

Brief

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

Summary: Questioning the future of conjugal entitlements in the future universal pension system implies going back to the historical basis of the survivor's pension, which was part of a context in which early and lasting marriage was the dominant mode of conjugality and where man was the main breadwinner for the couple.

Social and economic developments are likely to challenge this construction. The first part of the dossier documents these changes, as well as the economic inequalities between women and men, during working life and in retirement. The second part provides a statistical and legal overview of survivors' benefits in France. After presenting an overview of survivors' benefits abroad, the third part presents possible scenarios for the evolution of these benefits within the framework of the future universal system.

I – Marriage patterns, life course and economic inequalities between women and men

- **How many people are married, under a pact of civil solidarity, or in common-law unions?** 73% of couples were married, 7% were under a pact of civil solidarity and 20% in common-law unions in 2011. Within couples, men are on average 2.5 years older than their spouse is (*documents no 2 and 3*). In 2018, 235,000 marriages and 194,000 pacts of civil solidarity (Pacs) were concluded, i.e. four Pacs for every five marriages (*document no 4*).
- **How many divorces?** Divorces have become more frequent over time: 33% of marriages contracted in 1980 were dissolved before 30 years of marriage (compared to 26% for marriages contracted in 1970). The number of divorces has been increasing trendily since 1970, but it takes slightly less time to reform a couple after a divorce (*document no 2*).
- **How have conjugal pathways evolved over generations?** Living as a couple at least once in a lifetime is no less common than before. But couples form more and more later and separate more over generations. Thus, it is more and more common for a person to live alone after a broken union or to unite several times in his life (*document no 5*).
- **What are the links between couple and education level?** The more educated a man is, the more frequently he lives as a couple. In the past, women with higher education were less likely to live with a partner, but the situation seems to be reversing for recent generations. In addition, the Pacs is more widespread among the most highly educated (*document no 2*).
- **Are women's careers getting closer to men's?** Women are increasingly active (in the ILO sense) and the unemployment rate for women has caught up with that of men, but multiple sources of gender gaps remain: interruptions of activity due to childbirth, part-time work (30% of women vs. 8% of men), differences in hourly wage (14%, of which 6% are "explained" by the characteristics of jobs and individuals), and self-employment which is more frequent among men. Given all these differences, women in couples contribute only for 36% of their couple's income. These differences go hand in hand with a persistent asymmetry in marital roles, with women spending about 4 hours a day on domestic work compared to 2 hours for men (*document no 6*).
- **What inequalities exist between women and men at the time of retirement?** Despite family entitlements and minimum pensions, retired women in 2016 received a direct pension 39% lower than that of men. This gap narrows over generations. Nevertheless, the average standard of living gap between retired women and men remains limited (less than 5%), thanks to the income sharing within the couple and to the survivor's benefits, which on average allow widows to maintain their

standard of living (*document no 6*).

II – Survivor's pension in France

- **What are the key figures of survivor's benefits in France today?** At the end of 2017, there were 4.4 million beneficiaries of a survivor's pension. Women, more often widowed, account for 89% of them. The total amount for survivor's benefits amounts to 33.8 billion euros, i.e. 11% of the total pension expenditures (*document no 7*).
- **And what about the projection to 2070?** The number of recipients of survivor's pension would increase slightly until the end of the 2030s, then decrease until 2070 to represent 15% of the total number of pensioners (against 30% in 2017). This would result in a decrease in the survivors' pension expenditure: as a proportion of GDP, it would be between 0.8% and 0.6% around 2070 depending on the labor productivity scenarios. The average pension gap between women and men (including survivor's pensions) would fall from 23% in 2017 to 10% from 2040 onwards (*document no 8*).
- **Complex legal arrangements are sometimes a source of inequity.** Survivor's benefits are reserved for married people. The conditions for granting and calculating survivor's pension entitlements (age of the surviving spouse, length of marriage, taking into account divorce and remarriage, survivor's benefit rate and means test) differ from one scheme to another. Some provisions can lead to inconsistent and unfair situations, in particular when the amount of the survivor's pension depends on the marital history of the deceased spouse after a possible divorce (*document no 9*).

III – What conjugal entitlements in a universal pension system?

- **What are the survivor pension schemes abroad?** In all the countries monitored by the COR with the exception of Sweden and the United Kingdom, there are survivor's pension mechanisms in mandatory schemes. Eligibility conditions and calculation methods differ from country to country. All the countries except Belgium extend the benefit of the survivor's pension to partners of registered unions, even of common-law unions. Spain appears to be the country with the most generous conditions of attribution and the highest survivor's pension expenses (*document no 10*).
- **What evolution for survivor's pension?** Survivor's pension was adapted to a model where the couples were married, marriages were stable and roles were divided between "Mr. Breadwinner et Mrs Housewife". This model has evolved. Moreover, since the survivor's pension redistributes benefits to married couples at the expense of the unmarried persons, it can be seen as a breach of the principle of equal return on contributions for all socially covered. In addition, the technique of points accruals makes it easier to implement schemes that split pension rights between spouses (*document no 11*).
- **What are the possible scenarios for marital entitlements?** Scenario 1 extends the current system, with the requirement to remove current differences between schemes. Scenario 2 is a variant of scenario 1 in which survivor's pension is restricted to the rights built up during the period of common life. Scenario 3 is a variant of the two previous ones in which survivor's pension financing no longer relies on contributions and the survivor's pension is built as a solidarity mechanism. Considering that it is not legitimate to impose on unmarried people a solidarity requirement toward married people, scenario 4 introduces pension splitting between spouses. Finally scenario 5 evokes the hypothesis of abolishing survivor's pension with the introduction of a public widowhood allowance at older ages, in order to maintain the standard of living of surviving spouses (*document no 11*).
- **Survivor's pension or pension splitting: what are the financial consequences for a typical couple?** An exploratory document on a typical couple illustrates the effects of different scenarios on the situation of the surviving spouse (*document no 12*).