

The french government has recently unveiled its pension reform project which will come into effect on September 1, 2023.

It aims to:

1

Improve social justice and intergenerational solidarity

2

Secure pensions with a better balance

3

End differences in treatment from special pension schemes

However, the measures proposed in the project have caused strong disagreement among trade unions and the majority of the population, resulting in over 200 demonstrations held on January 19th and 31st. It is to believe that the inflationist context is also contributing to the opposition against the reform.



The need for reform



- **The pension system faces growing deficits**

The COR¹ predicts that without reform, the pension system will have a deficit by 2023, reaching a total of nearly €150 billion over the next 10 years. The deficits in 2027, 2030, and 2035 are estimated at €12.4 billion, €13.5 billion, and €21.2 billion, respectively.

- **The demographic imbalance is a concern**

The government forecasts that there will be only 1.4 contributors for every retiree by 2050, compared to 3 contributors per retiree in 1970. This imbalance threatens the sustainability of the system and could lead to a decline in pensions and retirees' standard of living.

- **Low employment rate of seniors in France**

Only 33% of 60-64-year-olds are employed in France, compared to 45% in the European Union and 60% in Germany and 70% in Sweden. Furthermore, the average retirement length in France is longer than in other European countries, with men retiring for 22.2 years and women for 26.7 years.

¹ Conseil d'orientation des retraites

² Source Insee : in the 3rd quarter of 2022, the unemployment rate in the ILO sense is 7.3%.



What are the main changes?

- **Raising the legal retirement age from 62 to 64**, starting from September 2023, with an increase of three months per year of birth, reaching the target of 64 years in 2030.
- **A required contribution period of 43 years (172 quarters) to receive a full rate pension** from 2027, an acceleration from the 2035 schedule set by the Touraine reform of 2014. The age of cancellation of the decree is maintained at 67 years.
- **Closure of special pension schemes**, with exceptions for autonomous schemes and those with specific constraints. Current employees will benefit from the "grandfather clause" but will be affected by the gradual shift of the statutory age and the acceleration of the insurance period.
- **An increase of the minimum pension to €1200** for those who have worked their entire life at the minimum wage.
- **Other measures included in the reform Promoting employment of older people with a «seniors' index»** starting this year to measure their proportion in companies. Penalties will be set for non-compliant employers. The threshold for eligible companies will be lowered from 1000 to 300 employees in 2024.
- **Strengthening the professional prevention** account and creating a fund for the prevention of occupational wear and tear. Cumulative employment-retirement and phased retirement will also be expanded.



What are the expected effects of the reform?

An increase in pensions, especially for the most modest, leading to a reduction in pension gaps between men and women.

An increase in the employment rate of older people, with a forecast of 100,000 more working people aged 55 to 64 by 2025 and almost 300,000 in 2030.

A return to balance in the pension system by 2030, with changes in retirement conditions generating savings and measures to improve the pension system.





Summary table of the departure age of persons born between 1961 and 1973

(Source: Model: Dicom of the social ministries / Ministry of Labour, Full Employment and Integration - 10 January 2023)

Année de naissance	Âge légal (hors départs anticipés)	Durée d'assurance requise avant réforme	Durée d'assurance requise après réforme	Nombre de trimestres supplémentaires demandés
1960	62 ans	167 trimestres	167 trimestres	0
1 ^{er} janvier - 31 août 1961	62 ans	168 trimestres	168 trimestres	0
1 ^{er} septembre - 31 décembre 1961	62 ans et 3 mois	168 trimestres	169 trimestres	1
1962	62 ans et 6 mois	168 trimestres	169 trimestres	1
1963	62 ans et 9 mois	168 trimestres	170 trimestres	2
1964	63 ans	169 trimestres	171 trimestres	2
1965	63 ans et 3 mois	169 trimestres	172 trimestres	3
1966	63 ans et 6 mois	169 trimestres	172 trimestres	3
1967	63 ans et 9 mois	170 trimestres	172 trimestres	2
1968	64 ans	170 trimestres	172 trimestres	2
1969	64 ans	170 trimestres	172 trimestres	2
1970	64 ans	171 trimestres	172 trimestres	1
1971	64 ans	171 trimestres	172 trimestres	1
1972	64 ans	171 trimestres	172 trimestres	1
1973	64 ans	172 trimestres	172 trimestres	0

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Contact us:
www.gerep.fr
contact.commerce@gerep.fr