Asset building was first discussed at the 56th Korean National Meetings in November 2004. In November 2006, the conference “Toward a New Paradigm in Social Policy: The Potential of Child Development Accounts in Asset-Based Social Policy,” organized by the Korean Labor Institute and Chung Ang University, generated substantial discussion and reinforced interest in asset-based policy in Korea. In March 2007, Mr. Rhyu Simin, then Minister of the Korean Ministry of Health and Welfare (KMHW), delivered a keynote address entitled “Learning from Korea: Innovative social investment strategies for future generations” to American policymakers and policy experts in Washington, DC. In his speech, Minister Rhyu specifically introduced Child Development Accounts as a component of Korean social investment policy aiming at tackling new social risks and promoting development of all households.

Since 2007, a growing number of asset-based programs have been implemented at both national and city levels throughout Korea. Research by the Center for Social Development (CSD), especially findings on Individual Development Accounts (IDAs) in the United States, has played a role in these developments. In addition, CSD has provided consultation on asset-building policies and programs in Korea to Mr. Rhyu Simin, Mr. Oh See-hoon, then Mayor of Seoul City, and Dr. Lee Seong-gyu, past President of the Seoul Welfare Foundation.

The Child Development Account (CDA) program, implemented nationwide by KMHW in 2007, aims to reduce intergenerational transmission of poverty and to boost the national economy through intensive investment in development opportunities for children and youth. Plans are underway to expand the reach of this program.

Several IDA programs have been implemented in major cities to help the working poor accumulate assets to fund long-term development at the individual and household levels. These IDA programs include the Seoul Hope Plus Savings Accounts program launched in Seoul by the Seoul Metropolitan Government, and Haengbok Kium Accounts and Heemang Kium Accounts by KMHW in partnership with local governments. The Seoul Welfare Foundation won the United Nations Public Service Award in the category of “Improving the delivery of public services” for their Hope Plus Savings Account program in 2010.

### Programs

Often, asset-building policies in Korea are linked with the Self-Sufficiency Program (Jawhal), a government welfare program that offers job training and employment opportunities at the community level to welfare recipients. A key focus is how to support those who can work and maximize effects of public investment. This has resulted in a focus on asset building for working poor families and ties to work incentive policy, such as the Earned Income Tax Credit (EITC).
**Child Development Accounts**

**The Korean Ministry of Health and Welfare**

In April 2007, KMHW initiated the Child Development Account (CDA) program. In 2009, the Ministry changed the official program name to “Didim Seed Savings Accounts.” *Didim* means the accounts serve as stepping stones for children’s future hopes and dreams. The program was unveiled as part of a broader effort to reduce widening gaps between the rich and poor by investing in human capital, and also to address plummeting birth rates in Korea. In addition, the CDAs are also envisioned as a mechanism for providing financial education to underprivileged children and as a vehicle for individuals to acquire major assets needed to support themselves.

Currently, all children aged 0-17 years in the child welfare system, including institutional care for children with disabilities, are eligible for CDAs. In addition, since April 2011, children aged 12 years whose families receive welfare benefits are also eligible. Local governments plan to select program participants on a quarterly basis, subject to budgetary constraints.

Children and their sponsors deposit into the Didim accounts, and the government matches deposits at a 1:1 rate up to a monthly limit of 30 USD (exchange rate: 1 USD=1,000 KW). Children and their sponsors can make additional monthly deposits of up to $50 that are not matched. Every participating child has two accounts, a savings account (for their and their sponsors’ deposits) and a fund account (for the government matching funds). At age 18, children are allowed to access the funds in their CDAs for education, vocational training, housing, micro-enterprise start-up, medical costs, or wedding expenses. Children aged older than 15 years who have saved for more than five years, however, can make a maximum of two early withdrawals. Early withdrawals may only be used to pay for education or vocational training. Children in the child welfare system who return to their families may continue saving in the account.

In March 2007, Mr. Rhyu Simin delivered a keynote address entitled “Learning from Korea: Innovative social investment strategies for future generations” to American policymakers and policy experts in Washington, DC. In his speech, Minister Rhyu specifically introduced Child Development Accounts as a component of Korean social investment policy aimed at tackling new social risks and promoting development of all households.

Currently, KMHW, Shinhan Bank, the Korean Federation of Children’s Welfare, and local governments have partnered in managing all aspects of the CDA program. The Ministry provides matching funds and other financial support. The budget for the CDA program was $6.3 million in 2010 and $7.3 million in 2011.

Early evaluation results suggest successful implementation of the program. As of 2011, approximately 41,180 children (15,293 in the child welfare residential care; 801 children living without parents; 13,325 in foster homes; 1,913 in group homes; 2,039 in disability institutional care; 1,502 children who returned to families; 6,307 children living with family on welfare) are estimated to have CDAs (Samil PricewaterhouseCoopers, 2012). Total CDA savings exceeded 70 million USD (exchange rate 1 U.S. Dollar [USD]: 1000 Korean Won [KW]). According to a survey administered by KMHW (2009), the most participants viewed the CDA program positively.

The Korean national government plans to make CDAs available to all children born into households with incomes below the national median—approximately 50% of all Korean newborns. The Ministry is currently examining the feasibility of this expansion plan.

**Seoul Metropolitan Government**

The Seoul Metropolitan Government also implemented a CDA program, Kumnarae Accounts, in April 2009. Seoul residents who have children aged 12 and younger and receive welfare benefits are eligible. Financial education and parental education are provided for the duration of program participation.

Participants can save either $30 or $50 per month for seven years or $70 or $100 per month for five years. With a match rate of 1:1, participants will hold $12,000 plus interest in their accounts at the end of the five- or seven-year term. Savings can be used only for education and vocational training. Matching funds come from both the Seoul Metropolitan Government and the Community Chest of Korea.

**Individual Development Accounts**

**Seoul Metropolitan Government**

The Seoul Hope Plus Savings Account program was launched in late 2007 by the Seoul Welfare Foundation in partnership with the Seoul Metropolitan Government and the Community Chest of Korea. This project aims to assist working
poor families to save for one of three goals: home purchase, education, or micro-enterprise.

Each participant is required to deposit up to 200,000 KW (200 USD) per month for three consecutive years to remain in the program and receive matching funds from the Seoul Metropolitan Government and the Community Chest of Korea. With a match rate of 1:1, it is estimated that participants will save up to 14,400 USD plus interest in their accounts by the time the program ends. If participants exit the program early, they can receive the full amount they have saved plus interest, but no matching funds.

The Korean Ministry of Health and Welfare


Heemang Kium Accounts I provide working poor families in the public welfare system with savings matches and working incentives. Families on welfare whose earned income from their own work is more than 60% of the minimum cost of living are eligible. Families who leave the welfare system while participating in the program may continue to save until their income exceeds 150% of the poverty line. If participants save 100 USD per month for three years, the Korean government provides savings match (earned income grant), about $290 USD a month. After completing the three-year program, participants must get off the welfare system in order to receive the savings match; if they stay on welfare, they receive only their deposits plus interest. Savings may be used for housing, education for their children, vocational training, or small business start-up. Participants also receive financial education and case management.

Accounts for North Korean Defectors

As part of the revised “North Korean Defectors Resettlement Support Act,” the Korean Ministry of Unification launched the asset-building program in November 2014. North Korean defectors who entered South Korea after November 29, 2014, are eligible to open “Future Happiness Accounts.”

The main objectives include (1) enhancing employment rates among North Korean defectors by providing incentives for employment, and (2) promoting asset building for stable settlement among North Korean defectors.

Research in Asset-Based Policy in Korea

A growing body of Korean-language publications on asset building has become available, including articles by CSD researchers, Korean domestic policy experts and researchers, and mainstream media.

Collaborative research on the Seoul Hope Plus Savings Accounts has been conducted by CSD and the Seoul Welfare Foundation since July 2009. This project aims to evaluate the outcomes of Hope Plus Savings Accounts for low-income households in Seoul. Early study results (Kim et al., 2010; Kim, Lee, and Kim, 2011; Seoul Welfare Foundation [SWF], 2009; 2010) indicate positive outcomes associated with participation.
**Conclusion**

With the implementation of CDA programs, the Seoul Hope Plus Savings Accounts program and other small scale asset-building pilot programs, there is potential for development of universal asset-based policy in Korea. These initiatives are laying the groundwork for continuing research and policy innovation in Korea. In particular, asset-building policy draws continuous attention as a promising alternative to complement the existing public welfare system for the working poor and their children.

The most critical challenges will be reaching all of the poor in Korea, whether they are welfare recipients or the working poor, and figuring out how asset-building programs should be integrated with traditional antipoverty policy.

**Publications**

The above policy discussions have begun to generate a body of scholarship on asset building published in Korea and elsewhere. This body of work includes the following publications:

Presentations at International Academic Symposia

The following paper was presented at the Conference of Society for Social Work and Research:


» Weon, S., & Rothwell, D. The Impact of Matched Savings Programs in Korea: Results from the Hope Growing Account Program.

The following papers were presented at the 2012 Conference on Lifelong Asset Building: Strategies and Innovations in Asia at Peking University in Beijing:

» Chang, K. H & Kim, Y. Asset-based policies in Korea: expansion, challenges, and future directions.


The following paper was presented at the 2011 Program Meeting of Council on Social Work Education in Atlanta:

» Kim, Y. Exploring potentials of asset-building programs for low-income families in international context.

The following papers were presented at the International Academic Symposium, sponsored by the Seoul Welfare Foundation in Seoul:

» Ahn, S.-H. Social investment theory: A compass for the Korean welfare state?

» Kim, Y.-M. Social investment strategy for Korea: Possibilities, issues, and prospects.

» Sherraden, M., & Han, C.-K. The social investment state and asset-based welfare: Implications for Korean social policy.


The papers below were presented at the 2009 International Seoul Welfare Forum in Seoul organized by the Seoul Welfare Foundation.


» Sherraden, M. Asset-based social policies: Toward fairness and inclusion.

» Sherraden, M. S. Creating policies for financial security: Striving to save in low-income families in the United States.

» Song, S.-S. New opportunities for low-income families in Korea: Seoul Family Development Accounts (SFDAs).

CSD Leadership and Conferences

The Center for Social Development (CSD) has informed development of asset-based policies in Korea. Consultation and conferences began in 2004. Some examples follow.

» In November 2006, Michael Sherraden was the keynote speaker at a conference entitled, “Toward a New Paradigm in Social Policy: The Potential of Child Development Accounts in Asset-Based Social Policy,” organized by the Korean Labor Institute and Chung Ang University. Professor Kim Yeon-Myung was the lead organizer of the conference. Margaret Sherraden spoke on the U.S.-based “I Can Save” project, and Li Zou presented a summary of asset-building work in China. This conference generated substantial discussion and reinforced interest in asset-based policy in Korea.

» In November 2007, Michael Sherraden presented a keynote speech at an international academic symposium organized by the Seoul Welfare Foundation. This symposium marked the launch of the Seoul Hope Plus Savings Accounts program. CSD collaborator Professor Lichen Cheng from National Taiwan University spoke on Taiwan’s “Family Development Accounts.”

» In October 2009, Michael Sherraden presented a keynote speech at an international Seoul welfare forum entitled, “Global Efforts for Poverty Prevention: Asset Building Programs—Innovative Practices,” organized by the Seoul Welfare Foundation. Scholars and experts from Singapore, the United Kingdom, and the United States shared their experiences
from implementing asset-based policies as an antipoverty strategy in their countries. Additionally, Song Sung-suk from Seoul Welfare Foundation presented the outcomes and policy implications of Hope Plus Savings Accounts.

Appendix 1: Selected Websites for More Information
Korean CDA: http://www.adongcda.or.kr
Kumnarae Account: https://www.welfare.seoul.kr/business/hope/about/dream
Seoul Hope Plus Account: https://www.welfare.seoul.kr/business/hope/about/hope

Appendix 2: Selected Media Coverage of Asset-Based Policies in Korea
Ministry of Health and Welfare, April 8, 2011
» Title: Accumulated deposits of the Didim Seed Savings Accounts exceed $70 million.
» URL: http://www.mw.go.kr
» Summary: The Ministry announced that total accumulated savings of the CDAs for disadvantaged children exceeded $70 million as of April 2011. Additionally, a total of 2,847 children graduated the program, and they received on average $1,210 savings match that was used for housing, university tuition, or vocational training.

Herald Economic News, March 26, 2011
» Title: The Heemang Kium Accounts start
» URL: http://biz.heraldmd.com/common/redirect.jsp?category_id=010109020101&news_id=20110325000813
» Summary: The Ministry announced that they will begin the first round of the recruitment for the Heemang Kium Accounts. They will recruit 1,500 participants in the first round. In addition, from 2011, after the participants leave the welfare system and complete the program, they can receive education and medical support from the government.

Daejun News, March 8, 2011
» Title: Recruitment cut down in the Heemang Kium Accounts
» Summary: Since the Ministry reduced recruitment in the Heemang Kium Accounts from 10,000 to 5,000, welfare recipients who are eligible for the Heemang Kium Accounts express concerns.

» Title: Eligibility for the CDAs expands
» URL: http://www.adongcda.or.kr
» Summary: The Ministry announced that starting in April 2011, children aged 12 in low-income families who receive welfare benefits and reside outside Seoul are also eligible for CDAs.

Jeju News, October 31, 2010
» Title: Half of the Heemang Kium Accounts participants save for homeownership
» Summary: According to the Jeju Government, more than a half of the participants in Heemang Kium Accounts chose homeownership as a saving goal.

Financial News, October 27, 2010
» Title: Participants in the Heemang Kium Accounts exceed 10,000
» URL: http://www.fnnews.com/view?ra=Sent0801m_01A&corp=fnnews&arclid=101027132617&cDateYear=2010&cDateMonth=10&cDateDay=27&
» Summary: The Ministry announced that the participants in the Heemang Kium Accounts exceeded 10,000. In addition, the Ministry decided to support the participants even after they leave the welfare system by providing education and medical expenses.

Newsis, July 26, 2010
» Title: The Incheon City Government expands the Haengbok Kium Accounts
Summary: The Incheon City Government is recruiting new participants for the Haengbok Kium Accounts. Residents in Incheon City whose head of family is 18-34 years old with children are eligible if income is at or below 120% of the poverty line.

Yeonhap News, January 25, 2010

Title: The Keungi Government provided 500 participants with Haengbok Kium Accounts


Summary: The Keungi Government gave Haengbok Kium Accounts to 500 participants who are living at or below 120% of the poverty line and have children under age 18.


Title: Opportunity for the poor to support themselves through asset-building program

URL: http://www.mw.go.kr

Summary: The ministry announced the implementation of an asset-building program for the poor. This three-year pilot program provides 2,000 low-income individuals and families an opportunity to save for restricted purposes, such as purchasing home, going to college, or starting a small business.


Title: Accumulated deposits of Didim Seed Savings Account exceed $40 million.

URL: http://www.mw.go.kr

Summary: The ministry announced that total accumulated deposits of CDAs for disadvantaged children exceeded $40,000 as of August 2009. Additionally, a total of 35,474 children were enrolled in the program, and average deposits per child totaled $1,250 as of that date.


Title: Ministry of Health and Welfare announces a new name for CDA “Didim Seed Savings Account”.

URL: http://www.mw.go.kr/

Summary: The Ministry announced the new brand name for its CDA: “Didim Seed Savings Account,” which means saving as a stepping stone for children’s hopes and dreams. According to the Ministry, 34,000 children were participating in the CDA program with a total savings of $28.7 million as of November 2008.


Title: Seoul Metropolitan Government helps families at risk by implementing “Seoul Hope Dream Project.”

URL: http://www.cbs.co.kr/Nocut/Show.asp?IDX=997953

Summary: Seoul Metropolitan Government will implement the Seoul Hope Dream Project to help low-income families escape from poverty and accomplish self-sufficiency through asset building and other supportive programs. The Government plans to invest $38 million in 2009 and $84 million by 2010.

Joins News (중앙일보), Nov 22, 2007

Title: Savings in CDAs exceeds $10 million.

URL: http://article.joins.com/article/article.asp?total_id=2955862

Summary: Savings in the CDA program exceeded $10 million in November 2007. The CDA program targets disadvantaged children in the child welfare systems such as orphanages, foster care, group homes, and youth-headed families.


Title: Shinhan Bank Offers Child Development Accounts (CDAs)


Summary: Shinhan Bank announced that it supports the Child Development Accounts program launched by the government to support low-income children. The Bank will allocate 0.2% of total deposits to CDAs. Shinhan Bank has been selected as a partner bank by the government after a competitive selection process.

New America Foundation, Mar 26, 2007

Title: Learning from Korea: Innovative Social
Investment Strategies for Future Generations

» URL: http://www.newamerica.net/events/2007/learning_from_korea_innovative_social_investment_strategies_for_future_generations

» Summary: Video of Minister of Health and Welfare Rhyu Simin discussing Korea’s CDA policy in a special guest forum with the New America Foundation.


» Title: [The Korean] government announced the launch of the Child Development Accounts (CDA) in April 2007.

» URL: http://www.mohw.go.kr/

» Summary: Minister of Health and Welfare, Rhyu Simin, announced that the Ministry will implement the CDA policy in April of 2007. The government will match the savings deposited by low-income children and their parents and sponsors in order to help them build assets to prepare for their young adulthood. Minister Rhyu emphasized that the CDA program is a new model for social investment policies in Korea in that it was designed based on the principle of government-private sector collaboration. The CDAs will be operated by three partners: the government, Shinhan Bank, and the Korea Welfare Foundation.

Hankyoreh newspaper (한겨레신문), Nov 24, 2006.

» Title: Income maintenance may not be enough in breaking intergenerational transmission of poverty

» URL: http://www.hani.co.kr/arti/society/society_general/174069.html

» Summary: Despite a continued increase in the government budget for public assistance programs since 2000, the number of welfare recipients has not declined. Even among able-bodied welfare recipients, only 4.5% exited from welfare in 2005. The high number of recipients may indicate the ineffectiveness of the current welfare program that focuses solely on income maintenance. It has been argued that the country needs an asset-building policy to help welfare recipients escape poverty and become economically independent. The only asset-building policy under consideration is the CDA program that will be implemented in 2007.

Hankyoreh newspaper, Nov 24, 2006

» Title: Asset building policy promotes work incentives for the poor

» URL: http://www.hani.co.kr/arti/society/society_general/174085.html

» Summary: An interview with Michael Sherraden was featured in this article. Key questions center around the theory of asset building, its adaptation to the Korean context, and its impact on Korean anti-poverty efforts.

The Korea Herald, Aug 22, 2006

» Title: Government expands welfare investment for needy children

» URL: http://www.koreaherald.co.kr/SITE/data/html_dir/2006/08/22/200608220041.asp


Hankyoreh newspaper (한겨레신문), Feb 5, 2006.

» Title: Cash support available for the working poor

» URL: http://www.hani.co.kr/arti/society/rights/100023.html

» Summary: The Ministry of Finance and Economy announces that the government will start its IDA program in 2007 and start its EITC in 2008. The goal of these programs is to narrow the extreme economic disparity. Both programs will target working poor households with earned income. Matched savings for the poor in the IDA program will be supported by both government and private funds.

Hankyoreh newspaper (한겨레신문), Jun 3, 2005.

» Title: The number of welfare recipients will increase by 60,000.

» URL: http://www.hani.co.kr/

» Summary: The Minister of Finance and Economy announced its “current economic disparity and policy agenda” at the national vision workshop. According to the announcement, the government will increase the number of people eligible to receive welfare by 60,000, expand the number of working poor eligible for the self-sufficiency program (Jawhal) from 20,000 to 50,000, and implement an asset-building demonstration program in 2006.
Government supplements savings for the poor likely to double over three years

Summary: At the 56th National Meeting, the Korean government announced several anti-poverty approaches that are expected to be implemented starting in 2006. Asset building for the poor and an EITC are included as new alternatives for poverty alleviation. The demonstration of the asset-building program is planned to start in 2006 and last for three years.

Encouraging the poor to work and save

Summary: The Korean government proposed an EITC program, an asset-building program, and a job creation program for the poor. The 2006 anti-poverty plans will serve the purpose of attracting the poor to the labor market. EITC and asset-building programs for the poor have made a significant impact in the US and some European countries.

Authors
Youngmi Kim, Faculty Associate
ykim@vcu.edu

Li Zou, International Director
lzou@wustl.edu

Soyoon Weon, Doctoral Candidate
soyoon.weon@mail.mcgil.ca

Michael Sherraden, Director
sherrad@wustl.edu

Jin Yong Choi, Deputy Director of the Resettlement Support Division, Ministry of Unification Republic of Korea
cjy3528@unikorea.go.kr

Contact Us
Li Zou
lzou@wustl.edu
(314) 935-3469

Center for Social Development
George Warren Brown School of Social Work
Washington University in St. Louis
Campus Box 1196
One Brookings Drive
St. Louis, MO 63130

csd.wustl.edu