

## Luxembourg

Exchange rate: US\$1.00 equals 0.70 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 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 used to calculate contributions are the social minimum wage.

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

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

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

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

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

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

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

#### Qualifying Conditions

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

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. Retirement is necessary.

A minimum pension is paid with a least 20 years of coverage.

**Disability pension:** The insured must be younger than age 65 and unable to perform his or her usual 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 at least one year before the date the deceased retired (if a pensioner) or the date of death (if in insured employment) and the insured did not receive an old-age or disability pension at the time of marriage (conditions 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 not remarried before the insured's death; orphans younger than age 18 (age 27 if a student or in vocational training); and, in the absence of a surviving spouse, the deceased's dependent parent or close relative older than age 40 who lived with the deceased for at least 5 years before the death.

#### Old-Age Benefits

**Old-age pension:** The monthly pension comprises two elements: a flat-rate component of €395.44 a month if the insured has at least 40 years of coverage and an annual increment of 1.85% of adjusted lifetime covered earnings.

The flat-rate component of the pension is reduced by 2.5% for each year of coverage less than 40.

The minimum monthly pension varies from €1,514.43 to €757.22 if the insured has 40 years or 20 years of coverage respectively.

The maximum monthly pension is €7,011.23.

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 €395.44 a month if the insured has at least 40 years of coverage and an annual increment of 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 flat-rate increment of 2.5% of €395.44 for each remaining year between the date the disability began and age 65.

The flat-rate component is reduced by 2.5% for each year of coverage less than 40.

The minimum monthly disability pension is €1,514.43 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 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 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.public.lu>) provides general supervision.

The 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**

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### **Regulatory Framework**

**First law:** 1901.

**Current laws:** 1992 (sickness insurance and health), implemented in 1994; and 2008 (single fund), implemented in 2009.

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

### **Coverage**

All private- and public-sector employees 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:** 0.25% of covered earnings.

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

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

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

#### **Self-employed person**

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

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

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

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

#### **Employer**

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

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

**Attendance benefits:** None.

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

### Government

**Cash benefits:** A subsidy of 29.5% of contributions covering cash benefits and the total cost of maternity allowances.

**Medical benefits:** A subsidy of 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 maternity or adoption leave.

### Sickness and Maternity Benefits

**Sickness benefit:** The benefit is 100% of the insured's average daily covered earnings. The benefit is paid from the first day of incapacity for up to 52 weeks in a 104-week period (the employer usually pays the first 13 weeks of benefits).

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

The minimum benefit is the social minimum wage.

The social minimum wage is €1,682.76.

**Attendance benefits:** Various cash benefits and services are provided if the insured requires the constant attendance of others to perform daily functions. Cash benefits are €58.54 an hour for care provided at home by a professional, €25 an hour for care provided at home by a relative or friend, and €44.35 to €47.59 an hour for care provided in an institution.

**Maternity benefit:** The benefit is 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 the social minimum wage.

The social minimum wage is €1,682.76.

**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 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 social minimum wage of €1,682.76.

### 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, medicine, transportation, and rehabilitation services.

**Cost sharing:** In general, insurance covers most of the 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 €48.54 a year, €12.64 a day for hospitalization, and either 20% or 60% of the cost of medicine.

### Dependents' 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, medicine, transportation, and rehabilitation services.

**Cost sharing:** In general, insurance covers most of the 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 €48.54 a year, €12.64 a day for hospitalization, and varying rates of 20% or 60% of the cost of medicine.

### Administrative Organization

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

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

### Work Injury

#### Regulatory Framework

**First law:** 1902.

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

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

### Coverage

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

### Source of Funds

**Insured person:** None.

**Self-employed person:** 0.45% to 6% of covered income, according to the assessed degree of risk.

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

**Employer:** 0.45% to 6% of covered payroll, according to the assessed degree of risk.

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

The maximum monthly earnings used to calculate contributions are 5 times the social minimum wage.

The social minimum wage is €1,682.76.

**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 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 has a total disability, the monthly pension is 85.6% of covered earnings.

Covered earnings are the insured's earnings in the year before the accident or disease began.

Partial disability: The monthly pension is a percentage of the full disability 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) are paid to beneficiaries who require the constant attendance of another person.

Child's supplement: If the insured is assessed with a disability of at least 50%, 10% of the disability 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, medicine, 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 with a disability of at least 50%.

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 other eligible survivors, including dependent parents and other close relatives who depended on the deceased.

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

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 of 6.7% of the deceased's annual earnings or the minimum wage is paid, whichever is greater.

The social minimum wage is €1,682.76

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.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:** 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 revenues.

#### **Qualifying Conditions**

**Unemployment benefits:** The insured must have worked at least 26 weeks in the last 12 months; recent graduates must have at least 26 weeks of registered unemployment. Self-employed persons must have worked at least 2 years. The insured must register at the employment office, be capable of work, be prepared to accept appropriate employment, and not be receiving 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**

The benefit is 80% of the insured's average earnings (85% if the insured has a dependent child), up to 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 unem-

ployed persons receive 70% of the social minimum wage; recently self-employed persons receive 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 €1,682.76.

Benefit adjustment: Benefits are indexed 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), 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 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 if a student or disabled).

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

**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 3, 4, or 5 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.

The social minimum wage is €1,682.76.

**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 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.

### **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 parts 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 up to 6 months; €889.15 is paid for part-time parental leave.

Benefit adjustment: All allowances are indexed 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.