The French Just Want to Enjoy Their Retraite

By Kerry Pechter *Tue, Feb 25, 2025*

This winter I'm in Marseille, France, talking to the French about their retirement system and watching groups of them play a game called pétanque in the parks.

Here in France, the multi-layered state retirement system looms large in people's lives. Private-sector workers in France contribute to not one but two mandatory, pay-as-you-go (paygo) state-run savings plans: the **CNAV** and the **AGIRC-ARRCO**. Together the two plans replace a big chunk of their pre-retirement income taxes. Since 2019, the French have had a new voluntary, tax-favored defined contribution savings program called the **PER**.

Judging by the words they use to describe it, the French seem to hold their paygo system in greater esteem than Americans hold our Social Security program. We call our payments into Social Security a *payroll tax*. They call their payments a *contribution*. While it's not unusual to hear Americans dismiss Social Security's funding method as *generational warfare* or *a Ponzi scheme*, I've heard the French describe their paygo structure as an expression of *solidarity across generations*.

The French will even take to the streets in defense of their retirement programs. In 2023, when I was in Bordeaux, where my daughter lived at the time, the trade unions responded to President Macron's threat to raise the retirement age to 64 from 62 with a series of peaceful but loud parades and demonstrations. When Macron made good on his threat, they set fire to the door to City Hall.

This February I returned to France. Hoping for sunny weather, I took an apartment in the southwest corner of Marseille. From my balcony here I can look up at the craggy limestone cliffs (the famous "calanques") behind my building. Or I can look downhill and see sailboats skimming the bay. The weather is bound to improve any day now.

Pétanque: It takes steel balls

How do reasonably-fit retirees spend their afternoons here? They play *pétanque*. This variant of lawn bowling or bocce is played with hollow steel balls and has the same objective as horseshoes. There are two teams of one, two, or three players. Each player takes a turn at tossing one or two steel balls at a small red or green wooden target ball (the “jack”) from a fixed point about 20 feet away.

Petanque players in Marseille

Each player tries to land his or her ball (tossed underhanded, either palm-up or palm-down) as close to the jack as they can. Alternately, they can try to knock the other teams’ balls away from the jack. On the international level, the pétanque government body is the *Fédération Internationale de Pétanque et Jeu Provençal* (FIPJP). It was founded in 1958 in Marseille and had almost 800,000 members as of 2022. There are about 300,000 registered *pétanque* players in France.

> “*Pétanque* is uniquely French,” wrote the Canadian writer Paul Shore about the game. “The players tend to be middle-aged to elderly men whose exposure to the sun from playing the game gives them a healthy, light-brown tinge, usually coupled with a skin texture similar to that of a well-aged French prune. These gentlemen seldom speak, and when they do open their mouths, what is heard is usually slang or profanity, or silence followed by a puff of smoke from the drag they took of a cigarette several minutes earlier.”

It’s a cliché to see groups of six or eight older men, all tall and dressed mostly in black, on the pounded-earth *pétanque* pitches in the park at the harbor end of my street. But one day

I saw a game of mixed couples. The women seemed to specialize in the precision work of landing their balls close to the jack. The men appeared to assume the dirty job of sabotaging others' work. At this level of competition, outcomes appeared stochastic. (The older Frenchmen have another odd sport that one of my flyfishing guides showed me: Coarse fishing. It involves a long pole hung out over a slow-moving stream, the sequestering of caught fish in a submerged "keepnet," later weighing them to accumulate points, and then releasing them.)

The retired gendarme

A few evenings ago, after watching the *pétanque* players, I wandered into a strange neighborhood to admire a restored Belle Epoque villa. Dated MDCCC LXXIV (1874), it was adorned with a frieze of ceramic dolphins, like a blue headband just below the dentils under its eaves. Medallion profiles of Artemis and Apollon flanked the entrance from above.

The 1874 villa in Marseille.

The neighborhood had many expensive villas like that, but most were hidden behind tall stone-and-stucco garden walls. Eventually I got lost in the maze of tiny lanes, and stopped a tall, weathered 70s-something man to ask for directions. He was walking slowly down the middle of the narrow street while his two young granddaughters danced restlessly around him.

He turned out to be a retired policeman who had joined the force at age 25 and retired 15 years ago, at age 55. His inflation-adjusted pension income paid €3,050 per month, or about $3,192. He had retired too soon to take advantage of the voluntary supplemental retirement savings plans that France has launched since 2019. (I was friendly with many police officers and sheriff's deputies when I was a newspaper reporter. The prospect of early retirement was their primary motive for taking a nasty job.)

Shortly after I arrived in Paris, in early February, I had the pleasure of talking about the new savings plans with Simon Colboc. I met Mr. Colboc through the JASPER Forum, an informal consortium of retirement wonks who meet periodically for international Zoom calls about innovation in defined contribution plans worldwide.

Mr. Colboc has a remarkable resume that spans every financial sector you can imagine—public, private; individual, institutional; academic, non-profit. For 18 months, he's been secretary general of the FECIF, or European Federation of Financial Advisers and Financial Intermediaries. He's a former banker at BNP Paribas and at Fortis (now merged into a single bank), co-heads the course on life insurance at his alma mater, the CentraleSupelec in Paris (where he earned a master's degree in economics and engineering and played rugby).

Simon Colboc

Mr. Colboc dabbles in private equity, private credit and reinsurance. He is responsible for distribution at Brussels-based Assured Partners, which operates in the US, the UK and

Europe and provides “bespoke insurance solutions to the financial institutions sector.”

Oysters and white wine

Over lunch at *Au Petit Riche*, a stylish 1854 brasserie near the Opera in Paris’s 9th Arrondissement (crisp tablecloths, banquettes, mirrors, palm fronds, Normandy oysters, and cold white wine), Mr. Colboc told me about a relatively new voluntary savings program in France called PER.

PER stands for Plan D’Épargne Retraite, or Retirement Savings Plan, which was instituted in 2019. There are three types of PERs: individual, which correspond to IRAs in the U.S.; employer-based, which resemble our 401(k) plans; and mandatory, which are like our defined benefit pensions. Over 11 million French workers (out of 31.6 million) contribute to a PER, with total assets amounting to €119 billion (~$124.8. billion). French investment firms manage the money, just as mutual fund companies manage tax-deferred defined contribution savings in the U.S.

The PER represents a kind of voluntary icing on a multilayered, mandatory cake. France has a basic, non-contributory pension for the poor; a mandatory state pension for private sector workers (the CNAV); and a mandatory occupational private-sector pension that offers points that translate into income in retirement (AGIRC-ARRCO).

Taken together, lifelong contributions to the CNAV and AGIRC-ARRCO will replace 60% to 80% or more of the average French private-sector salary, producing an income of around €3,000 per month. (Separately, there are the pensions in the public sector, including substantial pensions for French civil servants.)

As in the U.S., there is much handwringing among France’s reigning technocrats about the long-term burden of retirement in an aging country with a low fertility rate and an aversion to increased immigration. In the U.S., however, we have an advantage. We have our own currency. The French gave up the franc, and monetary independence, for the euro in 2002.

Personally, I don’t know so many Americans see the costs of Social Security (payroll taxes) as a drain on the U.S. economy, when retirees spend Social Security benefits right back into the economy. That phenomenon used to be generally perceived (and accepted) as “taking water from one end of the pool and pouring it into the other.”

In terms of the effect on GDP, therefore, Social Security should be looked at as a wash, or even a driver. The paygo system is also, as I’ve come to believe, a much more efficient way to insure middle-class people against longevity risk than by having all of us assume a lot of financial risk for 40 or 50 years, with no guarantee of success, and lose small fortunes on fees and volatility in the process.

If a country has control over its currency, and is actuarially conscientious, it can run a paygo program indefinitely. Since the benefits keep traveling through the economy, they still find their way into investments. Financial markets crash with regularity; Social Security marches on.

Raising payroll taxes is natural

If you accept our paygo retirement system as a form of *social insurance* (which it is), then occasional fluctuations in solvency levels should not be taken as indications that the system has failed. It’s natural for the cost of pensions to fluctuate with changing demographics.

French academic Michael Zemmour argued in the progressive journal *Alternatives Economiques* in January that it makes perfect sense to expect a government to find the money to fulfill its guarantees to retirees. Social insurance is just a matter of national financial plumbing, not a zero-sum game.

“Faced with an increasing social risk—more unemployment, more illnesses, more retirees—it seems quite natural to bring in additional revenue,” Zemmour wrote. “This is the case for any insurance. If bad weather insurance faces more bad weather, we do not find it absurd to ask the question of increasing contributions. Not increasing pension revenue is a relatively extreme position.” Bien sûr.