



Jarna Bach-Othman

## Pension contribution level in France

Finnish Centre for Pensions  
Reviews  
2009:12

Finnish Centre for Pensions

---

# REVIEWS

---



Jarna Bach-Othman

# Pension contribution level in France

Finnish Centre for Pensions  
Reviews  
2009:12

Finnish Centre for Pensions

---

# REVIEWS

---

**Finnish Centre for Pensions**

FI-00065 Eläketurvakeskus Finland  
Tel. +358 10 7511 • Fax +358 9 148 1172

---

**Eläketurvakeskus**

00065 ELÄKETURVAKESKUS  
Puhelin 010 7511 • Faksi (09) 148 1172

---

**Pensionsskyddscentralen**

00065 PENSIONSSKYDDSCENTRALEN  
Tfn 010 7511 • Fax (09) 148 1172

Email: [firstname.surname@etk.fi](mailto:firstname.surname@etk.fi)

Helsinki 2009  
ISSN 1236-7737

## ABSTRACT

This review analyses the level of pension contributions paid in France in 2005. The aim of the review is to provide an overview of the total cost of pension financing when taking into account occupational pensions and the government's share of financing in addition to the statutory pension contributions. Pension assets and related investment operations are not included in the analysis. The review also presents examples of employee and employer pension contributions for a wage earner covered by the general pension scheme and the mandatory occupational pension schemes AGIRC and ARRCO.

Pension contributions have been compared in relation to the market and basic (factor) price GDP, as well as the wage bill and to the compensation of employees (including also the employer's social security contributions). By using different indicators, we have sought to achieve maximum comparability between the results of different countries.

All pension contributions (not including employer-sponsored occupational pensions or early retirement pensions paid from unemployment insurance) in relation to GDP at market prices was 12.0 per cent and in relation to GDP at basic prices 13.41 per cent.

The review is part of a more extensive comparison of the total level of pension contributions in nine European countries in 2005 made by the Finnish Centre for Pensions. Besides France, the countries compared were Denmark, Finland, Germany, Great Britain, the Netherlands, Norway, Sweden and Switzerland. The data concerning the other countries have been published as separate reviews. The overall results of the comparison have been published in the publication *Pension contribution level in nine European countries* (Finnish Centre for Pensions, Working Papers 2009:1).

## ABSTRAKTI

Tässä selvityksessä tarkastellaan Ranskassa maksettujen eläkevakuutusmaksujen tasoa vuonna 2005. Katsauksen tavoitteena on antaa kuva eläketurvan aiheuttamasta kokonaismaksurastuksesta, kun huomioon otetaan lakisääteisten eläkemaksujen lisäksi maksut lisäeläkejärjestelmiin sekä valtion osuus rahoituksesta. Eläkevarat ja niihin liittyvä sijoitustoiminta on jätetty tarkastelun ulkopuolelle.

Eläkemaksuja on verrattu suhteessa markkina- ja tuottajahintaiseen bruttokansantuotteeseen sekä palkkasummaan ja työnantajan sosiaaliturvamaksut sisältävään palkansaajakorvaukseen. Eri mittareilla on pyritty mahdollisimman vertailukelpoiseen tulokseen eri maiden välillä. Katsauksessa on lisäksi esitetty esimerkkilaskelmia palkansaajan eläkevakuutusmaksuista.

Markkinahintaiseen bruttokansantuotteeseen suhteutettuna kaikkien eläkevakuutusmaksujen osuus (ilman työnantajakohaisia lisäeläkkeitä ja työttömyysvakuutuksen varhaiseläkkeitä) oli 12,0 prosenttia ja suhteessa tuottajahintaiseen bruttokansantuotteeseen 13,41 prosenttia.

Selvitys on osa Eläketurvakeskuksessa laadittua laajempaa eläkemaksujen kokonaistasoa koskevaa vertailua yhdeksässä Euroopan maassa vuonna 2005. Ranskan lisäksi muut tarkastelumaat olivat Alankomaat, Iso-Britannia, Norja, Ruotsi, Saksa, Suomi, Sveitsi ja Tanska. Muita maita koskevat tiedot on julkaistu erillisinä katsauksina. Kokonaistulokset on esitetty julkaisussa *Pension contribution level in nine European countries* (Finnish Centre for Pensions, Working Papers 2009:1).

# CONTENTS

<b>1</b>	<b>Introduction.....</b>	<b>7</b>
<b>2</b>	<b>Pension contribution level in 2005 .....</b>	<b>8</b>
<b>3</b>	<b>Financing of statutory pensions and mandatory occupational pensions .....</b>	<b>12</b>
3.1	General social insurance scheme .....	13
3.1.1	Financing of old-age and surviving spouse's pensions .....	13
3.1.2	Financing of disability pensions .....	14
3.2	Social insurance in agriculture .....	15
3.3	Public-sector pensions .....	16
3.4	Statutory pensions and mandatory occupational pensions for self-employed persons and independent professionals.....	16
3.5	Private-sector mandatory occupational pension schemes.....	17
<b>4</b>	<b>Examples.....</b>	<b>18</b>
	<b>References .....</b>	<b>19</b>





# 1 Introduction

In France statutory pension provision is extensive, but the system is disparate. Different industries and professional groups have numerous own pension schemes. In total there are nearly thirty statutory and mandatory pension schemes. The most comprehensive scheme is the general social insurance scheme (*régime général*), which covers all private-sector wage earners who are not covered by a scheme for the relevant profession or industry. In 2006 the general social insurance scheme covered approximately 71 per cent of the workforce. There are separate pension schemes e.g. for railway workers, seamen, miners, lawyers, artisans, self-employed persons and farmers. Also the public sector (the State, local government, companies with public-sector ownership) has its own pension schemes, which in 2006 covered approximately 19 per cent of the workforce. In addition to statutory provision, occupational pensions are mandatory for almost all wage earners. The central organisations for the occupational pension schemes for wage earners are the white-collar workers' organisation AGIRC and the blue-collar workers' organisation ARRCO. Most occupational pension schemes for wage earners are members of these two central organisations. Occupational pension provision arranged voluntarily by the employer is not very common in France due to the mandatory occupational pension schemes. Occupational pension provision arranged by the employer usually only concerns persons in managerial positions. However, employers' schemes have become more common in recent years. If the income in retirement is not sufficient, persons who have reached the age of 65 and disabled persons who have reached the age of 60 may receive income-tested minimum benefits (*l'allocation spéciale* and *l'allocation supplémentaire*). The minimum benefits are tax-free.

The benefits paid from the general social insurance scheme are old-age pensions, disability pensions and survivors' pensions. The old-age pension may be taken at the age of 60. The time of insurance required for entitlement to a full pension has been extended in recent years. Disability pensions may be paid out when the illness has continued for three years. The pension is paid until the age of 60, after which it is converted to an old-age pension.

Old-age and surviving spouse's pensions are administrated by the National Pension Insurance Fund CNAVTS (*Caisse Nationale d'Assurance Vieillesse des Travailleurs Salariés*). Disability pensions are administrated by the National Sickness Insurance Fund CNAMTS (*Caisse Nationale d'Assurance Maladie des Travailleurs Salariés*).

## 2 Pension contribution level in 2005

Table 1 presents the total premium income collected to finance the statutory pension schemes and mandatory occupational pension schemes for both the private and the public sector. The total premium income does not include employer-sponsored occupational pension arrangements, whose premium income in 2000 amounted to approximately €5 billion (Hietaniemi 2003). The premium income does also not include early retirement pensions paid through the unemployment insurance scheme and the State Employment Fund FNE. There were no comprehensive data available on the total premium income of these schemes. The total premium income and the contribution level are thus slightly higher than the figures presented in the tables. The total premium income of the different schemes includes the employer's and the employee's contribution, the State's financing share and other income. Of both the statutory and the occupational pension schemes, all the largest schemes are included, which cover most wage earners and self-employed persons and public-sector employees. The aim has been to take into account as income all the premium income from the aforementioned schemes which is used to finance pension benefits. Financing transfers between different schemes have, as far as possible, been removed from the premium income, with the exception of transfers from the FSV fund<sup>1</sup>, which are included in the premium income. One fact which probably reveals something about the difficulty of presenting the total premium income of the pension schemes is that the premium income is not presented in the national pension strategy report for 2005 submitted by France to the EU. In connection with the table which describes pension expenditure there is a statement that the premium income is not included in the table alongside pension expenditure due to the difficulties in describing the transfer of assets between schemes (Annexe 2b, Rapport de Stratégie Nationale sur les Pensions 2005).

In table 1 the premium incomes of the schemes are stated in relation to the wage sum and GDP. The wage sums used are expressed both with and without the employer's social insurance contributions. The GDP figures used are the so-called GDP at market prices, which includes indirect taxes, and GDP at basic (factor) prices, which does not include indirect taxes. In 2005 French GDP at basic (factor) prices amounted to €1,531.3 billion and GDP at market prices to €1,710 billion. The wage sum including the employer's contributions and other compensations to the employees (compensation of employees) amounted to €891.1 billion. The wage sum without the employer's contributions amounted to €654.7 billion. The premium income data presented in the table are based on the publication *Les Comptes de la Sécurité Sociale, Résultats 2005*.

---

1 Further information on the FSV fund in chapter 3.

**Table 1. Pension contributions\* in relation to the wage sum and GDP in 2005.**

Pension scheme	Premium income, € billion	Premium income/wage sum <sup>a</sup> %	Premium income/wage sum <sup>b</sup> %	Premium income/GDP <sup>c</sup> %	Premium income/GDP <sup>d</sup> %
<b>Statutory pensions</b>					
General social insurance:					
- old-age and surviving spouse's pension (CNAVTS)	74.47	8.36	11.38	4.35	4.86
- disability pension (CNAM)	3.30	0.37	0.50	0.19	0.22
Wage earners and self-employed persons in agriculture (MSA)	6.09	0.68	0.93	0.36	0.40
Self-employed persons (CANCAVA, ORGANIC, CNAVPL, CNBF)	5.78	0.65	0.88	0.34	0.38
Public-sector pensions	57.1	6.40	8.72	3.34	3.73
Other special schemes (SEITA, CCIP, Théâtres nationaux)	0.07	0.008	0.01	0.005	0.005
Minimum benefits (SAVS)	0.48	0.05	0.07	0.03	0.03
<b>Total</b>	<b>147.29</b>	<b>16.52</b>	<b>22.50</b>	<b>8.61</b>	<b>9.62</b>
<b>Mandatory occupational pensions</b>					
AGIRC (persons in managerial positions)	14.90	1.67	2.28	0.87	0.97
ARRCO (employees)	32.23	3.62	4.92	1.88	2.11
IRCANTEC (persons working under public-sector employment contract)	2.04	0.23	0.31	0.12	0.13
CRPNPAC (aviation industry)	0.57	0.06	0.09	0.03	0.04
Self-employed persons (CANCAVA, ORGANIC, CNAVPL, CNBF) and farmers	6.84	0.77	1.04	0.40	0.45
Public-sector occupational pension scheme (RAFP)	1.40	0.16	0.21	0.08	0.09
<b>Total</b>	<b>57.98</b>	<b>6.51</b>	<b>8.85</b>	<b>3.39</b>	<b>3.79</b>
<b>Statutory and occupational pensions in total</b>	<b>205.27</b>	<b>23.03</b>	<b>31.35</b>	<b>12.0</b>	<b>13.41</b>

\* Does not include employer-sponsored occupational pensions. In 2000 the premium income of these schemes amounted to approx. €5 billion. Does also not include early retirement pensions paid through the unemployment insurance scheme.

a) Wage sum including the employer's social insurance contributions.

b) Wage sum without the employer's social insurance contributions.

c) GDP at market prices.

d) GDP at basic (factor) prices.

In 2005 the aggregate total premium income of the statutory pension schemes amounted to approximately €147 billion. Most of the premium income came from the general social insurance scheme. The premium income of the statutory schemes amounted to 9.6 per cent in relation to GDP at basic (factor) prices and 16.5 per cent in relation to the compensation of employees. In tables 2 and 3 the total premium income of the statutory pension schemes and the mandatory occupational pension schemes are divided into the employers', the employees' and the State's contribution shares as well as other income. Most of the total premium income of both statutory and occupational pensions came from the employers' contributions. Approximately 43 per cent of the premium income of the general social insurance scheme consisted of the employers' contributions. The State's share of the premium income of the general social insurance scheme was about 27 per cent.

**Table 2.** Employers', employees' and the State's contribution shares in the statutory pension schemes in 2005, in relation to the wage sum and GDP.

Pension scheme	Premium income, € billion	Premium income/wage sum <sup>a</sup> %	Premium income/wage sum <sup>b</sup> %	Premium income/GDP <sup>c</sup> %	Premium income/GDP <sup>d</sup> %
<b>Statutory pensions</b>					
<b>Wage earners</b>	<b>36.63</b>	<b>4.11</b>	<b>5.60</b>	<b>2.14</b>	<b>2.39</b>
General social insurance:					
- Old-age and surviving spouse's pension (CNAV)	24.36				
- Disability pension (CNAM)	0.10				
Wage earners in agriculture (MSA)	1.44				
Public-sector pensions	10.70				
Other special schemes (SEITA, CCIP, Théâtres nationaux)	0.03				
<b>Employers<sup>e</sup></b>	<b>78.49</b>	<b>8.81</b>	<b>11.99</b>	<b>4.59</b>	<b>5.13</b>
General social insurance:					
- Old-age and surviving spouse's pension (CNAV)	30.59				
- Disability pension (CNAM)	1.70				
Wage earners in agriculture (MSA)	0.96				
Public-sector pensions	45.2				
Other special schemes (SEITA, CCIP, Théâtres nationaux)	0.04				
<b>Self-employed persons</b>	<b>5.48</b>	<b>0.61</b>	<b>0.84</b>	<b>0.32</b>	<b>0.36</b>
Self-employed in agriculture (MSA)	1.16				
ORGANIC, CANCAVA, CNAVPL, CNBF	4.32				
<b>State's share<sup>f</sup></b>	<b>25.55</b>	<b>2.86</b>	<b>3.90</b>	<b>1.49</b>	<b>1.67</b>
General social insurance:					
- Old-age and surviving spouse's pension (CNAV)	18.6				
- Disability pension (CNAM)	1.50				
Wage earners in agriculture (MSA)	0.13				
Self-employed in agriculture (MSA)	2.40				
CANCAVA, ORGANIC, CNAVPL, CNBF	1.41				
Public-sector pensions	1.03				
Minimum benefits (SAVS)	0.48				
<b>Other income<sup>g</sup></b>	<b>1.14</b>	<b>0.13</b>	<b>0.17</b>	<b>0.07</b>	<b>0.07</b>
General social insurance:					
- Old-age and surviving spouse's pension (CNAV)	0.92				
ORGANIC, CANCAVA, CNAVPL, CNBF	0.05				
Public-sector pensions	0.17				
<b>Total</b>	<b>147.29</b>	<b>16.52</b>	<b>22.50</b>	<b>8.61</b>	<b>9.62</b>

a) Wage sum including the employer's social insurance contributions.

b) Wage sum without the employer's social insurance contributions.

c) GDP at market prices.

d) GDP at basic (factor) prices.

e) Includes for the public sector the employer's fictional contributions included in the national budget.

f) CSG's share, taxes, money via the FSV.

g) Includes e.g. interest rate revenues.

**Table 3.** Employer's, employee's and the State's contribution shares in the mandatory occupational pension schemes in 2005, in relation to the wage sum and GDP.

Pension scheme	Premium income, € billion	Premium income/wage sum <sup>a</sup> %	Premium income/wage sum <sup>b</sup> %	Premium income/GDP <sup>c</sup> %	Premium income/GDP <sup>d</sup> %
<b>Mandatory occupational pensions</b>					
<b>Wage earners</b>	<b>18.69</b>	<b>2.10</b>	<b>2.85</b>	<b>1.09</b>	<b>1.22</b>
AGIRC (persons in managerial positions)	5.77				
ARRCO (employees)	12.17				
IRCANTEC (persons working under public-sector employment contract)	0.75				
<b>Employers</b>	<b>29.76</b>	<b>3.34</b>	<b>4.55</b>	<b>1.74</b>	<b>1.94</b>
AGIRC (persons in managerial positions)	8.65				
ARRCO (employees)	18.25				
IRCANTEC (persons working under public-sector employment contract)	1.12				
CRPNPAC (aviation industry)	0.34				
RAFP (public sector)	1.40				
<b>Self-employed persons</b>	<b>5.34</b>	<b>0.60</b>	<b>0.81</b>	<b>0.31</b>	<b>0.35</b>
CANCAVA, ORGANIC, CNAVPL, CNBF and farmers	5.34				
<b>State's share</b>	<b>0.123</b>	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>
ARRCO (employees)	0.12				
CANCAVA, ORGANIC, CNAVPL, CNBF and farmers	0.003				
<b>Other income</b>	<b>4.07</b>	<b>0.46</b>	<b>0.62</b>	<b>0.24</b>	<b>0.27</b>
AGIRC (persons in managerial positions)	0.48				
ARRCO (employees)	1.69				
IRCANTEC (persons working under public-sector employment contract)	0.17				
CRPNPAC (aviation industry)	0.23				
CANCAVA, ORGANIC, CNAVPL, CNBF and farmers	1.50				
RAFP (public sector)	0.001				
<b>Total</b>	<b>57.98</b>	<b>6.51</b>	<b>8.86</b>	<b>3.39</b>	<b>3.79</b>

a) Wage sum including the employer's social insurance contributions.

b) Wage sum without the employer's social insurance contributions.

c) GDP at market prices.

d) GDP at basic (factor) prices.

### **3 Financing of statutory pensions and mandatory occupational pensions**

The total premium income of the general social insurance scheme and funds may be divided into four main sources of income: the employer's and the employee's contributions, taxes and indirect taxes, payments by the State, and transfers between the schemes. The main part of the premium income for statutory earnings-related pensions accumulates from the employee's and the employer's contributions. The tax-like CSG contribution, which is levied from everyone who lives in France, is also used in the financing. A significant proportion of the premium income also comes from tax revenues. As regards pensions the CSG contribution is used to finance the means-tested old-age and disability pensions. The contribution is also used to finance other social insurance benefits, such as family and sickness insurance benefits. The CSG contribution was 7.5 per cent of taxable income and 8.2 per cent of the return on assets in 2005. 97 per cent of the earnings are taken into account. The contribution levied on the return on assets was earlier at the same level as the contribution levied on taxable income, but the contribution was increased at the beginning of 2005. The part of the contribution which is used to finance old-age and disability pensions is paid to the Old-Age Pension Fund (Fonds de Solidarité Vieillesse, FSV). Of the contribution of 7.5 per cent which is levied on taxable earnings, 1.03 percentage points was directed to the FSV fund in 2005. As regards taxes on other income than earnings from work and on the return on assets, 1.05 percentage points of each was transferred to the FSV fund.

The State contributes significant amounts to the financing of pensions. The State's share in the premium income for pensions payable from the general social insurance scheme has in recent years amounted to about one-fourth. The State pays, for instance, direct subsidies to the schemes, child and spouse's increases to the pensions and the contributions of unemployed persons. The State's contribution shares are partly channelled via the FSV fund; for instance minimum benefits payable to persons of retirement age, child and spouse's increases as well as the contributions of unemployed persons are financed through the FSV fund.

The mandatory occupational pensions are also financed mainly through the employee's and the employer's contributions. The means-tested minimum disability benefit (AAH) is financed from state funds. At the national level the collecting of the social insurance contributions is handled by the Central Agency of the Social Security Organisations (Agence centrale des organismes de sécurité sociale, ACOSS) and at the local level by the Social Security's collection agencies (Unions pour le recouvrement des cotisations de sécurité sociale et d'allocations familiales, URSSAF). The contributions are distributed to three central bodies. These bodies are the wage earners' National Sickness Insurance Fund (CNAMTS), the wage earners' National Old-Age Insurance Fund and the National Family Benefits Fund (Caisse nationale d'allocations familiales, CNAF). The employers and the employees have their representatives on the organisations' boards of directors. The central funds have a joint central organisation (Union des caisses nationales, UCANSS), which handles matters common to the funds.

The general social insurance scheme and the special schemes follow the principle of joint liability in the financing of pensions due to demographics. Schemes where the number of insured in relation to the number of pensioners is unfavourable receive compensation from the schemes where this ratio is more favourable. The schemes which pay compensation between the schemes for wage earners are the ones where the wage sum is high in relation to the payable pensions.

### 3.1 General social insurance scheme

The financing of pensions payable from the general social insurance scheme is based on the pay-as-you-go principle. The balance of payment of the scheme is in deficit. The sickness insurance scheme (CNAM), from which also disability pensions are financed, has been running a deficit already since 2002. The balance of payment of the Old-Age and Surviving Spouse's Pension Fund (CNAV) turned negative in 2005 due to, among other factors, the increase in expenditure for pre-retirement pensions. The deficit of the general social insurance scheme totalled €11.6 billion in 2005. The deficit of the CNAV scheme amounted to €1.9 billion and the deficit of the sickness insurance scheme to €8 billion. The Old-Age Pension Fund FSV has also been in deficit for several years. In 2005 the deficit amounted to €2 billion. In 2006 the situation of the fund improved to some extent due to the increase of the CSG tax in 2005 and the improved employment situation.

The following table 4 presents the total income and expenditure of the general social insurance scheme as regards the old-age and surviving spouse's pensions (CNAV), the sickness insurance scheme (CNAM), with the exception of industrial injuries compensations, as well as the FSV fund. Besides disability pensions, the income and expenditure of the sickness insurance scheme also cover all other expenses. The financing and premium income of the disability pensions are described in more detail in section 3.1.2. The figures also include transfers between the schemes.

**Table 4.** Total income and expenditure of the old-age and surviving spouse's pension scheme and the sickness insurance scheme, billion €.

In 2005	CNAV	CNAM	FSV
Income	79.5	127.7	12.6
Expenditure	81.4	135.7	14.7
Income/Expenditure, %	97.6	94.1	85.7

Source: Les comptes de la sécurité sociale. Résultats 2005, Prévisions 2006.

#### 3.1.1 Financing of old-age and surviving spouse's pensions

In 2005 a contribution of 8.20 per cent of the employee's gross wage up to annual earnings of €30,192 (€2,516 per month) was levied from the employer to finance old-age and surviving spouse's pensions and a contribution of 1.6 per cent on the employee's whole wage. The earnings ceiling is adjusted annually in line with a price index. The employee's pension contribution was 6.55 per cent of the wage below the earnings ceiling and 0.1 per cent on the

whole wage. Since 2005 the contribution for old-age and surviving spouse's pensions has no longer been reported separately. Previously the employee's contribution of 0.1 per cent levied on the whole wage was used to finance surviving spouse's pensions. The contributions levied on the part of the wage which fell below the earnings ceiling totalled 14.75 per cent and the contributions levied on the whole wage 1.70 per cent. The benefits financed from the family benefit scheme are child increases to the pensions.

In 2005 the total premium income of the old-age and surviving spouse's pension scheme amounted to €79.5 billion. This figure includes transfers between the schemes. Without the transfers between the schemes the premium income amounted to approximately €74.5 billion. In 2005 the main part of the premium income came from contributions. The share of the employers' and the employees' contributions in the total premium income was approximately 74 per cent (€54.9 billion). The employers' share of this amount was about 56 per cent. About 25 per cent of the premium income came from tax revenues. The aforementioned share includes the premium income which comes via the FSV fund.

### **3.1.2 Financing of disability pensions**

Disability pensions are financed through the sickness insurance contribution and the pensions are administrated by the National Sickness Insurance Fund. In 2005 the employer's sickness insurance contribution amounted to 12.8 per cent and the employee's contribution to 0.75 per cent on the employee's gross wage without any upper limit.

The premium income collected to finance disability pensions has been estimated on the basis of the expenditure of the sickness insurance scheme. In 2005 the expenditure for disability pensions amounted to €4.07 billion. The total expenditure of the sickness insurance scheme amounted to approximately €135.7 billion, so the share of the disability pension expenditure in the total expenditure was about 3.0 per cent. The contributions paid by the employers into the sickness insurance scheme amounted to €56.8 billion and the contributions paid by the employees to €3.3 billion. Estimated on the basis of the aforementioned income the share of the disability pension contributions is €1.7 billion as regards the employers and €0.1 billion as regards the employees. The State pays subsidies to finance the benefits paid from the sickness insurance scheme. The sickness insurance scheme received income accumulated from the CSG contribution from the State to an amount of approximately €44 billion. In addition, the State paid other subsidies to the scheme, mainly revenues from taxes on tobacco and taxes on the medical industry, €5.7 billion. The share of disability pensions financed by the State was thus approximately €1.5 billion. The total premium income gathered for disability pensions totalled approximately €3.3 billion.

The employers pay lower contributions on the wages of low-income employees, and the contribution is at the most 1.6 times the amount of the statutory minimum wage. In 2005 the minimum hourly wage amounted to €8.03. Within the scope of different employment programmes reductions are also granted on the contributions for certain employee groups. The State compensates for the loss of revenues due to the contribution rebates to the Central Agency of the Social Security Organisations.



### 3.2 Social insurance in agriculture

Social insurance for wage earners and self-employed persons in agriculture is handled by Mutualité sociale agricole (MSA). The pensions are mainly financed through contributions and state subsidy. A significant proportion of the premium income is constituted by transfers from the general social insurance scheme. In 2005 the total premium income of the old-age and surviving spouse's pension scheme for wage earners in agriculture without transfers between the schemes amounted to approximately €2.39 billion. The State paid revenues from the CSG tax and other taxes into the scheme to an amount of approximately €0.07 billion. The following table presents the total premium income of the scheme, including also transfers between the schemes, as well as the total expenditure, where the old-age and surviving spouse's pension expenditure is also stated separately.

*Table 5. Total income and expenditure of the scheme for wage earners in agriculture in 2005.*

In 2005	Premium income, billion €
Income	5,266.5
Total expenditure, of which	5,264.0
- old-age pension expenditure	4,954.2
- surviving spouse's pension expenditure	3.3
- other	306.5

In the same manner as in the general social insurance scheme, the disability pensions of wage earners in agriculture are also financed via the sickness insurance scheme. In 2005 the benefit expenditure of the sickness insurance scheme amounted to approximately €3.59 billion, of which the disability pensions accounted for approximately €0.18 billion, i.e. about 5 per cent. The contributions paid into the sickness insurance scheme by the employers and the employees totalled approximately €1.69 billion. When estimated on the basis of this amount, the premium income accumulated for disability pensions amounted to about €0.08 billion. The State paid subsidies from taxes and the CSG contribution into the scheme to an amount of €1.2 billion. In proportion to the disability pension expenditure the subsidy paid by the State for disability pensions amounted to €0.06 billion. Thus the total premium income of the disability pension scheme amounted to approximately €0.14 billion. Mandatory occupational pension provision for wage earners in agriculture is arranged in the ARRCO and AGIRC schemes.

The total premium income of the old-age and surviving spouse's pension scheme for self-employed farmers without transfers between the schemes amounted to about €3.5 billion. The State's share of this amount was approximately €2.35 billion, i.e. 67 per cent. The rest of the premium income was mainly covered through contributions. The total benefit expenditure of the sickness insurance scheme amounted to approximately €6.29 billion, and the share of disability pension expenditure in this amount was about 1.3 per cent. The amount of contributions accumulated into the sickness insurance scheme for self-employed farmers was €0.74 billion. The amount of contributions levied for disability pensions as estimated on the basis of this amount was about €0.009 billion. The State's subsidy to the scheme amounted to approximately

€3.9 billion, meaning that the subsidy paid by the State for disability pensions amounted to approximately €0.05 billion. In addition, self-employed farmers have their own mandatory occupational pension scheme.

In 2005 self-employed farmers paid a contribution to finance old-age pension benefits of 8.44 per cent on the earnings below the earnings ceiling of the general social insurance scheme and 1.29 per cent on the whole income. To finance the operations of the scheme an additional contribution of 2.53 per cent was levied, of which 0.25 per cent was levied on the farmer's whole earned income.

### **3.3 Public-sector pensions**

The aggregate total premium income of the public-sector pension schemes amounted to approximately €56.6 billion in 2005. The premium income includes old-age, surviving spouse's and disability pensions from the different schemes. The schemes included in the total premium income are the pension schemes for state civil servants and of the employees of state industrial establishments, the pension scheme of local government employees, the pension schemes of railway workers, the pension scheme of the mining industry, the pension scheme of the employees of notariates, the pension schemes of the employees of the navy and of the Church as well as the pension scheme of the employees of the French Central Bank.

Of the aggregate premium income of these schemes, about 80 per cent came from the employers. The financing differs in different schemes, as in some schemes the employer's contributions are included in the national budget. The employer's fictional contributions included in the national budget have in the aforementioned analysis of the total contribution level been included in the employer's share of the total premium income. The total contributions levied to finance pensions vary between different schemes from about 15 per cent to 36 per cent. In addition, there is in the public sector a mandatory occupational pension scheme, which covers state and local government officials. The premium income of this scheme was €1.4 billion in 2005.

### **3.4 Statutory pensions and mandatory occupational pensions for self-employed persons and independent professionals**

In 2005 self-employed persons (industry and trade ORGANIC, artisans CANCAVA, lawyers CNBF and other independent professionals, e.g. doctors and architects CNAVPL) paid an old-age pension contribution of 16.35 per cent on the income below the earnings ceiling of the general social insurance scheme. The pension contribution of the mandatory occupational pension scheme of CANCAVA amounted to 7.0 per cent on earnings to a maximum of four times the statutory earnings ceiling. In 2005 the total premium income of the statutory schemes amounted to €5.78 billion. The benefits paid from the mandatory occupational pension schemes are old-age and disability pensions. The aggregate premium income of the occupational pension schemes was approximately €6.5 billion in 2005.

### 3.5 Private-sector mandatory occupational pension schemes

The private-sector mandatory occupational pension schemes AGIRC and ARRCO are financed on the basis of the pay-as-you-go principle. The benefits are determined on the basis of the paid contributions. In the following table the contributions levied in 2005 to finance old-age and survivors' pensions are stated.

*Table 6. Contributions of the wage earners' mandatory occupational pension schemes in 2005.*

	Employer	Employee	Total	Earnings limits, €/month
Persons in managerial positions	4.5%	3%	7.5%	2,516
	12.5%	7.5%	20%	2,516–10,064
	Contribution shares may be agreed on		20%	10,064–20,128
Employees	4.5%	3%	7.5%	2,516
	12%	8%	20%	2,516–7,548

For earnings below the earnings ceiling of the statutory social insurance scheme (€2,516 per month) occupational pension contributions are paid to the ARRCO scheme. As regards the earnings which exceed the ceiling the contributions for employees are paid to the ARRCO scheme and for persons in managerial positions to the AGIRC scheme. The retirement age in these schemes is 65 years. The benefits which are paid without any reduction for early retirement before the age of 65 (e.g. pensions to persons who take early retirement due to incapacity for work) are financed through the AGFF contribution. In 2005 the contribution was 1.2 per cent for the employers and 0.8 per cent for the employees on the part of the wage which fell below the earnings ceiling of the general social insurance scheme. For the part of the wage which exceeded the ceiling the contribution was 1.3 per cent for the employers and 0.9 per cent for the employees. For persons in managerial positions the upper earnings limit was €10,064 per month and for employees €7,548 per month.

The employer's share of the total premium income of these schemes is about 60 per cent. In 2005 the premium income for ARRCO was €32.23 billion and for AGIRC approximately €14.9 billion. The State's share in the financing of ARRCO was approximately €0.12 billion.

## 4 Examples

The following example gives an estimate of the employer's and the employee's average pension contributions in the private sector. The contributions are calculated for a middle-income and a high-income employee on the assumption that the employee is covered by the general social insurance scheme and the mandatory AGIRC or ARRCO occupational pension scheme. In addition, an estimate of the CSG contribution paid by the employee is also presented. The examples do not take into account the child increase to the pensions financed through the Family Benefits Fund. The data on average wages is based on the average wage for employees according to the OECD Economic Outlook database, and in 2005 the average wage amounted to €30,509, i.e. approximately €2,542 per month. The calculations take into account the earnings ceiling which is the basis for the pension contributions. In 2005 the earnings ceiling in the general social insurance scheme was €30,192 annually, in the AGIRC scheme €20,128 per month and in the ARRCO scheme €7,548 per month.

The disability pension contribution has been estimated on the basis of sickness insurance expenditure. In 2005 the share of disability pensions in sickness insurance expenditure was about 3 per cent. When estimated on the basis of the employer's sickness insurance contribution, the share of the disability pension contribution is 0.384 percentage points and of the employee's contribution 0.0225 percentage points. The CSG contribution takes into account the proportion of the total contribution (1.03 percentage points) which is paid to the FSV fund and which is used to finance old-age and disability pensions. The estimates take into account that this contribution is levied on 97 per cent of the earnings. The table further states the AGFF contribution, which is levied from both employers and employees and which is used to finance occupational pensions which are awarded as pre-retirement pensions but on which no reduction for early retirement is made.

*Table 7. Example of a private-sector wage earner's pension contributions at different wage levels in 2005.*

Wage	Employer	Employee	Total
<b>Average wage</b>			
General social insurance	10.10	6.60	16.70
ARRCO and AGFF	5.78	3.85	9.63
CSG	-	1.0	1.0
Total	15.88	11.45	27.33
<b>2 x average wage</b>			
General social insurance	6.04	3.36	9.40
AGIRC and AGFF	12.01	7.86	19.87
CSG	-	1.0	1.0
Total	18.05	12.22	30.27

## References

- Annexes du Rapport de Stratégie Nationale sur les Pensions. France.  
[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_protection/2005/fr\\_annex\\_fr.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_protection/2005/fr_annex_fr.pdf)
- Anttila Suvi (2005) Ranskan eläkejärjestelmä (in Finnish). The Finnish Centre for Pensions.
- Agirc. Retraite des Cadres. <http://www.agirc.fr/>
- Arrco. Retraites Complémentaire des Salariés. <http://www.arrco.fr/>
- Caisse Nationale d'Assurance Vieillesse. <http://www.cnav.fr/>
- Hietaniemi Marjukka (2003) Eläkemaksutaso Ranskassa. Intergroupin katsauksia 3/2003 (in Finnish). The Finnish Centre for Pensions.
- La protection sociale du monde Agricole et Rural. [www.msa.fr](http://www.msa.fr)
- Les comptes de la sécurité sociale. Résultats 2005, Prévisions 2006. Juin 2006. <http://lesrapports.ladocumentationfrancaise.fr/BRP/064000540/0000.pdf>
- OECD 2007. Taxing wages. Special Feature: The Tax Treatment of Minimum Wages. 2005–2006.
- Rapport Annuel. F.S.I.2006. Fonds Spécial d'invalidité. Caisse des dépôts – Direction des Retraites.
- Rapport de Stratégie Nationale sur les Pensions. France. 15 juillet 2005.  
[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_protection/2005/fr\\_fr.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_protection/2005/fr_fr.pdf)







## Reviews of the Finnish Centre for Pensions 2009

- 1/2009 Kokonaiseläke 2009. Työeläke, kansaneläke ja verotus
- 2/2009 Pension contribution level in Finland
- 3/2009 Pension contribution level in Sweden
- 4/2009 Pension contribution level in Norway
- 5/2009 Eläke- ja muun sosiaaliturvan kehittämis- ja yhteistyöryhmät
- 6/2009 Pension contribution level in Denmark
- 7/2009 Työeläkemenoenuste vuodelle 2009
- 8/2009 Pension contribution level in Great Britain
- 9/2009 Pension contribution level in Switzerland
- 10/2009 Pension contribution level in the Netherlands
- 11/2009 Pension contribution level in Germany
- 12/2009 Pension contribution level in France

Finnish Centre for Pensions   
ELÄKETURVAKESKUS

---

**Finnish Centre for Pensions**

FI-00065 ELÄKETURVAKESKUS

Finland

Tel. +358 10 7511

Fax +358 9 148 1172

**Eläketurvakeskus**

00065 ELÄKETURVAKESKUS

Puhelin 010 7511

Faksi (09) 148 1172

**Pensionsskyddscentralen**

00065 PENSIONSSKYDDSCENTRALEN

Tfn 010 7511

Fax (09) 148 1172

**[www.etk.fi](http://www.etk.fi)**