

## Brief

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

**Rationale:** This session is the second to be devoted to the referral of May 23, 2023 to the Conseil d'Orientation des Retraites (Pensions advisory council) to consider changes to family and marital rights. The aim is to propose a wide range of possible changes, which could be discussed by the members and, at a future meeting, lead to one or more comprehensive reforms of these schemes.

### 1. What are the objectives and possible developments for family rights?

- ***What are the objectives of family rights?*** In addition to clarity and simplicity, three main objectives can be assigned to family pension rights: to compensate for the effects of children and maternity on careers; to favour insured persons who have had children; and to redistribute towards low incomes. This last objective is open to debate, as it can be achieved with the help of other more targeted schemes that are not reserved solely for parents, in particular minimum pensions and the minimum old-age pension (document no. 3)
- ***Are these objectives compatible with the principle of encouraging people to work?*** Yes, if they do not encourage interruptions or reductions in activity that are too long (as is currently the case with the family supplement, which can give entitlement to AVPF -old-age insurance for stay-at-home parents- for more than 20 years) or if they do not allow people to retire earlier (as is the case with some of the MDAs - increased insurance period- under the general scheme).
- ***How do insured persons benefit from family rights?*** The overall share of family rights in direct entitlements, measured as the change in cumulative pension over the retirement period when family rights are abolished, is estimated at 5.5% by DREES for the 1958 generation. This can be explained both by an effect on pensions at liquidation (-4.5% in constant euros if family rights are abolished) and by a shorter retirement period linked to the shift in the average retirement age (+2.5 months). Women, particularly those with at least three children and the most modest, are the main beneficiaries of family rights. Only fathers with three or more children benefit from family schemes, which account for 9% of their pension (document no. 2).
- ***Why reform them?*** While family rights largely meet the objectives set for them, the current set of family rights schemes seems fragmented, even complex, and not all of them are consistent in their underlying objectives. Finally, they do not cover all forms of career inequalities between women and men, particularly those linked to part-time work, some of which is probably linked to children and maternity.
- ***What levers can be used?*** Two main types of tool are available: the first compensates for the effects of children and maternity on careers by validating periods spent caring for children; the second grants parents an increase in their pension for having had and/or brought up children (document no. 4).
- ***What are the possible developments?*** In addition to harmonising the arrangements between schemes, there are a number of other options that could be considered, depending on the objective. Validations of duration for children could be reserved for parents with short career

breaks and accompanied by salary deferrals to the account, which would require a review of the conditions for attribution and the rights linked to the MDA and AVPF (documents no. 5 and 6). As far as pension increases are concerned, the main issues are access from the first child, the proportional or lump-sum nature of this increase, and whether it should be restricted to those who have validated periods of service in respect of children. The question of the timing of payment of these increases, when children are often no longer dependent at the time of retirement, is also raised (document no. 7).

## 2. What are the objectives and possible developments for conjugal rights?

- ***What are the objectives of conjugal rights?*** Three main objectives can be assigned (document no. 8): solidarity with widowers or widows who have few rights of their own (vertical redistribution rationale); maintenance of the standard of living at the time of widowhood (insurance rationale); a right to benefit from a fraction of the pension rights acquired from one's spouse (patrimonial rationale). These objectives need to be clarified (document no.10).
- ***Why reform them?*** Originally, conjugal rights were intended to provide women who were economically dependent on their husbands with an income after his death. However, over the last fifty years, women have become increasingly active, marriage is no longer the only form of cohabitation and pooling of resources, and divorce is on the increase. The differences between schemes also make the system difficult to understand and can lead to situations of inequity.
- ***What levers to pull and what prospects for reform?*** In addition to harmonising the conditions of eligibility and calculation between schemes, or opening up survivors' benefits to couples in a civil partnership or even cohabiting in a common-law relationship (subject to a minimum period of cohabitation to be determined), more structural changes could be envisaged, such as taking into account the surviving spouse's own resources (with the aim of maintaining the standard of living), or introducing specific funding and a dedicated calculation of entitlements based on a patrimonial logic (document no. 9).
- ***Shifting from conjugal to family rights?*** This is one of the questions raised in document no. 10, which envisages a scenario of gradual reform of conjugal rights, with in particular a strengthening of family rights, which are individual by nature and more specifically intended as tools to compensate for the reduced acquisition of rights linked to children.

## 3. Organisation of the consultation of members

- ***How will the debate on this subject continue?*** A questionnaire will be sent to the members of the COR to gather their opinions on the objectives assigned to family and conjugal rights and on the directions in which the systems could evolve. The questionnaire will be presented at the May meeting, which will be devoted to discussing the reforms to marital and family rights that the members would like to see. These changes will have to be considered in conjunction with family policy, in terms of both objectives and implementation methods, even though family policy does not fall within the remit of the COR or the subject of the referral (document no. 11).