



Problematic of the Pension Fund deficit in Algeria: An analytical study

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Abstract:

This paper addresses the problem of the budget deficit within the pension system, a concern expected to escalate in future generations due to declining social contributions that fund it. It also centers on pension allocation to secure financial sustainability by implementing several reforms to the system's variables. The extension of the retirement age stands out as the most notable reform introduced by the new retirement law enacted in 2015.

Key words: pension system reform – budget deficit - the new pension law.

JEL Classification: J26 , J14, K31,

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1-Introduction:

Reforms in the field of social security have become imperative in light of the numerous challenges faced by all countries. These challenges include the increasing expenditures related to social security, the aging of the population, and the impact of globalization. Social security reform is not just about achieving stability and harmony within society or preserving human dignity through providing pensions for those unable to work. It is also about addressing inequality among individuals and social classes and compensating those affected by various risks. Furthermore, social security reform has evolved to become an integral component of economic and social development policies.

It serves as a means to mobilize capital necessary for driving development and can contribute to achieving acceptable economic growth rates. This is achieved through increased workforce productivity resulting from the provision of insurance for old age, disability, and death. Creating a conducive work environment is essential for achieving optimal levels of production.



Retirement programs also play a role in economic growth by impacting income distribution. They involve deductions from the income of specific groups to redistribute it among the insured population.

Social security policy goes beyond the realm of social security alone; it can also be regarded as a tool for influencing economic crises, mitigating unemployment, and combating poverty. By improving working conditions and enhancing living standards, social security policies aim to promote social justice and stimulate economic development¹.

Research problem:

Is extending the retirement age and canceling pre-retirement considered the best solution to address the deficit of the National Pension Fund?

research assumes:

1- Extending the age of referral for retirement is not a final solution to get the National Pension Fund out of its crisis.

research aims:

The main objective of this research is to analyze the phenomenon of the pension fund deficit, diagnose its causes and try to find ways to get rid of it.

research importance:

The importance of the research is that it is a recent hour, given the new reforms approved by the Algerian legislator within the framework of the retirement law, by enacting a new law aimed at extending the retirement age and canceling pre-retirement.

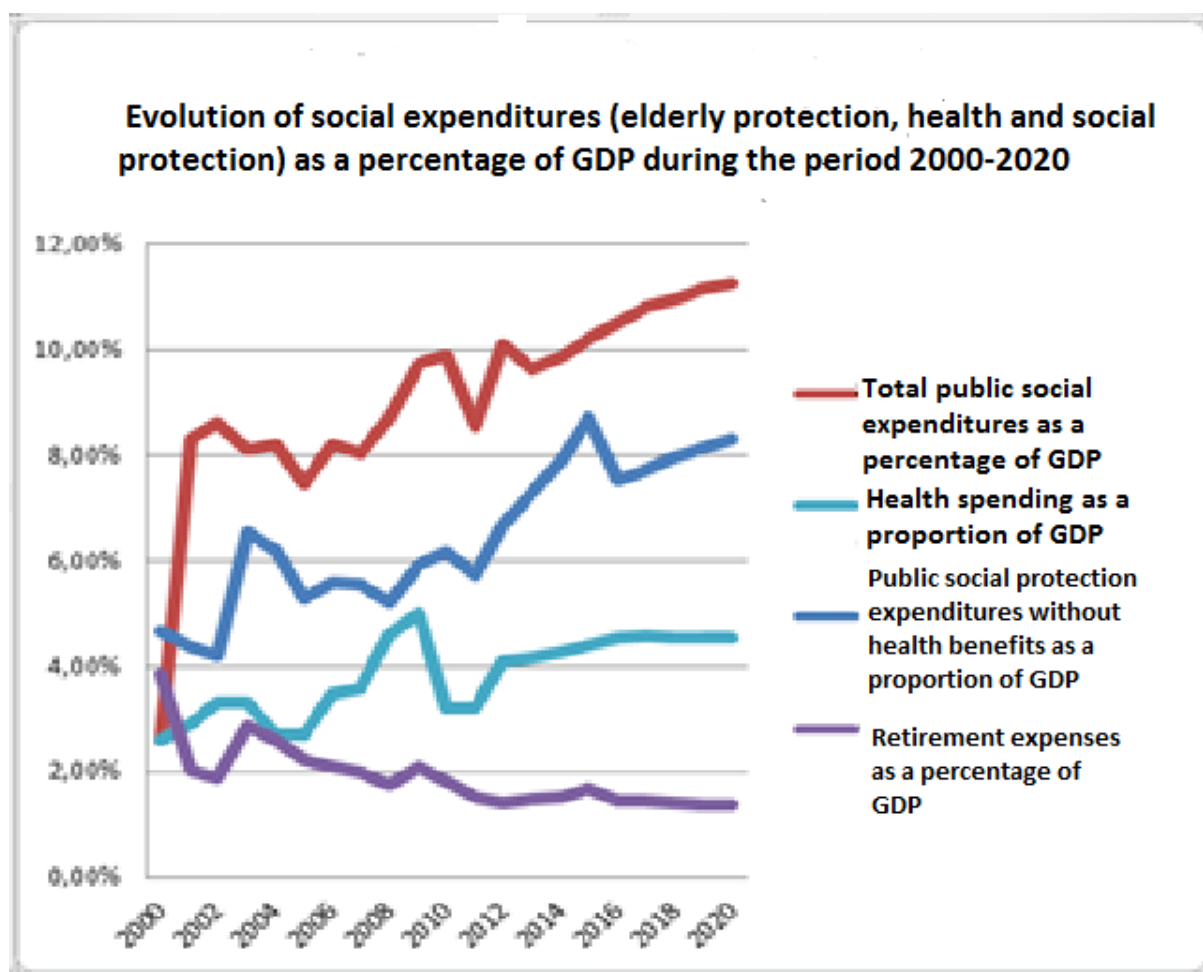
2- Protection expenses for the elderly (benefits of aging)

Old-age expenses are defined as those that cover all benefits of pension systems. These expenditures include pensions (direct and derivative rights), and also include non-contributory rights (the minimum old age), in addition to some compensation granted to elderly individuals who have lost earning power and paid assistance within the social activity of the social protection system².

Figure 01: Evolution of social expenditures (elderly protection, health and social protection) as a per cent age of GDP during the period 2000-2020

¹ ZIGHMI Naima (2012).” *Social protection between the concept, risks and development in Algeria*”. the seventh international meeting on the insurance industry.p. 17.

² “*Retirement in France Statistics Definitions Trends Projections*”. Special Report from the Retirement Observatory n ° 05. June 2009. p19.



Source: Personal preparation based on International Labor Office statistics, national accounting data and the National Retirement Fund.

The years 2011-2020 are forecasts from a personal preparation based on data for the years 2000-2011

The benefits of aging, retirement, granting the “Mujahideen” and health care are among the most important services that the state seeks to provide to protect the elderly in Algeria, as these social allocations in their entirety witnessed a remarkable increase since 2001, and the share of total public social expenditures of the gross domestic product for this year was estimated at 2.6%, immediately after that, a qualitative leap in 2001 jumped to 8.3%, i.e. growth at a rate of 219%. The period between (2000-2011) has known significant growth rates, reaching 20%, including those related to the share of spending on health and social protection of the GDP, which was estimated at 4 per cent on the whole, reflected the growth rates of the share of pension expenditures, which witnessed a noticeable decline of 5 per cent during the same period.

On the other hand, the period between (2011-2020) included forward-looking forecasts that warn of an increase or a stability in the growth rates of each share of the aforementioned expenditures from the GDP starting in the year 2012, except for the retirement share, which will witness a noticeable decline in the growth rate It is estimated at 1 per cent and then

stability from 2015, the share of retirement expenses was estimated at 1.7per cent in 2015 compared to 2.9per cent in 2003 (factual data).

In 2015, the share of social protection expenditures from the GDP reached 8.7per cent compared to 6.5per cent in 2003. As for the share of social protection expenditures from GDP, it will witness a significant increase immediately after the decline of 13per cent in 2016, which represents a turning point after which the curve takes To escalate at an increasing pace.

1.2 Distribution of expenditures according to social security branches

The problem of coverage is the most important challenge facing the national pension funds to ensure adequate retirement benefits in order to protect the elderly, the more the number of shareholders increases the resources for financing the social benefits that are provided by the retirement fund. Monetary performances that flow into the accounts of the beneficiary individuals, and they include both share and non-share performance.

It is possible to distinguish between two important classes of benefits of aging:³

- Benefits of direct rights paid by the retirement system for old active shareholders, based on their previous career path (duration and level of contributions).
- Benefits of derivative rights paid to those with active shareholder rights (movable pension, widowhood grants, ...)

2.2 Algerian social security branches:

Table 01: Algerian social security branches

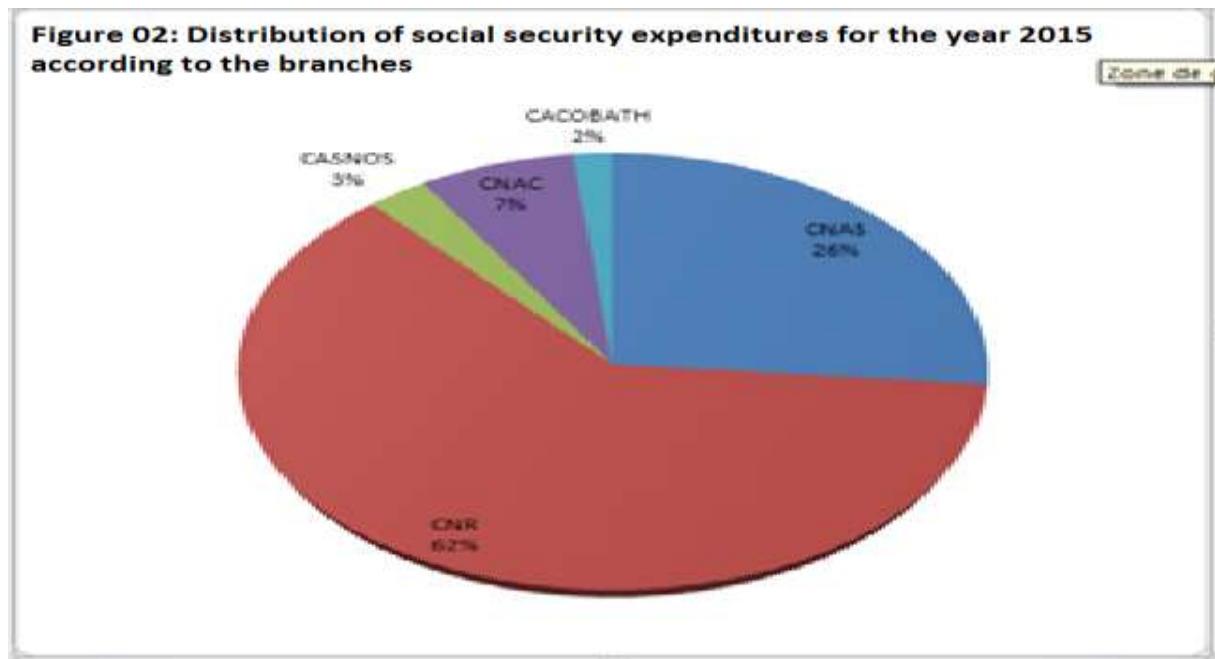
Fund name	Type	Contribution	Administrative organization
CASNOS The National Fund for Social Insurances for non-wage workers	Defined contribution system	Fully funded contribution	Centralized
CNAS The National Fund for Social Insurances for wage workers	Defined benefit system	Fully funded contribution	Centralized
CACOBATPH National Fund for paid holidays for unemployment caused by bad weather for the	Defined benefit system	Fully funded contribution	Centralized

³ “Retirement in France Statistics Definitions Trends Projections”. Special Report from the Retirement Observatory n ° 05. June 2009. p21.

public works sector				
CNR The National Pension Fund	Reserve fund		Fully funded contribution	Centralized
CNAC The National Unemployment Insurance Fund	Defined benefit system		Fully funded contribution	Centralized
Inability	Defined benefit system		Fully funded contribution	Centralized
Illness and motherhood	Defined benefit system		Fully funded contribution	Centralized
Health expenditures	Defined benefit system		Partially funded contribution	Centralized

Source: International Labor Office ILO

Figure 02: Distribution of social security expenditures for the year 2015 according to the branches



Personal preparation based on the data of the official website of the National Retirement Fund www.cnr.dz

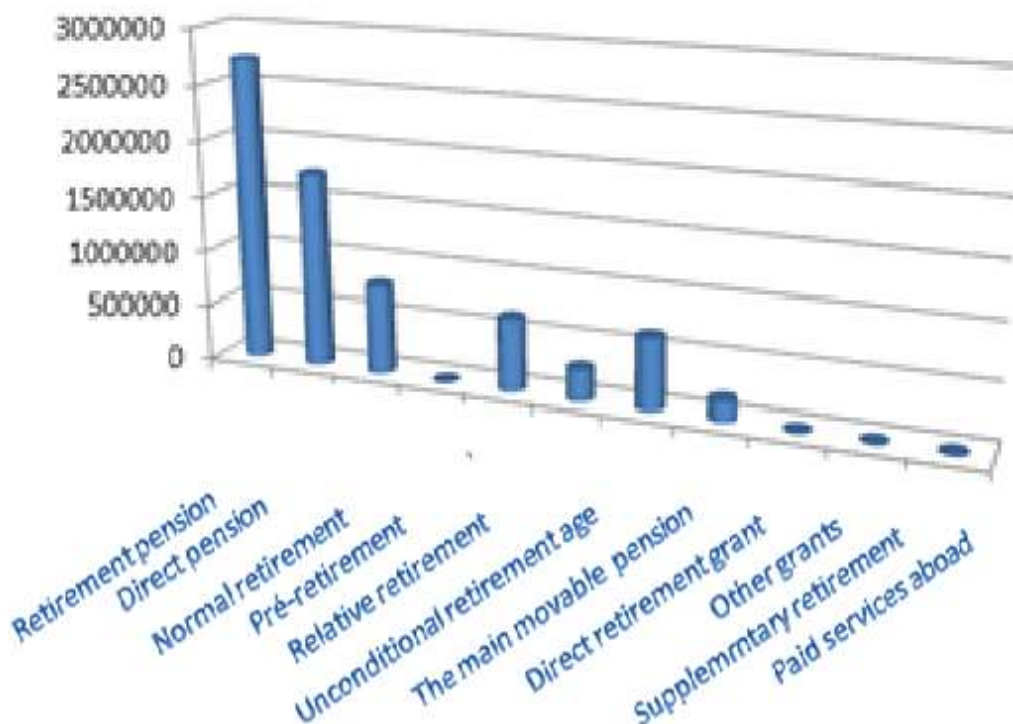
The National Retirement Fund CNR occupies the first position in terms of expenditures, where its volume reached 62per cent of the total social security expenditures, then the National Social Security Fund for Workers CNAS wages by 26%, then the National Insurance Fund for unemployment CNAC comes by 7%, then the fund National Social Security for workers without wages CASNOS by 3per cent and finally the National Fund for paid

unemployment unemployment resulting from bad weather for the public works sector CACOBATH by 2%.

3.2 Covering the elderly according to the type of benefits granted

Figure 03: Distribution of the number of beneficiaries of pension and retirement grants at 31/31/2016 by type of benefit

Distribution of the number of beneficiaries of pension and retirement grants at 31/31/2016 by type of benefit



Personal preparation based on the official website of the National Pension Fund www.cnr.dz

The beneficiaries of the regular retirement for the year 2016 represent 39 per cent of the total beneficiaries of the retirement grants, which is about 2.7 million retirees, followed by the beneficiaries of direct retirement at 25%, then the regular retirement comes at 11%, then the relative retirement and the main retired pension 9 per cent Of the total beneficiaries, after which retirement comes without age requirement by 4%, then the direct retirement grant of 3%, while pre-retirement, supplementary retirement and paid services abroad are only a small per cent age of the total beneficiaries, due to the decrease in the number of beneficiaries of retirement Advance to the implementation of the provisions of the law issued in 2015, which requires the abolition of pre-retirement, as their number decreased to 445 retirees in 2016.

3. Funding for the Protection of the Elderly (Revenue)

The main source of funding for protecting the elderly is social contributions.

Social contributions are defined as ⁴compulsory deductions from wages and salaries, which allow the financing of social benefits. A distinction can be made between two types of social contributions: contributions that are paid by wage workers and contributions made by employers.

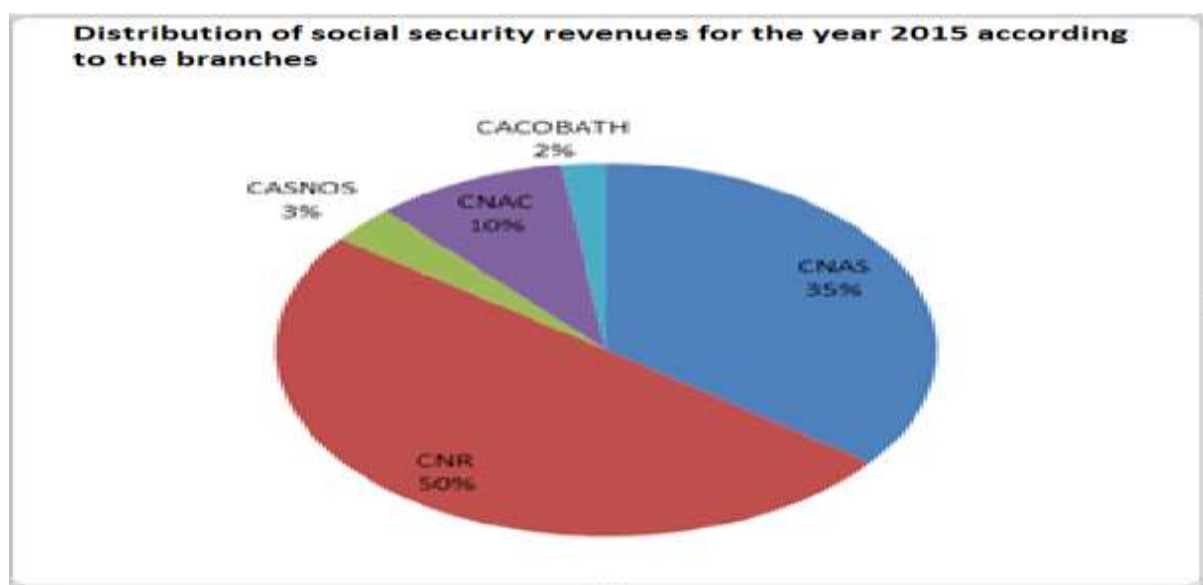
Retirees' expenses are covered by the tax revenue (taxes and fees set aside for this purpose) as well as the semi-tax revenue (active worker contributions).

The state also finances the protection of aging, and its contribution is represented by payments made by it and the local groups, and it is deducted from the total fiscal proceeding and it does not constitute certain revenues (the principle of non-allocation in the state budget).

We also find transfers between social security agencies, which are internal processes aimed at ensuring a balanced pension system.

1.3 Distribution of revenues according to social security branches

Figure 04: Distribution of social security revenues for the year 2015 according to the branches



The source is a personal preparation based on ONS statistics

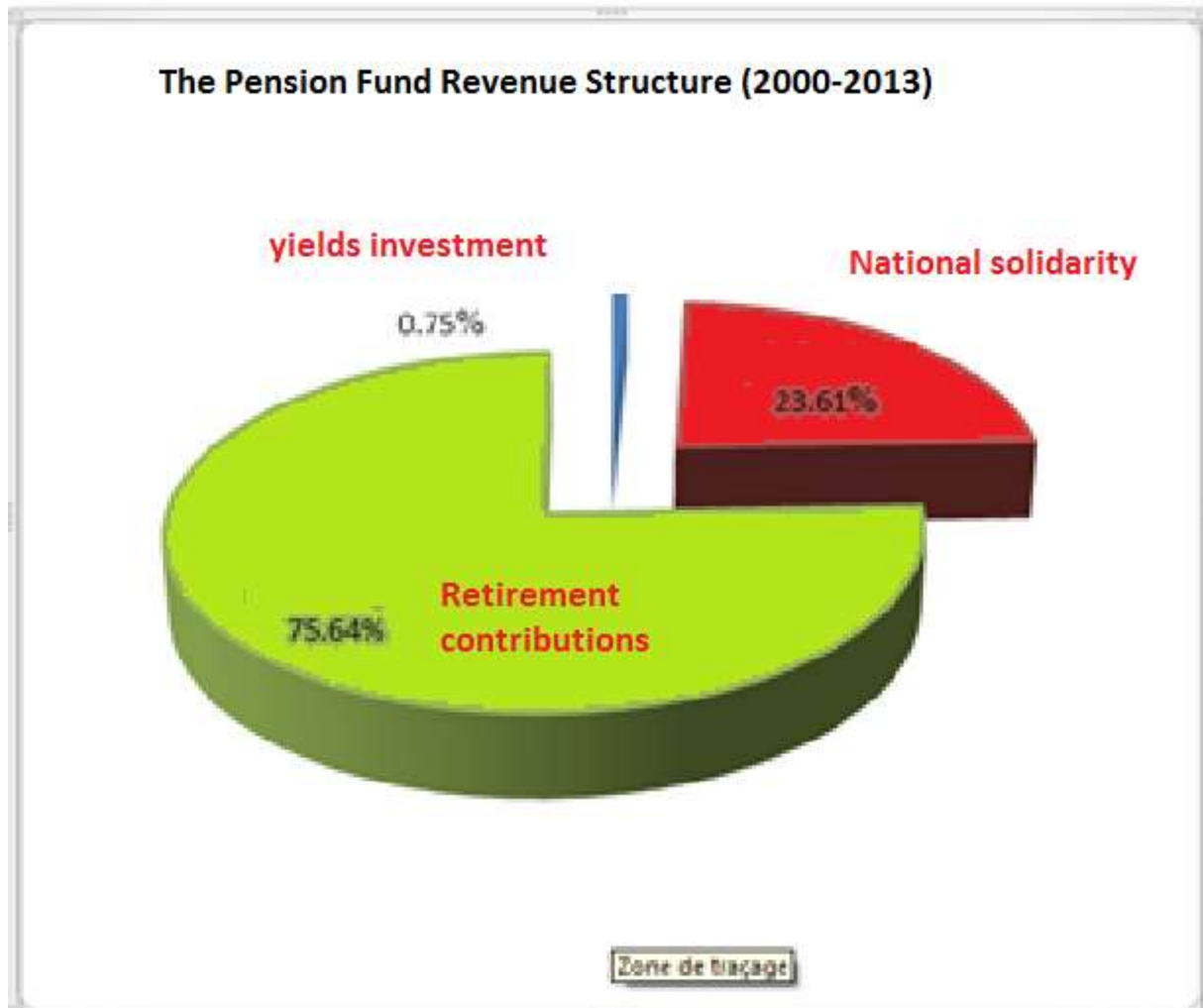
The National Retirement Fund CNR ranks highest in terms of revenue, accounting for 50per cent of total social security revenue, followed by the National Social Security Fund for Workers CNAS with 35%, then the National unemployment insurance fund CNAC comes at 10%, followed by the National Fund Social security for workers other than the CASNOS wage worker at 3per cent and finally the National Social Insurance Fund aimed at insuring against

⁴ “Retirement in France Statistics Definitions Trends Projections”. Special Report from the Retirement Observatory n ° 05. June 2009. p25

the risks of bad weather that may occur in the public works and irrigation sector CACOBATH by 2%.

2.3 The structure of the income of the National Retirement Fund

Figure 05: The Pension Fund Revenue Structure (2000-2013)



The source: Farid Flici (2016). *Evaluation of the Financial Sustainability of the Algerian pension system : a Perspective analysis of the 50 coming years*. p21, <<https://www.researchgate.net/publication/311858308>.html> (visited in 20/06/2018)

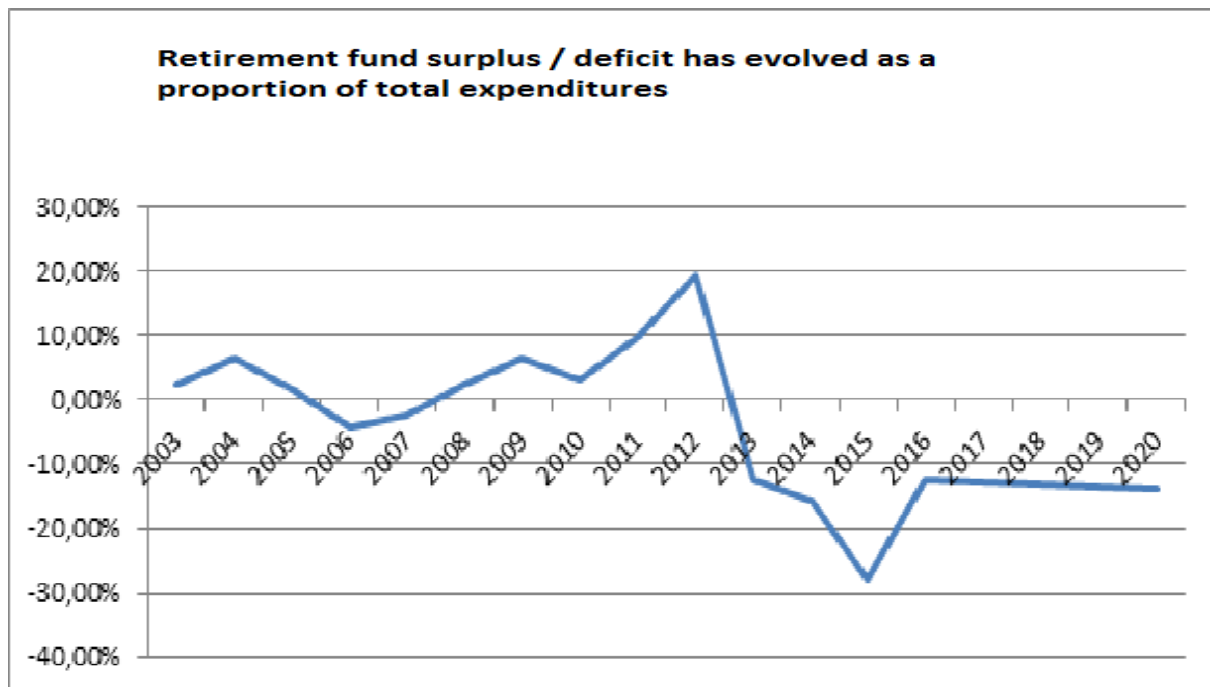
The size of the investment returns is estimated at only 0.75per cent of the total income of the National Pension Fund, and this decrease is due to the weakness of the Fund's financial position, not to mention the ineffectiveness of the Algerian financial markets and the diversification of its financial portfolio, while workers' contributions constitute the largest resource in pension financing registered with a rate of 75.64 per cent Of the total revenue, and then the state's contribution to it in the framework of the so-called national solidarity, followed by disbursement of family benefits and grants, in addition to the expenses destined to serve retirees who receive low retirement grants, and in 2006, the National Pension Retirement Fund was established (FNRR), which is funded mainly by directing 2per cent of the petroleum levy that was raised in 2012 to 3per cent in order to bridge the deficit caused

by pre-retirement, and this represents a deep reform aimed at contributing to securing the retirement system for future generations.

And in the year 2010, the Finance Law approved the inclusion of a fee for tobacco, and a fee for ships and ships destined for tourism and leisure, in addition to deducting 5 per cent of the net benefits of drug importers⁵.

4. The financial balance of the pension system:

Figure 06: Retirement fund surplus / deficit has evolved as a proportion of total expenditures



Source: Personal preparation based on the statistics of the Ministry of Labor, Employment and Social Security

The years 2016-2020 are forecasts from a personal preparation based on data for the years 2003-2015

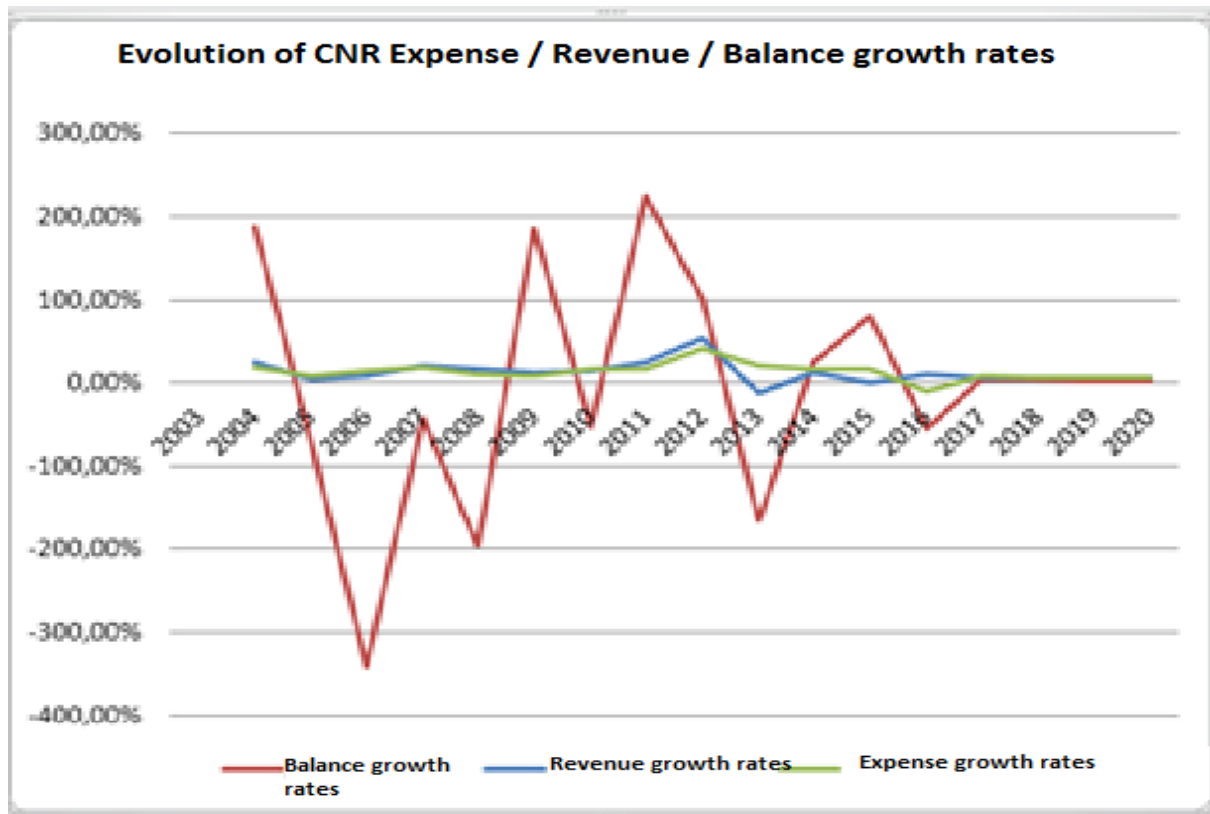
The retirement fund balance has recently witnessed fluctuations in its proportions, sometimes achieving a surplus and sometimes achieving a deficit, as the largest deficit at the fund level in the year 2015 was 258 billion dinars, or 27.92 per cent of the total expenses of the fund with an increase in the widening of the deficit gap reached 79.22 per cent compared to the year 2014 when the deficit rate reached 15.58 per cent of total expenditures, it means an increase in the deficit gap by 24.55 per cent .

⁵ Mohammed Zidane, Mohammed Yaakoub (2015). "The effectiveness of the financial resources available to the Algerian social insurance institutions in achieving the financial viability of the social security system". The Seventh International Forum on the Insurance Industry, Practical Reality and Development Prospects - Countries Experiences. p. 15.

The reason for the rapid growth of the pension fund deficit is due to the increased volume of expenditures caused by the increase in the number of those retired, especially pre-retirement, which caused expenses to grow by 16.59 per cent , in addition to the negative decrease in revenues from 11.96 per cent in 2014 to -0.46 per cent in 2015, mainly due to price collapse Petroleum, and consequently, the proceeds of the petroleum levy allocated to the pension fund have decreased with the decline in social security contributions.

We conclude from the aforementioned analysis that the fund’s deficit is growing 5 times the expenses, and forecasts indicate the continuity of the deficit during the period 2016-2020, which calls for speeding up the search for a way to limit the increase in the volume of expenditures and increase revenues alike.

Figure 06: Evolution of CNR Expense / Revenue / Balance growth rates



Source: Personal preparation based on the statistics of the Ministry of Labor, Employment and Social Security

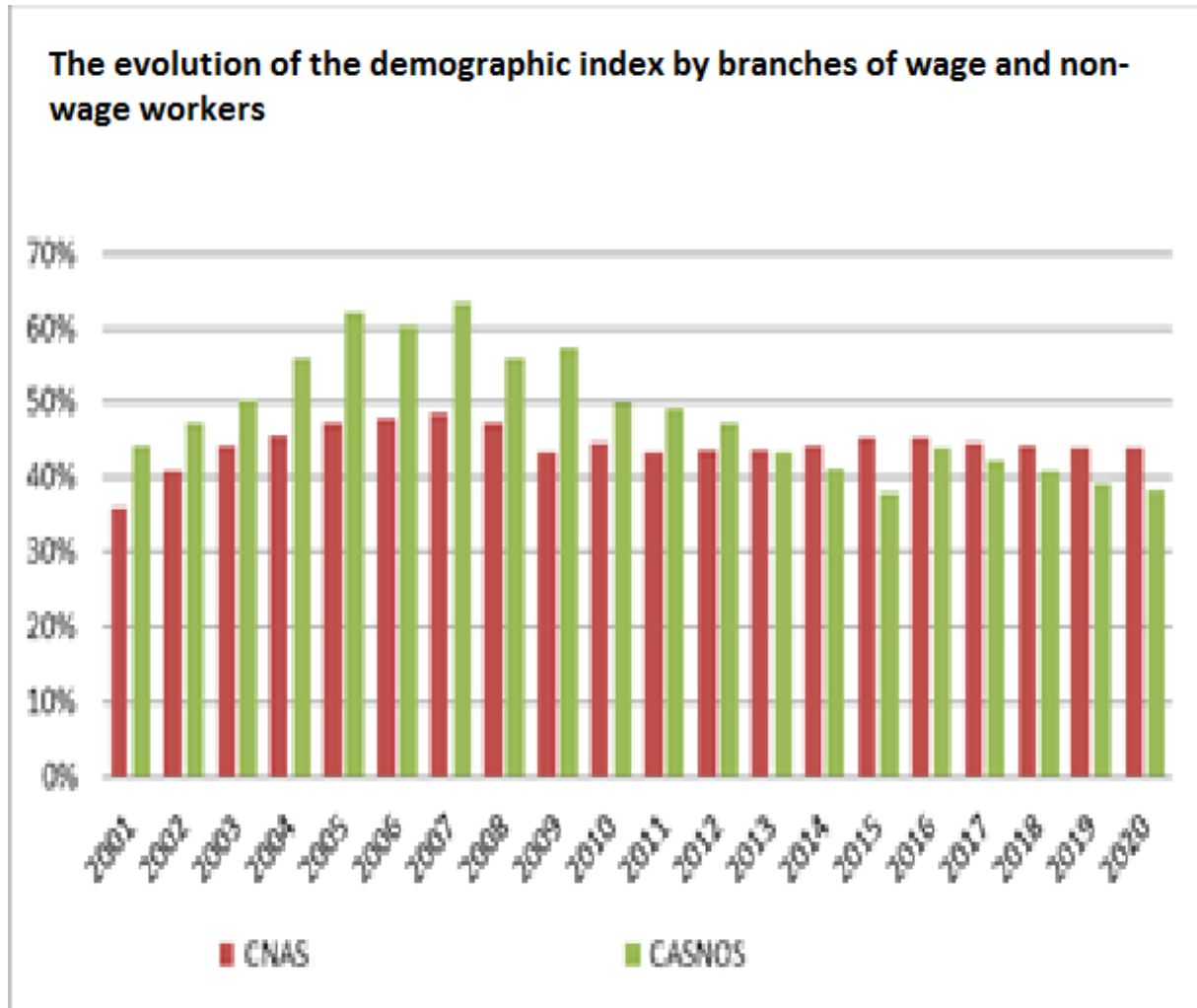
The years 2016-2020 are forecasts from a personal preparation based on data for the years 2003-2015

1.4 Demographic index and financial balance

The demographic correlation coefficient is the ratio between the number of contributors to the social security system and the number of beneficiaries of this system. The rate shown

here is a modified demographic index, which is the sum divided by the number of active participants in the system and the number of retirees with direct and derived rights⁶.

Figure 07: The evolution of the demographic index by branches of wage and non-wage workers



The source is a personal preparation based on ONS statistics

The demographic correlation coefficient averaged 44 per cent for CNAS retirees, while 49 per cent for CASNOS pensioners, which explains that for every retiree there are two contributors to the contributions.

2.4 Factors that control the national system for the protection of the elderly:

There are several factors that govern the Algerian social protection system, which are the labor market, demographic growth, population dynamics, the prevailing economic system, as well as financial factors related to the state's general budget. According to previous studies familiar with the subject of research, demographic change and population dynamics

⁶ “Retirement in France Statistics Definitions Trends Projections”. Special Report from the Retirement Observatory n ° 05. June 2009. p35.

are the two most important factors addressed by various research with the aim of The study of the efficacy of social protection systems, as there are new dynamics of intergenerational solidarity in Algeria according to Hummel et Hugentobler (2007, p. 77) indicate that there are four classifications of transformations that may occur to generations: population transformations (aging of society, extension of the hope of life,), Social transformations (weak family and popular ties, family, geographic mobility, whether national or global, ...), lifestyle shifts and economic and political transformations (growth, the role of the state, financing the retirement system, difficulty integrating young people from employment and housing ,. ..)⁷.

5. Reforming the Algerian social security system:

Reforms are an organizational change that may occur in the structure of the social security system or in the manner of management, administration, and services provided at its level. Organizational change may meet opposition from actors in the social security system and the best way to embrace change is to involve them in the decision-making process, but only if it is made gradually and not at once, so change needs time to be accepted by everyone. Generally, the public authorities raise the retirement age if they want to face the problem of financing the pension system, in the hope of obtaining the largest possible number of contributions and paying the lowest number of pensions⁸.

1.5 The new pension law (2017 reforms)

First: the motives for reform

*** Retirement Fund Budget Deficit:**

It should be noted that among the most important motives that led the public authorities to introduce a new amendment pension law are the financial difficulties that were predicted not so long ago and that will hinder the financing of the social protection system in Algeria (including the social security system in general and retirement in particular), where it says Predictions that the CNR will know a deficit of 217 billion dinars, mainly due to a slow increase in revenues from 470 billion dinars in 2015 to 492 billion dinars in 2016, a positive development estimated at 4.6%. While spending on services will witness a rapid increase from 625 billion DZD in 2015 to 753.6 billion DZD in 2016, i.e. a growth of 20.58%. Likewise, expenditures increase by 4.5 times more than revenue. This observed deficit is caused by the application of the process associated with the revaluation of pensions for the year 2014 Where the rate is set at 12%⁹.

*** Decreased proceeds from petroleum collection.**

⁷ Cécile Perret(2014).”*The social protection system in Algeria*”. HAL Id :halshs-00995378.

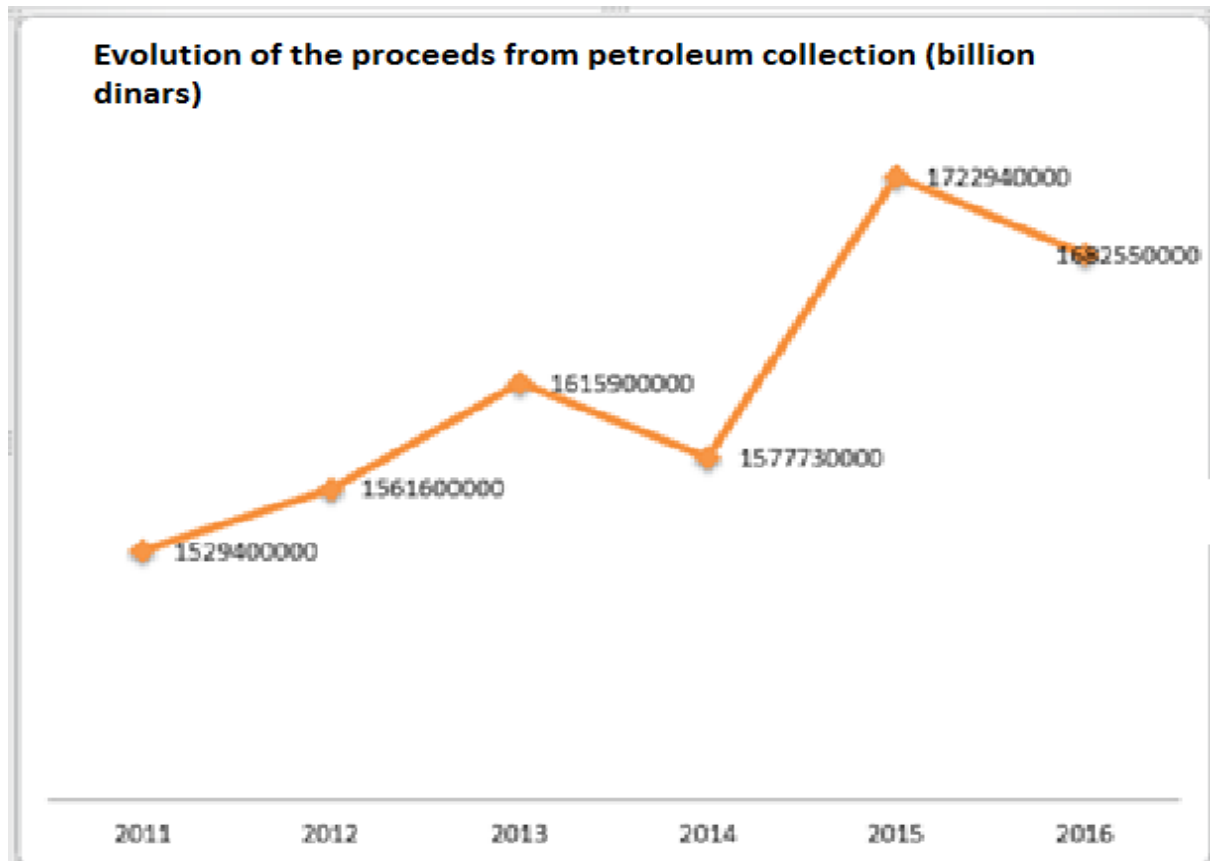
⁸ Patrice Pourcel(2006). “*The Social Protection*”. BREAL Edition. France. p94.

⁹ *Economic & Social Economic Report*, (NATIONAL ECONOMIC AND SOCIAL COUNCIL, 1st Semester 2015). p 90. www.cnes.gov.dz .

On the other hand, the national economy is still hostage to dependency on oil, as 75 per cent of the country's revenues come from the hydrocarbon sector between 2005 and 2008, that is, more than 30 per cent of the PIB, according to the FMI report (reaching 37.2 per cent in 2008) and the lack of An alternative sector replaces the latter after the current crisis caused by the decline in fuel prices.

Indeed, at the beginning of 2016, oil prices witnessed a significant decline, as the price of a barrel of oil fell to half of its real price from \$ 110 a barrel in June 2014 to reach about \$ 50 a barrel in 2016.

Figure 09: Evolution of the proceeds from petroleum collection (billion dinars)



Source: Personal preparation based on finance laws

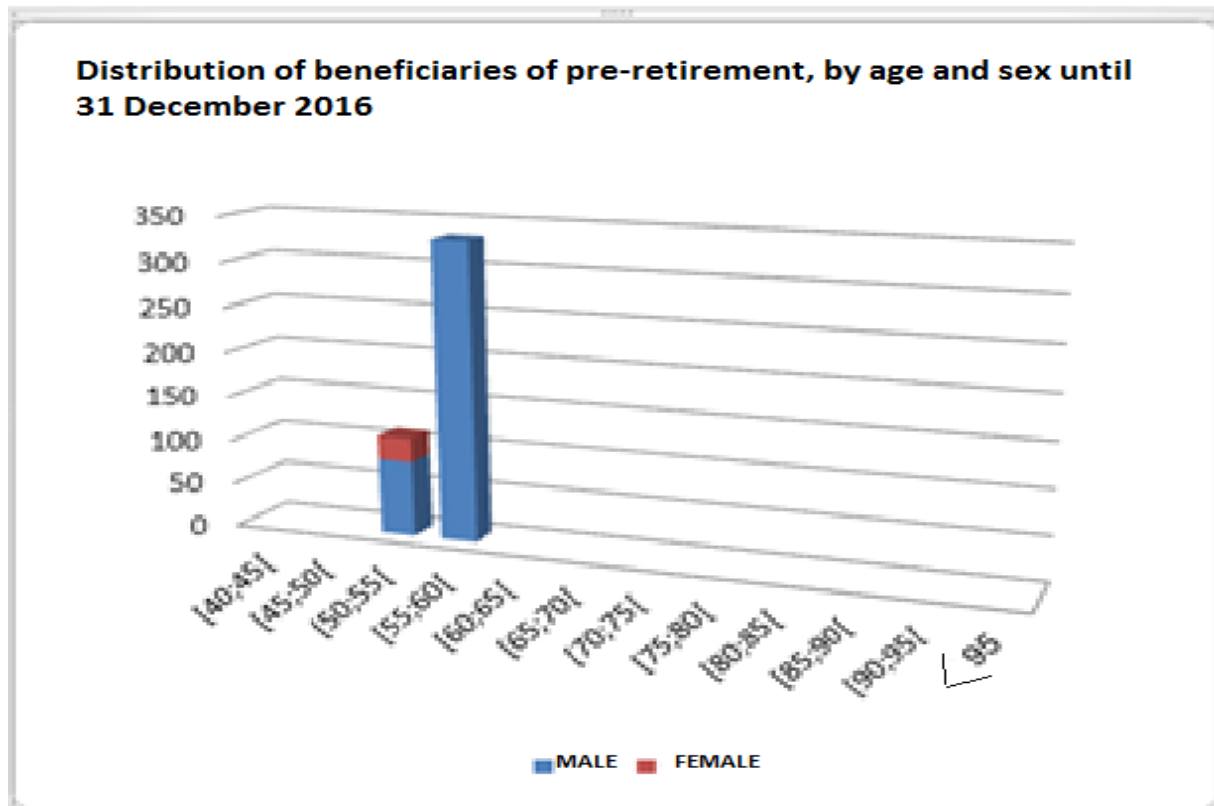
Where, according to the above graph, the revenues of petroleum collection decreased to 1.6 billion dinars in 2016 after it was estimated at 1.7 billion dinars in 2015, or 2.3%, and these fluctuations and fluctuations cause for concern, especially with regard to financing the pension system, which depends on 3 per cent of Petroleum taxation in pension financing.

*** Increased pre-retirement pensions:**

According to the Ministry of Labor, Employment and Social Security, during the period from 1997 to 2016 and as a result of the application of the provisions of Ordinance 97-13 (updated for relative and prior retirement), about 890,000 retirees benefited from retirement before reaching the specified retirement age of 60 years, or 52 per cent of the

total number of pensions Direct retirement granted by the National Pension System at an annual financial cost of more than 405 billion dinars¹⁰.

Figure 10: Distribution of beneficiaries of pre-retirement, by age and sex until 31 December 2016



Personal preparation based on the data of the official website of the National Retirement Fund www.cnr.dz

The number of male beneficiaries of pre-retirement in 2016 was estimated to be 85 beneficiaries, at the age group confined between 50 and 55 years, while for females it was estimated that there were only 27 beneficiaries, while the age group confined between 55 and 60 years was distinguished by a significant number of male beneficiaries, as it was estimated With 333 beneficiaries during the same year, and due to the financial bleeding caused by the pre-retirement of the National Pension Fund, estimated at 360 billion dinars, according to the general manager of the fund, the state decided to cancel the pre-retirement permanently in order to solve the deficit problem that he knows. The number of retirees who hold positions in the public job is estimated despite their reaching The age of old age is 11,141 employees and employees, reaching 60 years and over, according to official

¹⁰ The statement of the Minister of Labor.” *Employment and Social Security, canceling the relative retirement would rebalance the pension funds*”. Algerian Radio, October 07, 2016.

www.radioalgerie.dz

statistics conducted by the General Directorate of Public Employment regarding the distribution of public employees and agents in the age pyramid, and they represent 0.7 per cent of the general population of employees in the public sector estimated at one million and 603 thousand and 994 public employees and aid, as well as Most of these retirees who still hold positions in the state and public administrations in the form of a contract have obtained pre-retirement, and have retained their positions as contract employees, instead of Give up those positions to hire young employees, especially since their number is 11141, that is, it is possible to employ 11141 young men in their place, and refer all those who have obtained a previous retirement or who have reached or exceeded 60 years of retirement, but what happened is that these workers who have reached the age of old remain in Their positions, taking advantage of their personal relationships in public administrations on the pretext of benefiting from their expertise, although they have reached the legal retirement age of 60 years, and most of them have exceeded the age of 60 and deprived young cadres and new graduates of those jobs. Note that these contractual retirees receive a monthly salary, and the administration does not pay any contributions They are referred to the National Social Security Fund, because they are not authorized, as they are receiving pensions at the same time from the National Pension Fund, knowing that if young employees were employed in their place, the administration would pay contributions from them for social security, thus providing the National Pension Fund an additional income that allows retirees to receive pensions that guarantee them At least treatment expenses¹¹.

Second: The reforms brought in by the new retirement law

These are all the reforms that affected the national pension system according to Law No. 16-15 of December 31, 2016 on retirement, which modifies and complements Law No. 12-13 83 issued in the last issue of the Official Gazette of 2016.

The main points of the new law can be summarized as follows:

- This law states in its second article amending and completing the provisions of Article 6 of Law No. 83-12: "It is obligatory for a worker to benefit from the retirement pension upon the fulfillment of the following two conditions, at least reaching the age of sixty (60) years, but the woman may be referred A worker retiring at her request, starting at the age of fifty-five (55) years, to spend at least fifteen (15) years at work.
- The same article states that "the worker (s) to benefit from the retirement pension must have done actual work equal to at least seven and a half years (7.5) with payment of social security contributions", and the worker may also, according to the same source, "choose voluntarily To continue his activity after the age mentioned above within five (5) years, during which the agency used cannot refer him to retirement.

¹¹ Djamila Belkacem, Belkacem Ajaj, Fadela Mokhtari (2017). "Previous retirement has drained 36 thousand billion from the state treasury". Al-Shorouk newspaper.

- Article 3 of this law, which modifies and completes the provisions of Article 7 of the previous law, states that "he can benefit from the retirement pension before reaching the age stipulated in Article 6 above, the worker (who) occupies a job position characterized by very difficult conditions after spending a minimum period In this position, the list of jobs and appropriate ages for it, as well as the minimum period to be spent in the positions mentioned in the first paragraph above, shall be determined by regulation.
 - Article 4 of the same law that complements and amends the provisions of Article 7 bis in the previous law states that "the retirement age mentioned in Article 6 above may be extended at the request of the concerned worker (s) in relation to highly qualified jobs and professions with rare qualifications" and " The list of highly qualified jobs and professions with rare qualifications as well as the conditions and modalities for transferring the right to extend the retirement age and the rules for liquidating the related pension through regulation shall be determined.
 - As for Article 5 of the text of the law, which modifies and complements the provisions of Article 10 of the 1983 Law stating that "the worker (who) has fulfilled the conditions stipulated in the articles in Articles 6, 7, 7 bis and 8 of this law has the right to refer to retirement, but it cannot be Acknowledgment of the retirement referral before notifying the decision to grant the pension.
 - In Article 7, which complements the provisions of Article 61 bis in Law No. 83-12, it is stated that "without prejudice to the provisions of this law and during a transitional period of two years (2) a retirement pension can be granted with immediate benefit if the wage worker has completed an actual work period that results in Pay Contributions equivalent to thirty-two (32) years at least and the minimum age mentioned below reached fifty-eight (58) years in 2017 and fifty-nine (59) years in 2018.
 - The law stated in the same article that "the retirement pension shall be used in the cases stipulated in the above paragraph upon the request of the salaried worker only." He added that "the application of the age stipulated in Article 6 of Law No. 83-12 and the workers mentioned in this article are starting From the first January of the year 2019. "
 - To cancel the relative and unconditional pension of the founding age under Article 2 of Ordinance No. 97-13 of May 31, 1997.
 - The text of this law states in its Article 9, that its effect will be effective from the beginning of January 2017.
- For reference, members of the National People's Assembly approved this law on November 30th, while members of the National Assembly approved it on December 21st.
- Third: The criteria proposed by the National Economic and Social Council to address the financial difficulties of CNR¹²

¹² *Economic & Social Economic Report.* (NATIONAL ECONOMIC AND SOCIAL COUNCIL, 1st Semester 2015). p 91. www.cnes.gov.dz .

There are some criteria proposed by the CNES in order to face the financial difficulties of the CNR. The CNR recently passed through a very difficult financial situation. In order to simplify this dysfunction, criteria were proposed in order to find appropriate solutions that are applicable in the short term before the imbalance penetrates, as follows:

- Total suppression of Resolution No. 13-97 of May 31, 1997, which includes relative retirement and prior retirement
- The need to install the system of vigilance on credits and consumption
- The necessity to freeze the completion of some new construction projects
- Review the age of retirement referral by raising it to 62 years.

Fourth: Standards for organizing the informal sector regarding social protection¹³

The Complementary Finance Act 2015 (LFC2015) has established strict penalties for employers who do not authorize their workers to CNAS interests. This criterion permits primarily the protection of the worker and bringing him to his social rights, on the one hand, and on the other hand, in order to urge the employers to settle their status with the social security services without penalties, taxes, or delay fines for the specified period of time. Postponed until March 31, 2016, until they demand the settlement of their status through the accrual record, cancellation of taxes and delay penalties, provided that they pay their contributions and request an accrual record in order to pay their previous debts.

Regarding CASNOS, a new law regulating social security for non-workers will enter into force and focus on new measures developed by public authorities that will be more flexible in collecting social contributions. On the other hand, it will allow the preparation of a supplementary retirement allowing the remaining 20per cent of the pension to be saved on the CASNOS funds.

Fifth: Resisting change

Most of the actors in the social security system, headed by the workers contributing to the contributions, have expressed their resistance and categorical rejection of the change resulting from the enactment of a new law requiring the abolition of pre-retirement and the extension of the retirement age, as the various unions of the education sector and health unions have maintained the right of the employee and employee to relative retirement, which gives the employee the right to retire For work under the legal age, where is the retirement rate according to the years of service provided, and the aforementioned unions rejected the new amendments on retirement altogether and threatening to launch protest movements in the event of their application on the ground and stressed that in no way can the employee and worker's right to a relative retirement be retracted It is a gain for all employees, especially for national education sector employees who are exposed to

¹³ *Economic & Social Economic Report*. (NATIONAL ECONOMIC AND SOCIAL COUNCIL, 1st Semester 2015). p 90. www.cnes.gov.dz .

occupational diseases present in the sector. The union's proposals at this point centered on the right of the education sector employee to retire on the basis of 30 years of work regardless of the legal age set at 60 years for Men have the right to retire in the national education sector after 25 years of work. The education unions have based their demands on the figures provided by the Public Employment Directorate that reveal that the number of employees of the national education sector is estimated at 31.2 per cent of the total number of employees of 1603994, which means that the number of employees of the national education sector is estimated at more than 600 thousand employees, this The sector whose age ranges between 30 and 40 years is 41.6 per cent and 45.5 per cent is employed in the education sector, i.e. more than 280 thousand women work in the sector, which means the eligibility of the demands raised. The health unions also adhered to the relative retirement gain, as the new amendments Which he intends to pass does not serve a large segment of employees who spent their years in the public service, given the low pay. It is worth noting that the number of health sector employees is estimated at 12.3 per cent of the total public employment workers, and the proportion of women is estimated at 18 per cent working in the public health sector and is the third sector in terms of the number of retirees after education, the interior and local groups¹⁴.

6. Analysis of the results:

- The social security system in Algeria is a defined benefit and not a defined contribution, as benefits are not linked to social security contributions: not all affiliates are shareholders, this means that not all beneficiaries of the benefits (social security services) are contributing contributions, such as students, for example, they get Scholarships subject to social security deductions are very minimal, as are sponsored children, spouses and sometimes the benefits from which they benefit outweigh the contributions.

The parallel sector stands in the way of the optimal allocation of social assistance and grants allocated to aging, because there are those who have unauthorized income and benefit from social transfers, and this may increase the widening poverty gap and inequity in the distribution of income.

- The collapse of oil prices is an obstacle in the face of covering retirement expenses, especially since the Algerian economy is a rentier and unproductive economy, and it does not have a development alternative to create wealth and national income.

- The Algerian labor market is not flexible, which leads to a decline in social insurance contributions and a hindrance to financing the pension fund.

The aging of Algerian society is an additional social expense on the shoulders of the state, while the mechanisms currently in place do not allow to meet this deficit in the future.

The Algerian social protection system does not have the efficacy and effectiveness necessary to create welfare and social justice among members of society.

¹⁴ Djamila Belkacem, Belkacem Ajaj, Fadela Mokhtari (2017).” *Previous retirement has drained 36 thousand billion from the state treasury*”.Al-Shorouk newspaper.

Wages are on the rise, which means that the pensions will be also high, so the deficit will be exacerbated at the level of the National Pension Fund.

7. Conclusion:

The new retirement law is a double-edged sword, on the one hand it will enable us to achieve the desired efficacy to control the fund's fiscal deficit, but on the other hand it will affect social justice and the well-being of individuals, given the conflict between justice and efficacy in reform theories. It is evident that these reforms fill the current deficit at the level of pension funds, as they aim to improve the fund's financial position by making the balance achieve a surplus by increasing revenue over expenditures.

Of course, such reforms require political will, as any change that occurs to social security laws will meet popular resistance because it conflicts with the interests of the citizen, and therefore the change must be made gradually, and not at once, until it is accepted by all actors.

The abolition of pre-retirement is not a solution to the problem of disability because the majority of those who were referred to pre-retirement have returned to occupying temporary positions, which will lead to youth unemployment.

Extending the age of referral to retirement may exacerbate the unemployment phenomenon among certificate holders and delay their opportunity to obtain a permanent job position.

Increasing the participation rates and the age of referral to retirement in large proportions may lead to the infiltration of workers and employers who finance the system into the informal sector after overburdening them with living costs that they cannot afford, so the gap of disability widens rather than shrinks, and it may also lead to the loss of the rights of some groups, which requires adoption A corrective policy on the part of the state for the defect that may affect the well-being of the group that is not served by reform, and that remains always within the framework of social protection and its affiliated devices.

Always have sums equal to the one he saved, as he may get less or more than what he paid, and therefore here the rule of social justice is not achieved.

8. Recommendations:

The traditional means of protecting the elderly, in addition to the Zakat and Waqf systems, are a tool to support the national pension system, as we discussed earlier, so informal bodies should be encouraged to work alongside the retirement system.

The new pension law is effective in the short term in the matter of improving the financial position of the pension fund, as it contributes to getting rid of the deficit problem and perhaps achieving a surplus in the balance. As for the medium and long term, measures to raise the retirement age will lead to entering the deficit cycle again because of the weakness of the active group that The system is funded by social contributions that will be offset by a large increase in the number of retirees, so raising the retirement age is not the best solution, but we suggest here another solution that is expanding the social coverage to include the largest possible number of members of society, and thus increasing the proceeds of the fund's resources and then out of the disability problem.

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