

## Luxembourg

Exchange rate: US\$1.00 = 0.92 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1911 (wage earners) and 1931 (salaried employees).

**Current laws:** 1987 (unified pension insurance), 1989 (pension scheme), 1998 (special schemes), 2000 (pension scheme), and 2012 (pension).

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

#### Coverage

Economically active persons in the private sector, including self-employed persons, farmers and apprentices; and public-sector workers who entered the labor force after December 31, 1998.

Special systems for railway employees and public-sector employees who entered the labor force before January 1, 1999.

#### Source of Funds

**Insured person:** 8% of covered earnings.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Self-employed person:** 16% of covered income.

The minimum income used to calculate contributions are the legal monthly social minimum wage.

The maximum income used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Employer:** 8% of covered payroll.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Government:** 8% of covered earnings.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

#### Qualifying Conditions

**Old-age pension:** Age 65 with at least 120 months of paid contributions.

Periods during which the insured received unemployment benefits, sickness and maternity benefits, work accident pensions (after 2011), and the minimum income guarantee are taken into account for the calculation of the coverage period.

Contributions may be paid retroactively under certain circumstances if the insured is a resident of Luxembourg, younger than age 65 with at least 12 months of contributions, and is not entitled to any pension.

Retirement is not necessary.

Early pension: Age 60 with at least 480 months of paid or credited contributions, including at least 120 months of paid contributions; age 57 with at least 480 months of paid contributions.

A minimum pension is paid with at least 20 years of paid or credited contributions.

Old-age pensions are payable abroad.

Old-age gratuity: Paid to new pensioners.

**Disability pension:** Must be younger than age 65 and unable to work in his or her usual occupation or any other similar occupation. The insured must have at least 12 months of coverage in the three years before the disability began. There is no minimum qualifying period for a disability that is the result of an accident.

Disability pensioners may continue to work if their earnings do not exceed one-third of the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

Disability pensions are payable abroad.

Disability gratuity: Paid to new pensioners.

**Survivor pension:** The deceased had at least 12 months of coverage in the three years before death or received an old-age or disability pension at the time of death.

Eligible survivors include a widow(er) or declared partner (also a divorced widow(er) or separated partner if not remarried before the deceased's death) if the date of marriage or legal declaration of partnership was at least one year before the date the deceased's retirement or death and the deceased did not receive an old-age or disability pension at the time of marriage. These conditions are waived if the death resulted from an accident, the widow(er) or partner had children with the deceased, or the marriage or partnership lasted at least 10 years (at least one year if the

age gap between the two spouses or partners was less than 15 years).

Other eligible survivors include orphans younger than age 18 (age 27 if a student or in vocational training) and, if there is no surviving spouse or partner, the deceased's dependent parent or close relative older than age 40 who lived with the deceased for at least five years before the deceased's death.

Survivor pensions are payable abroad.

### Old-Age Benefits

**Old-age pension:** A flat-rate component (majorations forfaitaires) of €458.05 a month is paid if the insured has at least 40 years of coverage (reduced by 1/40 for each year less than 40) plus an income-related supplement (majoration proportionnelle) of 1.825% (in 2016, gradually decreasing by 0.006% a year until reaching 1.6% by 2052) of adjusted lifetime total earnings. The income-related supplement is increased by 0.012% (in 2016, gradually rising to 0.025% by 2052) for each year the insured's age and years of contributions exceed 93 (in 2016, gradually rising by one year every six years until reaching 100 by 2052).

The minimum monthly pension for 40 years of coverage is €1,726.13 (reduced by 1/40 for each year less than 40).

The maximum monthly pension is €7,991.36.

**Early pension:** The pension is not reduced if the insured ceases employment, has at least 40 years of contributions, or has an average monthly salary (over one year) of less than one-third of the legal monthly social minimum wage. If the insured has an average monthly salary (over one year) of at least one-third of the legal monthly social minimum wage but less than the average monthly salary over the insured's best five years of earnings, the pension is reduced such that the sum of earnings and the pension does not exceed the average monthly salary over the best five years of earnings. No pension is paid if the insured's average monthly salary (over one year) exceeds the average monthly salary over the insured's best five years of earnings.

The legal monthly social minimum wage is €1,922.96.

**Old-age gratuity:** €735.24 is paid with 40 years of coverage (reduced by 1/40 for each year less than 40).

**Benefit adjustment:** Benefits are adjusted according to changes in the cost of living and periodically according to changes in wages.

### Permanent Disability Benefits

**Disability pension:** A flat-rate component (majorations forfaitaires) of €458.05 a month is paid if the insured has at least 40 years of coverage (reduced by 1/40 for each year less than 40) plus an income-related supplement (majoration proportionnelle) of 1.825% (in 2016, gradually decreasing by 0.006% annually until reaching 1.6% by 2052) of adjusted lifetime total earnings. The income-related supplement is

increased by 0.012% (in 2016, gradually rising to 0.025% by 2052) for each year the insured's age and years of coverage exceeds 93 (in 2016, gradually rising by one year every six years until reaching 100 by 2052).

An additional flat-rate amount is paid based on the years of contributions the insured would have had by age 65 if he or she had not been assessed with a disability (majorations forfaitaires speciales). If the disability began before age 55, an additional income-related supplement is paid based on the income the insured would have received by age 55 if he or she had not been assessed with a disability (majoration proportionnelle).

The minimum monthly pension for 40 years of coverage is €1,726.13 (reduced by 1/40 for each year less than 40).

The maximum monthly pension is €7,991.36.

At age 65, the disability pension is replaced by an old-age pension.

**Disability gratuity:** €735.24 is paid for 40 years of coverage (reduced by 1/40 for each year less than 40).

**Benefit adjustment:** Benefits are adjusted according to changes in the cost of living and periodically according to changes in wages.

### Survivor Benefits

**Spouse's pension:** If the deceased was an old-age pensioner, 100% of the flat-rate component of the old-age pension (majorations forfaitaires) plus 75% of the deceased's income-related supplement (majorations proportionnelles) is paid.

If the deceased was actively insured, the spouse's pension is based on the disability pension the insured was entitled to receive: 100% of the flat-rate components of the disability pension (majorations forfaitaires and majorations forfaitaires especiales) plus 75% of the deceased's income-related supplement (majorations proportionnelles and majorations proportionnelles especiales) is paid.

The spouse's pension for an eligible divorced spouse or separated partner is calculated according to the years of contributions accrued during the marriage or partnership.

The spouse's pension is reduced if the total income including other pension income exceeds a given amount.

The minimum monthly pension for 40 years of coverage is €1,726.13 (reduced by 1/40 for each year less than 40).

**Orphan's pension:** If the deceased was an old-age pensioner, 33% of the flat-rate component of the old-age pension (majorations forfaitaires) plus 25% of the deceased's income-related supplement (majorations proportionnelles) is paid.

If the deceased was actively insured, the spouse's pension is based on the disability pension the insured was entitled to receive: 33% of the flat-rate components of a disability pension (majorations forfaitaires and majorations forfaitaires

## Luxembourg

---

especiales) plus 25% of the deceased's income-related supplement (majorations proportionnelles and majorations proportionnelles especiales) is paid.

Full orphans receive a double pension.

All survivor benefits combined must not exceed 100% of the deceased's pension.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living and periodically according to changes in wages.

### Administrative Organization

Ministry of Social Security (<http://www.mss.public.lu>) provides general supervision.

National Pension Insurance Fund (<http://www.cnap.lu>) administers the private-sector program.

Public Employees Administration administers the program for civil servants.

### Sickness and Maternity

---

#### Regulatory Framework

**First law:** 1901.

**Current law:** 1992 (sickness insurance and health sector), 2008 (single fund), and 2010 (health care system).

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

#### Coverage

Public- and private-sector employees and social security beneficiaries. Self-employed persons, artists, and farmers are covered for medical and attendance benefits only.

Voluntary coverage for those without compulsory coverage (health care and maternity benefits).

Special systems for self-employed persons, artists, and farmers (cash benefits).

#### Source of Funds

##### Insured person

**Cash benefits:** 0.25% of covered earnings.

**Medical benefits:** 2.8% of covered earnings; pensioners contribute 2.8% of the pension.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,921.03.

**Attendance benefits:** 1.4% of gross income.

##### Self-employed person

**Cash benefits:** 0.5% of covered income.

**Medical benefits:** 5.6% of covered income.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,921.03.

**Attendance benefits:** 1.4% of gross income.

##### Employer

**Cash benefits:** 0.25% of covered payroll.

**Medical benefits:** 2.8% of covered payroll.

**Attendance benefits:** None.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,921.03.

##### Government

**Cash benefits:** A subsidy of 29.5% of contributions.

**Medical benefits:** A subsidy of 37% of contributions.

**Attendance benefits:** 45% of the cost of long-term care.

#### Qualifying Conditions

##### Cash sickness, medical, and attendance benefits:

Membership in a sickness fund. For attendance benefits, the insured requires the constant attendance of others to perform daily functions.

**Cash maternity benefits and adoption leave:** Membership in a fund for at least six months in the year before the year of the expected date of childbirth or adoption leave.

#### Sickness and Maternity Benefits

**Sickness benefit:** 100% of the insured's average daily covered earnings is paid from the first day of incapacity for up to 77 days in a 104-week period.

Average daily covered earnings are based on earnings in the last three calendar months before the sick leave began.

The minimum benefit is the legal social minimum wage.

The maximum benefit is five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Attendance benefits:** €66.43 an hour is paid for care provided at home by a professional, €25 for care provided at home by a relative or friend, and €48.86 an hour for care provided in an institution.

**Maternity benefit:** 100% of the insured's average daily covered earnings is paid for eight weeks before and eight weeks after the expected date of childbirth (12 weeks after

for a premature birth, multiple births, or if the mother is breastfeeding her child).

Average daily covered earnings are based on earnings in the last three calendar months before the start of maternity leave.

The minimum benefit is the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Maternity allowance:** A lump sum of €3,104.32 is paid for a 16-week maternity leave period to persons who have no loss of income while on maternity leave.

**Adoption leave:** 100% of the insured's average daily covered earnings is paid for eight weeks (12 weeks for a multiple adoption).

The minimum benefit is the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

### **Workers' Medical Benefits**

Doctors and hospitals provide services under collective agreements according to an established schedule of fees. (The insured may choose the service provider.) Medical benefits include general and specialist care, hospitalization, laboratory services, maternity care, dental care, appliances, medicine, transportation, and rehabilitation services.

**Cost sharing:** In general, insurance covers most of the cost of medical benefits. The insured pays 20% for a doctor's visit, 10% for other outpatient services, 5% for dental care fees that exceed €60 a year, €20.93 a day for hospitalization, and either 20% or 60% of the cost of medicine. Fees for medical and dental care are waived for patients with limited income.

The maximum medical costs paid by the insured is 2.5% of the annual insurable income in the previous year (or the minimum income level, whichever is less).

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

### **Administrative Organization**

Ministry of Social Security (<http://www.mss.public.lu>) provides general supervision.

National Health Fund (<http://www.cns.lu>), with the insurance funds, administers benefits.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1902.

**Current law:** 2010 (social security).

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

### **Coverage**

Employed persons, self-employed persons, household workers, maritime workers, civil servants, apprentices, students, and military personnel.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 1% of covered income.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Employer:** 1% of covered payroll.

The minimum earnings used to calculate contributions are the legal monthly social minimum wage.

The maximum earnings used to calculate contributions are five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Government:** 50% of the cost of administration.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered. The insured must be totally disabled and incapable of any work to receive the full permanent disability pension.

### **Temporary Disability Benefits**

100% of the insured's covered earnings is paid from the 14th week of total incapacity for up to a total of 52 weeks within a 104-week period (employers pay 100% of the salary for the first 13 weeks).

### **Permanent Disability Benefits**

**Permanent disability benefit:** If assessed as totally disabled and incapable of any work, 100% of the insured's average monthly covered earnings in the 12 months before the accident occurred or the occupational disease began is paid up to age 65.

The minimum pension is the legal monthly social minimum wage

The maximum pension is five times the legal monthly social minimum wage.

The legal monthly social minimum wage is €1,922.96.

**Partial disability:** A lump sum is paid for an assessed disability of less than 20%.

An insured person assessed with at least a 10% disability who returns to work receives a partial pension up to age 65. The benefit is the difference (at least 10%) between current earnings and earnings in the 12 months before the accident occurred or the occupational disease began.

If work incapacity is less than 10%, the insured only receives compensation for physiological harm, physical pain or disfigurement.

### **Workers' Medical Benefits**

All necessary care, including medical treatment and surgery, hospitalization, medicine, appliances, and rehabilitation.

### **Survivor Benefits**

**Spouse's pension:** 1.85% of the deceased's annual income multiplied by 10 is paid if the deceased was younger than age 55; 75% of the old-age pension the deceased received or was entitled to receive if aged 55 or older.

**Orphans pension:** 25% of the survivor grant is paid to children aged 18 or younger (27 if disabled or a student).

**Survivor grant:** A lump-sum of €28,385.95 is paid for a spouse or declared partner and each child; €16,968.47 for each of the deceased's surviving parents; €11,309.73 for other persons who lived with the deceased for at least three years before the date of death.

The maximum combined survivor pension is 100% of the old-age pension the deceased received or was entitled to receive.

**Funeral grant:** €959.18 is paid.

### **Administrative Organization**

Ministry of Social Security (<http://www.mss.public.lu>) provides general supervision.

Accident Insurance Association (<http://www.aaa.lu>) administers the program for workers in industry, agriculture, and forestry.

## **Unemployment**

---

### **Regulatory Framework**

**First law:** 1921.

**Current law:** 2006 (labor code).

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

### **Coverage**

Employed persons, certain self-employed persons, recent school graduates, and persons aged 16 to 28 who have completed vocational training.

### **Source of Funds**

**Insured person:** Paid as a special solidarity tax.

**Self-employed person:** Paid as a special solidarity tax.

**Employer:** None.

**Government:** Central government pays an amount set annually by the budget law and the proceeds from an earmarked tax on certain products. Local governments contribute 4% of revenues.

### **Qualifying Conditions**

**Unemployment benefits:** Must have at least 26 weeks of work in the last 12 months; self-employed, at least two years; recent graduates, 26 weeks of registered unemployment. Must register at the employment office, and be capable of and willing to work. Must not receive an old-age, disability, or work injury pension. Unemployment is not due to voluntary leaving or the refusal of a suitable job offer.

### **Unemployment Benefits**

80% of the insured's average earnings in the three months before becoming unemployed (85% with a dependent child), up to 2.5 times the legal monthly social minimum wage is paid. The maximum benefit is reduced to twice the legal monthly social minimum wage after 182 days; 1.5 times the legal monthly social minimum wage after 365 days.

Young unemployed persons receive 70% of the legal monthly social minimum wage; recently self-employed persons, 80%.

Benefits are paid for up to 365 days in a 24-month period; may be extended for six, nine, or 12 months for older unemployed persons; additional extensions are available for hard-to-place unemployed persons.

The maximum unemployment benefit is 2.5 times the legal monthly social minimum wage (2 times the legal social minimum wage after nine months of unemployment).

The legal monthly social minimum wage is €1,922.96.

Benefit adjustment: Benefits are adjusted according to changes in the cost of living.

### **Administrative Organization**

Ministry of Labor and Employment (<http://www.mte.public.lu>) provides general supervision.

Employment Agency (<http://www.adem.public.lu>), through its local offices, administers the program and pays benefits.

## **Family Allowances**

---

### **Regulatory Framework**

**First laws:** 1947 (employed persons) and 1959 (self-employed persons).

**Current laws:** 1977 (birth allowance), 1985 (family allowance), 1986 (beginning of school year allowance), 1988 (education allowance), and 1999 (parental leave and minimum income).

**Type of program:** Universal and social assistance system.

### Coverage

**Universal:** Residents of Luxembourg.

**Social assistance:** Residents of Luxembourg.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

**Family allowance (universal):** The child must be younger than age 18 (age 27 if a student in general or technical secondary education or disabled).

Supplementary allowance: Paid if the child has a serious disability.

**Beginning of school year allowance (universal):** Paid to families with one or more children aged 6 to 18 (age 27 if a student in general or technical secondary education or disabled) who are eligible for family allowances.

**Birth allowance (universal):** The mother must undergo prescribed medical examinations.

**Parental leave allowance (universal):** Paid to a parent receiving family allowances for a child younger than age 5. Must have been living and working in Luxembourg at the time of the child's birth. The parent must allocate more than half of normal working time to raising the child, must have been employed by the same employer (or insured, for a self-employed person) during the 12 months immediately before the parental leave period, and must be covered by health insurance.

**Minimum income guarantee (social assistance):** Age 25 and needy.

Earnings test: Household earnings may not exceed €1,348 a month for one adult (€2,022.27 for a couple); €122.56 a month for a child.

**Special allowance (allocation de la vie chere, social assistance):** Needy households (to compensate for subsistence costs).

Earnings test: Household earnings may not exceed €23,162.08 a year for one adult (€34,743.12 for a couple); €6,948.62 a year for each additional family member.

### Family Allowance Benefits

**Family allowance (universal):** €185.60 a month is paid for one child, €440.72 for two, €802.74 for three, €1,164.48 for four, or €1,526.40 for five. An additional €16.17 a month is paid for each child aged 6 to 11 and €48.52 for ages 12 or older.

Supplementary allowance: €185.60 a month is paid.

**Beginning of school year allowance (universal):** €113.15 is paid for one child older than age 6 (€161.67 if older than age 12), €194.02 a child for two children older than age 6 (€242.47 a child if both are older than age 12), and €274.82 a child for three or more children older than age 6 (€323.34 a child if all are older than age 12).

**Birth allowance (universal):** Three installments of €580.03 are paid.

**Parental leave allowance (universal):** €1,778.31 a month is paid for up to six months; €889.15 is paid for part-time parental leave.

**Minimum income guarantee (social assistance):** The minimum income guarantee level or the difference between 130% of the minimum income guarantee level and the monthly gross income, whichever is less, is paid.

The minimum income guarantee level is €1,348 a month for one adult (€2,022.27 for a couple); €122.56 a month for a child.

Rental assistance: 10% of the minimum income benefit or €123.95, whichever is less, is paid.

**Special allowance (allocation de la vie chere, social assistance):** €1,320 a year is paid to an adult, plus €330 a year for each additional family member.

Benefit adjustment: All allowances are adjusted according to changes in the cost of living.

### Administrative Organization

Ministry of Family and Integration (<http://www.mfi.public.lu>) provides general supervision.

National Family Allowance Fund (<http://www.cnpf.lu>) administers allowances.