
French Retirement Age May Rise to 62

By Editor Test Tue, Jun 22, 2010

The move is expected to allow the government to save €18bn, or about \$27 billion, and combat a growing pensions deficit.

France's statutory retirement age is set to increase gradually from 60 to 62 by 2018 under proposals outlined by Labour minister Éric Woerth, IPE.com reported. Life expectancy had increased by three years since 1980, when the current retirement age had been agreed, Woerth said.

Despite the announcement, all proposals still have to be agreed by Parliament, which is expected to address the issue in September.

The move is expected to allow the government to save €18bn, or about \$27 billion, and combat a growing pensions deficit. Woerth said these savings could not have been achieved simply by increasing the contribution period.

"All other things equal, this should increase the size of ERAFP and also further improve its solvency, which is already satisfactory," said Philippe Desfossés, chief executive of ERAFP, the French civil service supplementary pension scheme. "However, these changes will occur only gradually, and it remains to be seen whether the actual retirement age will increase as much as the legal one."

Without changes the retirement age, France's state pension deficit was expected to hit between €72bn and €115bn by 2050 in calculations made by the Conseil d'orientation des retraites (COR), the country's leading pension advisory body.

The reforms will go hand in hand with an already implemented increase in minimum contribution period. Currently, at 40.5 years, it is set to increase to 41.5 by 2020.

COR had previously suggested that, without reforms, the minimum contribution period would have to be increased to 43.5 years by 2050 if pensioners wished to continue relieving a full pension.

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