

All Europe is facing the challenges of retirement

But unlike us, other countries do not reject the barrier and find ways to ensure future pensions. Inventory.

Peter Dunant

Automatic and non revised translation draft

Basically, the pension reform is a bit like a farewell tour of Johnny. First there is nothing better to light the fire, the demonstrations of March 23 have once again demonstrated. And we always believe that this is the last of the last ... "The chorus on the annual contribution is less rock'n'roll than 'Gabrielle', but returned almost as often," joked one Saving for retirement association. After Balladur in 1993, Juppe in 1995 and 2003 Fillon, Nicolas Sarkozy had already served that we saw in 2008. So it begins again, this time, the ambition to resolve the problem "once and for all" and "the consensus" through a "great law" passed in the autumn. You are requested not to laugh. Certainly, nobody can deny that there is urgency. Long planned by demographers, the influx of many generations of baby boomers at the age of Charente has become reality. Each year, close to 800,000 workers stop working to get their rose cuttings, against just 500,000 a decade ago. And pension systems, weakened by rising unemployment, are unable to cope with the landing of leathery cheeks. In 2010, the general scheme for employees and should show a deficit of 11.3 billion euros (the equivalent of adding the budget of ministries of Justice, Agriculture, and Youth and Sport) . This is the amount the Council had provided guidance for pensions ... 2020! Other cases are little more brave. If no agreement is found to fill gaps, reservations systems and complementary Agirc Arrco be completely exhausted in 2013. As for the special schemes for civil servants and railway workers are supposed to have been given to step 2008, they still have saddled the public accounts of at least 8 billion euros per year. In sum, there was fire everywhere.

And the situation is not nearly arranged. Not only the mass unemployment will seize the cash contribution for many years, but the famous ratio of active retirees will continue to deteriorate. France, which currently has 1.4 employees per pensioner, should have to just 0.9 in 2030! According to calculations by experts, and if nothing is done by then, all cases from 2020 show a need for funding of 40 to 50 billion euros. That is why Nicolas Sarkozy has no other choice than action.

His case, however, appear poorly engaged. First, because, with the exception of the CFDT, traditionally open on these issues, the unions have no intention of giving a path of roses. "I do not see the name of what employees should agree to work longer," grumbled Jean-Claude Mailly, head of FOR, by heating the banners. "We will not let this drag is bad blow without reacting," added Bernard Thibault, the CGT his counterpart, whose troops were given the vote on March 23 last. As for the Socialist Party, he already denounced a "sham consultation" and promises the worst torments Nicolas Sarkozy if he persists in calling into question the retirement at age 60. You can not joke with the achievements Mitterrand.

But most disturbing is elsewhere: even if he manages to impose the "major reform" that prepares the president is likely to be next to the plate. For the Elysee beautiful trumpet that "everything will be put on the table, all options considered, its ambitions are in fact very small given the stakes. Unless that "all options" are limited to the adjustment of three parameters: the pension contributions and the duration of activity. Again this presentation triplet, repeated endlessly as evident by all the actors of the file, is not she that theory.

Right, left, unions and government agree on one point in fact: it is no question of trimming the amount of pensions. Given the poor forecasting record of growth and social contribution, almost all also exclude draw on contributions. That leaves a single lever to operate: the duration of activity, reduced to a simple matter of retirement age. "Pros and cons of retirement to 61 or 62 years, this is what is reducing the debate in France!" Irritated Jacques Bichot, a professor at Lyon III and leading expert in the subject.

No doubt such a measure would help it to plug some holes in the system. According to own additions to the National Fund for Pension Insurance (CNAV), the move to 62 years, the maximum considered by the government, would reduce deficits in the general scheme of 4.7 billion euros in 2015 and 5 , 3 billion in 2030. Substantial ... but far from sufficient. This means that the way in which our policies are now engulfed once again that the short term. And a future "great reform" we already hanging in my face for the post-presidential 2012.

If he really wanted to avoid this trap, Nicolas Sarkozy, however, would only spend a moment his head out the window. Faced with the same equations desperate and demographic imbalances sometimes worse than ours, many of our neighbors have also been forced to reform the organization of their pensions. And most of them did not go with the back of the spoon. Generalization of retirement spot, removal of special regimes, establishment of systems of "notional accounts", creating universal systems, introduction of a dose of capitalization ... On the other side of borders, has been on table, for real this time.

First lesson: we might do well to simplify and streamline our organization as soon as possible. With its forty public plans, hundreds of boxes, the triple model annuity (general), by points (supplementary pensions) and capitalization (RAFP Public Service), pensions with hats, the stack of cases and mountains of categorical benefits, the Hexagon has probably one of the pension systems more complicated in the world. Not only that promotes opaque accounting, but the recovery of career employees, more and more mobile, it becomes a real headache.

So would we do well to take example from Sweden, Finland or Denmark.

Will you believe them? Whether civil servants, private employees, independent professional or installed, all workers in these countries now contribute to the same regime. A series of additional funds to supplement their pensions are professional. And that's all. Germany, Spain or Italy, which as we have inherited Bismarckian model and its corporatist inertia, are certainly did not reach this level of counting. But these countries have also trimmed their organization to make it more digestible and more efficient. For example, special schemes for the energy, transport and telecommunications have been suppressed or almost aligned on the common law.

Second lesson: rather than focusing on the absurd symbol of the age of retirement, we should take inspiration from Germany, Sweden, Poland and, to some extent, Italy . There, the authorities did not hesitate to foul up the old system and to rebuild another on completely new foundations. Fini, annuities, pension and cleavers ages calculated according to the last salary received. Our partners have made the observation that the rigid schemes, which impose safeguards to thirty or forty years, had become unmanageable. Instead, they have established systems by points or "notional accounts" for individual and collective management much more flexible.

All work in much the same way. Throughout their careers, workers accumulate points (or a kind of virtual capital, in the case of notional accounts) in the exact proportion of contributions made by them. The day they decide to retire, this achievement is converted to monthly pensions.

For governments, the interest of such a system is obvious. All they need to vary the conversion factor based on economic projections and demographic balance for virtually automatic account. This avoids the "great reforms" and social disillusionment. But workers also find their account. Each insured may in fact wind up his rights when he hears it. If he does so very early, he will have accumulated a few points and must settle for a meager pension. If he chooses instead to work long, he will receive a pension the more plentiful. In some countries, a mechanism haircut and oversize around a pivotal age can increase the incentive to remain in the grind. Efficiency, flexibility, balance ... This system is so seductive that the Committee on Social Affairs of the Senate called today for his wishes.

There remains a third good idea to peck at our neighbors to overcome the inevitable erosion of PAYG, many have introduced an element of capitalization. It does not make it always counts, but the idea that there would be nice social democratic supporters in the distribution and cast evil capitalists capitalization (or vice versa ...) is an illusion-French. On the other side of the border, that's high time we realized that these systems are complementary. Sweden, for example, introduced the capitalization within its basic plan and Spain's Socialist Zapatero, who has already developed pension funds, thinks aloud about this solution. Even developments in Germany, where the state now provides a financial boost to the Germans that capitalize on their retirement. And this scandalous reform was adopted in 2002 by Red-Green coalition of Chancellor Schröder! They, at least they dare.

Revenues from our neighbours to balance pensions

Malignant

Sweden: to introduce a dose of capitalization share of over 60 years in 2030: 28.9% average net pension: 64.1% of last net salary statutory retirement age: 61 years Employment rate of 55-64 years: 70 % After much prevarication, the Swedes have chosen to maintain a basic plan for distribution. But they were introduced in 1998 a dose of capitalization: now seventh of their contributions (18.5% of their salary in total) is placed on a compulsory savings fund. Supplementary pensions, for their part, are fully managed by capitalization. To avoid abuses, a government agency, called PPM, will control these investments Germany organize the retreat to map share over 60 years in 2030: 36.5% average net pension: 61.5% of last net salary statutory retirement age: 63 years (35 years of contributions), 65 for the full rate Employment rate of 55-64 years: 51.5% Although their demographic situation is worse than ours, the Germans foresee the end of the tunnel. Their recipe? They have set up a proper system of gradual retirement. Pensions, adjusted continuously to ensure the financial stability of the system, are strictly proportional to contributions. Thus, each insured may elect age of his departure without fc vaise surprise if he leaves early, he will earn less ... and vice versa.

Spain dynamite special schemes share over 60 years in 2030: 30.1% average net pension: 84.2% of last net salary statutory retirement age: 65 years (it could be increased to 67 in 2025) rate employment of 55-64 years: 44.6% Nicolas Sarkozy had promised us, Spain does! At the Toledo Pact (1995 and 2003), governments and unions in the peninsula have agreed to gradually disappear-ing all special diets. The pensions of rail workers and electricians are now integrated into the general scheme. In exchange, the employees concerned were given the benefit of a supplemental funded.

Italy plans to unify the basic share of over 60 years in 2030: 34.8% average net pension: 74.8% of last net salary statutory retirement age: 65 Employment rate of 55-64 years: 33 , 8% in the early 1990s, Italy had as many pension plans as recipes of pizzas: private sector employees, entrepreneurs, farmers, local government officials, civil servants, etc.. Since then, Amato (1992), Dini (1995) and Prodi (1997) have harmonized rules in the public and private sectors, and organized the merger of fifty systems in a universal system. Result: more clarity and fairness

Finland: boosting employment share of older workers over 60 years in 2030: 31.2% average net pension: 62% of last net salary statutory retirement age: 62 years Employment rate of 55-64 years: 55% Barely 35% of 55-64 years were grind Finland fifteen years ago, an employment rate even lower than that of France (38%). To push them to work longer, the Government of Helsinki has established a highly incentive. The starting rules were relaxed, and pensions are now increasing significantly depending on the length of contribution. Thanks to which the employment rate of older workers has jumped 20 points, a European record.

United Kingdom: reducing the statutory retirement age share of over 60 years in 2030: 22.7% average net pension: 44.3% of last net salary statutory retirement age: 65 years (men), 60 (women) Employment rate of 55-64 years: 57.4% Retirement at age 68 in 2044. It delayed the gift left by Tony Blair to the English before leaving the government. The legal age from 65 to 66 years by 2024, then it will be raised by one year per decade. As the United Kingdom, all European countries have declined their legal age of retirement (for the entitlement or, more often, to obtain a full pension). All except France, which still clings to his 60 years.

Norway: a fund reserve share of over 60 years in 2030: 27.2% average net pension: 70.2% of last net salary statutory retirement age: 67 years' employment rate 55-64: 69 % In Norway, the problem of pensions is almost folded. It must be said that thanks to oil revenues from the North Sea, the country has made a giant pot of EUR 200 billion, sufficient to provide for ages the aftermath of its 3 million workers. Japan, Canada or Sweden have also funds able to cover four years of benefits. In comparison, ours (RIF) is pale, with two months of reserves.

Denmark: securing the capitalization share of over 60 years in 2030: 29.4% average net pension: 98.7% of last net salary statutory retirement age: 65 Employment rate of 55-64 years: 58.6 % In their supplementary pension, the Danes saved a good portion of their contributions in pension funds. Risky? Not so much. Because the government has established a safety net: the "automatic stabilizer". If prices fall, the pensions paid in the basal diet increased mechanically division to cushion the decline further. And the State agrees to reduce - temporarily - its taxation.