

ETUC SOCIAL PROJECT - SURVEY FOR NATIONAL CONTACT PERSONS

Trade Union report for France

National Trade unions that participated in the survey: FO

This survey, for completion by the National Contact Persons on behalf of their trade union, is an important source of the qualitative and quantitative information required for the ETUC's SociAll Project. This is in addition to the extensive information about each country's pension system that will already be available to the National Experts from established national and international sources.

The survey will provide the National Experts with:

- Background information, specifically from a trade union perspective, about the country's pension system and attitudes to recent trends in pension provision;
- To outline the challenges in the sphere of pension provision that have been identified by trade unions; and
- Set out the trade unions' priorities and proposals.

The survey is divided into three sections that are summarised in Table 1 below. These relate to the corresponding sections of the National Reports, as outlined in the Methodological Note. Section 4 of the National Reports will also be informed by the information that is provided.

| Table 1. Outline of the National Survey | |
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| <u>Section 1.</u> | The Country's Pension System: The views of the national trade unions on the strengths and weaknesses of prevailing pension system and the content and the expected effects on the system of recent reforms and those currently under active discussion. |
| <u>Section 2.</u> | Current Challenges: Trade unions' perception of the main socio-economic and demographic challenges that affect the present and future of pension provision. |
| <u>Section 3.</u> | Possible Reforms: The trade union's priorities in pension policy and the strategies required to have more effective pension protection in the future. |



Section 1. The Country's Pension System

This section of the survey covers the current situation, including questions on the trade unions' views on the strengths and weaknesses of prevailing national pension system. It also asks questions on the content and the expected effects on the country's pension system of recent reforms and those currently under active discussion. It should be taken that the National Experts are already familiar with the country's existing pension system and current issues. The status of the current reforms should be identified as follows:

- **Completed Reforms**, i.e. those implemented since 2010
- **Planned reforms**, i.e. almost certain to be adopted, i.e. having gained enough political support and formulated as draft legislation
- **Reforms under active discussion**, i.e. those that are under discussion, with an indication of the likelihood that the reform will be adopted.

QUESTIONS

GENERAL OVERVIEW

Role of Social Partners in general and trade unions in shaping pension reforms

Q 1.1

Can you describe how trade unions in particular and social partners in general are involved in the pension policy debate and decision-making process in your country and how does the involvement take place (involvement in bipartite/tripartite institutions, consultation by government/parliament, negotiations)?

Regarding the pension's first pillar, or the basic pension scheme (CNAV), social partners participate in its management board but since the social security's reform of 1995 and the introduction of "Social Security Finance Acts" (LFSS), their role is merely consultative.

The pension's second pillar, or the supplementary pensions' schemes (Agirc and Arrco) are driven by social partners. These two schemes are managing the pensions of workers from the private sector and have merged into an unique scheme (Agirc-Arrco) from the 1st of January 2019. It offers an important supplementary coverage to the first pillar.

Social partners are also attending the French National Council on Orientation of Pensions (COR), an expertise and concertation body, in charge of analyzing and following the perspective in terms of financing and adequacy at medium and long term of the French pensions' system.

In the framework of the preparation of the pensions' reform for the creation of an "universal scheme" presented in September 2019, suspended but not withdrawn, social partners have been consulted with inconsistency.



Q. 1.2

Which is the trade union role in the latest pension reform processes (implemented and under discussion)? Provide your own assessment (major role, marginal role, total exclusion) and few examples in case of influence

The French commissary nominated to lead the ongoing pensions' reform in France has discussed with trade unions until the presentation of its report in July 2019. From April 2018 to April 2019, FO has been engaged with the objective to raise awareness and assert its analyzes, its positions and its revendications.

On each point raised, FO has put forward its arguments and has made known since the beginning of the process its opposition to an unique pension scheme which, under supervision of the State and managed by the French government and the French Parliament, would be undermined by restrictive policies in terms of adequacy and coverage of pensions, undermining therefore the principle of solidarity based on repartition instead of capitalization. In the beginning of the concertation with social partners, the postponement of the retirement age was off the table of the reform and was introduced in the public debate by members of the French government outside the framework of the concertation undermining its credibility and effectiveness. FO therefore suspended its participation to the concertation in April 2019. The pensions' reform has been further delayed after months of collective actions and protests across France in the year 2019 with a convergence of some French trade unions including FO and other collectives including professional organizations or pensioners' organizations while discussions continued between some social partners and the French government. Following the official introduction of the adjustment of the retirement age and the contributory period – an unitary call of action of French trade unions started on the 5th of December 2019 – delaying further the presentation of the reform leading to its suspension in the context of the COVID-19 crisis.

Q. 1.3

Provide a general assessment of the extent to which the existing pension system addresses the needs of current and future retired people in your country, indicating where and why it falls short.

A general assessment will be enough, as a more detailed section on challenges will follow.

The multiplicity of the existing schemes – negotiated throughout decades by social partners – guarantees a tailor-made solution in terms of adequacy and coverage in light of the specificity of different categories of workers and occupational schemes, but also taking into account the specificity of the public sector. Furthermore, the existing pension system ensure, through supplementary pensions' scheme, its adaptation to the needs of workers through a joint-management by social partners. Nonetheless, improvements of the existing pension system are also needed to reflect a better gender equality dimension through a reinforced widowers' pensions or a better recognition of career interruptions in the contributory period to take into account the impact of family life. Further improvements are also needed in terms of adequacy

to better integrate the dimension of hardship of jobs and careers. To reinforce the adequacy of the existing pensions' system, other improvements in terms of the level of pensions or the anticipation of the retirement age are possible.

Q. 1.4

- a. What are the main principles and policy drivers that inspired the design of the pension system under analysis? Are they still valid?

According to FO, and also shared by the upper administrative jurisdiction (Conseil d'Etat) in its impact assessment of the ongoing draft pensions' reform, the existing pension system is a major component of our Social Contract that manifests by its functioning the solidarity among generations and that ensures that the average living standard for seniors is among the highest across the OECD. The upper administrative jurisdiction also put forward that it guarantees further solidarity through various mechanisms, in favor of persons raising their children alone or seniors with few resources for example, and that it reduced the level of inequality of pensions by a third when confronted to inequality of incomes and that it contributed to reduce the rate of poverty of pensioners from 35% in 1970 to 7,6% in 2017. According to Eurostat data, the poverty rate among pensioners in France is one of the lowest compared to other countries in Europe.

The current system is not as complex as indicated by the French government in its communication. It entails a right to information and an effective system for the reconstitution of careers (RGCU – Répertoire de gestion des carrières uniques) and of liquidation of pensions (LURA – Liquidation unique des régimes alignés). These tools guarantee that each worker may know from 50-55 years old what are his or her rights in terms of pensions while the French government is not able to provide any precise and detailed simulation on the basis of its ongoing pension's reform.

Even if it remains problematic situations in terms of adequacy, it is more due to the low level of some pensions as consequence of difficulties faced during employment that the default of the existing pensions' system. FO has always put forward the central issue of employment, in terms of access or maintaining (Youth ; senior workers ; women) and quality (level of wages ; gender inequalities in terms of pay or careers ; precariousness ; fixed-term contracts ; imposed part-time work) to address and resolve in priority. It opens further debate on the economic model ; the social regulation of open economies at European and international level, in order to break with logics based on competitiveness and lowering of labour costs.

- b. Is the European Pillar of Social Rights and the recent European Council's Recommendation on Access to social protection for workers and the self-employed¹ shaping the debate on pensions?

The European Pillar of Social Rights and the recent European Council's Recommendation on Access to social protection for workers and the self-employed have not been invoked during

¹ <https://ec.europa.eu/social/main.jsp?catId=89&furtherNews=yes&langId=en&newsId=9478>

the debate on pensions as EU initiatives are commonly absent from the debate at national level in France. There has been a limited debate between social partners and the French government on the Recommendation precedent to its adoption in the framework of the National Council of Social Dialogue on European and International Affairs (CDSEI) but without perspective on pensions and without any follow-up. The integration of the European Pillar of Social Rights within the European semester process has also been limited without any particular debate on social protection issues and even less on pensions' issues.

c. Within trade unions?

The debate has also been limited within trade unions regarding the link between the debate on pensions and these tools as they were not invoked in the round of consultations with the French government. The limited implementation of the EPSR at national level with an ineffective social scoreboard and the limited nature of the instrument for the Recommendation on Access to social protection have limited the debate within FO. These tools have been nonetheless debated within FO for the issue of bogus self-employed to prevent their lack of effective coverage by social protection – with a perspective on their pensions' rights as well. Furthermore, these tools have provided the basis of the involvement of FO in the ETUC SociAll project to further support FO demands in the ongoing pensions' reform.

d. In bipartite or tripartite social dialogue?

NO

Q. 1.5

Summarise the trade unions' views on the state of the country's pension system debate in terms of the balance between financial sustainability and social adequacy, coverage and effectiveness.

For FO, financial sustainability cannot prevail on other factors as the right to a decent pension, with the principle of solidarity, must be the motor of the French pensions' system.

However, financial sustainability remains a permanent issue that is entailed within the mandate of the French National Council on the Orientation of Pensions (COR) and that needs to find a compromise on its level and the causes of its eventual imbalance. Before the COVID-19 crisis, the most recent report of this body indicated that, despite any economic scenario foreseen, the share of pensions' expenses in the GDP, 13,8% in 2018, would be stable or near its 2018-level until 2030 and that any new need of financing in the projected period would result from a reallocation of resources among public administration to the detriment of the first pension' pillar (linked to the structural effect linked to active population and demography) instead of rise of expenditure that shall remain stable in relation to GDP.

For FO, further pressure excluding the rise of labour costs is contradictory with the principle of free and voluntary collective bargaining. By essence, trade union, as representing workers that exchange their work against a remuneration, negotiates at every level the "labour cost".



Q. 1.6

Summarise completed reforms (as defined above) and indicate the trade union's assessment (if any) of their impact on the adequacy, coverage, and effectiveness of pension provision?

For some decades, pensions' reforms have followed one after the other. Each reform was meant to ensure the sustainability of the pensions' system with short years separating each other with the same argument! However, these reforms have systematically led to a regression in terms of pensions' rights and adequacy: deindexation of pensions on wages (1987) ; lowering of the level of pensions through a new compulsory levy called CSG (1991) ; extension of the contributory period (1993-2003-2014) ; deferral of the retirement age (2010) ; non-indexation of pensions on inflation (2018).

In the timeframe of 25 years, many reforms have contributed to reduce the rights to pension. In 1993, the "Balladur reform" has provided a progressive extension of the contributory period to be receive a full pension. The contributory period has moved from 37,5 years to 40 years between 1994 and 2003 – putting into question the right for a decent pension at 60 years old. Calculation parameters to receive a full pension have also changed, with an average based on the best 25 last years instead of the best 10 years. Furthermore, the "Balladur reform" has put into law, an initial test for 5 years put forward in 1987 never discontinued since, the replacement of the indexation of pensions on the average wage by the indexation on the evolution of current prices that undermined drastically the purchase power of pensioners.

In 1995, a draft pensions' reform put forward by the French government "Juppé" has tried to remove the special schemes – mostly in the public sector – to tend towards an "universal scheme" but has failed in front of collective actions and protests for almost one month. In 2003, despite a strong mobilization of workers from the public and the private sector, the French government has passed through a pensions' reform that extend progressively the contributory period to 40 years for public servants, aligned on the one for the private sector, for both contributory period extended to 41 years in 2012 and 42 years in 2020. Pensions' for public servants were also indexed on price and not on the average wage as well. The unique concession was to preserve the calculation parameters for a full pension in the public sector based on the 6 last years of the career. This reform also introduced a system of premium and extended the system of discount of pensions to the public sector amplifying the reduction of the level of pensions that could not contribute enough to access to a full pension. The mechanism of "long careers" was introduced to guarantee for workers having started to work at 14, 15 or 16 years old to retire if they have a contributory period of 40 to 42 years. One of the main arguments put forward by the French government at that time was "to save the pensions' system by repartition" in front of the financial deficit caused by the augmentation of the number of pensioners. The issue of financial sustainability was nonetheless still on the table as the pensions' reform was conditioned to the transfer of the unemployment contributions to the pensions when the level of unemployment would reduce below 5%.

In 2008, despite the collective action and protests initiated by FO and other trade unions, the French government imposed through decrees the progressive extension of the contributory period in some special pensions' schemes from 37,5 years to 40 years. The same year, the

French government enshrines the extension of the contributory period foreseen in the reform of 2003 by bringing it to 41 years by 2012. In 2010, despite 6 months of mobilization with more than 3 million protesters, a new pensions' reform has passed with the deferral of the retirement age from 60 to 62 years – applying to everyone (private and public sector ; and special schemes). The age limit to gain a full pension without fulfilling the necessary contributory period is deferred from 65 to 67 years old. In 2014, a new pensions' reform provides for further extension of the contributory period to 43 years by 2035. These reforms has led to further degradation of the conditions of retirement and of the level of pensions without really addressing the issue of financial sustainability even if it was put forward to justify these reforms.

Q. 1.7

Summarise reforms and those under active discussion (as defined above) and indicate the trades union's assessment (if any) of their impact on the adequacy, coverage, and effectiveness of pension provision?

The ongoing pensions' reform was presented on September 2019 with the activation of the art. 49.3 of the French Constitution on the 29th February 2020 to bypass the vote of the French National Assembly at the beginning of the COVID-19 pandemic. In light of an unanimous opposition of French trade unions, the reform was then suspended in March 2020 to mitigate the evolution of the COVID-19 pandemic in France. Despite various unanimous calls of the French trade union to not bring this reform during the ongoing crisis, with some trade unions including FO demanding its definitive removal, the pensions' reform has been reintroduced in the debate on the 14th of November 2020 through an amendment of the Social Security Finance Act 2021 in lecture in the French Senate.

This reform foresees the merging of the 42 existing schemes (the pensions' first and second pillars and the special schemes) into an unique scheme covering everyone working in France, workers from the private and public sector, civil servants, independent workers, liberal profession, farmers or even elected representatives. The foreseen unique scheme will be a system by points, revoking the pay-as-go pension systems (or system by repartition), depending on the acquisition value of the points, to buy along his or her career, and on the conversion value of the points. The existing calculation parameters will be revoked in the private sector and will not be based anymore on the best 25 years. It will be therefore easy to adjust the value of the point at its purchase and at its conversion to adjust the level of the pension.

The retirement age of 62 years old will become irrelevant if the level of the pension is not enough and that the workers need to work extra years to purchase more points – further aggravated by a new discount of 10% of the level of pensions for workers wanting to retire at 62 years. The new system would establish a retirement age of “equilibrium” for a full pension without discount at 64 years old at the launch of the reform. The pensions' reform clearly indicates that “the objective of this incentive mechanism is to push French workers to retire

later”. This retirement age of “equilibrium” will be fixed according to the financial projections of the system as well as the coefficients of premium and discount around this age, that would be fixed by decree at 5% by year of difference with the retirement age of “equilibrium”. The ongoing pensions’ reform also foresees a “golden rule” imposing a recalibration of the pensions’ system every 5 years within the Social Security Finance Act.

This “universal” system would be entirely in the hands of present and future governments with the suppression of the second pillar under joint management through collective bargaining by French social partners covering 13 million of pensioners. The French government would define the framework of the control of the pensions’ system and “would be free to propose any new reform on the financial sustainability of the pensions’ system”. For FO, this “simpler and fairer” pensions’ system would lead to further uncertainty for workers and pensioners as the level of pensions and the retirement age could easily change in time with the pretext of financial sustainability.



Section 2. Current challenges

This section of the survey is about the trade unions' perception of the main socio-economic and demographic challenges that affect the present state and future of pension provision in terms of coverage effectiveness and adequacy (and the effective implementation of the Recommendation on Access to Social Protection for Workers and the Self-Employed).

This should cover:

- *The issues the trade union regards as the more urgent challenges to pensions; and*
- *The main social and occupational groups that, in the view of the trade union movement, need greater attention for more effective pension protection.*
- *The gender dimension of the challenges*

The lists of issues provided for certain questions is non-exhaustive and other issues should be covered, if appropriate

QUESTIONS

Main Challenges

Q. 2.1

- a. What are, in general, the main social challenges in pension provision with respect to the social and economic outlook of your country?

Please consider the needs of people, their rights and living conditions. You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.

- **Population ageing**
- Poverty rates
- Access to essential services
- Out-of-pocket expenditure for healthcare and long-term care
- **Low salaries**
- **Unemployment**
- **Increased share of atypical jobs (high rate of involuntary part-time/zero-hour contracts/**
- Bogus self-employment
- Sluggish economic performance
- Low average productivity
- Increasing inequalities
- Gender gaps in employment/wages
- **The Covid-19 Pandemic**
- **Other: employment of senior workers (>50 years old)**

- b. Who do these social challenges affect?

With the financial support of the European Union



- c. What are the main reasons for these challenges?
- d. Can you please provide data to support your views?

The ageing of the French population is following its course. According to the last projections of the French National Institute of Statistics (INSEE), demographic trends show that a quarter of the French population will be 65 years old or older in 2040. This trend, even if less marked in France than in other countries, will weigh on the financial projection of the pensions' system. The first analysis in June 2020 on the impact of the COVID-19 pandemic is marked by a lot of uncertainties on the statistical record on the excess mortality rate caused by the sanitary crisis, the evolution of the pandemic and its economic effects on employment and the evolution of wages. However, despite a limited reduction of pensions' expenditure in 2020n the pensions' system would be in front of a massive deficit due to the collapse of revenue linked to the drop of social contributions due to the impact of the COVID-19 crisis on wages and with exceptional measures in support of businesses treasury. In the longer term, the interruption of activity caused by the ongoing crisis will have an impact on future pensions.

The pensions' system is also facing the challenge of the growth of atypical employment (independent ; part time ; interim) that represent one job at out of 3 with lesser perspective of coverage and adequacy. Future pensioners, and especially for those with a lower level of education, risk to face difficult ageing in light of more common chaotic careers with weaker remunerations and more interruption of careers due to unemployment or sickness more in more frequent in disadvantaged groups. These risks concern also more women than men that face more interruption of careers and suffer from the gender pay gap and further inequalities in employment as they are over-represented in imposed part time work. The average pension gap is of 27% today – even when using the solidarity mechanism such as survivors' pension schemes that affect 93% of women pensioners.

Difficulties for senior employment is also relevant to the debate as the level of employment of workers between 55-59 years old start to decrease sharply to 72,1% and to collapse to 31% for workers between 60-64 years old. Many senior workers are facing further push outside the labour market against their will. Companies tend to dismiss senior workers by diverting the unemployment insurance scheme for “early retirement” with an effect on the level of pensions and their adequacy. It is however the return to employment for senior workers as the more problematic issue as long term unemployment is more common with 60,2% of senior unemployed were unemployed for at least one year – above the level for other generations fixed at 41%. Even more worrying, almost 30% of workers above 60 years old were nor in employment nor in retirement between 2016-2018.

Challenges to Formal coverage

Q. 2.2

Please answer the questions shortly framing the relevant situation(s) in the demographic/ social/ macroeconomic context and always keep into account the gender perspective



wherever relevant and possible. In your reply, please, consider in particular but not only employees, self-employed and atypical workers, as well as the gender dimension (de facto)

- a. Are there any major gaps in formal coverage?

There is no major gaps in formal coverage in the French pensions' system as it is functioning as a mandatory insurance: everyone, when he or she is working, pays social contributions opening rights to pension. Regardless of the job carried, the principle is that each worker contributes for the first pillar with the French social security and through one or plural schemes as complementary schemes. By the 31st of December 2018, there were 17,4 million beneficiaries including 1,6 million residing abroad. 16,4 million persons had principal direct entitlement benefits from the first or the second pillar, including 1,1 million residing abroad. The following questions on the formal coverage are irrelevant in the French case.

- b. What categories of workers, i.e. employees, self-employed and atypical workers, are formally excluded from the coverage of pension schemes by reason of their contract, or are only offered voluntary coverage by pension schemes? Which are the main groups (for example migrant, low-skilled, women) affected?
- c. What determines/ how would you explain these gaps in formal coverage?
- d. What are their main social consequences/impact?
- e. Do you see issues for fiscal sustainability of a system covering of a system covering people in all forms of employment?
- f. Please provide data

Challenges to Effective coverage

Q. 2.3

- a. Is it possible to highlight any major effectiveness issues?

Please, consider effects that, for example, possible entitlement conditions, wage levels, contribution levels, may have on non-standard workers, the self-employed, atypical workers, women.

No, the issue of the effective coverage is not relevant for the French case in light of the formal coverage covered by the pensions' first and second pillar. The following questions are therefore irrelevant.

- b. Who do these effectiveness issues affect? Are there categories of workers or self-employed that are at particular risk of limited effective coverage of pension benefits?

You can make reference to the topics and groups listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.

- Women
- Younger workers
- Self-employed workers
- Bogus self-employment
- Atypical workers
- Precarious workers
- Agricultural employment
- Working poor
- Migrant workers
- Low skilled workers
- Other

c. What are the main causes of the risk of ineffective coverage of workers?

You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.

- Significant lack of transparency in the access to relevant information
- Aggregation of contributions across schemes
- Waiting period
- Calculation rules
- Requirements to access old-age or seniority pensions
- Lack of reconciliation of professional and family life
- Incomplete work careers
- Low wages
- Missing financial capacity to save in (voluntary) pension schemes
- Others

d. How far are the following contingencies significant in leading to ineffectiveness of pension provisions? *Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples.*

- Maternity, paternity, parental leave
- Study or training periods
- Sickness
- Unemployment
- Care duties (elderly, children, disabled, etc...)

- Other
- e. What are their major **social** impacts of ineffective pension provisions?
- f. Do you see issues for **fiscal sustainability of a fair and effective social protection system**?
- g. Is the lack of transparency or satisfactory information about pension entitlements and obligations limiting *effectiveness of pension provision*; and, if so, which categories of workers and the self-employed are most affected?

Challenges to Adequacy

Q. 2.4

- a. Is there a prevailing/institutional/constitutional reference or definition of adequacy that is used as standard in your country? How do you define adequacy?

No. There is no clear reference or definition of adequacy of pensions. However, the French National Council on the Orientation of Pensions (COR) has made some reference to the adequation of pensions at least since 2014 without a clear definition.

The adequacy can be defined as the capacity of the pensions' system to guarantee to the population an adequate revenue when retired. The principal objective of the pensions' system is to protect old people against poverty and to enjoy a decent living standard and financial independence in ageing. The living standards of pensioners depend clearly on the level of the pension perceived. Its level depend on the professional career and the employment path taken with lower pensions foreseen for low-qualified workers; workers that cumulated low wages or incomplete careers (generally women). The situation of disabled workers must be also foreseen.

- b. Do you use any specific indicator to assess it in your country?

From the point of view of the adequacy of income in retirement, we can refer to the poverty rate by age group. With a 7.3% rate of pensioners at risk of poverty, relatively stable over the past decade, France, on the other hand, is one of the six European countries whose share is less than 10%. A statistic that illustrates the relative effectiveness of the French system of social protection for pensioners in comparison with other industrialized countries, although there are still significant disparities at the national level.

At the French level, between the ages of 50 and 64, the poverty rate is one point lower than that of all adults. From the age of 65 onwards, the standard of living decreases according to age, due to the increasing number of single people at older ages and lower pension entitlements in older generations who do not have a full career. Nevertheless, despite a 7% lower standard of living on average than for those aged 50 to 64, the poverty rate among

those aged 65 and over is 4.6 percentage points lower than that of those aged 50 to 64, thanks in particular to income guarantees for the elderly.

The standard of living of the generation born between 1941 and 1945 is significantly higher than that of the previous generation. On the other hand, living standards are closer for generations born after 1945 and the 1950s because of a more difficult economic situation when they entered the labour market, which lasted until the mid-1980s. From the second half of the 1980s to the end of the 2000s, growth has allowed each generation to have a higher standard of living than the previous one at the same age, especially for generations born in the 1960s and 1970s. This trend is reversed at the end of the period: since the great recession of 2008 and later, the average standard of living of each generation becomes comparable, and even inferior from 2013, to that of the previous generation at the same age.

Indicators on the beneficiaries of a minimum pension can usefully complement the figures on poverty and living standards. In 2016, 39% of pensioners received a minimum pension: minimum contributory (general scheme), guaranteed minimum (civil servants pensioners) or minimum old age (which is served without consideration of contributions and only on criteria of the level of household resources from 65 years). Women are more affected: five out of ten women receive a minimum pension, compared to three out of ten men. Overall, recipients of a minimum pension in their main scheme often have shorter careers.

In the general scheme, one in five pensions (19%) awarded in 2017 an increase of the contributory minimum. At the end of 2018, the minimum contribution amount was €636.56 per month for a full career in the scheme and €695.59 with the premium. The 2003 pension reform introduced an increase in the contributory minimum for contributory periods to increase the pension of full-career insured to 85% of the net minimum wage. Since April 1, 2009, this increase is granted if the insured meets at least 120 insurance quarters.

In 2018, the guaranteed minimum is paid to 4.6% of new retirees of the public services (FPCE) and to 17% of new retirees of the National Pension Fund for Local Government Employees (CNRACL). Since 1 January 2011, to benefit from the guaranteed minimum, the official must either have validated all his quarters (full insurance period), or have reached a minimum age. The maximum amount of the guaranteed minimum, corresponding to a service period of 40 years, is EUR 1,174.34 per month.

The minimum old age benefit is a solidarity benefit which aims to guarantee a minimum level of resources to the elderly with low incomes. Since 2007, the old two-stage system (minimum old age and disability) has been replaced by a single benefit: the solidarity allowance for the elderly (Aspa). At the end of 2018, the minimum amount for old age is set at 9,998 euros per year for a single person and 15,523 euros for a couple of beneficiaries (833 euros and 1294 euros per month respectively). The minimum age alone does not exceed the poverty line in 2018.

Nevertheless, for the persons concerned, housing aid may, when combined with this minimum, ensure an income above the poverty line. In 2018, about three out of five recipients of the minimum old age benefit were receiving housing assistance. At the end of 2018, 568,100

people received the additional allowance of the minimum old age (ASV) or the solidarity allowance for the elderly (Aspa). More than one out of every two recipients of the minimum old age allowance is a single woman. In general, unattached persons and persons aged 90 or over are over-represented among the recipients, with the share of women increasing with age. The careers of recipients are more often incomplete, marked by disability or incapacity for work.

- c. Please provide the TU's view of the significance of the two main adequacy indicators used by the Commission (Theoretical Replacement Ratio/TRR; Aggregate Replacement Ratio/ARR – Pension Adequacy Report - PAR 2018).

The two main indicators used by the Commission offers a limited overview on the dignity in ageing and further indicators may be needed to reflect the rights-based approach in light of the previous and the next comments.

- d. How would you define “ageing in dignity”?

Aging in dignity goes hand in hand with the need to anticipate and finance the loss of autonomy or to give more material and human resources to the EHPAD, in order to properly carry out their missions.

The condition of older people often reflects their previous living conditions. Work is one of them. The conditions of his organization (rhythm, schedules, remuneration, etc.), are elements that weigh, positively or negatively, on the personal development and the predisposition of people to "age well". Because it conditions the possibility of aging well, preventing loss of autonomy is an important issue in managing aging. The medical monitoring of employees, the assessment of risks and exposures to which workers are subjected throughout their career are imperative to prevent loss of autonomy.

Occupational transitions, retirement, produce major effects on health and well-being, in their physical, social and mental components: these changes, sometimes brutal, must be anticipated and qualitatively accompanied. Age, coupled with social inequalities, increases the risk of loss of autonomy. It is necessary to identify people at risk of fragility in order to act on the difficulties of access to care, rights, prevention systems and reduce social inequalities in health during the advanced age.

- e. Do you have in mind any specific indicator that could help in assessing “ageing in dignity” in your country?

The management of ageing cannot be done without additional resources and the situation will continue even more in the years to come. Public funding related to the compensation of the loss of autonomy of the elderly amounts to 21.8 billion euros (source: CNSA 2017). Health insurance expenditure to cover the loss of care-related autonomy, within the limits of the National Health Insurance Expenditure Target (ONDAM), accounts for just over 77% of the budget of the CNSA (National Solidarity Fund for Autonomy).

In total, public funding linked to the compensation of the loss of autonomy represents 70% of the expenditure on the dependency of the elderly. The remaining 30% corresponds to the effort made by households. It is difficult to assess (it would vary between 17 and 21 billion euros according to the studies). The rest of the household budget and the rest of their descendants shall consist of expenditure on accommodation after payment of personalised housing aid and social assistance for accommodation, expenses related to loss of autonomy not offset by the Personalized Autonomy Allowance (APA). In addition, expenditure on health care not covered by sickness insurance schemes and expenditure on accommodation not covered by the National Housing Agency is included.

f. What are the major deficiencies (if any) in the provision of adequate pensions?

In 2050, according to INSEE's central scenario, France has 22.3 million people aged at least 60, or nearly 30% of its population and an increase of 80% compared to 2005. At the top of the age pyramid, these developments will be even more spectacular: the 75 and over would go from 4.9 million to 10.9 million, or more than 122% increase and the 80 and over 1.1 million to 4.2 million, or nearly 282% increase. These developments will mechanically impact the number of dependent elderly people, which will continue to increase, and the pressure on EHPADs, which are already struggling to meet current demand, will continue to increase.

g. What determines these deficiencies?

You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.

- Lack of provision of minimum pension
- Volatility of complementary pensions
- Low rates of return from funded pensions
- Wage levels
- Contribution levels
- Worked hours
- Repartition of contributory obligations on employer/employee
- Length/continuity of careers
- Purchasing power erosion
- Lack of indexation
- Cost of living
- **Services for old age provided publicly/without out of pocket expenses**
- Need of personal/private (out-of-pocket-expenses) for health and long-term care
- Others

- h. **Who** do these deficiencies affect? Please, consider employees, self-employed and atypical workers
- i. What are the major social impacts of these deficiencies?
- j. Do you see issues for **fiscal sustainability of a fair and adequate social protection system**?

Many dependent seniors find themselves in a difficult situation that may become even more acute in the years to come. For example, there is a significant gap between the income level of seniors and the cost of accessing EHPAD. According to the CNSA, a place in EHPAD is on average charged 1,949 euros at the time when a retiree earns only 1322 euros per month on average. The increase in the CSG for pensioners can only further weaken them. On the other hand, a real dependency policy cannot be pursued if the CNSA's money is siphoned each time by the State to finance other programs (50 million in 2016 to help certain departments in difficulty).

For FO, there can be no improvement in the management of the dependency without a real plan of construction and opening of thousands of new places. Just to maintain the current ratio of 146 beds per 1,000 people over the age of 75, the number of existing beds would have to be doubled by 2040. Of course, the lack of staff in the EHPAD and the constant deterioration of their working conditions cannot last. Thousands of jobs can be created in this sector, where there are only 6 caregivers for every 10 dependent people, against double in Germany, for example.

Other challenges

Q. 2.5

What are the **challenges and the opportunities related to occupational pension policy/schemes** concerning their contribution to formal coverage, effective coverage, adequacy (and transparency) of pension systems?

Q.2.6

Is there any other particular (set of) challenge(s) that you deem key or that should be addressed as a priority in order to give impetus to upward convergence?

- a. *Please, explain the reasons of your answer.*
- b. Please provide data.

Q.2.7

How is the Covid 19 emergency impacting your priorities?

The ongoing pensions' reform was presented on September 2019 with the activation of the art. 49.3 of the French Constitution on the 29th February 2020 to bypass the vote of the French National Assembly at the beginning of the COVID-19 pandemic. In light of an unanimous

opposition of French trade unions, the reform was then suspended in March 2020 to mitigate the evolution of the COVID-19 pandemic in France. In a letter addressed to the Prime Minister on 14 October, FO and the other confederations indicate that whatever the analyses and positions on the substance, the government should announce that it is not time to put the subject of pension reform back on the agenda.

Despite various unanimous calls of the French trade union to not bring this reform during the ongoing crisis, with some trade unions including FO demanding its definitive removal, the pensions' reform has been reintroduced in the debate on the 14th of November 2020 through an amendment of the Social Security Finance Act 2021 in lecture in the French Senate.



Section 3. Possible Reforms

*This section seeks information about the trade union's priorities in pension policy; and their involvement in the policy making process and the strategies to have more adequate and effective pension protection for all. **The examples given under each question are for assistance and other issues should be covered, when appropriate.***

QUESTIONS

Q. 3.1

What are the main demands/actions/reforms that the trade unions propose in order to meet the challenge(s) highlighted in the answers to Section 2?

Provide a concise description from those listed below, plus any other that you consider relevant in light of your replies in the previous set of questions. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples

- Minimum schemes
- Employment related or income-based schemes
- Occupational pension provision
- **Pensionable age and early retirement schemes**
- **Regulation of the labour market and active labour market policies**
- **In-kind benefits, long-term care and social assistance**
- Other

Please, explain also how the proposed reform would address the challenge(s) identified in your replies to the previous set of questions

*- keeping in mind the possible effects linked to age groups/ gender/ forms of employment and
- providing an assessment and considering effects of main issues from the topics listed below, in the light of your replies in the previous section, plus any other that you consider relevant. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples.*

While the government seems to have not given up on establishing a new universal pension scheme, which would constitute a major reform with the generalization of the pension points and which is similar to a "defined contributions" scheme, FO considers that only the "defined benefits" system makes it possible to display and guarantee a replacement rate of income from decent and fair work! For FO, it is not the current pension system that is failing, but economic policies that do not allow everyone to have access to quality and sustainable employment, as well as a balanced distribution of wealth between wages and dividends.

The pension inequalities now observed reflect yesterday's occupational inequalities, which result in particular from the precariousness of work, the difficulty of entering employment for young people and of staying there for senior employees, long-term unemployment and pay inequalities between women and men.



While it is essential that the pension system does not aggravate career inequalities and can even have a restorative effect on them, it is above all imperative, for FO, to promote the conditions for an overall securing of career paths to allow an improvement of workers' rights (advance the full retirement age, increase the replacement income rate, etc.) while ensuring the financial sustainability of the scheme.

- Formal coverage for specific categories of workers and self-employed
- Effective coverage
- **Adequacy of benefits**
- **Inequalities (gender pension gaps, pension rights of younger cohorts of workers, coverage of atypical jobs)**
- Other:

FO claims the return to taking into account the 10 best years of income for the determination of the average annual salary!

*... FO claims the return to the legal retirement age at 60 and the elimination of the discount!
On the adequacy of benefits, FO claims in particular that the minimum contributory (minimum pension for a full career) reaches 100% of the SMIC (adding the equivalent of the 100 € of activity premium)!*

Because precariousness is experienced by too many employees, due in particular to constant interruptions in professional activity...

... FO claims the revaluation of the remuneration paid during periods of work experience in the company, as well as a validation of quarters and payment of "retirement" contributions for the periods related to the SMIC!

... FO claims to take into account, as part of the "retirement" insurance period, all the periods during which the worker is seeking employment, whether or not he is entitled to unemployment insurance benefits!

... FO claims to take into account, as part of the "retirement" insurance period, the periods during which the worker receives benefits paid by a supplementary pension fund, in execution of a collective contract!

Q 3.2

What would be the main fiscal sustainability drivers necessary to support your policy proposals? What would be the issues arising? What the desirable sources of financing?

FO also points out that the balance of pension systems is that of revenues and expenditures, and notes that the COR indicates that the relative deficit (between 2.5% and 5.5% of total benefits) projected in 2030 is primarily that of revenues, in particular because of the control of pay and employment in public services. FO also stresses that pension benefits should not be seen as an expense as they are immediately re-injected into the economy and thus create activity and employment.

FO considers that it is above all the problem of employment, through the reduction of unemployment and precariousness (fixed-term, very short fixed-term, part-time suffered), that of wages and low wages, that of wage inequalities, including inequalities between women and men, which must be resolved and not adjusted to the shortcomings of economic policies in this area. FO points out that public aid to enterprises in various forms (tax credits, contribution reductions) amounts to nearly EUR 140 billion annually, without their effectiveness being demonstrated or subject to conditions, effective controls and sanctions.

Q.3.3

Are there any major actors supporting or opposing your proposal and why?

The member organisations of the inter-union CFE-CGC, CGT, FO, FSU, Solidaires were united in their opposition to the proposed single point pension scheme. They have on many occasions challenged the opportunity of this reform by examining the strengths and weaknesses of the current system as well as the funding avenues. Further synergies with students' organization or even professional organizations concerned by suppression of their special pension' scheme were also mobilized along the inter-union movement in 2019-2020.

Further discussions with other French trade unions on the current system are ongoing in the framework of the pensions' reform on the table. During the COVID-19 crisis, the demand to pursue the suspension the ongoing pensions' reform was unanimous among French trade unions. The employers' organizations in France have adopted different stances on the ongoing pensions' reform – some of them joining the concerns of the French inter-union on the issue of adequacy or financial sustainability as well while the major one, MEDEF (affiliated to BusinessEurope) pushed for drastic regression on the retirement age or for further extension of the contributory period.

