

Employee Benefits in France

Group Health, Group Term Life and Pension schemes

France has a specific and dense regulations and rules, special programs and labor agreements when it comes to Social Protection and Employee Benefits. Globally, the French **Social Security** system is made of 5 branches:

1. **Health insurance** = *Assurance Maladie*
2. **Family** = *Allocations Familiales*
3. **Retirement (pension)** = *Assurance Retraite*
4. **Occupational injuries and & Illnesses** = *Accident du Travail et Maladies Professionnelles*
5. **Lon Term Care insurance (Old-Age Ins.)** = *Dépendance*

Employees and Companies contribute directly to fund the respective schemes. In addition, Companies complete the national **Health** and **Retirement** schemes in term of benefits with **Complementary** benefits to Executive and Non-Executive workers.

In term of minimum benefits and funding structures, Complementary schemes follow Global and Sector level rules (or at company level for the biggest ones).

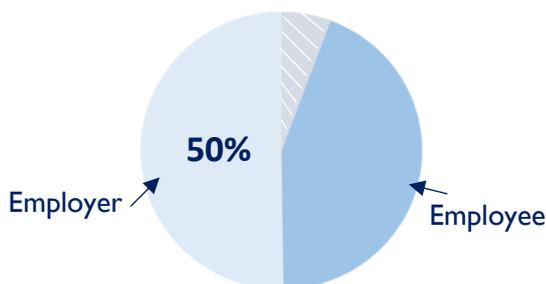
Here are the three compulsory – or at least recommended – corporate Employee Benefits companies need to provide:

1. **Group Health** (*Complémentaire Santé*): Complementing the national Health insurance scheme
2. **Group Life** (*Prévoyance*) : Group Term Life including Death or Permanent Incapacity benefits and complementing the Health scheme too
3. **Pension** (*Retraite Complémentaire*): Completing the national Retirement scheme

Group Health (*Complémentaire Santé*)

Group Health aims at covering medical costs of the employees when not reimbursed by the National Health Insurance scheme.

- Although already compulsory in many sectors and medium and large companies, complementary Group Health is now a made **compulsory by law** since January 2016 (loi ANI) for both Executive and Non-Executive workers.
- Since, all private-sector employers in France – regardless their size and sector – are required to **enroll all employees in a supplementary Group Health policy** that **provides specified minimum coverage** and – at the same time – **respects maximum benefit limits** (in order to control the cost and ensure the funding).



Funding of employee's health cover

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|  | Medical consultation |
|  | Pharmacy |
|  | Optical |
|  | Dental care |
|  | Routine care |

Minimal package of social guarantees

- **Employers** are required to fund at least 50 percent of the premium cost for the employee-only minimum coverage.
- Scheme usually offer **additional optional levels** for the employees and the family. Companies can – or not – support part of the optional benefits.
- Benefit can vary between Executive et Non executive employees
- Rates apply on the total wages of both population.

Group Life (*Prévoyance*)

Thanks to a financial compensation, this insurance contract helps covering the employee and their family in case incapacity or death.

- It includes **income protection, critical illness & life insurance** all together.
- Strong guarantees are granted to beneficiaries at lower cost.
- Rates are based on the status of the employee (executive or non-executives), age and medical profile.

Group life is **not mandatory** but it enables to benefit from important fiscal and social advantages for both employer and employee on their respective contribution.

- On the one hand, contributions are deductible from corporate tax and exempt from employers' social security contributions.
- On the other hand, contributions are deductible from income tax – under certain conditions – for the employee.

Pension (*Complémentaire Retraite*)

French retirement system comprises three levels:

- Public pensions,
- Occupational pensions
- Additional (or personal) pension.



The **first level** is funded predominantly by payroll taxes derived from social security contributions. **Occupational pension** schemes come in addition to the public pension. All employees are members of compulsory supplementary plans making this private retirement income almost compulsory. The funds are financed according to the pay-as-you-go system based on employer and employee contributions.



In order to encourage **individual savings** many French companies have set up Company Savings Plans as a **tax-efficient savings product for their employees** with the option of an additional employer contribution. That are the so called *PERCO* (long-term Company Savings Plan), *Plan d'Épargne Retraite Entreprises* (Company Savings Plan) and *Contrat de retraite à prestations définies* (Company benefit pension Plan).

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| <p>Long-term Company Savings Plan (<i>Plan d'épargne pour la retraite collectif or PERCO</i>)</p> <ul style="list-style-type: none">• Savings blocked until retirement• Personal savings completed by company• Can be paid out as a lump sum without any income tax or as annuities | <p>Company Savings Plan (<i>Plan d'Épargne Retraite Entreprises or « article 83 »</i>)</p> |
| | <p>Company Benefit Pension Plan (<i>Contrat de retraite à prestations définies or « article 39 »</i>)</p> |

An adequate insurance program can be an asset in many ways:

- First of all, it allows you to meet your legal obligations.
- Moreover, it provides fiscal incentives for both employee and employer.
- Eventually, it helps you attracting and retaining talent as it shows commitment to make long-term investments in people.

To make sure that your business in France is attractive and in compliance with the latest regulations, you can rely on an **insurance broker**.



SATEC Protection Sociale – the Employee Benefit division of SATEC Group – can provide you and yours clients with specific advice taking into consideration the particular set-up and needs of your own business.