

Brief

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

Rationale: Although the calculation of pensions in the French retirement system is based on the length of insurance, it is not possible to liquidate a pension before the legal age of entitlement (64 from the 1968 generation onwards since the 2023 reform), except in certain situations. The purpose of this dossier is to provide an overview of the provisions that allow people to retire at a lower age than the statutory retirement age or to stop working while continuing to receive a wage or replacement income. These arrangements account for just over 40% of retirements and are financed by the pension system, unemployment insurance or the companies themselves.

1. Pre-retirement, more financed by companies than by the public authorities

- ***What proportion of insured persons benefit from pre-retirement?*** Less than 1% of people aged 55-64 declare benefiting from pre-retirement in 2022 (fewer than 60,000 people). Public-funded schemes are now extinct, and concern only 0.1% of 55-64 year-olds (document no. 4), while private schemes are still poorly quantified.
- ***What forms do company-initiated early retirements take?*** These schemes allow employees to stop working totally or partially, while paying contributions and receiving a fraction of their previous remuneration from the company. The company's contribution may be combined with public funding (phased retirement, early retirement) or employee contributions (CET - time-savings account) (document no. 5)

2. An increase in compensated unemployment before retirement, albeit limited in scale

- ***Do senior citizens face specific difficulties on the labour market?*** In France, the unemployment rate for people aged 50 or over is lower than for the working population as a whole (around 5%), but once unemployed, older people remain unemployed for a longer time, due to the many obstacles that arise at this age (health, access to training, discrimination) (document no. 3).
- ***Is there an increase in the number of people joining the unemployment insurance scheme before the legal retirement age ("horizon effect")?*** The number of people joining the unemployment insurance scheme falls steadily with age up to the age of 57, then picks up slightly around the age of 59, concerning between 6,000 and 10,000 people, or less than 1% of the 1.3 million private-sector employees in this age bracket (document no. 3). In addition, there is a jump in the number of contractual terminations at the age of 59, representing an increase of 0.5 percentage point of employees in this age bracket (document no. 2).
- ***Is this rebound in unemployment insurance take-up affected by the pension reforms?*** This rebound occurs 3 years before the retirement age, which corresponds to the maximum duration of unemployment entitlement for those aged 55 or over until 2022. It was postponed by 2 years following the 2010 reform, which increased the age of entitlement by the same proportion (document no. 3).

3. Early retirement for long careers (RACL): a quantitatively significant scheme for people who started working early

- ***How does the scheme work since the law of 14 April 2023?*** Since September 1, 2023, the early departure at the full rate is possible at 58, 60, 62 and 63 years (document no. 7). To benefit from it, the insured must have validated 4 to 5 quarters before December 31 of his 16, 18, 20 or 21 years, and justify an insurance period giving the right to a full retirement.
- ***What is the proportion of early departures for long career?*** early departures for long career (RACL) represent the major part of the early cessations of activity, for the generation born in 1953 almost a quarter of retirements to the general regime, or around 160,000 people. Within the State Civil Service, 10 % of departures are RACL in 2021 (document no. 11). Among the retirement of hospital and territorial officials in 2021, these departures represent 40 % of early departures (document no. 6).
- ***Is a long career correlated with a lower life expectancy or some difficult working conditions?*** Early retirement for long careers could be justified by the lower life expectancy and shorter duration of retirement of the individuals concerned (document no. 8). However, it is not so: people benefiting from RACL have mortality levels close to those receiving a normal pension outside the RACL (document no. 10). Similarly, the link between long careers and arduous working conditions is limited, as the latter often involve interruptions that are incompatible with the required insurance period.
- ***Why is so much of the RACL not taken up?*** 30% of the insured persons under the general scheme born between 1953 and 1956 who are eligible for RACL do not make use of it (document no. 9). This appears to be due to a lack of awareness of the scheme, as most of them retire at the statutory retirement age and do not derive any significant pension benefit from delaying their retirement.

4. Phased retirement: a little-known transition scheme between work and retirement

- ***What did the law of 14 April 2023 do for phased retirement?*** Phased retirement allows insured persons to work part-time and continue to pay contributions, while receiving a fraction of their pension. Since 1 September 2023, it has been extended to liberal professions, lawyers and civil servants (document no. 7). In addition, employers are now required to justify any refusal to allow part-time working under this scheme.
- ***How many insured persons benefit from phased retirement?*** 31,200 people benefited from this scheme in 2020, a figure that has risen since 2015 (document no. 12). Overall, men take phased retirement to get closer to the full rate, while women use the scheme to retire before the statutory retirement age, in both cases with a reduction in activity. Within the civil service, 5,450 applications have already been submitted following the reform in 2023, representing 23% of civil retirement applications (document no. 13).
- ***Why do so few people benefit from this scheme in 2020?*** In certain situations, phased retirement is not advantageous compared with combining work and retirement or the RACL. However, for 80% of part-time insured persons eligible in 2018 (i.e. 32,000 people), this scheme would have been a windfall effect, by improving their entitlements for a given length of contribution (document no. 12). In this case, non-take-up seems to be linked to a lack of knowledge about the scheme.