

Brief

Prepared by the General Secretariat of the Council, under the direction of the President of the COR

Rationale This session follows the referral of May 23, 2023 of the COR by the Prime Minister to carry out a reflection on an evolution of family and conjugal rights. It is devoted to an inventory of family and marital devices and is a first step in the development of the final report, which should be published in October 2024.

I. The context: the situation of women, couples and families, the standard of living according to the number of children

- ***What have been the changes in the labor market and family for the last 50 years? Since the 1970s,*** families have transformed and the share of inactive women has been divided by four in 50 years. Mothers, however, remain less often in employment and occupy more than men part-time employment. They also have less good wages, especially due to the gender distribution of professions and maternity. Weddings, increasingly late, are more frequently dissolved. They have lost their centrality in favor of the civil solidarity pact (PACS) and common-law couples, which are not covered by marital rights. Finally, while the number of births per woman is on a downward trend, the inequality in the sharing of domestic tasks continues (documents no. 16 and 17).
- ***What is the influence of the number of children on the standard of living and wealth?*** The presence of children, especially for single women, can be an obstacle to professional career and lead to a lower standard of living (documents no. 18 and 19). The number of children can also influence wealth accumulation. Among working people, single-parent families, most of whom are single women, have a lower standard of living. Among pensioners, single women, particularly divorced women, have a lower standard of living and lower assets.
- ***What are people's views on conjugal and family rights?*** The French are in favour of family rights for all families with children (document no. 20), slightly less so for pension increases. There is also a broad consensus in favour of a universal survivor's pension, indexed to the rights of the deceased. The French are in favour of family rights for all families with children (document no. 20), slightly less so for pension increases. There is also a broad consensus in favour of a universal survivor's pension, indexed to the rights of the deceased.

II. Family and conjugal rights in the French pension system

- ***What are the various family and conjugal rights regulations?*** Family rights enable insured persons to benefit from additional pension entitlements in order to increase the amount of their pension or reach the full rate earlier. Most of these rights are granted in respect of the children that the insured persons have had or have brought up (document no. 2). Spousal rights cover all the "derived rights" that can be claimed by the beneficiaries of a deceased insured person, spouse or orphan (documents 3 and 4). The forms and conditions of attribution of family and conjugal rights differ from one scheme to another and this heterogeneity can lead to disparities in the treatment of insured persons.
- ***What were their objectives when they were created?*** These schemes were devised at a time when women were participating less in the labour market and were often married with children (document no. 5). They

are justified in different ways, combining support for the birth rate, the desire to give housewives specific rights and the financial solidarity within married couples made possible by derived rights.

- ***What is the effect of European case law on these rights?*** These rights have evolved under the impetus of European law (document no. 6) due to the principle of equal treatment between men and women: in particular, men cannot be excluded from bonuses/increases in insurance periods linked to education.

III. The economic importance and beneficiaries of these rights

- ***How much money is involved?*** Family and marital rights account for 18% of pensions paid out and are financed for the most part by the schemes themselves (document no.7). Only the Cnav and the basic agricultural schemes (employees and farmers) receive external funding for part of the family entitlements (pension increases for parents of three or more children and old-age pension for stay-at-home parents (AVPF))
- ***What is the contribution of family rights to pension amounts for women and men?*** Family rights accounted for 13% of direct pensions for women and 3% for men in 2016 (document no. 8). Although they benefit proportionately more women and the most modest pensioners, the amounts paid in respect of family rights are nevertheless greater for the wealthiest male pensioners, due to the proportionality of the 10% pension increase. In their absence, and with unchanged retirement behaviour, neutralising these rights would lead to a change in pension for more than one in two new retirees from the general scheme in 2020 (70% of women and 34% of men, document no. 10). Pensions paid to beneficiaries of family rights alone would fall by an average of 19% (-10% for men and -24% for women).
- ***What contribution do conjugal rights make to pension amounts for women and men?*** Survivors' pensions, which are mainly received by women, help to reduce the pension gap between men and women. The gap between women's and men's average direct pensions was around 37% in 2021. When survivors' pensions are included, the gap is reduced to around 25% (document no. 8).
- ***Who are the beneficiaries of additional insurance periods and how will these rights evolve in the future?*** 85% of women born in 1958 have validated an average of 17.3 quarters of additional insurance (MDA) (document no. 11). For three out of four of these women, at least one quarter of additional insurance enabled them to increase the amount of their pension. As a result of the falling birth rate, the proportion of women with additional insurance for children will fall slightly over the generations. The proportion of women who have all their quarters from the age of entitlement (AOD) without contributing MDA quarters will fall by almost half compared with the generations born at the end of the 1950s, due to later entry into the labour market and an increase in the length of insurance required for the full rate.
- ***Who are the beneficiaries of the old-age pension for stay-at-home parents (AVPF) and how will these rights evolve in the future?*** The number of people receiving AVPF benefits has risen over the generations as the scheme has become more widespread (document no. 9). Among them, the number of male beneficiaries remains low despite the introduction of the scheme in 1979. They join the scheme later than women and there are fewer interruptions in their working lives (document no. 12).
- ***Who are the beneficiaries of pension increases and how will these rights evolve in the future?*** The number of people receiving pension increases for three or more children has fallen over the generations as a result of the reduction in the proportion of parents with large families. Men receive higher amounts, as the scheme is proportional to the amount of pension received (document no. 9).
- ***Who are the beneficiaries of early retirement for three or more children?*** Early retirement for three or more children in the civil service has been phased out since 2012 (document no. 9). This scheme mainly concerned women, with an average age of between 53 and 55 depending on the generation. The extension of the scheme to fathers did not result in a massive take-up by men, particularly in view of the condition of interrupted or reduced activity.

- ***Who will benefit from the pension increase linked to the additional insurance (MDA) introduced by the 2023 reform?*** On average, 25% of female CNAV pensioners would benefit from the pension increase linked to the MDA created by the Law of 14 April 2023, compared with 4% of CNRACL pensioners and 2% of SRE pensioners (document no. 9). For the 1980 generation, 17% of women would thus see their pension increase with this provision, without changing their retirement age (document no. 11).
- ***Who are the beneficiaries of conjugal rights and how will these rights evolve in the future?*** The number of people receiving a survivor's pension, currently 4.4 million, is expected to rise slightly until the end of the 2030s, then fall until 2070, when it will reach 3.7 million (document no. 13). This decline is attributable to social factors (decline in the proportion of unions based on marriage), demographic factors (reduction in the gap in life expectancy between men and women at age 65) and economic factors (improvement in women's careers over time in schemes where survivors' pensions are means-tested). The mass of survivors' pensions in relation to GDP would decrease overall and vary between 0.7% (1.6% scenario) and 0.9% (0.7% scenario) of GDP by 2070, after 1.4% in 2022. In general, reversion allows the gains and losses in the surviving spouse's standard of living to remain limited, particularly for private sector employees (document no. 14).
- ***What is the redistributive impact of family and conjugal rights?*** An analysis of typical cases highlights the redistributive effects of the pension system, excluding family schemes, from men to women, mainly due to the higher life expectancy of women (document no. 15). Taking family entitlements into account reinforces this redistributive balance, with the exception of pension increases for three or more children, which are neutral because of their proportional nature. These increases also lead to a redistribution between insured persons with fewer than three children and those with three or more. Lastly, reversion leads to a redistribution from unmarried people to married couples.

IV. What are the family and conjugal rights in the countries monitored by the COR?

- ***Do these systems exist in other countries?*** The pension systems of the countries monitored by the COR all include solidarity schemes for couples and families with children.
- ***Are they similar to French schemes?*** Conjugal rights are complex and vary from country to country, in terms of their scope, eligibility conditions and methods of calculating reversionary rights (document no. 21). As far as family rights are concerned, France is one of the European countries with the most extensive family rights (document no.22).