

IOPS COUNTRY PROFILE: FRANCE



DEMOGRAPHICS AND MACROECONOMICS

GDP per capita (USD)	42,0270
Population (000s)	67 813
Labour force (000s)	30 093
Employment rate	92,1%
Population over 65 (%)	20,5 %
Dependency ratio ¹	46%

Data from 2021 or latest available year.

1. Ratio of over 65-year-olds / labour force.

Source: OECD, INSEE (National statistics bureau of France)

FRANCE: COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions

- Public pensions is based on both a pay-as-you-go system and a points-based system

Public/Private

- Mandatory occupational schemes **managed by private companies and jointly by public institutions**, functioning through a points-based system (Agirc-Arrco)

Private pensions: Occupational and Personal

- New PER contracts, DB or DC type, can be professional or personal.
- Former contracts still remain but can no longer be distributed (Madelin, Art.39-82-83, PERP...)

FRANCE: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

Basic pension coverage is mandatory for all employees of the private sector (general scheme) administered mainly by the CNAV (Caisse Nationale d'Assurance Vieillesse), and for all self-employed persons administrated mainly by the CNAVPL (Caisse Nationale d'Assurance Vieillesse des Professions Libérales). It is also mandatory for public servants, administrated mainly by the CNRACL (Caisse Nationale de Retraite des Agents des Collectivités Locales). With the exception of the CNAVPL, every system operates on a pay-as-you-go (PAYG) basis and is financed by employer and employee contributions.

For people in the private sector, pension benefits (50% of the reference salary) are based on the average salary of the best 25 years. For people in the public sector, the pension benefits (75% of the reference salary) are based on the last 6 months' salary. Full pension benefits are payable at age 62, depending on the year of birth, with at least 166 quarters of coverage up to 172 quarters required under the general scheme. Pension benefits are adjusted periodically to reflect changes in the cost of living. The average pension benefit was 1,393 EUR in 2019 and the replacement rate varies by category and generation. For instance in 2016¹, 10 % of pensions beneficiaries have perceived a pension of less than 53,4% of their last average salary and 10% a pension of more than 92,5% of their last average salary. Retired women living in France received 40% less than men in 2019.

A public retirement reserve fund was created in 2001, FRR (Fonds de réserve pour les retraites) which aims to invest in order to complete, if necessary, the financing of the pay-as-you-go pension system in the future. At the end of 2021, the size of its balance sheet was 35 billion EUR.

PUBLIC/PRIVATE OCCUPATIONAL MANDATORY

The AGIRC-ARRCO plan is a compulsory complementary pension that covers the majority of private-sector workers, based on their professional status and salary. It is a points-based system. The AGIRC-ARRCO scheme is jointly managed by private pension companies, employee representatives and public institutions. Employees contribute to the AGIRC-ARRCO scheme on their entire salary up to a limit².

In a points-based system, contributions are converted into “points” and workers only receive “points” in exchange for their contributions. When the employee retires, all their points are converted into a pension by multiplying them by the value of points at the time of retirement. Pension point value is jointly adjusted each year by the AGIRC-ARRCO federation.

The pension can be obtained at least at the age of 62 if the employee has a minimum number of years of work. Pension benefits are generally paid out as annuities, though they can take the form of lump sums under certain circumstances.

¹ Latest data available

² The contribution is based on the salary with a Social Security ceiling (1 to 8 caps apply to the salary)

Employer and employee contributions to the ARRCO-AGIRC pension plan are tax-exempt. Benefits, however, are taxed as income.

OCCUPATIONAL AND PERSONAL VOLUNTARY

In addition to the public earning-related pensions based on points system, employees can get benefits from non-mandatory contracts of insurance companies, management companies and, since 2019, pension funds which are the French IORPs (Institutions for Occupational Retirement Provision).

Moreover, in 2019, French law created a new retirement product, the PER (plan d'épargne retraite), which is intended to replace the former occupational and voluntary personal contracts.

These contracts are usually DB or DC schemes and benefit from specific tax conditions. Employees can make contributions and their employer also participates, based on specific terms and conditions defined in the contract. Benefits are paid out as annuities, lump sums or as specific amounts of money that were invested in the financial markets. In some contracts, the insurance or the IORP has to guarantee a progressively incremented minimum level of benefits over the course of the contract.

MARKET INFORMATION

Occupational mandatory

Pension institution underlying the ARRCO-AGIRC federation is private, non-profit entity established by collective agreements.

Key data for the year 2021:

	AGIRC-ARRCO
Active members	18,87 million
Beneficiaries	13,20 million
Benefits paid	84 billion EUR
Average level of benefits paid	5,815 EUR (7,989 EUR for men and 3,618 EUR for women)

Source: [Chiffres-clés - Agirc-Arrco](#)

Occupational and personal voluntary

These contracts represent 5,1% of the total contribution paid in the pension system and a market of more than 250 billion EUR.

Key data for the latest available year (2020):

Scheme type	Type 1	Type 2	Mathematical provisions (Billions EUR)
PERI and former PERP	DC	Personal	34,2
Contracts for public servants such as Préfon	DC (points-based contracts)	Personal	22,9
Contracts for war veterans (RMC)	DC	Personal	5,7
Contracts for self-employed people	DC with and/or without guarantees	Personal	46,9
Other contracts		Personal	0,2
Total Personal		Personal	109,9
PER	DC (although it depends on the contract)	Occupational	13,1
PERo and former Perco	DC	Occupational	13,5
Former contracts art. 82 CGI	DC	Occupational	4,5
Former Contracts art. 83 CGI and other contracts with a similar tax system (Repma, L441...)	DC with and/or without guarantees	Occupational	76,3
Former contracts art. 39 CGI	DB	Occupational	33,1
TOTAL Occupational		Occupational	140,5

Source : https://drees.solidarites-sante.gouv.fr/sites/default/files/2022-05/Retr2022_Fiche29.xlsx

In 2020, 18% of these contracts were administered by management companies and 6% were managed by IORPs and 72% by insurance companies, while these figures were respectively 13%, 19% and 68% in 2021.

REFERENCE INFORMATION

KEY LEGISLATION

LOI n° 2003-775 du 21 août 2003 (« Loi Fillon »)

LOI n° 2010-1330 du 9 novembre 2010 (Pension reform)

LOI n° 2013-504 du 14 juin 2013 relative à la sécurisation de l'emploi (Healthcare professional collective contracts)

Décret n° 2014-1531 du 17 décembre 2014 (Cotisation rate)

Ordonnance n° 2017-484 du 6 avril 2017 (French IORPs)

LOI n° 2019-486 du 22 mai 2019 (Loi Pacte)

KEY REGULATORY AND SUPERVISORY AUTHORITIES

Ministry Social and Labour: approves collective pension agreements establishing AGIRC and ARRCO schemes: www.travail.gouv.fr/

Ministry of Finance http://cansim2.statcan.ca/cgi-win/cnsmcgi.pgm?Lang=E&SP_Action=Theme&SP_ID=3868

Bank of France and National supervisory authority for insurance and pensions (ACPR) <https://acpr.banque-france.fr/en>

KEY OFFICIAL STATISTICAL REFERENCE AND SOURCES ON PRIVATE PENSIONS

-OECD, Global Pension Statistics project, www.oecd.org/daf/pensions/gps.

-AGIRC-ARRCO : [Points de retraite : comment sont-ils obtenus ? - Agirc-Arrco](#)

-INSEE (National statistics bureau of France): [Retraites – Tableaux de l'économie française | Insee](#)

- DRESS (Office of statistics for retirement studies): [Les retraités et les retraites - édition 2021 | Direction de la recherche, des études, de l'évaluation et des statistiques \(solidarites-sante.gouv.fr\)](#)