

# Commission d'experts sur les grands défis économiques: **Démographie, Santé, Intégration**

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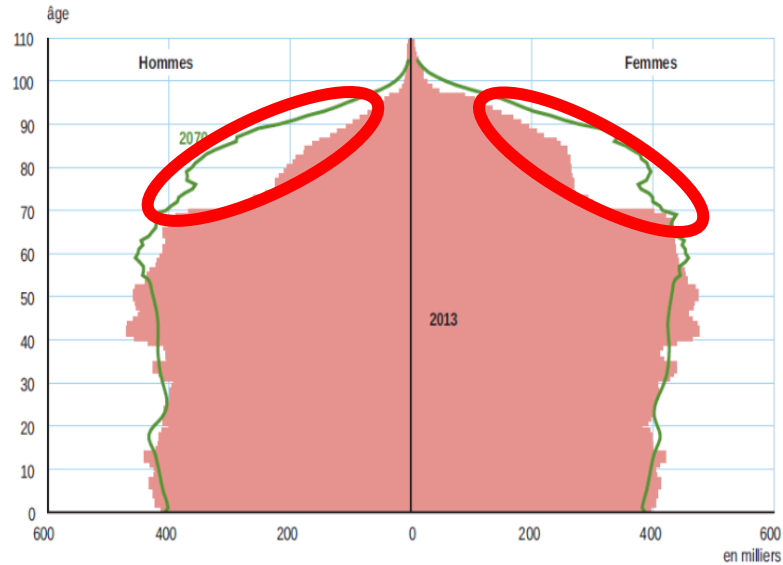
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### 3 Pyramide des âges en 2013 et 2070



Champ : France.  
Source : Insee, projections de population 2013-2070.

## Diagnosis:

### Problem area 1: Population aging

- Babyboom goes into retirement
  - Increase in life expectancy
- => Hence additional expenditures for next decades

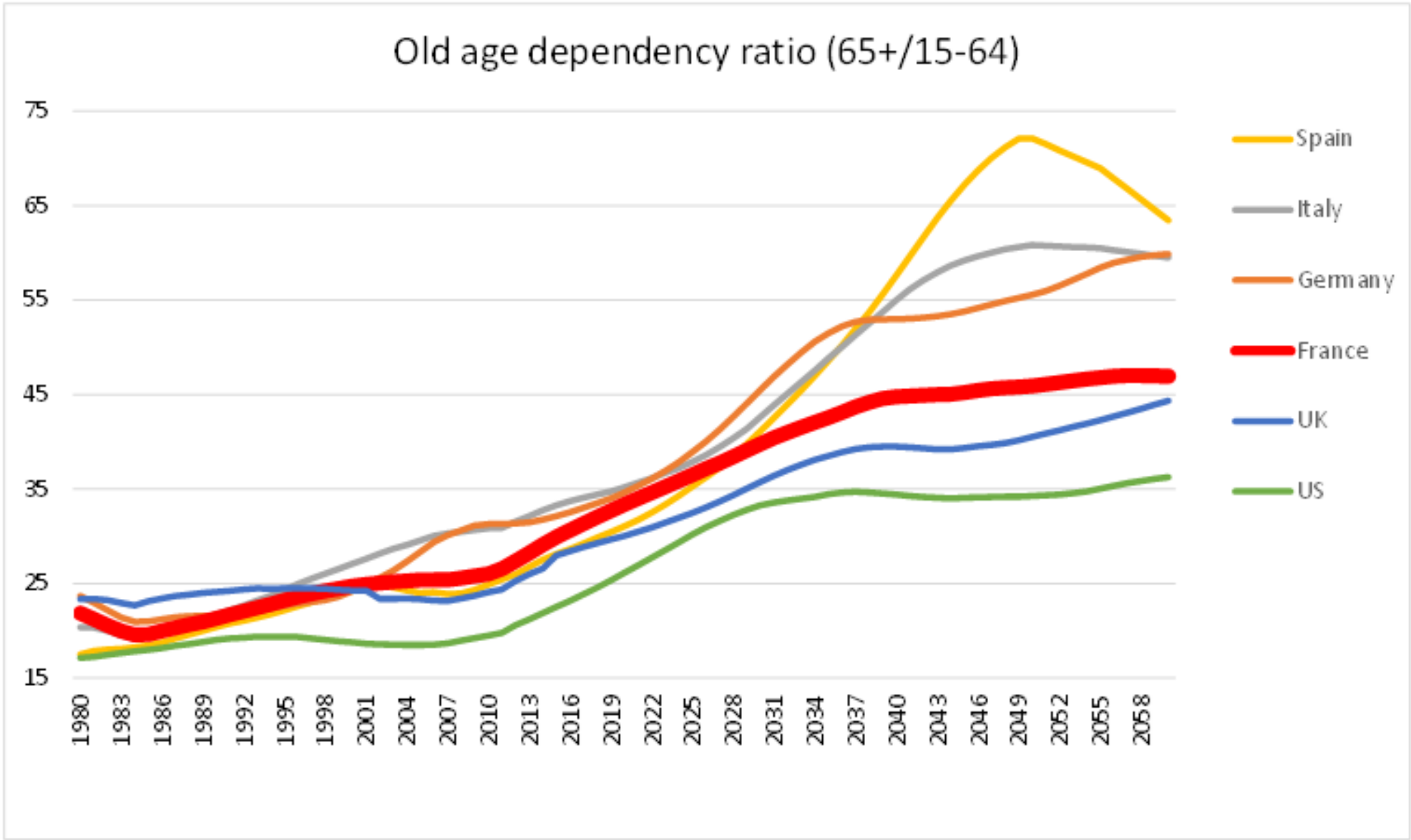
### Problem area 2: Pension system

- Price indexing is a trap: works only if large productivity gains but then reduces relative living standard of pensioners
- Highly complex, incomprehensible, perceived as unfair

### Problem area 3: Old-age labor market

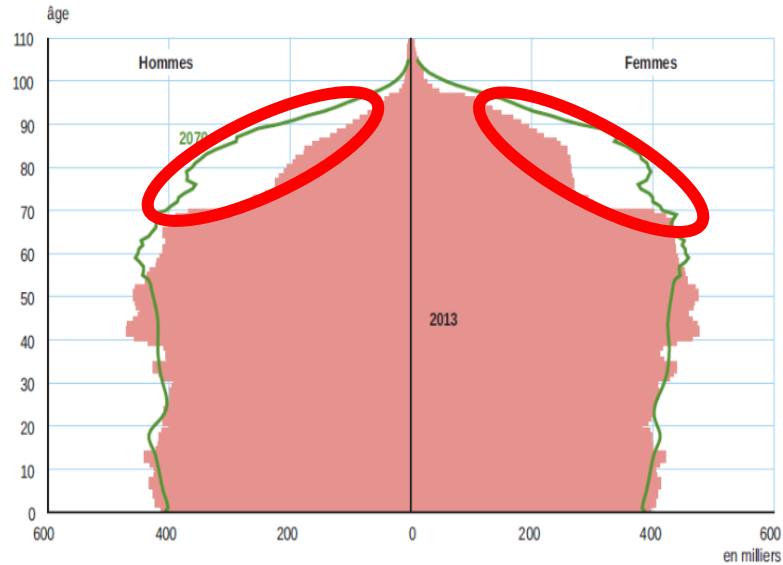
- At age 60, before the earliest retirement age, less than 50% of French are working
- After the earliest retirement age, few continue to work
- Especially low is labor market attachment among those with chronic illnesses and immigrants.

Figure 2-1: Old age dependency ratio (65+/15-64) in France and selected OECD countries



Source: OECD Baseline projection, downloaded August 2020

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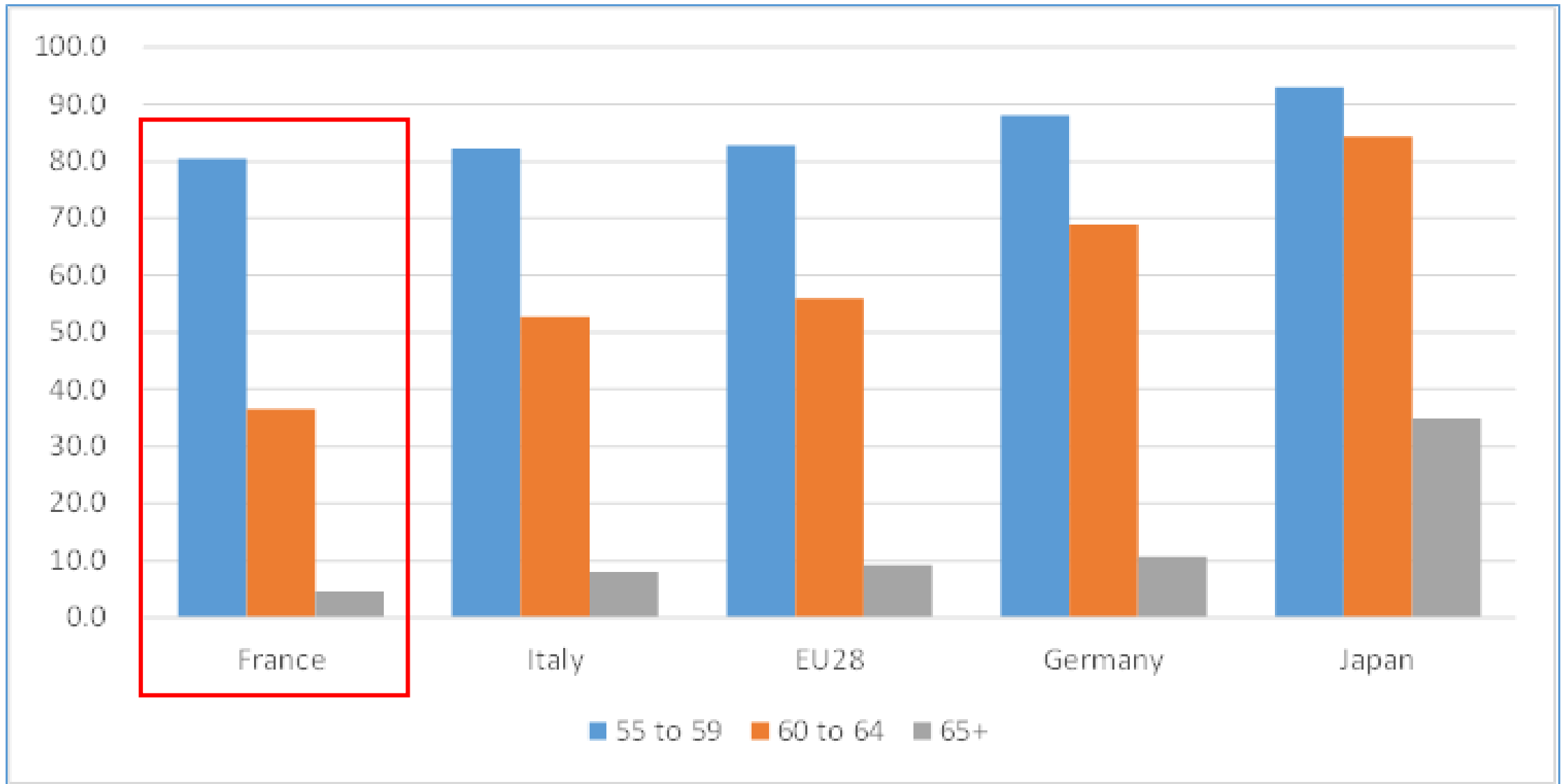
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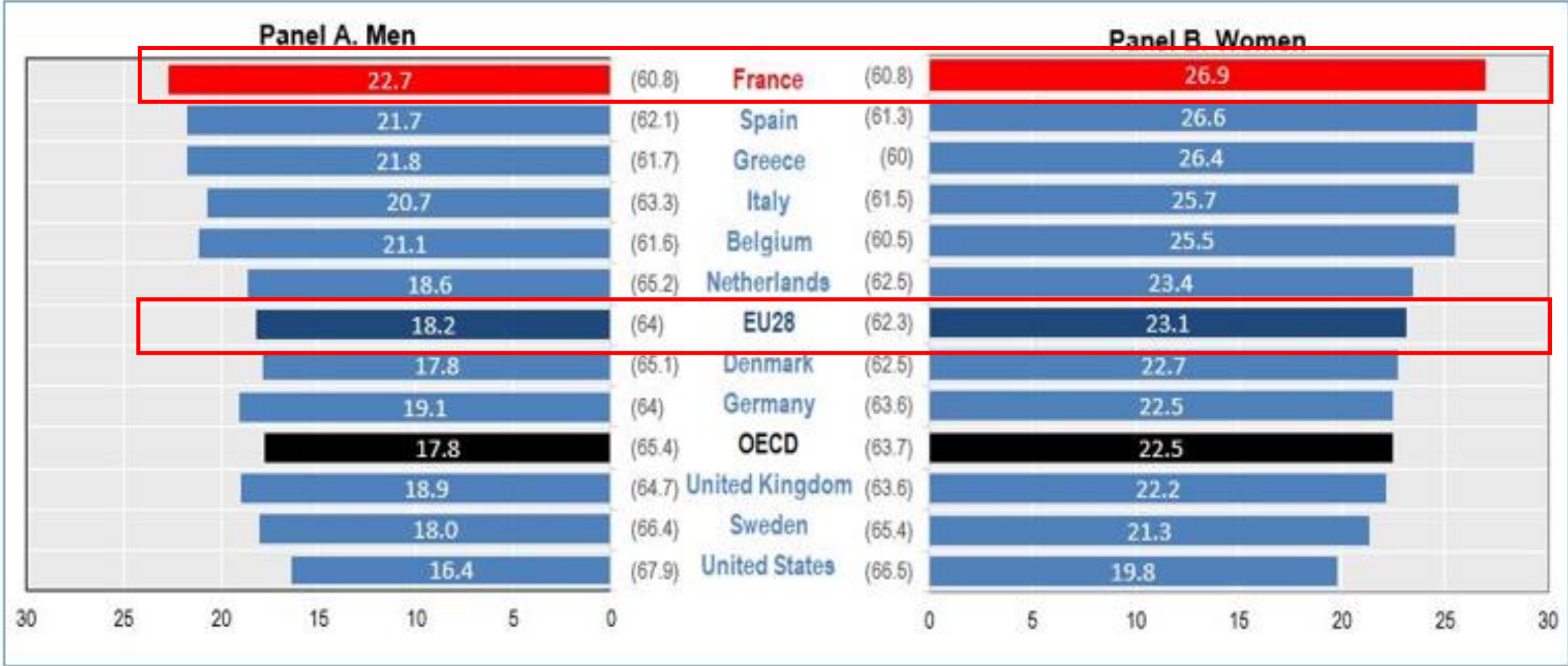
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**Figure 3-1: Labor force participation of men aged 55-64**



Source: OECD. Data extracted on 17 Oct 2020 18:15 UTC (GMT) from [OECD.Stat](#).

**Figure 3-2: Average labor market exit age and remaining life expectancy at that age**



Source: OECD Pensions at a Glance 2019. Number in parentheses denote mean age of labor market exit

## What is the cure? Holistic strategy:

- **Fundamental pension reform**
  - unifies and simplifies the confusing system
  - protects the poor and unhealthy
  - balances length of work life and pension benefits
- **Accompanying reforms**
  - Labor market for older workers
  - Healthcare to support workers with chronic illnesses
  - Integration of workers with migration background

## Pension reform:

- Complexity and fragmentation => **Universal point system**
- **Unpleasant fact:** More pensioners, fewer contributors => **Cannot give gifts to everybody**
- Hence: Need to **protect** the poor and unhealthy. **Two sides of a coin!**
  
- **Smaller future benefit increases**, linked to change of dependency ratio (=old/young)
  - BUT: Basic indexation of benefits to **wages** (rather than prices) for everybody
  - BUT: Protect low earners , even **improve** their position by **bonus points**
  
- **Higher average retirement age** IF life expectancy increases further
  - BUT: Retirement „**window**“ rather than fixed age, give flexibility
  - BUT: Address **penibilité** as part of collective agreements outside pension system
  
- **Together: still possible to keep and even increase value of pension benefits**



# Technical details:

## Two sides of the coin. Side one: Keep costs under control

- **Fix contribution rate** since already one of the highest contribution rates in EU
- **Benefits: Relate to combination of wages and pension system's dependency ratio** (=number contributors/number beneficiaries) rather than to prices
- **Retirement window** rather than a single age of full rate. **Relate to life expectancy**, if necessary. Within window, increase incentives to work longer by larger actuarial adjustments
- **Balancing the system:** Use **reserve fund** to indicate when action becomes necessary
- If action is necessary: Leave choice between increasing retirement age and reducing benefit increases annually to a **pension board**

## Other side of the coin: Strengthen protection

- Return to **wage indexation** of past earnings
- Give **bonus points for low earners**
- Address **penibilité** as part of collective agreements outside pension system

## **Pension reform needs to be a package:**

## **Labor market actions, accompanied by healthcare and integration improvements, to support people remaining in employment:**

- **“Good jobs” for older workers:**
  - Flexible, part-time
  - Motivating
- **Active labor market policies:**
  - Temporary wage subsidies after unemployment
  - Targeted training programs
- **Health at work place:**
  - Workplace-based health interventions
  - Rehabilitation as part of disability insurance
- **Integration of immigrants:**
  - Large unused capacity
  - Recognition of skills, the „overqualification“ problem

**Merci beaucoup. Nous attendons vos questions avec  
impatience**

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