

Survey of Household Finances and Living Conditions (SFLC) in 2013

I. Household finances

(Household finances)

As of the end of March 2013, the mean value of household assets was 325.57 million won. The mean value of household liabilities was 58.18 million won. As the mean value of household income and expenditures was 44.75 million won and 31.37 million won in 2012 respectively, surplus recorded 13.38 million won.

(Distribution of net worth)

Households with 0~300 million won in net worth took up 69.7% of the total and those with more than 1,000 million won accounted for 4.0%.

II. Size and management of assets

(Size of assets)

As of the end of March 2013, the mean value of household assets increased 0.7% to 325.57 million won.

- Household financial assets, which made up 26.7% of total assets, reached 87.00 million won, while real assets, which accounted for 73.3% of the total, reached 238.56 million won.
- According to the type of household heads, the assets of the households with heads in the 50's and self-employed heads were the highest.
- The assets of the fifth income quintile and the fifth net worth quintile accounted for 46.3% and 60.4% of the total assets respectively.

(Management of assets)

As for the management of increased household income or spare cash, 'Saving and investment in financial assets' occupied the largest share at 47.8%. This share was followed by 'Purchase of real estate' (23.9%) and 'Debt repayment' (22.5%).

- As for the investment purposes in financial assets, 'Preparation for the old age' occupied the largest share at 53.4%. This share was followed by 'Related to housing' (15.7%) and 'Debt repayment' (9.2%).

III. Size and awareness of liabilities

(Size of liabilities)

As of the end of March 2013, the mean value of household liabilities grew 6.8% to 58.18 million won.

- Household financial liabilities, which made up 68.2% of total liabilities, reached 39.67 million won, while money received from leasing, which accounted for 31.8% of the total, reached 18.52 million won.
- According to the type of household heads, the liabilities of the households with heads in the 50's and self-employed were the highest.
- The liabilities of the fifth income quintile and the fifth net worth quintile accounted for 47.2% and 49.3% of the total liabilities respectively.

(Households with liabilities)

Households in debt encompassed 66.9% of the total households. This value was up by 1.8%p from 2012.

- As for households with holdings of debts, 37.5% of them had a secured loan, up 2.5%p from the previous year. 25.1% of them had a credit loan, up 1.7%p from the previous year.

(Awareness of household heads in debts)

70.2% of households in financial liabilities said 'Repaying principal and interest is burdensome'. This value grew 2.0%p from the previous year.

- 8.1% of households in financial liabilities said 'Repaying debts is impossible'. This value rose by 1.1%p from 2012.

(Financial soundness of household economy)

The ratio of holdings of financial liabilities to disposable income rose by 2.8%p to 108.8%. The ratio of repayment of principal and interest to disposable income rose by 2.3%p to 19.5%.

IV. Household income and individual income

(Household income)

The mean household income was 44.75 million won in 2012, up by 5.7% from the same period in 2011. The mean individual income for usual employees* was 28.97 million won in 2012, up by 2.9% from 2011. (* Usual employee: the person who has a longer period of employment than unemployment, spanning 6-months during the 12-month period.)

- (Household income by source)
Household income was composed of 28.85 million won of wages and salaries (64.5%), 11.28 million won of self-employed income (25.2%), 1.99 million won of property income (4.4%), etc.
- (Household income by income quintile)
In 2012, the income of the fifth income quintile, which took up 46.6% of the total, declined by 0.8%p from 2011.
- The public transfer of the first and second income quintile was 2.36 million won and 1.92 million won, respectively. These two income quintiles recorded the higher figures than the average public transfer (1.87 million won).

- (Income distribution)
According to the proportion of households with income of less than 10 million won, one-person households, households of grandparents with only grandchildren, elderly households and disabled households were 46.3%, 22.1%, 60.6% and 27.3%, respectively.
- (Individual income)
The mean individual income of usual employees was 28.97 million won, and that of the regular employees, self-employed and irregular employees was 35.63, 34.72 and 12.80 million won, respectively.

V. Household expenditures

(Household expenditures)

The consumption expenditure was 23.07 million in 2012, up by 0.2% from the previous year. The non-consumption expenditure was 8.30 million in 2012, up by 9.6% from 2011.

- (Consumption expenditure)
The highest consumption expenditure was food (27.1%), education (14.7%) and housing (13.1%).
- (Non-consumption expenditure)
Non-consumption expenditure included public pension and social security (31.3%), interest (23.3%), tax (23.2%) etc.

VI. Assets, liabilities and income by provinces

As of the end of March 2013, Seoul, Ulsan and Gyeonggi showed higher assets than the mean assets for the nation. In 2012, Seoul, Ulsan and Gyeonggi showed higher income compared to other regions.

- (Assets by provinces)
The assets in Seoul, Ulsan and Gyeonggi exceeded the mean assets for the nation.
- (Liabilities by provinces)
The liabilities in Seoul and Gyeonggi exceeded the mean liabilities for the nation.
- (Income by provinces)
The income in Seoul, Ulsan and Gyeonggi was relatively higher compared to other regions.

VII. Poverty indicators

(Poverty rate and poverty gap)

Estimated from the 2012 equivalized disposable income (which is based on a 50% median income), the poverty rate was 16.5% and the poverty gap was 34.5%.

- (Poverty rate by household type)
The more family members, the lower poverty rates. The poverty rate for one-person households recorded 49.6%. The poverty rate for households consisting of 4 persons or more recorded 9.0%. The more employed persons, the lower poverty rates. The poverty rate for households without any employed person marked 71.0%. The poverty rate for households with 3 employed persons or more marked 3.4%.

- (Poverty rate by individual type)

The poverty rate was 48.4% in persons aged 65 and over, 12.0% in those aged 18~64 and 12.2% in those aged under 18.

VIII. Longitudinal analysis

The second wave of the Survey of Household Finances and Living Conditions was conducted in 2013. This section showed changes from 2011 to 2012 using longitudinal data available.

- **17.8% of households recorded an increase in income quintile between 2011 and 2012. 64.6% of households remained in the same income quintile between 2011 and 2012. 17.6% of households recorded a decrease in income quintile between 2011 and 2012. 11.0% of households remained in poverty for these two years.**
- 11.0% of households remained in poverty between 2011 and 2012. 5.0% of households escaped poverty between 2011 and 2012. 5.4% of households fell below the poverty line between 2011 and 2012.
- As for 13.3% of households, the number of employed persons showed an increase between 2011 and 2012. As for 10.1% of households, the number of employed persons showed a decrease between 2011 and 2012.
- Households whose heads showed a change in status of workers occupied 16.2% of households. In particular, households whose heads were daily and temporary workers showed the greatest change in status of workers (33.1%).

IX. Others

- (Usual economic activities)

As for persons aged 15 and over, the usual employees occupied 59.1%. The usual job seekers occupied 2.4%. The usual economically inactive persons occupied 38.5%.

- (Retirement)

The expected retirement age for household heads was 66.1 years. The actual retirement age for household heads was 61.3 years.

- As of the end of March 2013, 14.0% of household heads retired from work. As for the living expenses of household heads and their spouses whose heads retired, 8.2% of them said that their living expenses were sufficient. 40.1% of them said that their living expenses were insufficient. 21.8% of them said that their living expenses were very insufficient.