

## Brief

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

**Summary:** This dossier focuses on retirement ages, which are important determinants of the financial situation of the pension system, as well as the length of time spent in retirement. As such, they are important both in assessing the objective of financial sustainability and the objective of a fair treatment of socially insured with regard to the length of their retirement. The first part of the dossier presents past and future developments in the retirement ages after defining the different possible concepts that cover the notion of retirement age (legal or effective ages). The second part looks at their level and evolution in the various schemes. Finally, the third part presents an overview of legal and effective retirement ages in the different countries monitored by the COR.

### *I – Retirement ages and their evolutions*

- **What "retirement ages" do we talk about?** The dossier focuses on the effective retirement ages (i.e. ages at pension claiming), which relate to observed retirements in the population. They should not be confused with legal retirement ages (legal minimum age, age at which the penalty for early retirement is waived, etc.), specific to the regulation of the schemes (*document no 3*). The retirement age should also not be confused with the age of exit from the labor market (end of working life) or with the age at which one is no longer employed. Between the latter and retirement, some people may be unemployed, disabled, or inactive, while people can combine employment and retirement after their pension has been paid out (*document no 2 and document no 11*).
- **How does the effective age evolve, in the past and in projection?** There have been important variations for 50 years (*document no 4*). When the general scheme was created in 1945, the right to a pension was opened at the age of 60, but with a very significant penalty, that explains why, in the private sector, the average retirement age was 63.8 years in 1963. It fell to 61 years in 2008 before rising since (62.4 in 2016). The evolution of the “conjunctural” age (defined as average age of departure for a fictitious generation having, for each age, the proportion of retirees observed in a given year) averaged on all schemes, rose from 60.7 years in 2000 to 61.8 years in 2016 and should be close to 64 years from the end of the 2030s. These changes are largely explained by the legislative and regulatory changes during this period. The distribution of retirement flows by age thus shows a concentration of retirement at legal ages. In 2016, most of the socially covered persons retired at the age of 62, when they retired at 60 until the 2010 reform (*document no 5*).
- **What is the impact of pension reforms?** According to ex-ante simulations by DREES with unchanged retirement behavior (*document no 6*), the reforms carried out since 1993 would lead to an increase in the average retirement age of the 1960 to 1980 generations by 2.5 to 3 years. The increase in the insurance record required for the full rate (from 37.5 to 43 years) would have the strongest long-term effect (+1.3 years for those born in 1980). Raising the minimum age (from 60 to 62) would have the strongest impact in the short term (+ 0.9 years for the 1960 generation), but this one would be reduced in the longer term (+0, 7 years for the 1980 generation). Conversely, raising the age of cancellation of the penalty from 65 to 67 years would have a smaller effect in the short term (+0.6 years for the 1960 cohort) than in the long term (+0.8 years for the 1980 cohort).

## II – Retirement ages by schemes

- **Are there specific retirement ages for some categories of socially covered persons?** In the general scheme, men born in 1944 abroad left later than those born in France (61.9 years vs. 60.7 years) and the gap increased for the 1950 cohort (61.6 years against 60.1 years) (*document no 8*). In the civil service, the “conjunctural” retirement age is lower in the hospital civil service than in the non-military State civil service and the local civil service (59.1, 60.8 and 61,7 years respectively in 2015), which is explained by the higher proportion of civil servants in the active category in the hospital civil service (*document no 9*).
- **Would the projected increase in the average retirement age be reflected in all schemes?** For the socially covered cohorts born after 1950, the average retirement ages for all schemes tend to converge towards 64, except for the sedentary workers at SNCF (62) and some subpopulations in special schemes (drivers at SNCF, active categories in the civil service) who would eventually leave at 57. On the other end, CNAVPL members (liberal professions) would leave later; at 67 on average (*document no 7*).

## III – International overview

- **What are the legal ages in other countries?** The notion of eligibility age is common to all countries and extends from 60 for Canada to 67 for Italy on January, 1<sup>st</sup>, 2019. Only some countries provide for the possibility of retiring before the eligibility age and, where it exists, the early retirement age may be subject to a condition of insurance duration or career start age (long careers in Belgium and Italy) and a penalty on pension may be applied (*document no 10*).
- **What are the effective retirement ages?** Comparing effective retirement ages is difficult at the international level is difficult because institutional contexts refer to different realities, in particular the possibility of being partially retired while continuing to work. European countries are monitored in a homogenous way in the European Commission's Ageing report. In 2017, the average age of end of working life is higher for men than for women in the countries reviewed by the COR, except in Belgium and France where it is almost identical<sup>1</sup>. In Europe, for men, it ranges from 61.8 years in Belgium to 65.9 years in Sweden; for women, from 61.8 years in Belgium and France to 64.7 years in Sweden. It will continue to rise in the projections, given the planned increases in legal retirement ages. By 2070, it would be between 64.5 years and 66.5 years in most European countries, except in the Netherlands and Italy, where it would exceed 67.5 years (*document no 11*). Retirement durations (understood as life expectancy at the average age of retirement) are the highest in France in 2016, for women (26.2 years) and men (21.9 years).
- **What about dispersions around the average age?** Fine age distributions depend heavily on national institutional specificities and show a polarization around legal ages. France is the country with the least dispersion of the entitlement ages, with a very high concentration of exit ages (for private sector employees) in the 60-64 age group. In contrast, in Spain and Sweden, age groups 65 and over concentrate the majority of retirements (*document no 11*).

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<sup>1</sup> Source: European Commission for European countries.