

## France

Exchange rate: US\$1.00 equals 0.84 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1910.

**Current laws:** 1945 (nonagricultural employees); 1975 (handicapped persons), with 2005 amendment; 1996 (social security organization); 2001 (dependency benefits); and 2003 (pension reform).

**Type of program:** Social insurance and social assistance system.

Note: A system of mandatory supplementary pensions is administered jointly by employers and employees.

#### Coverage

Employed persons in commerce and industry; housewives under certain conditions.

Voluntary coverage for nonworking heads of household (old-age pension only), noncovered persons who previously had mandatory coverage for at least 6 months, nonemployed persons caring for a disabled family member, and French citizens working abroad.

Special systems for agricultural, mining, railroad, public utility, and public-sector employees; seamen; nonagricultural self-employed persons; and agricultural self-employed persons.

All elderly and dependent persons residing in France are covered by social assistance.

#### Source of Funds

**Insured person:** 6.65% of gross earnings (subject to a ceiling) for old-age benefits, plus 0.1% of total gross earnings (without a ceiling) for the survivor allowance. (Persons receiving an unemployment allowance greater than the legal minimum wage contribute 11.37% of the allowance for old-age benefits.)

Voluntary contributors pay quarterly contributions according to fixed income bands.

The maximum monthly earnings for contribution purposes are €2,589.

Disability benefits and part of the cost of survivor benefits are financed under Sickness and Maternity, below.

**Self-employed person:** Not applicable.

**Employer:** 8.3% of payroll (subject to a ceiling) for old-age benefits, plus 1.6% of total payroll (without a ceiling) for the survivor allowance.

The maximum monthly earnings for contribution purposes are €2,589.

Employer contributions are reduced on wages less than 1.6 times the legal minimum wage, and contributions made on behalf of newly recruited employees younger than age 23 are reimbursed under certain conditions.

Disability benefits and part of the cost of survivor benefits are financed under Sickness and Maternity, below.

**Government:** Variable subsidies.

#### Qualifying Conditions

**Old-age pension:** The full old-age pension is paid at age 60 with at least 160 quarters of insurance coverage under any scheme or 150 quarters of insurance coverage under the general scheme only. Persons who began working at age 14, 15, or 16 and who have 160 quarters of insurance coverage can receive the pension between ages 56 and 59.

A pensioner can begin a new gainful activity immediately after receiving the pension but must wait 6 months before resuming the same gainful activity undertaken before retirement.

Periods during which the insured received the unemployment benefit, preretirement benefit, or a disability pension (with an assessed degree of disability of least 80%) are taken into account for the calculation of the insurance period. Insurance period bonuses are awarded under certain conditions to insured women who have given birth and to parents who have interrupted work in order to rear a child or to care for a sick or handicapped child, up to a limit of 8 quarters per child.

There are special qualifying conditions for disabled persons, working mothers, and war veterans.

**Partial pension:** A reduced pension is awarded at age 60 with at least one quarter of insurance coverage.

**Deferred pension:** The pension can be deferred beyond age 60, subject to conditions.

#### **Solidarity allowance for the elderly (means-tested):**

Awarded to low-income pensioners at age 65 (age 60 if disabled). The solidarity allowance can supplement other old-age benefits.

**Means test:** A single pensioner must have an annual income of less than €7,223.45; less than €12,652.36 for a couple.

**Disability pension:** The insured must be younger than age 60, have an assessed loss of at least 2/3 of earning capacity in any occupation, and have 12 months of insurance before the onset of disability and 800 hours of employment in the last 12 months, including 200 hours in the last 3 months.

**Survivor pension (means-tested):** The survivor must be aged 52 (age 51 as of July 1, 2007; age 50 as of July 1, 2009) or older. (The age condition will cease to apply beginning January 1, 2011.) The benefit is also payable to a divorced wife who has not remarried. Nonmarried partners are not eligible, even if a civil partnership with the deceased had been contracted.

**Means test:** If the survivor is single, annual personal income must be less than 2,080 times the hourly legal minimum wage (€15,828.80 a year); €25,326.08 a year if the survivor remarries or cohabits. A reduced benefit is paid if annual means, including pension and other income belonging to the survivor and his or her new spouse or partner, exceed the means-test threshold. The means-test threshold is adjusted annually in January.

**Child's supplement:** Payable if a survivor is younger than age 65, not eligible for a pension from the general system, and has given birth or reared three or more children.

**Survivor allowance (means-tested):** Paid if the deceased had at least 3 months of compulsory or voluntary insurance during the last 12 months before death. The survivor must be younger than age 52 (age 51 as of July 1, 2007; age 50 as of July 1, 2009), reside in France or in French Polynesia, must have been married to and not divorced from the deceased, and must not have remarried or cohabited since the insured's death. The survivor allowance will be withdrawn beginning January 1, 2011.

**Means test:** Personal income is less than €1,986.90 per quarter.

**Death allowance:** The deceased was in paid employment or received an unemployment benefit, a cash sickness benefit, or a disability pension (with an assessed degree of incapacity of at least 66.6%).

### Old-Age Benefits

**Old-age pension:** The full pension is equal to 50% of average earnings.

Average earnings are based on adjusted earnings in the best 23 years (24 years beginning in 2007 and 25 years beginning in 2008).

The maximum monthly earnings for benefit calculation purposes are €2,589.

**Partial pension:** If the total insurance coverage period is less than 160 quarters, only coverage under the general system is taken into account and the pension is proportionately reduced for coverage of less than 150 quarters in the general system. The partial pension must not be less than 25% of the reference salary. (The minimum partial pension rate is being raised gradually to 37.5% of the reference salary.)

**Deferred pension:** The pension amount is increased by 0.75% for each quarter of activity beyond the number of

quarters required for a full pension, or after age 60 if the insured has yet to qualify for a full pension at that age.

A progressive pension calculated as a part of the total pension is payable if the insured continues to work on a reduced basis after the retirement age, subject to conditions. The total amount of the pension and income from gainful activity must not exceed the insured's last wage before retirement.

A full-rate minimum pension of €6,840.51 a year is paid to insured persons who qualify for a full-rate pension. The minimum pension is reduced proportionately if the total insurance coverage period is less than 160 quarters. (The minimum pension is being adjusted gradually to make the total base and complementary minimum pension equal to 85% of the net legal minimum wage by 2008.)

**Constant-attendance allowance:** Equal to €11,577.44 a year.

**Spouse's supplement (income-tested):** €609.80 a year is paid at age 65 (ages 60 to 64 if disabled) if the insured had 150 quarters of insurance coverage in the general system. The pension is reduced proportionately if the total insurance coverage period is less than 150 quarters.

**Dependent child's supplement:** Each child receives €84.69 a month.

**Child-rearing supplement:** Equal to 10% of the pension if the insured has reared at least three children.

**Solidarity allowance for the elderly (means-tested):** Paid to raise the old-age pension for a single person up to a minimum of €7,223.45 a year; up to €12,652.36 for a couple.

**Benefit adjustment:** Benefits are adjusted periodically for changes in the cost of living.

### Permanent Disability Benefits

**Disability pension:** If the insured is assessed as incapable of any professional activity, the pension is equal to 50% of average earnings; 30% if capable of some gainful activity.

Average earnings are based on earnings in the best paid 10 calendar years.

The maximum monthly earnings for benefit calculation purposes are €2,589.

The minimum annual pension is €3,009.45.

**Special supplement (means-tested):** Up to €4,314.03 a year is paid to a single person.

**Constant-attendance supplement:** Equal to 40% of the disability pension. The minimum supplement is €982.15 a month.

The monthly disability pension is replaced by the old-age pension at age 60.

If the insured resumes gainful activity, the pension continues to be paid for 6 months without an income test; thereafter, the pension is suspended if total income from the pension and earnings exceeds the average wage paid during

the calendar year before the year in which the disability began.

Benefit adjustment: Benefits are adjusted periodically for changes in the cost of living.

### **Survivor Benefits**

**Survivor pension (means-tested):** The pension is equal to 54% of the pension paid or payable to the deceased. If the deceased was married more than once, the pension is split among the surviving widow(er)s according to the length of their marriage to the deceased.

If the deceased had at least 60 quarters of insurance coverage, the minimum annual pension is €3,009.45; the pension is reduced proportionately for insurance coverage of less than 60 quarters.

The maximum annual pension is €8,388.36.

Child's supplement: Equal to 10% of the survivor pension. The minimum annual supplement is €300.94. If the survivor pension is reduced according to a means test, the supplement is correspondingly reduced.

**Survivor allowance (income-tested):** €519.46 a month is payable for up to 2 years following the insured's death. If the survivor is at least age 50, the payment is extended until age 55.

**Death allowance:** The benefit is equal to 90 times the deceased's average daily wage in the 3 months before death.

The maximum monthly earnings for benefit calculation purposes are €2,589.

The minimum benefit is €310.68.

The maximum benefit is €7,767.

Benefit adjustment: Benefits are adjusted periodically for changes in the cost of living.

### **Administrative Organization**

Ministry of Health and Solidarity (<http://www.sante.gouv.fr>) and Ministry of Economy and Finance (<http://www.minefi.gouv.fr>) provide general supervision and issue regulations.

National Old-Age Pension Insurance Fund (<http://www.cnaf.fr>) administers old-age pensions and survivor allowances.

National Sickness Insurance Fund (<http://www.ameli.fr>) administers disability and survivor pensions.

Contributions are collected by joint collection agencies (<http://www.urssaf.fr>).

Central Agency of Social Security Institutions (<http://www.acoss.fr>) administers contributions.

## **Sickness and Maternity**

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### **Regulatory Framework**

**First law:** 1928.

**Current laws:** 1945 (nonagricultural employees), 1996 (social security organization), 1999 (universal coverage), 2001 (paternity leave), 2004 (maternity insurance), and 2004 (sickness insurance reform).

**Type of program:** Social insurance system.

### **Coverage**

Employed persons, jobseekers, students, and persons in vocational training.

Pensioners and some groups of nonemployed persons are also covered for medical benefits.

Voluntary coverage is possible, including for French citizens working abroad.

Special systems for agricultural, mining, railroad, public utility, and public-sector employees; clergy; seamen; nonagricultural self-employed persons; and agricultural self-employed persons (medical benefits are provided under the general system for some groups).

### **Source of Funds**

**Insured person:** 0.75% of gross earnings. Old-age pensioners contribute 1.4% of the old-age pension (low-income pensioners are exempt) and 2.4% of any private pension. Jobseekers contribute 1.7% of the preretirement allowance or 2% of the guaranteed minimum income plus 1% of unemployment benefits and training allowances. Students, young persons, and other groups make flat-rate contributions. For voluntarily insured persons working abroad, see Old Age, Disability and Survivors, above.

The insured's contributions also finance disability and survivor benefits.

**Self-employed person:** Not applicable.

**Employer:** 12.8% of payroll, plus 0.3% for the dependency assistance program, plus a social solidarity contribution equal to 0.13% of profits (0.16% if profits exceed €760,000).

The employer's contributions also finance disability and survivor benefits.

**Government:** Proceeds from a 12% surcharge on automobile insurance premiums plus proceeds from an earmarked tax on the costs of pharmaceutical advertising, alcohol, and tobacco. A social contribution (CSG) is also levied on all individual income to finance sickness insurance and family benefits. The CSG is calculated as 7.5% of 97% of gross salary; 6.2% of cash sickness benefits; 6.25% of 97% of unemployment allowances (low benefits are exempt); 6.6% of the old-age pension, nonoccupational disability pension,

and preretirement allowance; and 8.2% of certain asset income. An additional tax of 0.5% is also levied on individual income to finance the social security deficit. Government also provides funds for new hospital construction and part of the cost for certain health and social services.

Government contributions also finance disability and survivor benefits.

### Qualifying Conditions

**Cash sickness benefits:** The benefit is payable for up to 6 months if the insured has at least 200 hours of paid employment in the last 3 months; payable for more than 6 months but less than 3 years with 800 hours of paid employment in the last 12 months, including 200 hours in the first 3 months. Jobseekers who are currently receiving, or who have received during the last 12 months, an unemployment benefit or who have ceased work within the last 12 months are eligible to receive cash sickness benefits calculated on the basis of their last wage.

**Cash maternity benefits:** The insured must have at least 10 months of registered coverage and 200 hours of paid employment in the 3 months before the certification of pregnancy. The insured must cease work for at least 8 weeks. The same qualifying conditions apply for the adoption of a child. The adoption leave period may be shared between the adopting mother and father if both are eligible. Female jobseekers receiving, or who have received during the last 12 months, an unemployment benefit or who have ceased work within the last 12 months are eligible for the cash maternity or adoption benefit calculated on the basis of their last wage.

**Paternity benefit:** The insured must have at least 10 months of registered coverage and 200 hours of salaried employment in the 3 months before the paternity leave period. The father does not have to be married to the child's mother. Male jobseekers receiving, or who have received during the last 12 months, an unemployment benefit or who have ceased work within the last 12 months are eligible for the cash paternity benefit calculated on the basis of their last wage.

**Medical benefits:** Benefits are provided for up to a year if the insured has 60 hours of paid employment in the last month, has paid contributions on wages equal to at least 60 times the minimum wage in the last month, has 120 hours of paid employment in the last 3 months, or has contributions equal to 120 times the legal minimum wage in the last 3 months. Benefits are provided for up to 2 years if the insured has 1,200 hours of paid employment in the last year or contributions equal to 2,030 times the minimum wage in the last year. Jobseekers are eligible for medical benefits while receiving unemployment benefits and remain eligible for 4 years after the unemployment benefit ceases. The dependent survivors of an insured person are eligible to receive medical benefits for up to 4 years after the insured's

death; no limit for a married or divorced surviving spouse who is rearing or has reared three children and for work injury beneficiaries and their dependents.

### Sickness and Maternity Benefits

**Sickness benefit:** The benefit is equal to 50% of the average daily wage in the 3 months before the onset of incapacity and is payable for the first 30 days of sick leave; thereafter, 66.6% if the insured has at least three dependent children. The benefit is payable after a 3-day waiting period for up to 360 days in a 3-year period. For a chronic or prolonged illness, the total payment period is 3 years.

The maximum monthly earnings for benefit calculation purposes are €2,589.

The minimum daily benefit is €8.24 (€10.98 if the insured has dependent children).

The maximum daily benefit is €43.15 (€57.53 if the insured has dependent children).

A partial or full benefit is payable if the beneficiary resumes part-time work for rehabilitation purposes.

**Benefit adjustment:** Benefits are adjusted according to changes in wages once benefits have been paid for more than 3 months.

**Maternity benefit:** 100% of the insured's average earnings in the 3 months before the maternity leave period (minus an earmarked tax deduction) is payable for 6 weeks before and 10 weeks after the expected date of childbirth for the first and second child; for 8 weeks before and 18 weeks after the expected date of childbirth for the third child; for 12 weeks before and 22 weeks after the expected date of childbirth for twins; for 24 weeks before and 22 weeks after the expected date of childbirth for multiple births of three or more children.

The benefit is payable for 2 additional weeks if maternity hospital care is required as the result of complications arising from the pregnancy, except in cases of multiple births of three or more children.

If the mother dies as a result of complications arising from childbirth, the father is eligible for a paid leave period equal to the postnatal leave period followed by a paternity benefit leave period.

In the event of a miscarriage, the duration of the benefit payable is based on the duration of maternity benefit payable after childbirth.

For the adoption of a child, benefits are paid for 10 weeks if the insured is rearing one or two children; 18 weeks with at least three children; or 22 weeks for multiple adoptions, regardless of the number of children. The adoption leave period can be shared between the adopting mother and father, in which case the combined leave period is extended by 11 days (18 days for multiple adoptions).

The maximum monthly earnings for benefit calculation purposes are €2,589.

The minimum daily benefit is €8.24.

The maximum daily benefit is €69.31; in Alsace-Moselle, €67.89.

**Paternity benefit:** 100% of the insured's average earnings in the 3 months before paternity leave begins is payable for a maximum of 11 consecutive days; 18 consecutive days for multiple births. The paternity leave period must be taken in the first 4 months after the date of childbirth.

The paternity leave period is paid in addition to a 3-day leave period paid for by the employer under the labor code.

The maximum monthly earnings for benefit calculation purposes are €2,589.

The minimum daily benefit is €8.24.

The maximum daily benefit is €69.31; in Alsace-Moselle, €67.89.

Benefit adjustment: Maternity, paternity, and adoption benefits are adjusted annually.

### **Workers' Medical Benefits**

Benefits include general and specialist care, hospitalization, laboratory services, medicines, optical and dental care, maternity care, appliances, and transportation. The insured normally pays for services and is reimbursed by the local sickness fund.

Cost sharing: A €1 flat-rate contribution is paid for each medical service up to an annual ceiling (pregnant women or women on maternity leave, hospitalized persons, and persons with low income are exempt). After the deduction of the flat-rate contribution, the sickness insurance reimburses fully or in part the cost incurred by the insured. The amount reimbursed depends on the type of service: 100% of the medical service cost for certain severe illnesses, for work injury beneficiaries who are assessed as 66.6% or more disabled, and for pregnant women from the 6th month of pregnancy up to the 12th day after childbirth, regardless of whether the costs are related to the pregnancy or not; 70% for medical services; 60% for paramedic services; 35% or 65% for pharmaceuticals; 60% or 70% for laboratory services; 65% for optical and appliance fees up to an annual ceiling; and 80% for hospitalization after the deduction of a flat-rate daily contribution of €15 (€16 in 2007); disabled children, war victims, and work accident beneficiaries are exempt.

The insured can voluntarily insure against all or part of the remaining medical costs with a complementary insurance product.

Insured persons who are eligible for means-tested universal sickness insurance have access to free complementary insurance.

There is no limit to duration.

### **Dependents' Medical Benefits**

Benefits include general and specialist care, hospitalization, laboratory services, medicines, optical and dental care, maternity care, appliances, and transportation. The insured normally pays for services and is reimbursed by the local sickness fund.

Cost sharing: A €1 flat-rate contribution is paid for each medical service up to an annual ceiling (pregnant women or women on maternity leave, hospitalized persons, and persons with low income are exempt). After the deduction of the flat-rate contribution, the sickness insurance reimburses fully or in part the cost incurred by the insured. The amount reimbursed depends on the type of service: 100% of the medical service cost for certain severe illnesses, for work injury beneficiaries who are assessed as 2/3 or more disabled, and for pregnant women from the 6th month of pregnancy up to the 12th day after childbirth, regardless of whether the costs are related to the pregnancy or not; 70% for medical services; 60% for paramedic services; 35% or 65% for pharmaceuticals; 60% or 70% for laboratory services; 65% for optical and appliance fees up to an annual ceiling; and 80% for hospitalization after the deduction of a flat-rate daily contribution of €15 (€16 in 2007); disabled children, war victims, and work accident beneficiaries are exempt.

The insured can voluntarily insure against all or part of the remaining medical costs with a complementary insurance product.

Insured persons who are eligible for means-tested universal sickness insurance have access to free complementary insurance.

There is no limit to duration.

### **Administrative Organization**

Ministry of Health and Solidarity (<http://www.sante.gouv.fr>) and Ministry of Economy and Finance (<http://www.minefi.gouv.fr>) provide general supervision.

National Union of Sickness Insurance Funds negotiates agreements with health practitioners and sets the medical fees reimbursement schedule.

Governed by a bipartite body, the National Sickness Insurance Fund (<http://www.ameli.fr>) administers the system.

Governed by bipartite bodies, the 128 Primary Sickness Insurance Funds and the 4 General Sickness Insurance Funds register the insured, pay cash benefits, and administer refunds of medical expenses.

Contributions are collected by 103 joint collection agencies (<http://www.urssaf.fr>).

Central Agency of Social Security Institutions (<http://www.acoss.fr>) administers contributions.

Social Debt Amortization Fund (<http://www.cades.fr>) is responsible for managing and eliminating the deficit of the social security general system.

## Work Injury

### Regulatory Framework

**First law:** 1898.

**Current laws:** 1946 (work injury) and 1972 (agriculture).

**Type of program:** Social insurance system.

### Coverage

Employed persons, students, vocational education trainees, certain jobseekers, certain nonpaid members of social service organizations, and convicted persons.

Voluntary coverage for French citizens employed abroad and for persons without mandatory coverage.

Special systems for agricultural, mining, railroad, public utility, and public-sector employees; seamen; nonagricultural self-employed persons; and agricultural self-employed persons.

### Source of Funds

**Insured person:** None; voluntarily insured persons pay variable contributions according to the assessed degree of risk.

**Self-employed person:** Not applicable.

**Employer:** The total cost. Contributions vary according to the assessed degree of risk. The average contribution is 2.26% of total payroll.

**Government:** None.

### Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered.

### Temporary Disability Benefits

During the first 28 days, the benefit is equal to 60% of average daily earnings in the last month up to a ceiling; thereafter, 80%. The benefit is payable from the day after the incapacity for work begins until recovery or certification of permanent disability.

The maximum daily earnings for benefit calculation purposes (€259.1 a day) are equal to 0.834% of the maximum annual earnings for social security contribution purposes.

**Benefit adjustment:** Benefits are adjusted according to changes in wages once benefits have been paid for a period exceeding 3 months.

## Permanent Disability Benefits

**Permanent disability pension:** The annual benefit is equal to 100% of reference earnings.

Reference earnings are equal to total earnings during the last 12 months up to €31,947.56, plus 33.33% of the part of earnings beyond €31,947.56.

The minimum annual earnings for benefit calculation purposes are €15,973.78.

The maximum annual earnings for benefit calculation purposes are €127,790.24.

**Constant-attendance supplement:** Equal to 40% of the pension but not less than €11,577.44 a year.

**Partial disability:** The annual benefit is equal to 100% of reference earnings multiplied by 0.5 times the assessed degree of disability for the portion of disability between 10% and 50% and by 1.5 for the portion above 50%.

Reference earnings are equal to total earnings during the last 12 months up to €31,947.56, plus 33.33% of the part of earnings beyond €31,947.56.

A lump sum of €361.06 is paid for an assessed degree of disability of 1% up to €3,609.15 for an assessed degree of disability of 9%.

**Schedule of payment:** Benefits are paid quarterly; monthly if the assessed degree of disability is greater than 30%.

**Benefit adjustment:** Benefits are adjusted annually in January by decree according to changes in the consumer price index.

### Workers' Medical Benefits

All necessary care, including medical treatment and surgery, hospitalization, medicines, appliances, rehabilitation, and transportation. Services are paid for directly by the fund.

There is no cost sharing.

There is no limit to duration.

### Survivor Benefits

**Survivor pension:** The pension is equal to 40% of the deceased's average earnings during the last 12 months of work. The benefit is payable to a nondivorced or separated spouse or partner whose marriage or partnership had been contracted before the accident or the onset of occupational disease that resulted in the insured's death. The condition is waived if the couple had a child. A divorced or separated spouse receiving alimony is eligible to receive a pension equal to the amount of alimony but not exceeding 20% of the insured's average earnings during the last 12 months of work, subject to conditions.

**Supplement for an elderly or disabled survivor:** Equal to 20% of the pension. The survivor must be aged 55 or older or have an assessed disability of at least 50%.

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The pension ceases on remarriage and a lump sum equal to 3 years' pension is paid; if the survivor cares for one or more children receiving an orphan's pension, the survivor pension is paid until the payment of the orphan's pension ceases.

**Orphan's pension:** The pension is equal to 25% of the deceased's average earnings during the last 12 months of work for each of the first two children younger than age 20; 20% for each subsequent child. Full orphans receive 30% each.

**Other eligible survivors:** The pension is equal to 10% of the deceased's average earnings during the last 12 months of work for each dependent parent, up to a maximum of 30%.

The total survivor pension must not exceed 85% of the deceased's average earnings during the last 12 months of work; otherwise, pensions are reduced proportionately.

**Schedule of payment:** Benefits are paid quarterly; monthly if the total survivor pension is equal to 50% or more of the deceased's earnings.

**Benefit adjustment:** Benefits are adjusted annually in January by decree according to changes in the consumer price index.

**Funeral grant:** The cost of the funeral, up to a maximum.

### Administrative Organization

Ministry of Health and Solidarity (<http://www.sante.gouv.fr>) and Ministry of Economy and Finance (<http://www.minefi.gouv.fr>) provide general supervision.

National Union of Sickness Insurance Funds negotiates agreements with health practitioners and sets the medical fees reimbursement schedule.

Governed by a bipartite body, the National Sickness Insurance Fund (<http://www.ameli.fr>) administers the system.

Governed by bipartite bodies, the 128 Primary Sickness Insurance Funds and the 4 General Sickness Insurance Funds register the insured, pay cash benefits, and administer refunds of medical expenses.

Contributions are collected by 103 joint collection agencies.

Central Agency of Social Security Institutions (<http://www.acoss.fr>) administers contributions.

## Unemployment

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### Regulatory Framework

**First law:** 1905.

**Current laws:** 1958 (unemployment), with 2004 amendment; 1973 (social assistance); 1984 (social insurance and social assistance); and 1988 (minimum benefit).

**Type of program:** Social insurance and social assistance system.

### Coverage

**Unemployment insurance:** Employed persons in France or in the principality of Monaco, including apprentices, home workers, child carers, and some salaried public-sector workers other than civil servants.

Public-sector workers other than civil servants who are not mandatorily covered receive the same benefits directly from their employer.

**Exclusions:** Civil servants and self-employed persons.

Special systems for construction workers, dockworkers, merchant seamen, aviators, domestic workers, contract workers, doorkeepers, disabled personnel in sheltered workshops, journalists, performing artists, and certain expatriates.

**Unemployment assistance (means-tested):** Long-term unemployed persons residing in France who have exhausted entitlement to unemployment insurance benefits or are not eligible for unemployment insurance benefits and certain other designated categories of unemployed person.

### Source of Funds

**Insured person:** 2.4% of gross earnings.

The maximum monthly earnings for contribution purposes are €10,064.

**Self-employed person:** Not applicable.

**Employer:** 4% of payroll; 0.35% of payroll finances the salary guarantee fund in the event the employer becomes bankrupt.

The maximum monthly earnings for contribution purposes are €10,064.

The employer pays an additional contribution that varies according to the employee's age and the company's total number of employees if an employee older than age 50 is laid off.

**Government:** The total cost of social assistance.

### Qualifying Conditions

#### Social insurance benefits

**Unemployment benefit:** Younger than age 60, or between ages 60 and 65 and without the number of quarters of coverage required to qualify for a full old-age pension (160 quarters), with 6 months of work during the last 22 months. Must reside in France, be registered at an employment office, and be capable of, and available for, work. Unemployment is not due to voluntary leaving, misconduct, or the refusal of a suitable job offer.

*Preretirement benefit:* The insured must be at least age 57 (or younger than age 56 under certain labor agreements) at the end of the labor contract, have 10 years of employment, and have worked with the same employer during the last year of employment. The employer must have concluded an agreement with the government. A reduced benefit is also payable under certain conditions at age 55 if the labor contract is changed into a part-time labor contract.

### Social assistance benefits

*Solidarity allowance (means-tested):* Must have 5 years of employment during the last 10 years before unemployment. The insured must have exhausted entitlement to unemployment benefits and must be registered at an employment office. The applicant can opt for the solidarity allowance instead of the unemployment benefit if aged 50 or older.

Means test: The household's average monthly income (excluding social benefits, savings, and alimony) during the last 12 months before entitlement to unemployment benefits ceased must not exceed €980 for a single person; €1,540 for a couple.

*Insertion allowance (means-tested):* Awarded to foreign nationals not covered by unemployment insurance, work injury beneficiaries, persons diagnosed with an occupational illness, refugees, certain groups of noncitizens, and persons who were previously in detention. The applicant must be registered at an employment office.

Means test: The household's average monthly income (excluding social benefits, savings, and alimony) during the last 12 months before registration as a jobseeker must not exceed €887.40 for a single person; €1,774.80 for a couple.

*Insertion minimum income (means-tested):* Must be aged 25 or older (waived for pregnant women or if the insured has dependent children), registered at an employment office, and ineligible to receive or has exhausted entitlement to receive social insurance and social assistance benefits.

Means test: The household's average monthly income (including salaries, social benefits, and alimony) during the last 3 months must be less than the insertion minimum income.

*Activity minimum income:* Awarded to unemployed persons receiving the insertion minimum income for at least a year who receive an offer of part-time employment of 20 hours or more a week with a conventional labor contract.

*Unemployed retirement-equivalent allowance (means-tested):* Payable to unemployed persons younger than age 60 who have 160 quarters of contributions for the old-age pension. The allowance can replace social assistance benefits or supplement the unemployment benefit.

Means test: The household's average monthly income (excluding social benefits) during the last 12 months must

not exceed €1,451.04 for a single person; €2,085.87 for a couple.

## Unemployment Benefits

### Social insurance benefits

*Unemployment benefit:* The benefit rate varies according to the value of declared previous income between 57.4% and 75% of the average daily wage during the last 12 months. The benefit is paid for 7 months if the insured has contributed for 6 months during the last 22 months; 12 months, with 12 months during the last 20 months; 23 months, with 16 months during the last 26 months.

An insured person aged 50 or older can receive benefits for up to 36 months if he or she has contributed for 27 of the last 36 months.

The maximum monthly earnings for benefit calculation purposes are €10,064.

The benefit can be partially combined with income from gainful activity for up to 18 months, subject to conditions.

Certain financial support is provided to unemployed persons in order to encourage geographical relocation and vocational training. Employers who hire jobseekers registered at an employment office for at least 12 months (3 months for jobseekers aged 50 or older) receive financial incentives.

*Preretirement allowance:* The allowance is equal to 65% of the insured's average salary during the last 12 months up to a limit of €2,516, plus 50% of the part of the average salary exceeding €2,516. A half-rate benefit is payable if the labor contract is changed to a part-time labor contract.

The maximum monthly earnings for benefit calculation purposes are €4,958.67.

The minimum monthly benefit is €837.

The benefit ceases if the beneficiary resumes full-time gainful activity, receives the old-age pension, or reaches age 65.

*Death allowance:* The benefit is paid to the surviving spouse and is equal to 120 days' preretirement allowance (plus 45 days for each dependent child).

### Social assistance benefits

*Solidarity allowance (means-tested):* The monthly benefit is €420 if the household's income is less than €560 for a single person or €1,120 for a couple; otherwise, the benefit is equal to the difference between the means-test income (€980 for a single person; €1,540 for a couple) and the household's income. The benefit is awarded for a 6-month period (or for a year if the beneficiary is aged 55 or older and is exempted from jobseeking) and is renewable if qualifying conditions are still satisfied. The benefit can also be extended for a further 6-month period if the beneficiary creates a new company. The benefit ceases if the benefi-



ciary resumes gainful activity, receives the old-age pension, or reaches age 65.

The means-tested solidarity allowance can be combined with earnings up to a maximum for up to 12 months (no limit if the beneficiary is older than age 50). The full allowance is payable if also receiving a work injury pension.

Schedule of payment: The benefit is paid monthly, with an additional payment in December.

*Insertion allowance (means-tested):* The monthly benefit is €295.50 if the household's income is less than €591.60 for a single person or €1,479 for a couple; otherwise, the benefit is equal to the difference between the means-test income (€887.40 for a single person; €1,774.80 for a couple) and the household's income. The benefit is awarded for a 6-month period and is renewable for a further 6-month period if the qualifying conditions are still satisfied.

The means-tested insertion allowance can be combined with earnings up to a maximum for up to 12 months (without limit if the beneficiary is older than age 50). The full allowance is payable if also receiving a work injury pension.

Schedule of payment: The benefit is paid monthly, with an additional payment in December.

*Insertion minimum income (means-tested):* €425.40 for a single person, €638.10 for a two-member household, €765.72 for a three-member household, €893.34 for a couple with two children, and €935.88 for a single person with three children. A supplement of €170.16 is paid for each additional member in a family with more than four members. The benefit is reduced by the value of any income. If the beneficiary receives the housing allowance (see Family Allowances, below) or other housing assistance benefits, the insertion minimum income is reduced to a fixed lump sum. The benefit is awarded for renewable 3-month periods.

The full benefit is payable if also receiving a work injury pension.

Schedule of payment: The benefit is paid monthly, with an additional payment in December.

*Activity minimum income:* The employer receives, under certain conditions and for a maximum of 18 months, the equivalent of the insertion minimum income corresponding to a single person (€425.40).

*Unemployed retirement-equivalent allowance (means-tested):* The monthly benefit is €919 if the household's income is less than €532.04 for a single person or €1,166.87 for a couple; otherwise, the benefit is equal to the difference between the means-test income (€1,451.04 for a single person; €2,085.87 for a couple) and the household's income. The benefit is awarded for renewable 12-month periods, subject to the qualifying conditions being satisfied.

The unemployed retirement-equivalent allowance can also be combined with the social insurance unemployment benefit, up to a maximum of €919.

The means-tested unemployed retirement-equivalent allowance can be combined with earnings up to a maximum. The full benefit is payable if also receiving a work injury pension.

Benefit adjustment: The solidarity allowance and insertion allowance amounts are fixed annually by decree.

### **Administrative Organization**

#### **Unemployment insurance**

Ministry of Employment, Social Cohesion, and Housing (<http://www.travail.gouv.fr>) provides general supervision.

Governed by bipartite bodies, the National Interoccupational Union for Employment in Industry and Commerce administers the program.

Governed by bipartite bodies, 30 Employment Associations in Industry and Commerce collect contributions, register jobseekers, and pay unemployment insurance benefits at the local level.

#### **Unemployment assistance**

Ministry of Employment, Social Cohesion, and Housing (<http://www.travail.gouv.fr>) administers unemployment social assistance.

Employment Associations in Industry and Commerce pay social assistance benefits.

Family Allowances Funds pay the insertion minimum income.

### **Family Allowances**

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#### **Regulatory Framework**

**First law:** 1932.

**Current law:** 1946.

**Type of program:** Universal system.

#### **Coverage**

**Family allowances:** All children residing in France.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 5.4% of income.

**Employer:** 5.4% of payroll.

**Government:** See source of funds under Sickness and Maternity, above.

## Qualifying Conditions

**Family allowances:** A family must have at least two children younger than age 20. A working child must not earn more than 55% of the legal minimum wage.

**Young child benefit:** The benefit is payable for a child born, adopted, or fostered after December 31, 2003 (for a transitional period, children born, adopted, or fostered before January 1, 2004, receive alternative benefits). The benefit comprises four components.

*Birth or adoption grant (means-tested):* Paid at the start of the 7th month of pregnancy (or for an adoption).

Means test: The total family income must not exceed a ceiling that varies according to number of children and the family situation (a single person, a couple with a sole breadwinner, or a couple with two incomes). A couple with a sole breadwinner and one child may receive the benefit from July 1, 2005, to June 30, 2006, if family income in 2004 was no greater than €25,005.

*Base allowance (means-tested):* Paid from the month of birth until the child is age 3. The benefit cannot be paid simultaneously for more than one child, except for multiple births. A recipient of the base allowance means-tested benefit is not eligible for the means-tested family supplement.

Means test: The total family income must not exceed a ceiling that varies according to number of children and the family situation (a single person, a couple with a sole breadwinner, or a couple with two incomes). A couple with a sole breadwinner and one child may receive the benefit from July 1, 2005, to June 30, 2006, if family income in 2004 was no greater than €25,005.

*Supplement for reduced work:* Paid to parents who decide to suspend or reduce work in order to rear a child younger than age 3. The parent must have contributed for 4 quarters in the 2 years before the child's birth for the first child, in the last 4 years for families with two children, or in the last 5 years for families with three or more children.

*Supplement for child care:* Paid for children younger than age 6 if the parents are working and pay for child care by an accredited carer or home worker.

**Parental allowance for a sick child:** Awarded for a maximum of 12 months to a parent who has fully or partially ceased employment to care for a seriously sick, injured, or disabled child. A recipient of the parental allowance for a sick child is not eligible for a supplement for reduced work or the special parental allowance for a handicapped child.

**Special parental allowance for a handicapped child:** Paid for children up to age 20 with an assessed disability of at least 50%. The allowance is not means-tested. A recipient of the special parental allowance for a handicapped child is not eligible for the parental allowance for a sick child.

**Single-parent allowance (means-tested):** Guarantees a minimum family income for a single parent who has at least one child or is pregnant.

Means test: The monthly earnings of the beneficiary during the last 3 months must be less than the single-parent allowance amount.

**Family backing allowance:** The benefit is paid to an orphan or a nonrecognized or abandoned child.

**New school year allowance (means-tested):** Awarded to schoolchildren, apprentices, or students between ages 6 and 18. The earnings of a working child must not exceed €746.39 a month.

Means test: The total family income must be less than €17,011 for families with one child; €20,937 with two children; €24,863 with three children, plus €3,926 for each additional child. If family income exceeds the ceiling by a small amount, a proportionately reduced allowance may be awarded.

**Family supplement (means-tested):** Awarded to families with at least three children older than age 3 but younger than age 21.

Means test: The total family income must not exceed a ceiling that varies according to number of children and the family situation (a single person, a couple with a sole breadwinner, or a couple with two incomes). A couple with a sole breadwinner and one child may receive the benefit from July 1, 2005, to June 30, 2006, if family income in 2004 was no greater than €26,285. If family income exceeds the ceiling by a small amount, a proportionately reduced allowance may be awarded.

**Housing allowance (means-tested):** The claimant is entitled to at least one of the family allowance benefits.

**Home moving allowance:** Awarded to large families with three or more children who move to another home because of an increase in their household size as the result of a newborn child or an adoption. The family must be entitled to the housing allowance.

## Family Allowance Benefits

**Family allowances:** €117.14 a month is paid for two children; €267.21 for three children; €417.28 for four children, plus €150.08 for each subsequent child.

A supplement of €32.95 is paid for children older than age 11 and €58.57 for children older than age 16 (except for the first child in a two-child family).

A flat-rate allowance of €74.06 a month is paid for a maximum of a year to families with three or more children entitled to family allowances including one child who is age 20 but younger than age 21. The earnings of a working child must not exceed €746.39.

**Young child benefits**

**Birth grant (means-tested):** A lump sum of €840.96 is paid for each child at the 7th month of pregnancy (€1,681.91 for an adopted child).

**Base allowance (means-tested):** €168.20 a month is paid from the month of childbirth up to the month preceding the child's 3rd birthday. In the case of adoption, the benefit is paid for 3 years but no later than the child's 20th birthday.

**Supplement for reduced work:** The full rate payable is €353.67 a month. The supplement is €228.63 if the insured person works less than half the normal working period (nonsalaried persons must work less than 77 hours a month) or €131.88 if working between 50% and 80% of the normal working period (less than 122 hours a month for a nonsalaried person). If the beneficiary is not entitled to the base allowance, the supplement is raised to €521.85, €396.82, or €300.08 according to the number of hours worked.

The supplement is paid from the month after childbirth, adoption, or the end of the maternity, paternity, or adoption leave period for 6 months if there is only one child or up to the month before the child's 3rd birthday if there is more than one child.

If the insured resumes work while the child is between 18 months and 29 months of age, the supplement continues to be paid for 2 months.

If both parents have a part-time job and both are eligible to receive the supplement, the combined maximum amount of both supplements must not exceed the full rate.

The receipt of the supplement for reduced work can be combined with the supplement for child care, subject to conditions.

**Supplement for child care:** An income-related cash benefit calculated according to the number of children and family income is paid in order to compensate for child care costs. The benefit is paid for each child where care is provided by an accredited carer or as a global payment to the family if the carer is a home worker. The parents' contribution to the child carer's salary must not be less than 15%.

The family allowances fund also reimburses the total social security contributions for an accredited carer or 50% of the social security contributions for a home worker. Social security contributions are paid on the care provider's salary, up to a ceiling.

The receipt of the two types of child care supplement is possible for a family that uses the services of an accredited carer and a home worker, under certain conditions.

The receipt of the child care supplement can be combined with the supplement for reduced work to parents engaged in part-time work.

**Parental allowance for a sick child:** €856.55, €428.29, or €260.94 a month is paid according to the percentage reduction in working time. A supplement is paid for single-

parent families. The benefit is payable for up to 12 months. A reduced benefit is payable to each of the parents if both reduce their activity in order to take care of the child.

Beginning May 1, 2006, parents can opt for a new parental leave period of 310 working days in any 3-year period to provide care for a sick child. In addition, a means-tested health care cost supplement is provided.

**Special parental allowance for a handicapped child:** €117.72 a month is paid. A supplement varying between €88.29 and €982.15 is paid for care provided by a third person. An additional amount may be paid for expenses that are the result of providing treatment for the child's medical condition.

**Single-parent allowance (means-tested):** If the beneficiary has no income, the benefit is €551.81 for a pregnant woman or €735.75 for a single-parent with one child, plus a supplement of €183.94 for each additional child. For a single-parent with income (including alimony and some social benefits), the allowance is reduced by the amount of income and by a flat-rate housing amount varying according to the number of children. The benefit is paid until the child reaches age 3; otherwise, for a 12-month period if the child is older than age 3.

If the beneficiary resumes gainful activity or begins paid occupational training, the benefit continues to be paid in part or in full for a fixed duration.

The beneficiary is automatically covered by sickness and maternity insurance.

**Family backing allowance:** €82.36 is paid for a single parent caring for a child; €109.81 if the child is not supported by either parent.

The receipt of the family backing allowance can be combined with the single-parent allowance.

**New school year allowance (means-tested):** €268.01 is paid for each child. The benefit is paid in August for children younger than age 16; children aged 16 to 18 must provide evidence of continuing studies or apprenticeship.

**Family supplement (means-tested):** A monthly flat-rate allowance of €152.46 is paid per family.

**Housing allowance (means-tested):** A variable monthly amount is paid depending on rent level, income, and the number of children.

The minimum housing allowance is €24.

**Home moving allowance:** The benefit covers the cost of moving to another home, up to a maximum of €882.89 for a family with three children, plus €73.57 for each additional child.

Benefit adjustment: Family benefit amounts are adjusted annually in January according to forecasted changes in the retail price index. Means-tested benefits are adjusted in July according to the average change in the retail price index during the reference calendar year.

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**Administrative Organization**

Ministry of Health and Solidarity (<http://www.sante.gouv.fr>) and Ministry of Economy and Finance (<http://www.minefi.gouv.fr>) provide general supervision.

Governed by a tripartite body, the National Family Allowances Fund (<http://www.caf.fr>) coordinates funds and ensures financial equalization.

Governed by a tripartite body, the 123 Local Family Allowances Funds pay benefits.

Contributions are collected through 103 joint collection agencies (<http://www.urssaf.fr>).

Central Agency of Social Security Institutions (<http://www.acoss.fr>) administers contributions.