

IOPS COUNTRY PROFILE: FRANCE



DEMOGRAPHICS AND MACROECONOMICS

GDP per capita (USD)	36,855.0
Population (000s)	66 896
Labour force (000s)	29,966
Employment rate	90%
Population over 65 (%)	18,8 %
Dependency ratio ¹	42%

Data from 2016 or latest available year.

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

Source: World Bank, OCDE, various sources.

FRANCE: COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions

- Public earning-related pensions based on points system

Public/Private

- Mandatory occupational schemes **managed by private companies and jointly by public institutions**, functioning through pay-as-you-go principle (AGIRC and ARRCO)

Private pensions: Occupational

- Professional and collective occupational contract for workers, DB or DC type, with specific tax conditions (Madelin, Art.39-82-83, PERCO (Plan d'Épargne Retraite Collective), RERE (Plan d'épargne retraite d'entreprise))

Private pensions: Personal

- Personal: PERP (Plan d'épargne retraite populaire), and other saving products with guarantees

FRANCE: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

Social security coverage is mandatory for all private sector employees (general scheme), administered mainly by the CNAV (Caisse Nationale d'Assurance Vieillesse). All systems operate on a pay-as-you-go (PAYG) basis and are funded by employer and employee contributions.

Pension benefits (50% of reference salary) are based on average earnings of the best 25 salary years. Full pension benefits are payable at age 60 or 61, depending on date of birth, with at least 162 quarters of coverage up to 172 quarters, depending on age of birth required under the general scheme. Pension benefits are adjusted periodically for changes in the cost of living. The replacement rate varies from one category and generation to the other. According to 2016 data, 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.

A public retirement reserve fund was created in 2001, FRR (Fonds de réserve pour les retraites) which aims to invest in order to complement, if needed, the PAYG pension system funding in the future. The 31st of December 2016, assets managed by the FRR were of 36,004 billion of euros.

PUBLIC/PRIVATE OCCUPATIONAL MANDATORY

The AGIRC and ARRCO plan are mandatory and cover the majority of private-sector workers, based on their professional status and salary. It is a complementary pay-as-you-go system, managed jointly by private pensions companies, employees' representatives and public institutions. Employees' contributions are based on salary amounts over social security cap, up to four times this cap (up to 8 times this cap for high-level salary employees).

Contributions are converted into pension points. Pension point value is jointly adjusted each year by the AGIRC and ARRCO federations. All points are then converted into a pension by multiplying them by the value of points at the time of retirement.

Retirement age is 65. Benefits can be payable from the age of 60 or 61. Pension benefits are generally paid out as annuities, though they can take the form of lump sums under certain circumstances.

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

OCCUPATIONAL VOLUNTARY

Supplementing the public earning-related pensions based on points system and the mandatory occupational schemes, insurance companies can provide to the costumers professional and collective insurance contract for workers.

These contracts are DB or DC type and benefit from specific tax conditions (Madelin, Art.39-82-83, PERCO (Plan d'Epargne Retraite Collective), PERE (Plan d'épargne retraite d'entreprise).

Employees can make contributions and their employer participates also, based on specific terms and conditions defined in the contract. Benefits are paid out as annuities or as lump sums.

PERSONAL VOLUNTARY

Personal savings for pensions can be constituted through specific plans such as the PERP (Plan d'épargne retraite populaire) or thanks to other various type of life-savings contracts. Coverage is voluntary, individual and optionnal. Contributions are tax-deductible in a certain threshold and under certain conditions.

PERPs are defined contribution savings plan. Benefits are usually paid out as annuities, though they may be paid out as lump sums in specific circumstances. Savings amounts are partially locked in until the saver reaches retirement age. Insurer must guarantee a progressively incremented minimum level of benefits over the course of the contract.

MARKET INFORMATION

Occupational mandatory

Pension institutions underlying the ARRCO and AGIRC federations are private, non-profit entities established by collective agreements with the aim of implementing either the ARRCO or AGIRC schemes but not both at the same time. All pension institutions must join the appropriate national federation of pension institutions (ARRCO or AGIRC), which are private not-for-profit institutions, whose prime function is to supervise pension institutions.

Key data:

	ARRCO	AGIRC
Active members	18,12 million	4,21 million
Beneficiaries	12,37 million	2,94 million

Source: <https://www.agirc-arrco.fr/ressources-documentaires/chiffres-cles/>

Occupational voluntary

Professional and collective occupational contract for workers, DB or DC type, with specific tax conditions (Madelin, Art.39-82-83, PERCO -Plan d'Epargne Retraite Collective-, PERE -Plan d'épargne retraite d'entreprise-, represent a market of more than 200 billion of assets.

Scheme type	Type 1	Type 2	Assets (equivalent) (Millions €)
Contracts art. 83 CGI	DC With and/or without guarantees	Occupational	60262
Contracts art. 39 du	DB	Occupational	39419

CGI			
Madelins & Madelins agricoles	DC With and/or without guarantees	Occupational	40626
PERCO	DC	Occupational	12200
PERE- Plan d'épargne retraite d'entreprise	DC	Occupational	560
Others occupational		Occupational	7196
TOTAL Occupational		Occupational	160263
Branche 26, other specifics	DB contribution based	Personal	31382
PERP (Plan d'épargne populaire) retraite	DC	Personal	14339
TOTAL personal		Personal	45721

Source : <http://drees.solidarites-sante.gouv.fr/IMG/pdf/retraites-2017.pdf>

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)

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)

KEY OFFICIAL STATISTICAL REFERENCE AND SOURCES ON PRIVATE PENSIONS

- OECD, Global Pension Statistics project, www.oecd.org/daf/pensions/gps.
- <https://data.worldbank.org/country/france?view=chart>
- <http://drees.solidarites-sante.gouv.fr/IMG/pdf/retraites-2017.pdf>

Source map: Central Intelligence Agency, The World Factbook, the United States