France
Highlights from Pensions at a Glance 2011

- **Rapid population ageing and a high public spending on pensions.** Like most OECD countries, France faces rapid population ageing despite having a relatively high fertility rate compared to the OECD average. In 2050, on average in the OECD and in France there will be two times fewer people of working age for every person aged 65 years than currently, which represents a real challenge for the financial sustainability of the pension system. Compared with the OECD average, public spending for pensions (old age and survivors) is currently high in France - 12.5% of GDP in 2007 against 7.0% on average in the OECD. Projections for 2050 suggest that this will increase to 14.2% of GDP, some 3 percentage points above the OECD average which will be 11.4% of GDP in 2050.

- To ensure financial sustainability of the pension system, France has chosen to raise the normal retirement age to 62 years and the age to get a full rate pension to age 67. Longer working lives through an increase in retirement age and / or in the length of contributions is the winning strategy in the French context. In fact, there is large room for interventions in this area.
  - The effective age of exit from the labor market, which is about 59 years in France for men and women, is amongst the lowest in the OECD where it is around 64 years for men and 62.5 for women. In contrast, life expectancy at that same age is 81 and 87 years for men and women, respectively (compared to 81 and 85 on average in OECD countries). It follows that the expected duration of retirement is one of the longest in France: 22 and 27 years respectively for men and women, compared to 18 and 22 years on average in the OECD.

[Expected duration of retirement in years graph]


- In addition, the participation rates of older workers aged 60 and over is low: only 19% of men aged between 60 and 64 years participate in the labor market in France compared to 54.5% on average across countries OECD. This percentage is even lower in the age group 65-69: 5.5% in France compared to 29.3% on average in the OECD. For the long-term success of reforms
change in the attitudes towards older people is necessary. Employers, both private and public, must learn to see older workers as a real asset and avoid discrimination towards them, invest in their training and adjust labour market conditions and hours of work when needed.

Source: OECD Employment database.

### Key indicators

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<thead>
<tr>
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<th>France</th>
<th>OECD</th>
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<tbody>
<tr>
<td>Gross replacement rate</td>
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<tr>
<td>Average earner (%)</td>
<td>49.1</td>
<td>57.3</td>
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<tr>
<td>Low earner (%)</td>
<td>55.9</td>
<td>72.1</td>
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<tr>
<td>Public spending on pensions</td>
<td>% GDP</td>
<td>12.5</td>
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<tr>
<td>Life expectancy</td>
<td></td>
<td></td>
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<tr>
<td>At birth</td>
<td>81.1</td>
<td>78.9</td>
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<tr>
<td>At age 65</td>
<td>84.9</td>
<td>83.1</td>
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<tr>
<td>Population aged 65</td>
<td>% of working-age population</td>
<td>28.2</td>
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<tr>
<td>Average earnings</td>
<td>EUR</td>
<td>32 700</td>
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Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations for a full-career worker entering the labour market in 2008. Low earner is assumed to earn 50% of the average.

Notes to editors:

Pensions at a Glance 2011: Retirement Income Systems in OECD and G20 Countries

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The report includes 36 indicators of retirement-income systems for the 34 OECD member countries and nine further G20 economies. There are five special chapters on (i) trends in pensionable ages; (ii) patterns of working and retirement at older ages; (iii) incentives to retire embedded in pension systems; (iv) helping older workers find and retain jobs; and (v) linking pensions to life expectancy.

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