ACCRUED-TO-DATE PENSION ENTITLEMENTS IN SOCIAL INSURANCE: FACT SHEET

FRANCE

December 2023

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1. Table 29 column A: Defined contribution schemes (funded, non-general government)

Do not exist in France.

PERCO/PEE (collective company pension plans) as fully voluntary schemes are not considered to fall into the scope of social insurance.

2. Table 29 column B: Defined benefit schemes and other non-defined contribution schemes (funded, non-general government)

Do not exist in France.

PERCO/PEE (collective company pension plans) as fully voluntary schemes are not considered to fall into the scope of social insurance.

3. Table 29 column D: Defined contribution schemes (funded, general government)

Do not exist in France.

4. Table 29 column E: Defined benefit schemes (funded, for general government employees, classified in financial corporations)

Do not exist in France.

5. Table 29 column F: Defined benefit schemes (funded, for general government employees, classified in general government)

Do not exist in France.

6. Table 29 column G: Defined benefit schemes (unfunded, for general government employees, classified in general government)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
This column consists of the pensions scheme of civil servants and soldiers employed by the State. It is mandatory and represents roughly 8% of the total workforce.	
b. Institutional set-up	
Data sources/ suppliers	Directorate general of public finances (DGFiP)
Which institution is running/managing the calculations?	Direction Générale des Finances publiques and Direction du Budget
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	Most civil servants are eligible to pension benefits from 62 but some of them may postpone retirement until 67. Some specific categories may leave earlier (from 57 or 52) with pension benefits. For former soldiers, pension benefits may be paid earlier. When individuals retire, their pension is generally computed as 75% of their last wage (at the exclusion of bonuses or premia that may represent an important share of their wage, in some cases) when the retiree has a complete career (40 years for individuals born in 1948, but 43 years for people born in 1973 or later). If not, actuarial reductions are applied. Conversely, the amount of the pension may exceed 75% of the last wage when the career duration is higher than the length required for a complete career.
Indexation of benefits	Pensions are indexed on the CPI.
d. Type and structure of the calculation model	
Microsimulation model	
2. Assumptions and methodologies applied	
a. Discount rate	
2.00% (real) in the central scenario	
b. Wage growth	
The average wage is assumed to grow at the same pace as the CPI plus an increment illustrating the fact that, on average, the population of civil servants progressively gets older (civil servants have a higher wage at the end of their career) and more skilled (civil servants who retire have less skilled activities than those who are recruited). This increments accounts for roughly +0.3% of annual wage growth.	
c. Valuation method: ABO/PBO	
PBO	
3. Data used to run the model	
a. Mortality tables	
Specific mortality tables derived from Insee mortality tables projections, and adjusted for the fact that civil servants have lower mortality rates than the general population.	
b. Entitlement statistics; other relevant statistics	
Active headcount: 1.97 million (of which 1.65 million for civil servants) / Retiree headcount: 2.50 million (of which 0.47 million of survivors) Average age of retirees (excluding survivors): 73.8 (civil servants) / 63.5 (former militaries) Average monthly pension amount: 2 162 € (civils servants) / 1 707 € (former militaries)	
4. Reforms incorporated in the model	
All reforms decided before December 31st 2021 have been incorporated. No new reform was decided in 2021 so there is no impact recorded in row 7.	
5. Specific assumptions	
a. How are careers modelled?	
The rights acquired by active are those at the valuation date i.e., the length of service is taken into account until this date. The salary index to calculate pension amount is that held for at least 6 months before the retirement date in line with scheme provisions. Careers are modelled through a micro simulation approach (statistic models).	
b. How are survivor pensions calculated?	

Survivor pensions are based on marriage dates modelled using statistics provided by Insee. The month of birth of the spouse is calculated by an age gap model.	
c. How is the retirement age modelled over time?	
Retirement age of civil servants and military are modelled using retirement rates by age and generation observed over the last year and based on the assumption of a continued increase in the average retirement age.	
d. Other specific features of the model	
6. Any other comments	

7. Table 29 column H: Social security pension schemes (unfunded)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
This column consists of all mandatory pension schemes other than the pension scheme of civil servants (including soldiers). The largest schemes are: Cnav (Caisse nationale d'assurance vieillesse), MSA (Mutualité sociale agricole), , Agirc-Arrco (Association générale des institutions de retraite des cadres-Association des régimes de retraite complémentaire) and Ircantec (Institution de retraite complémentaire des agents non titulaires de l'Etat et des collectivités publiques). They account for 92% of the total workforce. They provide both old-age and survivor benefits. MSA (for agriculture labour force) and Cnav (for other industries) are typically defined-benefit schemes. Agirc-Arrco and Ircantec are defined-contribution (nonetheless pay-as-you-go) schemes, the first one covering the labour force employed by private firms and the last one covering the labour force employed by public entities.	
b. Institutional set-up	
Data sources/ suppliers	Insee
Which institution is running/managing the calculations?	Insee
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	The general case is that the pension consists of two parts. The first part (or base pension) is paid by Cnav, MSA or CNRACL (or another smaller scheme): the full-rate pension granted for a complete career amounts to 50% of the reference wage (the average of the 25 best annual wages over the whole career), but actuarial adjustments are applied if the career is shorter or longer than the mandatory duration required for a complete career. The second part (or complementary pension) is paid by Agirc-Arrco or Ircantec (or another smaller scheme) and is rather a defined contribution (nonetheless pay-as-you-go) scheme: the amount of the pension is computed as a share of overall contributions based on the whole career (as opposed to a share of a reference wage as is the case for base pensions).
Indexation of benefits	CPI
d. Type and structure of the calculation model	
Microsimulation model with retirement behaviour.	
2. Assumptions and methodologies applied	
a. Discount rate	
2.00% (real)	
b. Wage growth	
Based on AWG 2024 assumptions instead of AWG 2021 assumptions.	
c. Valuation method: ABO/PBO	
PBO	
3. Data used to run the model	
a. Mortality tables	
Insee mortality tables projections	
b. Entitlement statistics; other relevant statistics	

4. Reforms incorporated in the model
All reforms decided on December 31st 2021 have been incorporated.
5. Specific assumptions
a. How are careers modelled?
Individual careers are modelled using transition probabilities among different states on the labor market (including employment, unemployment and inactivity) which are estimated using multiple surveys (Enquête Patrimoine 2010, Echantillon Interrégimes de Cotisants 2013, Enquête Génération 1998), and which are heterogeneous among individuals depending on their characteristics. Aggregate employment rates and average wages are in line with exogenous scenarios.
b. How are survivor pensions calculated?
The microsimulation model allows for modelling survivor pensions.
c. How is the retirement age modelled over time?
Individuals retire as soon as they can be granted a full-rate pension.
d. Other specific features of the model
6. Any other comments

8. Table 29 column K: Entitlements of non-resident households

1. General description and the calculation model	
a. Coverage of the scheme	
All mandatory pension schemes	
b. Institutional set-up	
Data sources/methods	The share of non-resident households in pension entitlements of resident schemes is assumed to be equal to the share of compensation paid to non-resident households in total compensation paid by resident producers.
Which institution is running/managing the calculations?	Insee
2. Any other comments	

9. Links to (national) publications providing further information on the pension schemes

Engagements de retraite

https://www.insee.fr/en/statistiques/7740509