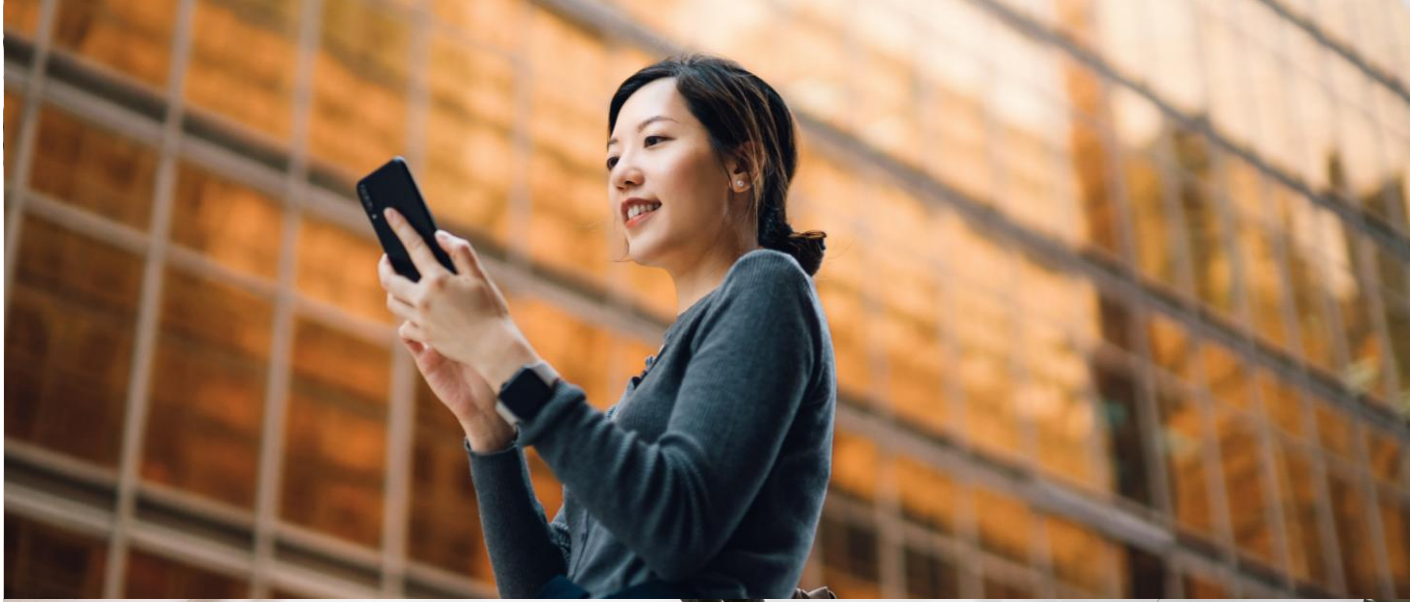
ERBSA Adoption Consideration with WTW





Mandatory ERBSA Adoption: Key Implications and Employer Actions

What is "ERBSA" and what is the upcoming changes?

Note: ERBSA refers to "Employee Retirement Benefit Security Act"

Dec. 2005

ERBSA was established with a focus on external funding to strengthen the protection of employees' retirement benefits

Corporate tax advantage reduced, and new companies established after 2012 are mandatorily required to adopt ERBSA

Feb. 2026

Tripartite Joint Declaration reached agreement for ERBSA mandatory adoption for all businesses and activation of trust-based arrangements in the DC market[1]

Oct 29, 2026

MOEL has announced the phased timetable for ERBSA mandatory adoption per below:

Year	Workplaces size (Employee Headcount)
2028	100+
2029	10 – 99
2030	Fewer than 10

Severance Pay Scheme (SPS) vs ERBSA Defined Benefits ("DB") & Defined Contribution ("DC")

Plan	SPS	DB	DC
Retirement Benefit Entitlement	Final Average Wage × Years of Service		DC Contribution + Investment Gain/Loss
Investment Managed by	Not Applicable	Company	Employee
Company Contribution (Funding)	External funding is not mandatorily required	Legally required minimum funding ratio: 100% of DB funding obligation	1/12 of the employee's annual salary per year
Interim Payment	Available (under special conditions)	Not available	Available (under special conditions)

[1] https://www.wtwco.com/en-hk/insights/2026/03/south-korea-severance-pay-scheme-to-be-replaced-by-erbsa-mandatory-funded-retirement-plans

What Employer Needs To Do?



1

Designing an ERBSA Compliant Design

Aside from being compliant with ERBSA regulation, the new plan design shall also align with the Company's demographics, benefits philosophy, market competitiveness, and program operation.

2

Associate Costs When Adopting ERBSA

Understand the upfront and ongoing costs associated with implementation and administration.

3

Pension Provider

Choosing the best pension provider(s) for the Company which offers efficient plan administration, compliance support, investment management capabilities, and employee service quality.

4

Change Considerations

Transitioning to ERBSA will impact benefit structures, funding obligations, payroll processes, and employee experience → Company is required to obtain majority of employee consents (50%+1) in order to proceed with plan change.

5

Implementation

Successful implementation involves completing required Ministry of Employment and Labor (MoEL) filing requirement, communicating changes effectively to employees, and establishing a realistic transition timeline.

[1] https://www.wtwco.com/en-hk/insights/2026/03/south-korea-severance-pay-scheme-to-be-replaced-by-erbsa-mandatory-funded-retirement-plans



ERBSA Plan Design Considerations

Plan Design	Provider Review	Change Management
• Benefit Neutral • Financials • Employee Consent • Admin Simplicity	• Employer Support • Employee Support • Fee • Organisational Strength • Performance	• Employee Comms • HQ Comms • MoEL Filing

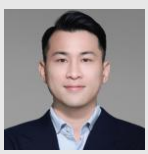
wtw

How WTW can help

Plan Design	Provider Selection	Employee Communication
Help to design an ideal program and manage stakeholders for the final ERBSA plan design to be implemented	WTW Pension Provider Evaluation Framework helps Company to identify and shortlist most capable vendors to contract with	Strong expertise and track record to work with Companies to obtain majority of employee consents and implementing changes

Do you know what is the latest DB or DC market return in South Korea?
Find out more by downloading our free WTW 2025 DC Market Intelligence Report

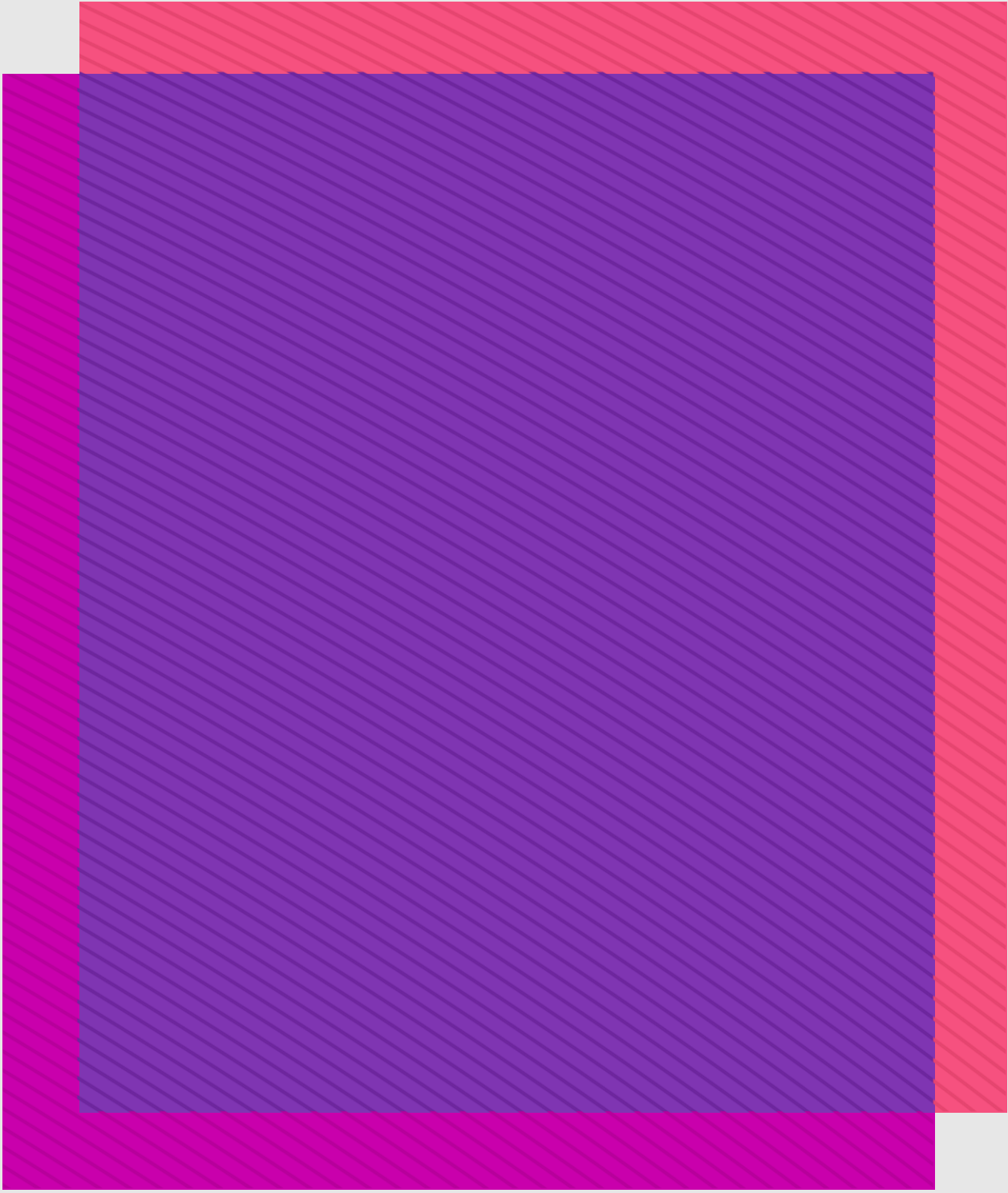
Partner with WTW, find out what this means for your business:



Brian Ching
Head of Retirement, Korea
brian.ching@wtwco.com
D +82 2 3430 2502



Peter Shin
Senior Consultant, Korea
seungpil.shin@wtwco.com
D +82 2 3430 2511



About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success – and provide perspective that moves you. Learn more at wtwco.com.

wtwco.com/social-media

Copyright © 2026 WTW. All rights reserved.

wtwco.com