

France's Pension Crisis: Demographic Challenges

An Economic and Policy Analysis

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May 22, 2025

Aging Population

- **Fertility rate:** 1.8 (2023) vs. 2.1 replacement level
- **Life expectancy (INSEE: 2023):**

Gender	Years
Women	85.6
Men	80.0

- 21.5% population >65 years (30% by 2050)

Source: INSEE (2024)

Worker-to-Pensioner Ratio

Year	Active workers/retiree
1960	4.0
2024	1.7
2030	1.5 (est.)

Figure: Declining support ratio (COR, 2023)

Critical Threshold

Below 2:1 ratio threatens pay-as-you-go systems

2023 Reform Measures

Key Changes

- Retirement age: 64 (by 2030)
- Contribution: 43 years
- Min. pension: €1,200 Gross

Projected Impact

- +€17.7B savings between 2023-2030 (~€2.5 billion/year in saved expenditures).
- Deficit reduced from 0.8% (2023) to 0.3% (2030) GDP

Source: French Treasury (2023)

Short-Term Deficit Reduction (2023-2030)

- Annual pension deficit drops from **0.8% GDP (€18B)** to **0.3% GDP (€7B)**
- Achieved through:
 - Higher senior employment (+300k workers)
 - Delayed pension payouts (retirement age 64+)
 - 43-year contribution requirement
- **Government's optimistic scenario** (Treasury 2023)

Structural Deficit Returns (Post-2030)

Why Deficits Rebound

- **Aging acceleration:** Baby boom cohort fully retired
- **Fertility gap:** 1.8 children/woman (vs 2.1 needed)
- Economic limits reached

COR 2050 Projections

- Optimistic (1.5% growth): **0.5% GDP** deficit
- Pessimistic (0.5% growth): **1.0% GDP** deficit

Reform effects fade as demographic pressures dominate

International Comparison

Indicator	France	OECD avg.
Replacement rate	74%	53%
Contributions	28%	20%
Retirement age	62.3	64.2

Table: Pension system benchmarks (OECD, 2024)

Policy Challenges Ahead

- Structural deficit from 2030 (0.5-1% GDP)
- Political resistance to further reforms
- Need for multi-pillar solutions:
 - 1 Conditional indexation
 - 2 Supplemental capitalization
 - 3 Labor market reforms

Thank you! Questions?