

## Luxembourg

Exchange rate: US\$1.00 equals 0.68 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), and 2000 (pension scheme).

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

#### Coverage

All economically active persons in the private and public sectors, including self-employed persons.

Special systems for railway employees who entered employment before January 1, 1999, and for public-sector employees who entered employment on or after January 1, 1999.

#### Source of Funds

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

The minimum monthly earnings for contribution and benefit calculation purposes are equal to the social minimum wage (€1,570.28).

The maximum monthly earnings for contribution and benefit calculation purposes are equal to five times the social minimum wage (€7,851.40).

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

The minimum monthly income for contribution and benefit calculation purposes is equal to the social minimum wage (€1,570.28).

The maximum monthly income for contribution and benefit calculation purposes is equal to five times the social minimum wage (€7,851.40).

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

The minimum monthly earnings for contribution calculation purposes are equal to the social minimum wage (€1,570.28).

The maximum monthly earnings for contribution calculation purposes are equal to five times the social minimum wage (€7,851.40).

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

The minimum monthly earnings for contribution calculation purposes are equal to the social minimum wage (€1,570.28).

The maximum monthly earnings for contribution calculation purposes are equal to five times the social minimum wage (€7,851.40).

#### Qualifying Conditions

**Old-age pension:** Age 65 (men and women) with at least 120 months of coverage.

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 480 months of paid contributions. Retirement is necessary.

**Disability pension:** The insured must be younger than age 65 and unable to perform the usual occupation or any other similar occupation. The insured must have at least 12 months of coverage in the 3 years before the disability began. There is no minimum qualifying period for a disability that is the result of an accident.

**Survivor pension:** The deceased had at least 12 months of coverage in the 3 years before death or was a pensioner at the time of death.

Eligible survivors are the deceased's spouse or declared partner if the date of marriage or the legal declaration of partnership was before the date the deceased retired (waived if the death resulted from an accident, if the deceased had children with his or her spouse or partner, if the marriage or partnership lasted at least 10 years, or if the marriage or partnership exceeded a year and the age gap between the two spouses or partners was less than 15 years); a surviving divorced spouse or separated partner if they had not remarried before the insured's death; orphans younger than age 18 (age 27 if a student or in vocational training); and the deceased's carer younger than age 40, in the absence of a surviving spouse or partner.

#### Old-Age Benefits

**Old-age pension:** The monthly pension comprises two elements: a flat-rate component of €365.74 a month if the insured has at least 40 years of coverage and an annual increment equal to 1.85% of adjusted lifetime covered earnings.

Partial pension: The flat-rate component of the pension is reduced by 1/40 for each year of coverage less than 40.

The minimum monthly pension is €1,400.79 if the insured has at least 40 years of coverage. The minimum pension is reduced by 1/40 for each year of coverage less than 40. A minimum pension is not paid if the insured has less than 20 years of coverage.

The maximum monthly pension is €6,484.76.

Old-age pensions are payable abroad.

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

## Permanent Disability Benefits

**Disability pension:** The monthly pension comprises two elements: a flat-rate component of €353.36 a month if the insured has at least 40 years of coverage and an annual increment equal to 1.85% of adjusted lifetime covered earnings.

If the disability began before age 55, an additional annual increment is paid for the period between the date the disability began and age 55. The additional increment is based on 1.85% of the insured's average earnings from age 25 to the date the disability began plus a special flat-rate increment equal to 1/40 of €365.74 for each remaining year between the date the disability began and age 65.

Partial pension: The flat-rate component is reduced by 1/40 for each year of coverage less than 40.

The minimum monthly disability pension is €1,400.71 if the insured has at least 40 years of coverage.

Disability pensions are payable abroad.

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

## Survivor Benefits

**Survivor pension:** The survivor pension for an eligible spouse or partner is based on the old-age pension and is equal to 100% of the flat-rate component plus 75% of the deceased's annual increment. The survivor pension for an eligible divorced spouse or separated partner is calculated according to the length of the coverage period accrued during the marriage or partnership.

The survivor pension is reduced if the total income including other pension income exceeds a given amount.

**Orphan's pension:** The orphan's pension is based on the old-age pension and is equal to 33% of the flat-rate component plus 25% of the deceased's annual increment. Full orphans receive a double pension.

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

Survivor pensions are payable abroad.

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

## Administrative Organization

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

Managed by an employee-employer governing body and presided over by a government official, the Old Age and Invalidity Insurance Institution (<http://www.avi.lu>) administers the program for wage earners.

Managed by an employee-employer governing body and presided over by a government official, the Private Salaried Employees' Pension Fund (<http://www.cpep.lu>) administers the program for salaried employees.

Managed by a governing body made up of representatives of the various self-employed groups, the Pension Fund for Self-employed Artisans, Merchants, and Manufacturers (<http://www.cpaci.lu>) administers the program for self-employed persons.

Managed by a governing body of representatives of the agricultural profession, the Agricultural Pension Fund administers the program for farmers.

Public Employees Administration administers the program for civil servants.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1901.

**Current law:** 1992 (sickness insurance and health), implemented in 1994.

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

### Coverage

All employees in the private and public sectors and social security beneficiaries. (Self-employed persons, artists, and farmers are covered for medical and attendance benefits.)

Voluntary coverage for those without compulsory coverage.

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

### Source of Funds

#### Insured person

**Cash benefits:** 2.35% of covered earnings (0.1% of covered earnings for employees receiving 100% of salary during sick leave).

**Medical benefits:** 2.7% of covered earnings; pensioners contribute 2.7% of the pension.

The minimum monthly earnings for contribution and benefit calculation purposes are equal to the social minimum wage (€1,570.28); €2,041.36 for pensioners.

The maximum monthly earnings for contribution and benefit calculation purposes are equal to five times the social minimum wage (€7,851.40).

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

#### Self-employed person

**Cash benefits:** 0.2% of covered income.

**Medical benefits:** 5.4% of covered income.

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The minimum monthly income for contribution and benefit calculation purposes is equal to the social minimum wage (€1,570.28); €2,041.36 for pensioners.

The maximum monthly income for contribution and benefit calculation purposes is equal to five times the social minimum wage (€7,851.40).

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

### Employer

**Cash benefits:** 2.35% of covered payroll (0.1% of covered payroll on behalf of employees receiving 100% of salary during sick leave).

**Medical benefits:** 2.7% of covered payroll.

**Attendance benefits:** None.

The minimum monthly earnings for contribution purposes are equal to the social minimum wage (€1,578.28).

The maximum monthly earnings for contribution purposes are equal to five times the social minimum wage (€7,851.40).

### Government

**Cash benefits:** A subsidy equal to 10% of contributions covering cash benefits and the total cost of maternity allowances.

**Medical benefits:** A subsidy equal to 37% of contributions covering health care benefits.

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

### Qualifying Conditions

**Cash sickness, medical, and attendance benefits:** Membership in a sickness fund.

**Cash maternity benefits and adoption leave:** Membership in a fund for at least 6 months in the year before the year of the expected date of childbirth or the year of the child's adoption.

### Sickness and Maternity Benefits

**Sickness benefit:** The benefit is equal to 100% of the insured's average daily covered earnings. The benefit is paid from the first day of incapacity for up to a maximum of 52 weeks in a 104-week period.

Average daily covered earnings are based on earnings in the last 3 calendar months before the sick leave began.

The minimum benefit is equal to the social minimum wage (€1,570.28).

**Attendance benefits:** Various cash benefits and services for the provision of care by a third person are provided to enable an individual to perform routine daily activities. Cash benefits are €52.44 an hour for care provided at home and €41.43 an hour for care provided in an institution.

**Maternity benefit:** The benefit is equal to 100% of the insured's average daily covered earnings. The benefit is paid for 8 weeks before and 8 weeks after the expected date of childbirth (12 weeks in the case of a premature birth, multiple births, or if the mother is breastfeeding her child).

Average daily covered earnings are based on earnings in the last 3 calendar months before the start of maternity leave.

The minimum benefit is equal to the social minimum wage (€1,570.28).

**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:** The benefit is equal to 100% of the insured's average daily covered earnings. The benefit is paid for 8 weeks (12 weeks if more than one child is adopted).

Average daily covered earnings are based on earnings in the last 3 calendar months before the date of the child's adoption.

The minimum benefit is equal to the social minimum wage (€1,570.28).

### Workers' Medical Benefits

The insured may choose the service provider. Services are provided by doctors and hospitals under collective agreements, according to the established schedule of fees. Medical benefits include general and specialist care, hospitalization, laboratory services, maternity care, dental care, appliances, medicines, transportation, and rehabilitation services.

Cost sharing: In general, insurance covers the entire cost of medical benefits, but the insured pays 20% for a visit to a doctor, 10% for other ambulatory services, 5% for dental care fees that exceed €44.94 a year, €12.03 a day for hospitalization, and varying rates of 20% or 60% of the cost of medicines.

### Dependents' Medical Benefits

**Medical benefits:** The insured's dependents may choose the service provider. Services are provided by doctors and hospitals under collective agreements, according to the established schedule of fees. Medical benefits include general and specialist care, hospitalization, laboratory services, maternity care, dental care, appliances, medicines, transportation, and rehabilitation services.

Cost sharing: In general, insurance covers the entire cost of medical benefits, but the insured pays 20% for a visit to a doctor, 10% for other ambulatory services, 5% for dental care fees that exceed €44.94 a year, €12.03 a day for hospitalization, and varying rates of 20% or 60% of the cost of medicines.

## **Administrative Organization**

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

Nine funds, each responsible for different occupational categories, administer benefits. Elected committees composed of representatives of insured persons and employers manage the funds.

Sickness Fund Union administers attendance benefits.

## **Work Injury**

### **Regulatory Framework**

**First law:** 1902.

**Current law:** 1925 (social insurance).

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

### **Coverage**

Employees, self-employed persons, domestic workers, maritime workers, civil servants, apprentices, students, and military personnel.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 0.52% to 6% of covered income, according to the assessed degree of risk.

The minimum monthly income for contribution and benefit calculation purposes is equal to the social minimum wage (€1,570.28).

The maximum monthly income for contribution and benefit calculation purposes is equal to five times the social minimum wage (€7,851.40).

**Employer:** 0.52% to 6% of covered payroll, according to the assessed degree of risk.

The minimum monthly earnings for contribution purposes are equal to the social minimum wage (€1,570.28).

The maximum monthly earnings for contribution purposes are equal to five times the social minimum wage (€7,851.40).

**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.

### **Temporary Disability Benefits**

The benefit is equal to 100% of the insured's average daily covered earnings and is paid from the first day of incapacity for up to 52 weeks; thereafter, the benefit is replaced by a permanent disability pension.

Average daily covered earnings are based on earnings in the last 3 calendar months before the disability began.

## **Permanent Disability Benefits**

**Permanent disability benefit:** If the insured is totally disabled, the monthly pension is equal to 85.6% of covered earnings.

Covered earnings are the insured's earnings in the last year.

Partial disability: The monthly pension is equal to a percentage of the full pension according to the assessed degree of disability. (The insured can opt for a lump-sum payment with an assessed degree of disability from 10% to 40%.) If the assessed degree of disability is 10% or less, the pension is converted to a lump sum after 3 years.

Constant-attendance supplement: Attendance benefits (see Sickness and Maternity, above) are paid to beneficiaries who require the constant attendance of another person.

Child's supplement: If the insured is assessed as at least 50% disabled, 10% of the pension is paid for each child younger than age 18 (age 27 if a student, no limit if disabled).

Schedule of payments: Benefits are paid monthly in advance.

Benefits are payable abroad.

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

## **Workers' Medical Benefits**

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

### **Survivor Benefits**

**Survivor pension:** The widow(er) receives 42.8% of the deceased's average earnings or 53.5% if the surviving spouse or the declared partner is assessed as at least 50% disabled.

Average earnings are based on the insured's earnings in the last year before the accident that resulted in his or her death.

The survivor pension is reduced if total income including other pension income exceeds a given amount.

**Orphan's pension:** Each orphan younger than age 18 (age 27 if a student) receives 21.4% of the deceased's average earnings.

Average earnings are based on the insured's earnings in the last year before the accident that resulted in his or her death.

**Other eligible survivors (in the absence of the above):** 32.1% of the deceased's average earnings are paid to parents, grandparents, or the deceased's carer.

Average earnings are based on the insured's earnings in the last year before the accident that resulted in his or her death.

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All survivor benefits must not exceed 85.6% of the deceased's average earnings.

The survivor pension is payable abroad.

**Funeral grant:** A lump sum is paid equal to 1/15 of the deceased's annual earnings or the minimum wage, whichever is greater.

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

### **Administrative Organization**

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

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

## **Unemployment**

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### **Regulatory Framework**

**First law:** 1921.

**Current laws:** 1975 (layoff prevention), 1976 (unemployment fund), 1990 (preretirement), and 1995 (involuntary unemployment).

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

### **Coverage**

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

### **Source of Funds**

**Insured person:** Contributes an amount under a special solidarity tax.

**Self-employed person:** Contributes an amount under a special solidarity tax.

**Employer:** None.

**Government:** Central government's contribution is set annually by the budget law; also, the proceeds from an earmarked tax on certain products. Local governments contribute 4% of their income, and communes contribute 2%.

### **Qualifying Conditions**

**Unemployment benefits:** The insured must have worked 26 weeks in the last 12 months; recent graduates must have 26 weeks of registered unemployment. Self-employed persons must have 2 years of work. The insured must register at the employment office, be capable of work, and be prepared to accept appropriate employment. Unemployment is not due to voluntary leaving or the refusal of a suitable job offer.

### **Unemployment Benefits**

The benefit is equal to 80% of the insured's average earnings (85% if the insured has a dependent child), up to a maximum of 2.5 times the social minimum wage. The maximum benefit is reduced to twice the social minimum wage after 182 days; 1.5 times the social minimum wage after 365 days. Young unemployed persons receive 70% of the social minimum wage; unemployed self-employed persons, 80%.

Benefits are paid for up to 365 days in a 24-month period; may be extended for 6, 9, or 12 months for older unemployed persons; additional extensions are available for hard-to-place unemployed persons.

The social minimum wage is €1,570.28.

**Benefit adjustment:** Benefits are indexed to changes in the cost of living.

### **Administrative Organization**

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

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

## **Family Allowances**

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### **Regulatory Framework**

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

**Current laws:** 1977 (birth allowance), 1980 (maternity allowance), 1985 (family allowance), 1986 (beginning of school year allowance), 1988 (education allowance), and 1999 (parental leave).

**Type of program:** Universal system.

### **Coverage**

All children reared and legally residing in Luxembourg.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### **Qualifying Conditions**

**Family allowance:** The child must be younger than age 18 (age 27 for students and disabled children).

**Supplementary allowance:** Paid if the child is seriously disabled.

**Birth allowance:** The mother must undergo prescribed medical examinations and reside in Luxembourg.

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

**Child-rearing allowance:** All residents rearing one or more children younger than age 2 for whom they receive family allowances. The beneficiary must rear the children on a full-time basis or the household income must be no more than three, four, or five times the social minimum wage (after the deduction of social security contributions) according to whether there are one, two, or three children, respectively. Persons who allocate more than half of normal working time to rearing children are eligible for 50% of the allowance without an income test.

**Parental leave allowance:** Paid to a parent for a child younger than age 5 for whom they receive family allowances. The parent 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 rearing the child and 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.

### **Family Allowance Benefits**

**Family allowances:** €185.60 a month is paid for one child, €440.72 a month for two, €802.74 a month for three, €1,164.48 a month for four, or €1,526.40 a month for five. In addition, €16.17 a month is paid for each child aged 6

to 11 and €48.52 a month is paid for each child aged 12 or older.

Supplementary allowance: €185.60 a month is paid.

**Birth allowances:** €1,740.09 is paid in three equal installments as a prenatal allowance, birth grant, and postnatal allowance.

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

**Child-rearing allowance:** €485.01 a month is paid.

**Parental leave allowance:** €1,778.31 a month is paid for a maximum of 6 months.

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

### **Administrative Organization**

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

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