

## Luxembourg

Exchange rate: US\$1.00 equals 0.80 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 1987 (unified pension insurance scheme); and 1989 (pension schemes coordination), implemented January 1990.

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

#### Coverage

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

General system for the private sector.

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

#### Source of Funds

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

**Employer:** 8% of payroll.

**Government:** 8% of earnings.

The minimum monthly earnings for contribution and benefit calculation purposes are equal to the social minimum wage (€1,402.96).

The maximum monthly earnings for contribution and benefit calculation purposes are equal to five times the social minimum wage (€7,014.79).

#### Qualifying Conditions

**Old-age pension:** Age 65 (men and women) with 120 months of mandatory, voluntary, or deemed coverage.

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

Retirement is necessary.

Deferred pension: Retirement may be deferred to age 68; a partial pension, combined with part-time employment, is also possible.

**Disability pension:** Under age 65 and unable to perform the usual occupation or any other similar occupation; 12 months of coverage during the 3 years before the onset of disability. There is no minimum qualifying period in case of disability resulting from an accident.

**Survivor pension:** The insured had 12 months of coverage in the 3 years before death or was a pensioner at the time of death. The pension is payable to the spouse, including a divorced spouse, on the basis of years of marriage and number of contributions without regard to either personal income or orphans; also payable to orphans.

#### Old-Age Benefits

**Old-age pension:** The pension comprises two elements: a flat-rate component of €329.75 a month if insured for 40 years 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 insurance less than 40.

The minimum pension is €1,262.88 a month, if insured for 40 years. The minimum pension is reduced by 1/40 for each year less than 40. A minimum pension is not payable if insured for less than 20 years.

The maximum pension is €5,846.66 a month.

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

#### Permanent Disability Benefits

**Disability pension:** A flat-rate component of €329.75 a month if insured for 40 years plus an annual increment equal to 1.85% of adjusted lifetime covered earnings.

The disability pension also includes prospective insurance. If disability occurs before age 55, an additional increment is calculated for the period between the date of the onset of disability and age 55 on the insured's imputed average earnings from age 25 to the date of the onset of disability.

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

The minimum disability pension is €1,262.88 a month if the insured has 40 years of effective or prospective insurance.

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

#### Survivor Benefits

**Survivor pension:** Based on the old-age pension, the pension is equal to 100% of the flat-rate benefit plus 75% of the insured's annual increment. The concurrent drawing of a survivor pension and earnings or other personal pension is subject to a limit.

**Orphan's pension:** Based on the old-age pension, the pension is equal to 33% of the flat-rate benefit plus 25% of the insured's annual increment. Full orphans receive a double pension.

The maximum total survivor pension is 100% of the insured's pension.

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

### **Administrative Organization**

Ministry of Social Security provides general supervision.

Managed by an employee-employer governing body and chaired by a government official, the Old Age and Invalidity Insurance Institution administers the program for wage earners.

Managed by an employee-employer governing body and chaired by a government official, the Private Salaried Employees' Pension Fund 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 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-sector reform), implemented in January 1994.

**Type of program:** Social insurance system. Cash and medical benefits.

#### **Coverage**

All employees and social security beneficiaries are eligible for medical and dependency benefits.

Voluntary membership in the sickness fund for those without compulsory coverage.

Special systems for self-employed persons, artisans, and farmers (cash sickness and maternity benefits).

#### **Source of Funds**

**Insured person:** 4.9% (blue-collar workers) or 2.65% (white-collar workers) of earnings. Pensioners contribute 2.55% of the pension and an additional 1% of taxable income for dependents.

**Employer:** 4.9% (blue-collar workers) and 2.65% (white-collar workers) of payroll. Pension insurance institutions contribute 2.55% of pensions paid.

**Government:** Subsidies of around 37% of contributions. The total cost of maternity allowances.

The maximum monthly earnings for contribution purposes are five times the national minimum wage (€1,402.96).

### **Qualifying Conditions**

**Cash sickness, medical, and dependency benefits:** Membership in the sickness fund.

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

### **Sickness and Maternity Benefits**

**Cash sickness benefit:** 100% of earnings is payable for up to 52 weeks from the first day of incapacity.

**Cash maternity benefit:** 100% of earnings, payable 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).

**Adoption leave:** 100% of earnings is payable for 8 weeks on the adoption of a child.

**Maternity allowance:** A lump sum of €2,954.77 is payable for a 16-week period to persons who have no loss of income while on maternity leave.

### **Workers' Medical Benefits**

There is a free choice of 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 consultations; 5% for other ambulatory services; 5% for dental care up to a limit of €1.33 a year; €0.31 a day for hospitalization; and varying rates of 0%, 20%, or 60% of the cost of medicines.

### **Dependents' Medical Benefits**

**Medical benefits for dependents:** Same as for the insured person.

**Attendance benefits:** Various services and cash benefits for the provision of care by another person in order to permit an individual to undertake routine daily activities. Cash benefits are €24 per hour for care provided at home and €35.82 per hour for care provided in an institution.

### **Administrative Organization**

Ministry of Social Security 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 dependency benefits.

## Work Injury

### Regulatory Framework

**First law:** 1902.

**Current laws:** 1925 (social insurance code).

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

### Coverage

Employees, apprentices, domestic workers, and self-employed persons.

Special systems for public-sector employees, students, and military personnel.

### Source of Funds

**Insured person:** None (except for self-employed persons).

**Employer:** 0.66% to 6% of payroll, according to the assessed degree of risk.

**Government:** Half of the cost of administration and one-third of the cost of pension adjustments due to wage changes.

The maximum monthly earnings for contribution and benefit purposes are €1,402.96.

### Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period.

### Temporary Disability Benefits

100% of earnings is payable from the first day of incapacity for up to 13 weeks; thereafter, the benefit is converted to a permanent disability pension.

### Permanent Disability Benefits

85.6% of earnings during the last year.

**Child supplement:** 10% of the pension for each child under age 18 (age 27 if a student, no limit if disabled) if the insured is assessed as 50% or more disabled. The value of the total supplement is not to exceed 100% of base salary.

**Partial disability:** A percentage of the full pension in proportion to the assessed degree of disability. If the assessed degree of disability is 10% or less, the pension is converted to a lump sum after 3 years; or on request if the assessed degree of disability is from 10% to 40%.

**Benefit adjustment:** Benefits are automatically indexed to changes in 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 benefit:** 42.8% of the insured's earnings (53.5% if the insured was disabled) is payable to the widow(er).

**Remarriage settlement:** Entitlement to the survivor pension ceases on remarriage, with a lump sum equal to 60 months' earnings paid if the survivor is under age 50; 36 months' earnings if aged 50 or older.

**Orphan's pension:** 21.4% of earnings for each orphan under age 18 (under age 27 if a student).

**Other eligible survivors (in absence of the above):** Parents, grandparents, or the insured's carer.

The maximum total survivor pension is 85.6% of the insured's earnings.

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

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

## Administrative Organization

Ministry of Social Security provides general supervision.

Accident Insurance Association administers the program for workers in industry, agriculture, and forestry and also administers the special systems.

## Unemployment

### Regulatory Framework

**First law:** 1921.

**Current law:** 1976 (full unemployment benefits).

**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:** 2.5% (special solidarity tax).

**Employer:** None.

**Government:** The level of financing is set annually by legislation.

### Qualifying Conditions

**Unemployment benefit:** 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 5 years of work, except for special cases. The insured must be registered at the employment office, 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

80% of the basis salary (85% if the insured has a dependent child) during the last 3 months, up to 2.5 times the social minimum wage (2 times after 182 days; 1.5 times after 365 days); young unemployed persons receive 70% of the social minimum wage, and self-employed persons receive 80%. The amount is reduced for unemployed persons living with someone whose earnings exceed twice the social minimum wage. The benefit is payable for up to 365 days in a 24-month period. The entitlement period may be extended for 12, 9, or 6 months for older unemployed persons; additional extensions are available for hard-to-place unemployed persons.

The basis salary is equal to gross earnings in the 3 months before unemployment.

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

### Administrative Organization

Ministry of Labor provides general supervision.

Employment Agency, through local offices, administers the program and the payment of allowances.

### Family Allowances

---

#### 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 raised and legally resident in the country.

### Source of Funds

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

### Qualifying Conditions

**Family allowance:** The child is under age 18 (age 27 if a student).

**Birth allowance:** Evidence of prescribed medical examinations and residence in Luxembourg.

**Beginning of school year allowance:** Payable 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 under age 2 for whom they receive family allowances.

**Parental leave allowance:** The child is under age 5 and receiving the family allowance, and the parent was living and working in Luxembourg at the time of the child's birth.

### Family Allowance Benefits

**Family allowances:** €176.67 a month for one child, €119.50 a month for two, €764.07 a month for three, €1,108.40 a month for four, and €1,452.85 a month for five. In addition, €15.39 a month for each child aged 6 to 11 and €6.18 a month for each child aged 12 or older.

**Supplementary allowance:** €176.67 a month is added for a seriously disabled child.

**Birth allowances:** €1,656.30 is payable in three equal installments as prenatal allowance, birth grant, and postnatal allowance.

**Beginning of school year allowance:** €107.70 for one child over age 6 (€53.88 if over age 12), €84.67 per child if there are two children over age 6 (€30.79 per child if over age 12), and €61.58 per child if there are three or more children over age 6 (€07.77 per child if over age 12).

**Child-rearing allowance:** €461.65 a month.

**Parental leave allowance:** €1,692.66 a month, during a 6-month period.

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

### Administrative Organization

Ministry of the Family provides general supervision.

National Family Allowance Fund administers allowances.