Key policies to promote longer working lives

Country note 2007 to 2017
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KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN FRANCE

(Situation 2007 to mid-2017)

France could do more to raise its effective retirement ages for men and women. According to the Late Career Scoreboard (Table 1 at the end of the report), these remain well below the EU average (60 for men and 60.3 for women, compared with the respective EU averages of 63.4 and 62). In particular, as synthesised in Table 2, France could take action to better combine pensions with work income, prevent unemployment benefits from being used as an alternative pathway to early retirement, encourage the social partners to implement better hiring mechanisms targeted at older workers and provide more effective employment assistance to older jobseekers. That said, France has already taken decisive steps to raise the statutory retirement age, launch public awareness campaigns and encourage best practice in collective agreements to manage age diversity among workers. France should continue to promote the employability throughout working lives by implementing the individual activity account which includes, inter alia, an individual training account and a work prevention account. The challenge now is to reward longer working lives for less-skilled older workers by offering them high-quality jobs.

1. Rewarding work and later retirement

1.1. Enhance incentives to continue working at an older age

Introduction

There are two mandatory pay-as-you-go pension schemes for private-sector employees: the basic general scheme with a replacement rate based on age and length of career (Pillar 1), and the points-based supplementary scheme (Pillar 2). In contrast, there is no distinction between basic and supplementary pensions in the public service schemes or the special schemes which apply to certain categories of occupation. These are called “integrated schemes”. Optional supplementary pensions (Pillar 3) are generally funded schemes of marginal importance. There is also a means-tested old-age solidarity allowance.

Raising the statutory age of retirement

The 2010 pension reform gradually raised the retirement age under the general scheme by two years between 2011 and 2017, from 60 to 62 for the statutory minimum eligibility age and from 65 to 67 for a full pension. These rules apply to private-sector salaried and non-salaried workers and to public employees. The eligibility age for supplementary schemes was also raised by two years, from 55 to 57.

However, options still exist for retirement before the statutory minimum age. First, there are so-called “active” categories in the public service and special schemes, which are defined by decree and include occupations involving arduous work or a particular risk. The same two-year shift in the statutory retirement

1. This note has been produced by the Ageing and Employment Policy Team.
Facilitating phased retirement

Phased retirement allows contributors to provisionally claim their pension while continuing to work on a reduced schedule. It is not an entitlement, except for employees who already work part time, because it requires the employer’s consent. Contributors continue to pay pension contributions, increasing their entitlements when the final pension is awarded on full retirement.

There was very little take-up of phased retirement after the option was introduced in 1988. However, the 2014 pension reform changed the rules from January 2015. Phased retirement is now available two years before pensionable age rather than on reaching it, hence from the age of 60, conditional on having made at least 150 quarterly pension contributions (37.5 years). This has resulted in a sixfold increase in use of the option, with 8,895 phased pensions being awarded in 2016 compared with 1,502 in 2014. However, the number of retirees in phased retirement is still marginal: 11,561 at 31 December 2016, representing 0.08% of all retirees. Women account for 68% of the total.

Better combining of pensions and work income

It is possible, under certain conditions, to combine work income with a retirement pension (basic and supplementary). Income cumulation is full or partial. Since 2009, it has been full only for retirees who meet the conditions for a full pension and have claimed all their pension entitlements. Since December 2014, those receiving an old-age solidarity allowance have been able to partially cumulate their monthly allowance with work income, via a flat-rate allowance on the latter equivalent to 0.9 of the quarterly minimum wage for a single person. Previously, all work income had been counted in order to calculate the old-age solidarity allowance, giving the beneficiaries no financial incentive to work.

In 2016, 8% of retirees or early retirees aged 55-64 also had a job compared with 4.8% of those aged 65-69 (DARES, 2017a). Among those in work aged 55 or over, part-time work, non-salaried work and temporary contracts are more frequent for retirees or early retirees than for the non-retired. Men, workers in managerial positions and workers with higher-education diplomas are over-represented (DREES, 2017b).

Following the 2014 pension reform, from January 2015 retirees who continue to work can no longer acquire new pension entitlements. Yet they are still required to pay a pension contribution, which corresponds to a “tax” on continuing to work (OECD, 2017). The effect of this change, justified on the grounds of equity between the different schemes, is to make combining work with a pension less attractive.

for certain categories of contributors. That is the case, for example, for retirees under the general scheme who take up self-employed work: before the 2014 reform they could claim their pension under the general scheme while continuing to acquire rights in their self-employed activity. The same applies to nurses in public hospitals who retire early under the public service scheme in order to become self-employed. In order to restore neutrality at an individual level, Cahuc et al. (2016) recommend returning to a system where retirees who continue to work can acquire further entitlements.

Rewarding longer careers

The 2003 pension reform introduced the principle that the contribution period for a full pension under the general scheme should be extended until 2020 in accordance with the increase in life expectancy. For each generation, the gains are shared between the length of contribution (two-thirds) and the length of retirement (one-third). Thus, those born in 1955 may obtain a full pension in 2017 if they have contributed for at least 41.5 years. Under the 2014 reform, the contribution period beyond 2020 is due to rise to a maximum of 43 years (172 quarters) for the generation born in 1973. It marks an important step on the road to ensuring the long-term viability of the French pension system.

The 2003 reform introduced a premium which increases the pension according to the contributions made to all schemes after the statutory pensionable age and beyond the contribution requirement for a full pension. The premium has been 5% per additional year since 2009, and the conditions that apply in public service schemes have been aligned with those of the private sector. The scope has also been extended to contributors who have had a full career but low wages and therefore receive the minimum pension.

The new temporary reductions/increases for supplementary pensions, when they take effect, will encourage workers to work longer. The measure offers financial incentives for continuing to work beyond full-pension entitlement under the general scheme. For private-sector employees, the eligibility age for award of a full pension without penalty will be raised by one year from 2019. This applies to contributors born on or after 1 January 1957 who claim their supplementary pension as of 1 January 2019. If they claim their supplementary pension at the date at which they can claim a full basic pension, the amount of their supplementary pension will be reduced by 10% for three years. In order to avoid this penalty, the employees concerned will have to delay their supplementary pension claim by one year after they become eligible for a full basic pension. In contrast, if they claim their supplementary pension two or more years after the date at which they can claim a full basic pension, their supplementary pension will be increased for one year, by 10% if the supplementary pension claim is delayed by two years, by 20% if it is delayed by three years, and by 30% if it is delayed by four years.

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

At end-2016, 4% of workers aged 55-64 had taken early retirement compared with nearly 10% in 2006 (DARES, 2016a). The long-career scheme introduced in 2003 is the main early retirement measure, accounting for 93% of the total at end-2016. One of the reasons for this was the decision in mid-2012 to

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3. In contrast, a discount applies to retirees aged between 62 and 67 (the age when the discount ceases to apply) who have not completed all the necessary contributions when they take retirement and cannot claim incapacity. The discount is 5% per missing year.

4. Save exemptions. The deduction will not apply to contributors awarded their basic pension on the grounds of incapacity, disability, asbestos or family caregiving, or aged 67 or over.
allow workers to qualify for long-career early retirement at 60. Other publicly funded early retirement options are now marginal. The only one to remain is early retirement for asbestos workers, but the number of new beneficiaries is now very low. They can claim this benefit until they become entitled to a full pension.

**Introducing specific provisions for arduous/hazardous work**

Disability pensions are paid to victims of a “non-occupational” hazard whose capacity to work is reduced by at least two-thirds and who have been registered and have worked for a minimum period. The disability pension is paid, in principle, until the statutory minimum retirement age, when it is replaced by a full pension, without any length-of-contribution condition since the 2013 reform. Contributors who continue to work can ask for the switch not to be made.

The 2013 pension reform created the individual arduous work account (see Section 3.3) in order to enhance early recognition of arduous work rather than simply reward it at the end of a worker’s career through an early retirement option.

**1.3. Preventing welfare benefits from being used as alternative pathways to early retirement**

Raising the pensionable age by one, two or three years would have a positive effect on the number of older people remaining in work (COR, 2016a). At the same time, it would have adverse effects on the other existing measures, namely incapacity benefit, unemployment benefit and minimum social benefits. Ultimately, raising the retirement age would stimulate economic activity more in the long term but would be more prejudicial for unemployment and inactivity in the short to medium term. The faster the age is raised, the greater the risk of seeing a temporary but sharp increase in inactivity.

**Unemployment benefit**

The number of older people receiving long-term unemployment benefit has increased considerably in recent years, especially since the crisis. For several decades, unemployed people aged 50 and over were granted an exemption from the requirement to look for work and a longer compensation period (three years, as opposed to two for the under-50s). Entitlements are also extended until they can claim a full pension. According to the OECD (2014), they may receive unemployment benefit for as long as seven years. In 2010, before the minimum pensionable age was raised, the number of new unemployment benefit claimants peaked at the age of 57, the age as of which, after three years on benefit, people could claim their pension. When the pensionable age was raised from 60 to 62, the peak shifted to 59. In addition, the extension of entitlements until full-pension age meant continuing to pay unemployment benefit between the ages of 64 and 67. Although the looking-for-work exemption for older unemployed people was ended in 2012 (see Section 3.2), there is an implicit early retirement option which swells the number of people receiving unemployment benefit before the statutory retirement age and access to a full pension.

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5. Decree of 2 July 2012 giving entitlement to early retirement at 60 for contributors who have made all the required contributions for their generation and started work before the age of 20. The decree reduced the previous contribution requirement by two years by scrapping the eight-quarter increase previously in force. The start-of-working-life condition was also raised to 20 instead of the previous 18.

6. Withdrawn in 2012 (see Section 3.2).

7. Familiarly known – Cahuc et al. (2016) – as “UNEDIC early retirement” after the name of the national unemployment insurance agency.
New rules for the payment of unemployment benefit came into effect on 1 November 2017. Only those aged over 55 retain the three-year entitlement. New unemployed people aged 50-52 are entitled to benefit for only two years. Those who lose their job between the age of 53 and 54 are covered for 30 months, though they can gain another six months if they commence training during their benefit period.

Social aid and disability benefit

Some late-career unemployed people may qualify for special measures that give them an income, such as the earned income supplement (RSA), the adult disability allowance (AAH), the special solidarity allowance (ASS), the supplementary disability allowance and disability pensions. For employees aged 50 and over, the 24-month maximum period may be extended to 60 months by successive periods of one year at most.

Raising the statutory minimum retirement age has entailed a rise in the number of people receiving minimum social benefits at the ages concerned (COR, 2016a). The number of RSA, AAH and ASS recipients increased by nearly 80 000 between 2010 and 2016, or around 5% of a 60-61 age group. This is mostly because a very high proportion of recipients are trapped in minimum benefits, especially at these ages, and because of the arrival of recipients who, without the reform, would for example have been able to go straight from unemployment benefit onto a pension.

2. Encouraging employers to retain and hire older workers

2.1. Preventing discrimination in employment on the basis of age

Launching public awareness campaigns

The Defender of Rights’ annual report for 2015 notes that 54.3% of referred anti-discrimination complaints are work-related (Le Défenseur des Droits, 2016). Age is mentioned less frequently (4.3% of cases) than origin (9.6%) or health (9.6%).

Discrimination in access to employment continues to be an issue in France. The Defender of Rights calls regular meetings of labour market intermediaries in order to encourage discussion and motivate them, through an equal opportunity charter, poster campaigns and a brochure informing job applicants of their rights with regard to employment discrimination9. A guide for professionals on the use of digital resources to recruit without discrimination has been drawn up, with their help, to identify legal risks and best practices. The Ministry of Labour carried out a campaign in 2016 to combat stereotyping and employment discrimination9.

More could be done to promote methods that eliminate certain obstacles to the employment of older workers, such as image problems, since older workers can sometimes be wrongly regarded as less adaptable. The national employment agency Pôle emploi has developed a skills-based recruitment method which is better suited to less-qualified older workers than an anonymous CV, since candidates are selected on the basis of tested skills without consideration of age or positions previously held. It is implemented via so-called “job platforms”, created in 2005 as part of the Social Cohesion Plan to encourage unemployed workers into sectors experiencing shortages or with a need for less-skilled workers. An evaluation report shows that the process and criteria for preselection using the skills-based method are effective for the

employer and favourable to the apparently least well-placed candidates. The method benefits both younger and older workers. Some candidates are experienced and qualified, especially in the target occupation, others not.

### 2.2. Taking a balanced approach to employment protection by age

#### Implementing age-neutral measures

There are no specific age-related job protection measures in France. The Delalande contribution introduced in 1987, payable by an employer terminating an employee aged 50 or over, was scrapped in January 2008 because it acted as a disincentive to hire older workers.

A fixed-term contract for older workers was introduced in 2016, specifically for certain late-career workers and with a regulated term. It applies to workers over 57 who have been registered as looking for work for more than three months or who have an outplacement contract. The aim is to enable the employee to acquire additional entitlements in order to qualify for a full pension. The initial contract for up to 18 months is renewable once, for a maximum duration of 36 months (except for agricultural work). There is no specific subsidy and a severance payment is payable (in principle 10% of the employee’s total gross remuneration). Ten years after its introduction, the contract is little used. It does not seem to meet a need for companies or overcome employers’ reluctance to hire older workers.

A measure to introduce flexicurity on the labour market was introduced in 2008 in the form of mutually agreed termination (rupture conventionnelle) of a permanent employment contract in effect for at least two years. The employee concerned receives a severance payment from the employer that may not be less than the amount of statutory redundancy pay and is entitled to unemployment benefit. The measure was quickly taken up: there were 419,372 mutually agreed terminations (approved requests) in 2017.

Mutually agreed termination and dual compensation are significantly more favourable than resignation for older employees waiting to claim their pension, especially where there is little likelihood of finding another job. This is borne out by the figures, for whereas the number of mutually agreed terminations is stable until the age of 55, it rises significantly between 58 and 60, as does the number of recipients of unemployment benefit. For older employees, mutually agreed termination has replaced redundancy, especially for personal reasons, but not early retirement. The breakdown by age between redundancy and mutually agreed termination has not changed significantly since the latter option was introduced (DARES, 2015).

According to a new DARES study (2018) of 360,000 mutually agreed termination requests given official approval in 2015, only those in managerial positions receive significantly higher severance payments than the statutory amount. That may be because they are more familiar with how the system works. It could also be linked to the likelihood that, for both blue- and white-collar workers, mutually agreed termination more often replaces resignation than redundancy. Likewise, the analysis shows that for a given length of service age has only a slight influence on the capacity to negotiate a severance payment. The age effect is negligible among manual workers, clerical workers and technicians, forepersons and supervisors, since the median compensation received is comparable between age groups. Among managers, in contrast, negotiating power increases with age for the same length of service, even if the difference is still very small compared with the differences between socio-professional categories. Managers whose contract is terminated by mutual agreement can thus benefit from a dual advantage: a very comfortable severance

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10. Fixed-term contracts for older workers are not identifiable in the labour force survey.

11. Representing approx. 14% of all permanent employment contract terminations.
payment and substantial unemployment benefits, especially in comparison with other countries (OECD, 2014).

The period during which a person registering as unemployed following a mutually agreed termination does not receive unemployment benefit was extended from 75 to 180 days in July 2014. However, this does not seem to have deterred employees, especially those in managerial positions, from negotiating an agreed termination.

A “collective mutually agreed termination” procedure instituted by the 2017 labour ordinances has been in effect since January 2018. Under the scheme, voluntary redundancy plans are drawn up by collective agreement with the trade unions and officially validated to ensure that the ensuing departures are not open to dispute. However, the authorities may not validate a collective mutually agreed termination plan that mainly involves older workers, since it would constitute age-related discrimination.

2.3. Discouraging mandatory retirement by employers

By law in general and by sector/occupation, private/public sector, region

Mandatory retirement before the age of 70 has been prohibited in the private sector since 2010 and constitutes unfair dismissal. Where the age conditions for claiming a full pension are met (i.e. when the employee reaches the statutory full-pension age, which is between 65 and 67 depending on the date of birth), the employer may ask the employee in writing when they intend to retire, three months before they meet the age requirement for a full pension, then each year before their 69th birthday.

For public-sector employees, in contrast, the full-pension age limit still applies (67 in 2017 for the generation born in 1955), albeit with some exceptions.

2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers

For all older workers

A national interbranch agreement on diversity in the workplace was concluded in October 2006. According to DARES (2014), two main messages can be drawn from an evaluation of its implementation between 2006 and 2011. First, the agreements analysed tend to converge on the issues better regulated by law, namely gender equality and the employment of older and disabled workers. Second, all of them approach the different components in isolation, without considering their cumulative effect (which involves individuals’ plural identity). For example, no agreement considered the issue of older women.

The government introduced the Diversity label in 2008 in consultation with the social partners and experts. The label aims to recognise an organisation’s effective, proactive and long-term commitment to preventing discrimination and promoting diversity in its human resources management policies (recruitment, integration, career management, etc.). Available to companies, non-profits, ministries, public establishments and local authorities, the label spans diversity in all its forms through 24 discrimination criteria defined by law, including age. There were 354 organisations with the Diversity label in May 2017. Each application is subject to audit and evaluation based on a set of specifications drawn up by AFNOR Certification and adapted to different types of employer.

12. France has the highest unemployment benefit ceiling of all OECD countries for high salaries: nearly EUR 6 300.

Proactive age management for both younger and older people, which often used to be disconnected from other subjects of social dialogue such as pay, working time, working conditions and training, has been boosted by giving employee representatives as much of a say on the issue as employers. Employee representative bodies now annually monitor agreements or plans in the same way as “jobs and skills planning measures” (*Gestion Prévisionnelle des Emplois et des Compétences, GPEC*) that cover other aspects. The negotiations on internal mobility introduced by the Employment Security Act of June 2013 can be held concurrently with those on GPEC. In order to strengthen the commitment of smaller companies (50-229 employees) to proactive age management, the March 2014 Vocational Training Act introduced a requirement for them to be covered by an agreement or action plan, or if not an extended branch agreement. The consolidation of mandatory negotiations under the August 2015 Social Dialogue and Employment Act (Rebsamen Act) should make negotiations with firms clearer and more coherent and span all GPEC aspects. However, analysis of the subjects of negotiation in 2016 among the agreements signed by union or employee representatives shows that there was no change in the number of employment-related subjects (including GPEC) between 2015 and 2016 (DGT, 2017).

**Review of the use of seniority wages**

There is no wage-policy law in France. Private-sector wages are mostly set by the social partners in the framework of collective agreements. The government has limited leverage in this area apart from the minimum wage and incentives for negotiation between social partners. Public-sector wage negotiations are highly centralised and based mainly on statutory pay scales. The government could encourage the social partners in both the private and the public sector to prioritise skills-based pay policies, which favour experience and help to keep older employees productive.

Negotiations frequently take place at industry level or within firms to reduce the use of automatic pay increases based on age or length of service. Even if they do not always succeed, there is a definite resolve, especially among employers, to scale back long-service bonuses. In some cases such bonuses have been scrapped and replaced by a wage increase if the employee obtains certification of a vocational qualification.

Automatic long-service bonuses or the inclusion of length-of-service or age factors in pay scales need to be reconsidered. Corporate pay policies are extensively based on age and seniority criteria and long-service bonuses exist. A survey of the labour costs and pay structure of private-sector companies with more than 10 employees in 2006 and 2014 found that long-service bonuses were stable at 2.0% of the payroll both years, compared with an increase from 3.3% in 2006 to 3.9% in 2014 for individual performance-related bonuses (DARES, 2016b). All other things being equal, an employee aged 40 or over is five times more likely to receive a long-service bonus than an employee aged under 25. Long-service bonuses are mainly awarded to blue-collar workers, while managers get performance-related bonuses.

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce

**For all older workers**

The French authorities have taken steps in the last ten years to encourage employers to hire or retain older workers. Various action plans have been rolled out. The 2006-2010 national action plan for the employment of older workers recommended a number of measures to make career paths more secure and

14. See the Employment line in Table 2, p. 596.
give older workers easier access to training, including a career interview every five years for all employees aged 45 or over. Implementation of these measures was patchy, however (DARES, 2010).

In view of the mixed record of the 2006 plan and the need to involve employers more closely, the government radically revised its approach to the retention and career management of older workers. In 2008, it introduced a requirement for companies with 50 employees or more to draw up an action plan or branch agreement in 2009, with the threat of a financial penalty of 1% of their payroll from the start of 2010 for those that failed to do so. The agreement or action plan had to include a specific target for the retention of employees aged 55 or over or the hiring of employees aged 50 or over, plus favourable measures in at least three areas of action chosen from a list of six: the recruitment of older workers; the anticipation of career paths; the improvement of working conditions and the prevention of stress or arduous work; the transmission of knowledge and skills and the promotion of tutoring; the enhancement of skills and qualifications and access to training; and options for late career and transition from work to retirement. There was a very strong response (DARES, 2011). The two areas of action most frequently chosen were options for late career and transition from work to retirement, and the enhancement of skills and qualifications and access to training. In contrast, there was little take-up of the hiring-of-older-workers option.

Sharing skills and experience between different age groups

The “generation contract” introduced in March 2013 followed the national interbranch agreement signed by all the social partners in October 2012. A grant of EUR 4 000 a year for three years was offered to companies with fewer than 300 employees which hired a person aged under 26 on a permanent full-time (or at least 80%) contract provided that they retained an employee aged 57 or over. The older worker also had to mentor the younger employee. The generation contract also required intermediate businesses (50 to 300 employees) to conclude collective agreements on the employment of older and younger workers or, failing that, draw up an action plan, with a financial penalty for failing to do so.

Various amendments were made in 2014 to improve access to the measures and encourage companies to make use of them, covering both the contractual aspect (by relaxing the conditions for negotiating an agreement on older workers for companies with 50 employees and more) and the financial support aspect, intended for companies with fewer than 300 employees. The amount of the grant was doubled to EUR 8 000 if a company hired both a younger and an older worker, and companies with 50 to 299 employees were given direct access to the grant without the precondition of having to conclude an agreement or draw up an action plan.

A target was set of 75 000 generation contracts a year, or 500 000 in five years, but the results were mixed (DARES, 2016c). Only 59 000 applications for generation contract grants were submitted between 2013 and 2015, of which 49 000 were approved and resulted in the actual conclusion of a generation contract. Retailing, manufacturing and construction were the main sectors to make use of the scheme. The typical profile for a generation contract pairing was a young male manual worker already in the company before getting a permanent contract and an older male employee with a more highly skilled job. In such cases the grant could be a windfall for companies that were able to include in their application a more highly skilled older worker than then young person they would have hired in any case.

The Labour Code reform scrapped the generation contract as of 24 September 2017, though employers who applied for the grant before that date will receive the full amount. The requirement, backed up by a financial penalty, for companies with at least 300 employees to conclude a collective agreement on intergenerational measures, or an action plan if not, has also been scrapped.
3. Promoting the employability of workers throughout their working lives

3.1. Enhancing participation in training by workers in their mid- to late careers

Promoting lifelong learning and development of the adult vocational education and training system

The shortcomings of the vocational training system in France are a significant factor in making older workers less employable (Fournier, 2010). One major problem seems to be the mismatch between the vocational training available and the needs of late-career workers and companies. Vocational training must be made more attractive to older workers and companies need to be convinced to give them training, especially the less-skilled among them. Age merely exacerbates a relationship to vocational training essentially linked to skill level. It is no small challenge. The use of vocational training is acknowledged to have very little impact on raising the skill levels of the least qualified workers during their working lives.

A law reforming vocational training, passed in March 2014, introduced individual training accounts, career advice (from 1 January 2015) and an assessment interview at least every two years. The law, which transposed the national interbranch agreement of December 2013, sought to extend access to training to the less-skilled and to the employees of small businesses. A fund was set up to help finance individual training accounts for jobseekers and training plans for companies with fewer than ten employees.

The individual training account is credited with hours that employees may use throughout their working life for training leading to a qualification. It replaces the individual training entitlement and is part of the individual activity account (see Section 3.3). In companies with at least 50 employees, if an employee has not had the required assessment interview or benefited from at least two of the three required actions (training, certification or validation of acquired experience (VAE) or promotion) in the previous six years, their individual training account is credited with 100 hours if they work full-time or 130 hours if they work part-time.

Along with the arduous work account (see Section 3.3) and the community service account, the individual training account forms part of the individual activity account15, designed to safeguard increasingly fast-moving career paths. Since January 2017, all salaried workers have been able to create their individual activity account on the internet or via a mobile app. Self-employed workers will have access to the individual activity account from January 2018.

It is very important to include the needs of older workers, especially less-skilled older workers, in the current reform of the vocational training system.

Setting up mechanisms for recognising and validating skills

Introduced in 2002, the validation of acquired experience (VAE) is a highly complex measure with little momentum in France. According to DARES (2016c), workers aged 50 and over represented 19.2% of VAE candidates in 2014. Such candidates consistently fail a little more often than other age groups to obtain VAE, despite a significant improvement in 2014 versus 2013 (21.8% obtained nothing in 2014, compared with 27.6% in 2013). This finding for older workers persists after other factors, such as gender, employment situation and the qualification sought, have been taken into account.

A 2016 report recommends focusing the scheme as a priority on the unemployed or those at risk of losing their jobs, on sectors where there is demand and on particular regions (in liaison with urban policy, for

example) in order to use VAE to further employment policy (IGAS and IGAENR, 2016). One major
problem for older workers is that the 16-month, 9-stage procedure is too long to start at the end of a
working life.

The collective VAE initiative pursued by Pôle emploi since 2016 offers interesting possibilities. As part of
the government plan for an additional 500 000 training places initiated in January 2016, Pôle emploi is
offering 10 000 jobseekers support for VAE, with a mentor to help candidates throughout the procedure.
The initiative is coupled with a study of labour market needs in each region with the aim of delivering
qualification or certification in sectors where there is a labour shortage and a need for skills. Primary
targets for this campaign are the less-skilled, the aim being to encourage them back into long-term
employment.

Since October 2017, the requirement in order to seek certification (diploma, qualification or certificate)
through VAE has been one year’s experience in a position, rather than the previous three years.

3.2. Providing effective employment assistance to older jobseekers

Promoting an all-age mainstreaming activation approach

Since 2012, older people have no longer been allowed an exemption from looking for work. Under the
previous system, introduced in 1984, they had been able to register as unemployed and receive
unemployment benefit without being required to actively look for work. The exemption age had been
gradually raised from 2009, from 57 and a half to 58 in January 2009, then 59 in January 2010 and 60 in
January 2011. The exemption was restricted to existing beneficiaries in January 2012, with no new
beneficiaries from that date. As result, the number of unemployed receiving benefits but not required
to look for work fell from a peak of 420 000 at the start of 2006 to fewer than 100 in 2016

The services provided by Pôle emploi are determined by the jobseeker’s distance from employment,
assessed during the registration interview and diagnosis. Three graduated support options have been
available since monthly individual monitoring was ended in 2012: intensive support for those furthest from
the labour market, guided support for those needing regular help, and monitoring for those close to the
labour market and capable of looking for work on their own. France has therefore adopted the same
strategy for all jobseekers, whatever their age. It is an appropriate response, since jobseekers over 55 are
far from forming a homogeneous group, even if they generally run a high risk of long-term unemployment.
At 31 December 2016, jobseekers aged 55 or over accounted for 12%, 14% and 15% respectively of
jobseekers receiving intensive, guided and monitored support.

Targeting workers most at risk of long-term joblessness

The unemployment rate for the working-age population aged 55-64 is lower than for the 25-54 age bracket
and for young people (7.1%, 8.6% and 24.1% respectively in 2016). Once unemployed, however, older
workers are more likely to experience long-term joblessness (the equivalent figures are 66.8%, 46.3% and
27.7% respectively in 2016).

Access to supported employment measures does not theoretically depend on age (except for measures that
specifically target the young), though some factors favour older workers more, such as:

16. See DARES (2017a) for all the statistics contained in this section.
i. the pre-recruitment workplace assessment period to enable the employer to assess the candidate’s skills in situ, which is 120 hours for over-50s compared with 80 hours for under-50s;

ii. one-year supported employment contracts that can be extended by successive one-year periods for up to five years for recruits over 50 receiving solidarity and social assistance benefits such as the special solidarity allowance, adult disability benefit or the earned income supplement;

iii. adult professionalisation contracts which, in addition to exemptions from social security contributions, have given entitlement since 2011 to a lump-sum grant of EUR 2,000 where they concern an employee aged over 45;

iv. services such as information workshops or jobseeker clubs specifically reserved for older people.

An evaluation of certain measures showed that very little use is made of them for older people. For instance, despite the advantages available to companies that hire a jobseeker aged 45 or over on a professionalisation contract, only 3% of new hires in 2015 were aged 45 or over (DARES, 2017b).

The older workers plan rolled out following the “Great Social Conference” in July 2014 sought to improve the use of existing resources and to extend their use among older workers. Under the “new career” professionalisation contract introduced in the first half of 2015, experienced workers can alternate training with workplace practice in the position, the training period being shorter than for a regular professionalisation contract. There has been little take-up of the measure, however, since only 0.4% of professionalisation contracts in 2016 involved older workers.

Older people are generally under-represented in employment measures: in 2016, those aged 55 and over represented only 5.3% of all supported jobs, compared with 15% in total salaried employment. In addition, the supported jobs in which they are mostly to be found are in the non-market sector (55% on a non-market single integration contract in 2016), the least favourable to employment reintegration.

The prevention of long-term unemployment was one of the main thrusts of the three-way agreement for 2015-2018 between the government, UNEDIC and Pôle emploi concluded in December 2014. Its aim is to improve the service provided to jobseekers, especially those exposed to a long-term risk of exclusion, including older workers. Consequently, single integration contracts for older workers were introduced in the first half of 2015 to give older jobseekers recruitment opportunities and support for a return to work. More specifically, for those aged 60 and over lacking only a few quarterly contributions to qualify for a full pension, the aim is to help them find a job so that they can retire under the best possible conditions. Linkages between employment support and the various benefits intended specifically for such people (in particular the special solidarity allowance) have also been mobilised. A joint IGAS/IGF mission is evaluating the 2015-2018 agreement, though regrettably the issue of older people is not specifically identified as a point of interest in its remit. The term “older people” does not feature at all in the mid-term evaluation released in the first quarter of 2017 (Fuzeau et al., 2017).

Providing employment/hiring subsidies to firms

There are exemptions from social security contributions in France which apply to low-wage workers, including older workers, though there are no specific exemptions for older workers. The 2010 pension reform introduced a subsidy for hiring older workers, in the form of assistance for recruiting jobseekers aged 55 or over on an open-ended or minimum six-month fixed-term contract, but the implementing decrees were never published.

The evaluation report on general exemptions from social security contributions prepared by France Stratégie (2017) notes that the experience of other countries, especially Finland, suggests that reducing the
cost of employing older workers on low wages is not an effective way of encouraging their employment, because labour demand for this category of workers seems broadly unresponsive to changes in its labour cost.

Providing in-work benefits to workers

Differential redeployment assistance, available between 2006 and 2015, was granted when an unemployed person receiving benefits took a job for which the pay for the same hours was at least 15% less than their previous job. The measure was favourable for unemployed people aged 50 or over who could benefit from it as soon as they registered as unemployed (after 12 months for those under 50). The payment period could not be longer than the outstanding period of unemployment benefit entitlement the day before hiring and was eight months on average. Only 7 400 unemployed people received the benefit in 2014, with older workers accounting for 71%: 29% were between 50 and 54, 36% between 55 and 59 and 6% over 60. Regrettably the measure was scrapped despite its great potential for unemployed older workers often obliged to accept work that pays less than their previous job.

Providing other active labour market programmes

All unemployed people receiving unemployment benefit qualify for help with acquiring or starting a business, including older workers. The measure gives them a capital sum when they acquire or start a business, equal since 2012 to 45% of their remaining benefit entitlement. Only 5.4% of beneficiaries of the measure in 2016 were older people.

3.3. Enhancing job quality for older workers

Strengthening workplace safety and physical and mental health

Since 2005, the government and the health insurance agency have sought to raise employers’ awareness of the issue of occupational health through various occupational health plans. The second such plan for the period 2010-2014 recognised older workers as a priority and set prevention targets of a more operational nature in line with the European occupational safety and health strategy17.

ANACT, the national agency for the improvement of working conditions, and its regional network are key players in promoting and fostering the quality of work in firms of all sizes. Inter alia, the agency has carried out an innovative experiment as part of the Tempo initiative (ANACT, 2009). The scheme aims to generate synergies between firms brought together in clusters where the various subjects of compulsory negotiations are discussed (prevention of arduous work, employment of older workers, gender equality, etc.). Each cluster consists of a dozen or so companies, each represented by a manager and an employee representative. The aim is to help companies carry out a diagnosis of these issues and identify options for action.

Reducing the incidence of arduous/hazardous work

How to deal better with arduous work has been a central issue in economic and social debate over the last ten years or so.

The interbranch negotiations on arduous work scheduled in the 2003 pension reform took place between 2005 and 2008, but a number of differences on possible compensation measures prevented them from

17. See http://travail-emploi.gouv.fr/mot/travailler-mieux-1051
coming to a conclusion. There were two opposing position: that arduous work was a responsibility of the community as a whole, particularly because it was not possible to entirely suppress the arduous nature of certain types of work in certain essential activities, or that it should be financed by employers (using a bonus/malus-type system, for example) as an incentive to improve working conditions.

The 2010 pension reform included measures on arduous work that were incorporated into the Labour Code and came into effect in January 2012. New measures for preventing arduous work were created. The law identified ten occupational risk factors linked to pronounced physical strain, an aggressive physical environment or certain working patterns in order to define arduous work. Measures to prevent arduous work in companies were introduced. Companies with more than 50 employees in which more than 50% of the workforce are exposed to one or more arduousness factors are required to negotiate an agreement or, if not, draw up a unilateral plan to prevent arduous work. A financial penalty can be imposed on firms which fail to conclude such an agreement or draw up an action plan despite being ordered to do so by the Labour Inspectorate. The amount of the penalty is 1% at most of the salaries or profit paid to employees exposed to one or more arduousness factors according to the efforts to prevent arduous work made by the companies concerned.

The 2013 pension reform created the individual arduousness prevention account (Compte Personnel de Prévention de la Pénibilité, C3P)\(^{18}\) in order to ensure that arduous work was given greater consideration. The employer-funded account applies to workers in the general and agricultural pension schemes and is credited with four points a year if they are exposed to one of the ten arduousness factors in the three categories: pronounced physical strain, an aggressive physical environment and certain working patterns (eight points in the event of exposure to more than one factor) (COR, 2016b). The points can be put towards training to qualify for less exposed jobs, reduced working time (without loss of pay) or retirement. As the number of points awarded during a working life is capped at 100 (of which 80 can be used for retirement), it will ultimately be possible to use the account to advance retirement by two years. Specific rules apply to generations nearing retirement. For example, the number of points credited to the account is doubled for employees born before 1 July 1956.

A little over 500 000 employees affiliated to CNAV, the national pension fund, or 2.2% of all contributors to the fund, were reported as having been exposed to an arduousness factor in 2015. During the first year of rollout of the measure, only four of the ten arduousness factors were taken into consideration: night work, repetitive work, work in a hyperbaric environment and alternating shift work. Men are more exposed than women (3.2% versus 1.1%), and those aged 41-55 more than those aged under 26 (2.9% versus 1.1%). The sectors with the highest exposure rates are manufacturing industry, transport and environmental services (water production and distribution, sewage, waste management and depollution).

The C3P aroused the concern and/or displeasure of many employers, who see the measure as too complicated to implement. Successive governments have not been indifferent to their reactions. A member of parliament and a business leader were asked to come up with proposals for a simpler system in June 2015. At the same time, another mission looked at the steps taken to implement the measure in different industries and the addition of a further six arduousness factors from 1 July 2016: manual load handling, arduous postures, mechanical vibrations, hazardous chemicals, extreme temperatures and noise. Thresholds for all ten factors were set by decree.

The C3P was renamed C2P (Compte Professionnel de Prévention, Work Prevention Account)) in mid-2017. The rules relating to six of the criteria currently applied have been broadly maintained: night work, repetitive work, alternating shift work, work in a hyperbaric environment, noise and extreme

\(^{18}\) [http://www.compteprofessionnelprevention.fr/sites/preventionpenibilite/home.html](http://www.compteprofessionnelprevention.fr/sites/preventionpenibilite/home.html)
In contrast, employers are no longer required to report the other four arduousness factors, namely manual load handling, arduous postures, mechanical vibrations and chemical hazards. However, employees exposed to these risks should be able to benefit from early retirement if they are recognised as suffering from an occupational illness and a permanent disability rate of over 10%, without any condition as to length of exposure. The arduous work account is part of the individual activity account (see Section 3.1).

*Balancing professional and family responsibilities*

Considerations of how to promote longer working lives must also take into account the situation of women in relation to work and the labour market. The average pension for women is 26% smaller than that of men because women’s careers are generally shorter and less favourable than those of men. Women must in fact retire later than men in order to claim a full pension. At end-2016, the age-specific average retirement age was 62 years 1 month for women and 61 years 6 months for men (DREES, 2018). In time, policies to balance working and family life, a rise in women’s qualifications and an increase in the number of women on the labour market are likely to reduce these gaps. That is the intention of the reforms rolled out in France since 2010, especially the Equal Opportunity Plan 2016-2020, which aims to tackle the continuing structural inequalities between men and women where employment is concerned\(^\text{19}\).

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Key policies to promote longer working lives in France © OECD 2018

### Table 1. Late Career Scoreboard, France, 2006 and 2016

<table>
<thead>
<tr>
<th>Demographic situation</th>
<th>France</th>
<th>EU28a</th>
<th>OECDa</th>
</tr>
</thead>
<tbody>
<tr>
<td>-- Old-age dependency ratiob</td>
<td>0.28</td>
<td>0.34</td>
<td>0.28</td>
</tr>
<tr>
<td>-- Effective labour force exit age2 (years)</td>
<td>Men</td>
<td>58.7</td>
<td>60.0</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>59.3</td>
<td>60.3</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-- Employment rate, 50-74 (% of the age group)</td>
<td>37.4</td>
<td>41.6</td>
<td>38.3</td>
</tr>
<tr>
<td>of which 50-54</td>
<td>79.1</td>
<td>80.4</td>
<td>73.1</td>
</tr>
<tr>
<td>55-64</td>
<td>38.1</td>
<td>49.9</td>
<td>43.3</td>
</tr>
<tr>
<td>65-69</td>
<td>2.4</td>
<td>6.3</td>
<td>9.1</td>
</tr>
<tr>
<td>70-74</td>
<td>1.1</td>
<td>2.7</td>
<td>4.4</td>
</tr>
<tr>
<td>-- Gender gap in employment, 55-64 (men-women)/men</td>
<td>0.12</td>
<td>0.06</td>
<td>0.34</td>
</tr>
<tr>
<td>Job characteristics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-- Incidence of part-time work, 55-64 (% of total employment in the age group)</td>
<td>20.8</td>
<td>23.1</td>
<td>22.1</td>
</tr>
<tr>
<td>of which voluntary 55-64 (% of part-time work in the age group)</td>
<td>76.6</td>
<td>62.3</td>
<td>85.4</td>
</tr>
<tr>
<td>Average number of weekly hours worked</td>
<td>17.3</td>
<td>17.9</td>
<td>17.1</td>
</tr>
<tr>
<td>-- Incidence of temporary work, 55-64 (% of employees in the age group)</td>
<td>7.3</td>
<td>8.4</td>
<td>6.9</td>
</tr>
<tr>
<td>-- Incidence of self-employment, 55-64 (% of total employment in the age group)</td>
<td>21.5</td>
<td>17.3</td>
<td>24.1</td>
</tr>
<tr>
<td>-- Full-time earnings,6 55-64 relative to 25-54 (ratio)</td>
<td>1.34</td>
<td>1.20</td>
<td>-</td>
</tr>
</tbody>
</table>

### Dynamics

<table>
<thead>
<tr>
<th>France</th>
<th>EU28a</th>
<th>OECDa</th>
</tr>
</thead>
<tbody>
<tr>
<td>-- Unemployment rate, 55-64 (% of the labour force aged 55-64)</td>
<td>5.0</td>
<td>7.1</td>
</tr>
<tr>
<td>-- Incidence of long-term4 unemployment, 55-64 (% of total unemployment in the age group)</td>
<td>65.8</td>
<td>67.1</td>
</tr>
<tr>
<td>-- Marginal workers,5 55-64 (% of population in the age group)</td>
<td>1.1</td>
<td>0.8</td>
</tr>
</tbody>
</table>

### Joblessness

<table>
<thead>
<tr>
<th>France</th>
<th>EU28a</th>
<th>OECDa</th>
</tr>
</thead>
<tbody>
<tr>
<td>-- Share of 55-64 with tertiary education (% of population in the age group)</td>
<td>16.0</td>
<td>22.1</td>
</tr>
<tr>
<td>-- Participation in training,5 55-74 (% of employed in the age group)</td>
<td>3.5</td>
<td>15.6</td>
</tr>
<tr>
<td>Relative to employed persons aged 25-54 (ratio)</td>
<td>0.47</td>
<td>0.69</td>
</tr>
</tbody>
</table>

---

a) Weighted averages with the exception of the share with tertiary education.
b) The ratio of the population aged 65 and over to the population aged 20-64.
c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.
d) Mean gross annual earnings. Year 2016 refers to 2014.
e) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously.
f) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.
g) Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week. Year 2016 refers to 2015.
h) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the OECD Employment Database, the OECD Earnings Distribution Database, OECD Education at a Glance and the Eurostat Database on Education and Training.
Table 2. Implementing ageing and employment policies in France, 2007 to mid-2017

<table>
<thead>
<tr>
<th>1. Rewarding work and later retirement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.1. Enhance incentives to continue working at an older age</strong></td>
<td></td>
</tr>
<tr>
<td>Raising the statutory age of retirement</td>
<td>++</td>
</tr>
<tr>
<td>Facilitating phased retirement</td>
<td>+</td>
</tr>
<tr>
<td>Better combining of pensions and work income</td>
<td>?</td>
</tr>
<tr>
<td>Rewarding longer careers</td>
<td>+</td>
</tr>
<tr>
<td><strong>1.2. Towards restricted use of early retirement schemes</strong></td>
<td></td>
</tr>
<tr>
<td>Restricting access to publicly funded early retirement</td>
<td>+</td>
</tr>
<tr>
<td>Introducing specific provisions for arduous/hazardous work</td>
<td>+</td>
</tr>
<tr>
<td><strong>1.3. Preventing welfare benefits from being used as alternative pathways to early retirement</strong></td>
<td></td>
</tr>
<tr>
<td>Unemployment benefit</td>
<td>+?</td>
</tr>
<tr>
<td>Social aid and disability benefit</td>
<td>+</td>
</tr>
<tr>
<td><strong>2. Encouraging employers to retain and hire older workers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2.1. Preventing discrimination in employment on the basis of age</strong></td>
<td></td>
</tr>
<tr>
<td>Launching public awareness campaigns</td>
<td>+</td>
</tr>
<tr>
<td><strong>2.2. Taking a balanced approach to employment protection by age</strong></td>
<td></td>
</tr>
<tr>
<td>Implementing age-neutral measures</td>
<td>++</td>
</tr>
<tr>
<td><strong>2.3. Discouraging mandatory retirement by employers</strong></td>
<td></td>
</tr>
<tr>
<td>By law in general and by sector/occupation, private/public sector, region</td>
<td>+</td>
</tr>
<tr>
<td><strong>2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers</strong></td>
<td></td>
</tr>
<tr>
<td>For all older workers</td>
<td>+</td>
</tr>
<tr>
<td>Review of the use of seniority wages</td>
<td>+</td>
</tr>
<tr>
<td><strong>2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce</strong></td>
<td></td>
</tr>
<tr>
<td>For all older workers</td>
<td>++</td>
</tr>
<tr>
<td>Sharing skills and experience between different age groups</td>
<td>+</td>
</tr>
<tr>
<td><strong>3. Promoting the employability of workers throughout their working lives</strong></td>
<td></td>
</tr>
<tr>
<td><strong>3.1. Enhancing participation in training by workers in their mid- to late careers</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Promoting lifelong learning and development of the adult vocational education and training

| Setting up mechanisms for recognising and validating skills | + |

### 3.2. Providing effective employment assistance to older jobseekers

| Promoting an all-age mainstreaming activation approach | + |
| Targeting workers most at risk of long-term joblessness | + |
| Providing employment/hiring subsidies to firms | + |
| Providing in-work benefits to workers | ? |
| Providing other active labour market programmes | + |

### 3.3. Enhancing job quality for older workers

| Strengthening workplace safety and physical and mental health | + |
| Reducing the incidence of arduous/hazardous work | ++ |
| Balancing professional and family responsibilities | + |

++ = Substantial action taken.
+ = Some action taken, but more could be done.
+? = Some action taken, but requires further assessment.
? = Some action taken with negative impact.
/ = No relevant action taken.
□ = No action needed.

Source: Assessment based mainly on OECD (2014) and answers by France to several OECD questionnaires.
REFERENCES


Fournier, Ch. (2010), «Former les seniors, un objectif à reformuler», *Bref*, No. 278, Céreq, Marseille.


