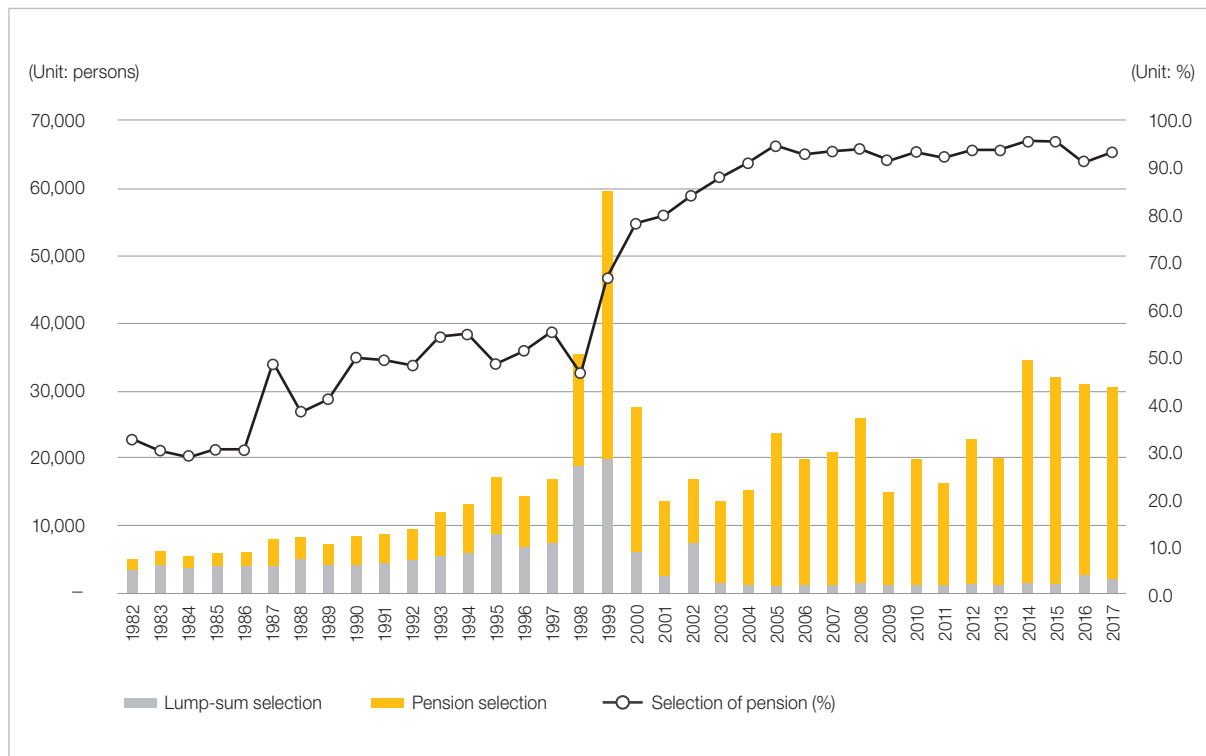
■ Flow of Government Employees by Occupation and Service Years since 1982



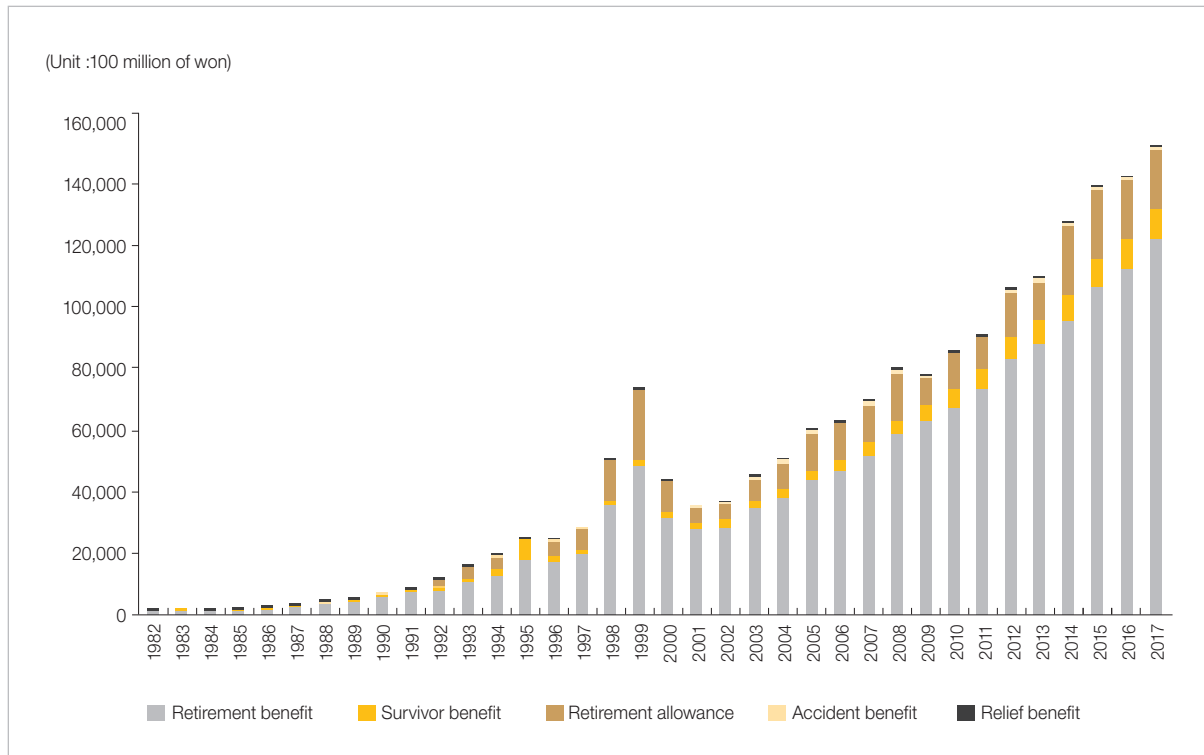
■ Past Flow of Pension Recipients since 1982



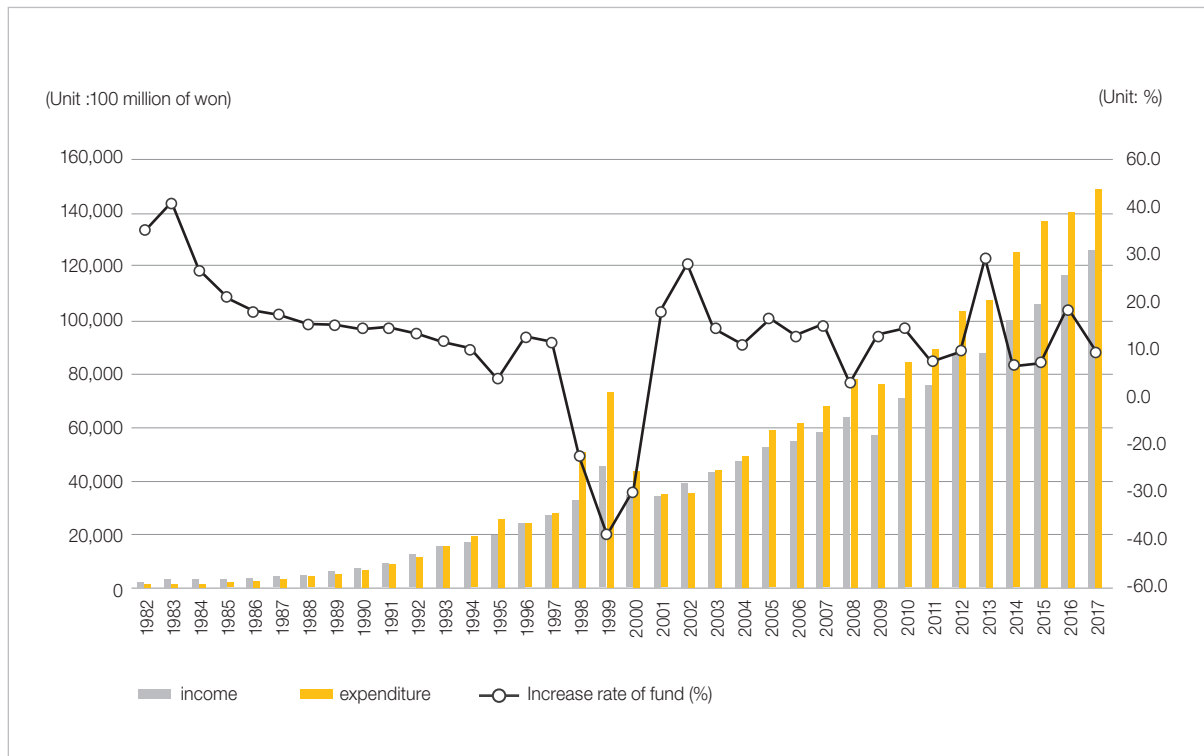
■ Past Flow of Pension Selection since 1982



■ Past Flow of Pension Payment by Type of Benefits since 1982



■ Past Trends in the Government Employees Pension Fund since 1982



■ Assets, Liabilities and Net Assets of the Fund between 2008-2017

(Unit: 100 million of won)

Classification		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Asset	Housing & Urban Fund	100	100	100	100	100	100	100	100	100	100
	Investment security	32,844	38,992	42,828	42,361	38,344	38,037	38,938	45,896	58,182	72,563
	Pension payment	8,396	8,539	8,632	8,312	10,176	12,847	12,728	12,670	12,581	14,313
	Loan with purpose	-	-	-	-	-	-	-	-	-	-
	Student loan	-	-	-	-	-	36,207	35,973	35,319	34,092	32,386
	Sum	8,396	8,539	8,632	8,312	10,176	49,054	48,701	47,989	46,673	46,699
	Housing business	15,086	18,019	20,414	21,705	25,432	44,911	46,756	41,727	48,656	35,409
	Facility operating business	3,525	3,478	3,316	3,860	4,130	8,432	8,612	7,909	10,211	9,480
	Cash reserve etc.	4,874	2,000	3,766	5,081	9,327	11,737	13,985	15,468	12,697	13,306
	Sum	64,825	71,128	79,056	81,419	87,509	152,271	157,092	159,089	176,519	177,557
Debt	Loan business Student loan	-	-	-	-	-	45,084	45,291	45,339	45,231	44,613
	Housing business	11,198	11,268	14,175	15,795	18,934	21,173	24,868	24,376	25,765	15,731
	Facility operating business	331	319	377	360	306	324	408	199	137	127
	others	6,435	7,668	6,197	5,159	4,693	2,020	1,253	1,633	2,175	7,580
	sum	17,964	19,255	20,749	21,314	23,933	68,601	71,820	71,547	73,308	68,051
Capital		46,861	51,873	58,307	60,105	63,576	83,670	85,272	87,542	103,211	109,506

Note)

1. Investment securities of assets include bonds, deposits, stocks, trust goods and SOC investments.
2. Housing business of debts includes housing rental deposits, loans from Housing & Urban Fund.
3. Others of debts include loans from the financial fund, advance contributions, etc.
4. The National Accounting Guideline (reflecting the market valuation of real assets etc.) was applied according to the National Accounting Act from 2013.

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Government Employees Pension

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