

# ENFORCEMENT DECREE OF THE ACT ON RAISING LUMP-SUM SAVING OF FARMING AND FISHING HOUSEHOLDS

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Presidential Decree No. 11895, May 13, 1986  
Amended by Presidential Decree No. 12712, May 26, 1989  
Presidential Decree No. 14438, Dec. 23, 1994  
Presidential Decree No. 14668, June 17, 1995  
Presidential Decree No. 17052, Dec. 29, 2000  
Presidential Decree No. 17824, Dec. 30, 2002  
Presidential Decree No. 20653, Feb. 29, 2008  
Presidential Decree No. 22037, Feb. 18, 2010

## **Article 1 (Purpose)**

The purpose of this Decree is to provide for the matters necessary for the enforcement of the Act on Raising Lump-sum Saving of Farming and Fishing Households (hereinafter referred to as the "Act").

## **Article 2 (Extent, etc. of Farmers and Fishermen)**

(1) The term "persons prescribed by Presidential Decree" in the main body of Article 2 (2) of the Act means the persons (hereinafter referred to as "farmers and fishermen") other than those falling under any of the following subparagraphs from among farmers, fishermen and stockbreeders set out in the subparagraphs under the same Article and paragraph:

1. Any person who owns farmland exceeding two hectares;
2. Any person who owns a fishing boat exceeding 20 tons; and
3. Any person who owns livestock exceeding the scale prescribed by annexed Table.

(2) The term "farmers and fishermen in low-income brackets" in this Decree means persons other than those falling under any of the following subparagraphs from among farmers and fishermen under the provisions of paragraph (1):

1. Any person who owns farmland exceeding one hectare;

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2. Any person who owns a boat with motorized power; and
3. Any person who owns livestock of a scale exceeding 50 percent of the standard under the provisions of annexed Table.

(3) It shall be based on the time when a person has entered into a contract for lump-sum saving under the provisions of Article 7 whether he/she falls under the scope of farmers and fishermen or the farmers and fishermen in the low-income brackets of paragraphs (1) and (2).

**Article 3 (Types of Lump-Sum Savings)**

Lump-sum savings of farming and fishing households (hereinafter referred to as “lump-sum savings”) shall be classified into a monthly contribution (hereinafter referred to as “monthly saving plan”), quarterly contribution (hereinafter referred to as “quarterly saving plan”) or semiannual contribution (hereinafter referred to as “semiannual saving plan”).

**Article 4 (Amount of Lump-Sum Savings)**

(1) The maximum annual contribution amount of lump-sum saving shall be 1,440 thousand won: *Provided*, That the maximum annual contribution amount of the savings for farmers and fishermen in low-income brackets shall be 1,200 thousand won. *<Amended by Presidential Decree No. 14668, June 17, 1995>*

(2) The minimum of each contribution amount of lump-sum saving shall be 5,000 won for a monthly savings plan, 15,000 won for a quarterly savings plan and 30,000 won for a semiannual savings plan, and the unit amount shall be 1,000 won.

(3) Farmers and fishermen may have multiple savings accounts within the extent of the contribution amount of savings under paragraph (1).

(4) Farmers and fishermen may modify their savings contracts or terminate a part of the savings to increase or decrease each contribution amount of savings after the conclusion of the contract for the lump-sum savings.

**Article 5 (Period of Lump-Sum Savings)**

The period of lump-sum saving shall be three years or five years.

**Article 6 (Rate of Interest of Lump-Sum Savings)**

Rate of Interest paid to the amount of the lump-sum saving by savings institutions shall be determined by the Financial Services Commission. *<Amended by Presidential Decree No. 14438, Dec. 23, 1994; Presidential Decree No. 20653, Feb. 29, 2008>*

**Article 7 (Application for Savings Contract and its Ascertainment)**

(1) Any person who intends to make contribution to lump-sum saving

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(hereinafter referred to as an “applicant for savings”) shall submit a savings institution an application for a lump-sum saving contract prepared by the savings institution.

(2) Any savings institution which has received an application for a lump-sum saving contract of paragraph (1) shall ascertain whether an applicant for savings falls under farmers and fishermen or farmers and fishermen in the low-income brackets.

(3) The lump-sum saving contract shall be deemed to have been materialized on the date when an applicant for savings has first made contribution to a savings institution.

**Article 8 (Lump-Sum Savings Contract)**

(1) A lump-sum saving contract shall be made between a farmer or fisherman and a savings institution.

(2) The following matters shall be shown in a lump-sum saving contract:

1. Address and name of the relevant person entering into the savings contract;
2. Classification of savings, each contribution amount of savings, period of savings and date of regular contribution of savings;
3. Matters concerning the termination of the savings contract;
4. Matters concerning the payment of the principal and the profit therefrom; and
5. Matters concerning the payment of savings bounties.

**Article 9 (Ways of Lump-Sum Savings)**

Lump-sum savings shall be by means of making each contribution to savings institutions by farmers or fishermen themselves or their agents in accordance with the savings contracts in an accumulative manner.

**Article 10 (Deemed Termination of Savings Contract)**

(1) When any person who has entered into a contract for a monthly savings plan has not made contribution for more than six consecutive months, the savings contract concerned shall be deemed to have been terminated on the date when the six months have elapsed.

(2) When any person who entered into a contract for a quarterly savings plan or semiannual savings plan has not made contribution for more than one and half years from the date of the last payment, the savings contract concerned shall be deemed to have been terminated on the date when a year has elapsed from the date of the last payment.

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**Article 11 (Payment of Savings Bounties)**

The amount, as prescribed by the following subparagraphs, of the savings bounty under the provisions of Article 6 of the Act, shall be paid through the savings institution concerned from the Encouragement Fund (hereinafter referred to as the "Fund") for the raising lump-sum saving of farming and fishing households: *(Amended by Presidential Decree No. 12712, May 26, 1989)*

1. In cases where farmers and fishermen maintain their savings accounts until the expiration of the contract period of lump-sum savings, an amount of money equivalent to 4.5/100 of the average balance (hereinafter referred to as "average balance of the paid principal") of the paid principal of the savings during the period of savings when its contract period is three years, and an amount of money equivalent to 12.5/100 of the average balance of the paid principal when its contract period is five years;
2. In cases where farmers and fishermen in the low-income brackets maintain their savings accounts until the expiration of the contract period of lump-sum savings, an amount of money equivalent to 13.5/100 of the average balance of the paid principal when its contract period is three years, and amount of money adding the savings bounty of paragraph (1) to the amount of money equivalent to 35.5/100 of the average balance of the paid principal when its contract period is five years;
3. In cases where a lump-sum saving contract is early withdrawn, an amount of money equivalent to 0.9/100 of the average balance of the paid principal when the savings has been maintained longer than three years, and amount of money equivalent to 5.6/100 of the average balance of the paid principal when the savings has been paid longer than four years; and
4. In cases where the lump-sum saving contract is early withdrawn due to reasons prescribed by Article 16 (2) of the Act, the savings bounty to be paid shall be as set out in the following subparagraphs:
  - (a) Amount of money equivalent to 0.8/100 of the average balance of the paid principal when a savings account has been maintained longer than one year;
  - (b) Amount of money equivalent to 3.6/100 of the average balance

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of the paid principal when a savings account has been maintained longer than two years;

(c) Amount of money equivalent to 7.5/100 of the average balance of the paid principal when a savings account has been maintained longer than three years; and

(d) Amount of money equivalent to 13.6/100 of the average balance of the paid principal when a savings account has been maintained longer than four years.

**Article 12 (Computation of Savings Bounty and Interest according to Increase of Each Contribution Amount of Savings)**

In cases where farmers and fishermen who have save up by increasing each contribution amount of savings under the provisions of Article 4 (4), maintain their savings accounts until the expiration of the savings contract period, or withdraw early, the savings bounty and interest for the increased amount of contribution amount of savings shall be computed by applying the payment rate and interest rate for early withdrawal, respectively to the savings period computed from the date of increasing the contribution amount of savings: *Provided*, That the savings bounty to be paid in cases where the savings is paid until the expiration of the savings contract period, shall be paid in accordance with the provisions of the items of subparagraph 4 of Article 11.

**Article 13 (Establishment of Account for Savings Encouragement Fund)**

The Financial Services Commission shall establish an account for the Encouragement Fund for lump-sum saving at the Bank of Korea to keep the revenue and expenditure of the fund clear. *<Amended by Presidential Decree No. 14438, Dec. 23, 1994; Presidential Decree No. 20653, Feb. 29, 2008>*

**Article 14 (Operation and Management of Fund)**

Matters necessary for the operation and management of the fund and the payment of the savings bounty shall be prescribed by the Governor of the Bank of Korea with the approval of the Financial Services Commission. *<Amended by Presidential Decree No. 14438, Dec. 23, 1994; Presidential Decree No. 20653, Feb. 29, 2008>*

**Article 15 (Fiscal Year of Fund)**

The fiscal year of the Fund shall be from January 1 to December 31 of each year.

**Article 16 (Affairs of Accounting Institution of Fund)**

The Fund revenue collecting officers shall perform the affairs concerning

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the revenue collection of the Fund, the Fund financial officers shall perform the affairs concerning grounds for expenditure and assets management for the Fund, the Fund expenditure officers shall perform the affairs concerning the expenditure of the Fund, and the Fund accounting public officials shall perform the affairs concerning the custody and accounting of the national funds, custody funds and securities, respectively.

*[This Article Wholly Amended by Presidential Decree No. 17824, Dec. 30, 2002]*

**Article 17 (Compensation for Losses)**

In cases where the Fund compensates the savings institutions for losses incurred under the provisions of Article 13 of the Act, the matters necessary these far shall be as separately prescribed by the Financial Services Commission. *<Amended by Presidential Decree No.14438, Dec. 23, 1994; Presidential Decree No. 20653, Feb. 29, 2008>*

**Article 18 Deleted.** *<by Presidential Decree No. 22037, Feb. 18, 2010>*

**Article 19 (Presentation of Identification)**

Any persons who perform the inspection under the provisions of Article 17 (2) and (3) of the Act shall present their identification showing their authority to the related persons.

ADDENDA *<Presidential Decree No. 11895, May 13, 1986>*

(1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation.

(2) (Transitional Measure Concerning Payment of Savings Bounty) The savings bounty for lump-sum saving for which farmers and fishermen, etc. entered into a contract with local agricultural cooperatives, fisheries cooperative by region and by types of business or with fishing village associations prior to this Decree entering into force, shall be paid according to the payment rate at the time of contract.

ADDENDA *<Presidential Decree No. 12712, May 26, 1989>*

(1) (Enforcement Date) This Decree shall enter into force on June 1, 1989.

(2) (Transitional Measures Concerning Payment of Savings Bounty) The payment rate of the savings bounty to be paid for lump-sum saving entered into contract prior to this Decree entering into force shall be in accordance with the payment rate at the time of contract.

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ADDENDUM *⟨Presidential Decree No. 14438, Dec. 23, 1994⟩*

This Decree shall enter into force on the date of its promulgation.

ADDENDUM *⟨Presidential Decree No. 14668, June 17, 1995⟩*

This Decree shall enter into force on the date of its promulgation.

ADDENDA *⟨Presidential Decree No. 17052, Dec. 29, 2000⟩*

**Article 1 (Enforcement Date)**

This Decree shall enter into force on January 1, 2001. (Proviso Omitted.)

**Articles 2 through 6** Omitted.

ADDENDA *⟨Presidential Decree No. 17824, Dec. 30, 2002⟩*

**Article 1 (Enforcement Date)**

This Decree shall enter into force on January 1, 2003.

**Articles 2 through 6** Omitted.

ADDENDA *⟨Presidential Decree No. 20653, Feb. 29, 2008⟩*

**Article 1 (Enforcement Date)**

This Decree shall enter into force on the date of its promulgation: *Provided*, That of Presidential Decree to be amended under Article 2 of Addenda, the amended part of Presidential Decree which was promulgated prior to this Decree entering into force but enforcement date of which has not arrived, shall enter into force on the date the relevant Presidential Decree enters into force respectively.

**Articles 2** Omitted.

ADDENDA *⟨Presidential Decree No. 22037, Feb. 18, 2010⟩*

**Article 1 (Enforcement Date)**

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 27** Omitted.