

UK  
France



**PENSION / RETRAITE**  
UK / FRANCE

**UNITED KINGDOM**

**FRANCE**

In the UK like in France, most of pension contributions are deducted at source on the payslip itself. However in France, many different types of schemes relating to compulsory or non compulsory pension exist. The way to contribute varies a lot as per the legal status of the worker : employee, self employed, civil servants, legal director, commercial agent ...By consequence, various official bodies and Insurance companies are financially in charge of managing all these specific plans : CNAV the biggest one, RSI, MSA...  
In the UK, in addition to NI contributions, complementary pension schemes are very often set up as additional employment benefits. Payments are mostly managed through employer/employee Bank debits, not appearing on the payroll and being managed by Independent Funds or/and UK Financial advisers.

**Basic State Pension** : most of the regulations relating to the UK Basic State Pension have been set up between 1942 and 1944 following Lord Beveridge reports. The UK Basic State pension scheme is the sole existing scheme concerning all workers whatever their legal position : employees, self employed, civil servants, legal directors of companies, commercial agents...and is also based on a mutual management of social welfare amongst workers. NI contributions are paid to the HMRC on a monthly basis and are amounting 9% of gross salary for employees and 12.8% for employers – rates 2009/2010. These NI contributions are including contributions for Pension and Health but no information about rate relating to Pension only is disclosed by the Government. In order to get the maximum of pension allowances stated by Law, a UK worker will have to contribute at least 30 years ( about 120 quarters) and will have to wait until he/she is 68 years old. The Maximum amount of pension allowance to be received is about 4953 GBP per year.

**Stakeholder pension scheme** (to be renamed Personal accounts) : The UK Government is tempting to put in place a compulsory complementary pension scheme that will be due to be set up by all companies having more than 5 employees. On the contrary to France, contributions won't be compulsory but will generate a Tax rebate on Income tax amounting 20 GBP for each 80 GBP of contribution paid into the scheme. If contributions are regularly paid into the scheme, the rates are usually between 3% and 5% of gross salary.

**Private Pension Scheme** : these pension funds are very much like French "Pay as you go" pension plans, called "Régime de Retraite par Capitalisation". These schemes aim at increasing the faithfulness of employees to their employer and are usually set in the employment contract when joining the company, or after a few years of employment. Average Employer contributions rates are around 6.8 % of the gross salary depending upon the sector of activity. This contract being linked to the individual himself / herself, the employee can keep it all along his/her career even if changing Job or Company.

**Basic State Pension** : this scheme is based on mutual management of social welfare amongst workers( legal reference being "ordonnance" dated 19.10.1945). Contributions are based on "Tranche A" (2011 : up to 2946 Euros / month) of the Gross salary for employees or on income ( up to Tranche A) declared once a year for other categories of workers. Most of these funds are managed by CNAV. Rates are fixed by Law, being 8,30% for employers and 6,65% for employees. In 2009, in France, workers can apply for retirement & full pension allowance when they reach 65 years old and if they have cumulated a minimum of 161 quarters of contributions. If French individuals wish to get retired earlier, they may do it from 60 years old, but the pension allowance will be diminished based on number of quarters contributed.

**Compulsory Complementary pension schemes** since 1973 : these schemes are also based on mutual management of social welfare amongst workers.

**ARRCO** : additional compulsory complementary scheme paid by "agents de maîtrise" & "non-cadres" & "cadres" – the 3 existing categories of employees in France. Rates are 4.5 % for employers & 3% for employees, also calculated on gross salary up to "Tranche A".

**AGIRC** : additional compulsory complementary scheme paid only by "agents de maîtrise" & "cadres", the upper level of employees in France, usually earning higher rate of salaries. Rates are fixed by Law and are equal to 12.6 % for employers and 7.7 % for employees, calculating on gross salary above "Tranche A". There is a fixed fee instead of rates applicable if gross salary is below the limit of "Tranche A".

**Non Compulsory Pension schemes** : they are based on a "Pay-As-You-Go" & funded pension plans and require individual informations to be set up. To get a quote and conditions of withdrawal of the money you need to contact a French Financial Adviser. Please do get information first on Corporate schemes such as PERCO, Article 83, Article 39 & Plan Epargne Entreprise (PEE). Also check Individual schemes, such as PERP, Loi Madelin & Life Insurance schemes, some of them are also Income Tax Deductible.

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**CORPORATE SCHEMES  
& QUOTES :**

**CONTACT US!**



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