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Paper submitted to parallel session 2A : Pension issues in ageing societies

**Assessing implicit pension liabilities for the French pension system:
a micro-founded approach.**

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An increasing emphasis is currently being put on measures of implicit pension liabilities as instruments that could help monitor pension reform in ageing countries. In France, such measures have been seldom used until now, preference being given to standard projections of replacement rates, equilibrium contribution rates or expected yearly deficits of PAYG schemes. The purpose of the contribution will be to examine whether measures of implicit liabilities for the French system can help us improving our diagnosis on the impact of the two pension reforms that have taken place in 1993 and 2003. A dynamic microsimulation model will be used for the computation of these liabilities. We shall examine the pros and cons of such measures for assessing the impact of reforms both at the macro level (global financial imbalances) and at the micro-level (differential impact of the reform on various categories of individuals). One particular point of interest in the French case will be to deal with the uncertainty that exists concerning the impact of these 1993 and 2003 reforms on retirement behavior. As long as the relationship between retirement age and benefits does not conform to the actuarial neutrality principle, the choice of behavioral assumptions can have a significant impact on the measurement of pension liabilities.