

Luxembourg

Exchange rate: US\$1.00 equals 0.84 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 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 gross earnings.

The minimum monthly earnings for contribution and benefit calculation purposes are equal to the social minimum wage (€1,503.42).

The maximum monthly earnings for contribution and benefit calculation purposes are equal to five times the social minimum wage (€7,517.12).

Self-employed person: 16% of net taxable income.

The minimum monthly income for contribution and benefit calculation purposes is equal to the social minimum wage (€1,503.42).

The maximum monthly income for contribution and benefit calculation purposes is equal to five times the social minimum wage (€7,517.12).

Employer: 8% of gross payroll.

The minimum monthly earnings for contribution calculation purposes are equal to the social minimum wage (€1,503.42).

The maximum monthly earnings for contribution calculation purposes are equal to five times the social minimum wage (€7,517.12).

Government: 8% of gross earnings.

The minimum monthly earnings for contribution calculation purposes are equal to the social minimum wage (€1,503.42).

The maximum monthly earnings for contribution calculation purposes are equal to five times the social minimum wage (€7,517.12).

Qualifying Conditions

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

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 onset of disability. 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 parents 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 €353.36 a month if insured for at least 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 monthly pension is €1,353.29 if the insured has at least 40 years of insurance. The minimum pension is reduced by 1/40 for each year of insurance less than 40. A minimum pension is not payable if the insured has less than 20 years of insurance.

The maximum monthly pension is €6,265.25.

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 insured for at least 40 years and an annual increment equal to 1.85% of adjusted lifetime covered earnings.

If the onset of disability occurs before age 55, an additional annual increment is paid for the period between the date of the onset of disability and age 55. The additional increment is based on 1.85% of the insured's average earnings from age 25 to the date of the onset of disability plus a special flat-rate increment equal to 1/40 of €353.36 for each remaining year between the onset of disability and age 65.

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

The minimum monthly disability pension is €1,353.29 if the insured has at least 40 years of paid or credited insurance.

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 insured period accrued during the marriage or partnership.

The survivor pension is reduced if 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.

The total maximum survivor pension 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 workers 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 sickness and maternity benefits).

Source of Funds

Insured person

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

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

Attendance benefits: All insured persons contribute 1% of total net taxable income for long-term health care.

The minimum monthly earnings for contribution and benefit calculation purposes are equal to the social minimum wage (€1,503.42); €1,954.45 for pensioners.

The maximum monthly earnings for contribution and benefit calculation purposes are equal to five times the social minimum wage (€7,517.12).

Self-employed person

Cash benefits: 0.2% of net taxable income.

Medical benefits: 5.4% of net taxable income.

Attendance benefits: 1% of net taxable income for long-term health care.

The minimum monthly income for contribution and benefit calculation purposes is equal to the social minimum wage (€1,503.42); €1,954.45 for pensioners.

The maximum monthly income for contribution and benefit calculation purposes is equal to five times the social minimum wage (€7,517.12).

Employer

Cash benefits: 2.35% of gross payroll (0.1% of gross payroll on behalf of employees receiving 100% of salary during sick leave). Pension insurance institutions contribute 2.7% of the total amount of pensions paid.

Medical benefits: 2.7% of gross payroll.

Attendance benefits: None.

The minimum monthly earnings for contribution purposes are equal to the social minimum wage (€1,503.42); €1,954.45 for pensioners.

The maximum monthly earnings for contribution purposes are equal to five times the social minimum wage (€7,517.12).

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 insurable earnings. The benefit is payable from the first day of incapacity for up to a maximum of 52 weeks in a 104-week period.

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

The minimum benefit is equal to the social minimum wage (€1,503.42).

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 €49.98 an hour for care provided at home and €37.80 an hour for care provided in an institution.

Maternity benefit: The benefit is equal to 100% of the insured's average daily insurable earnings. The benefit is 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).

Average daily insurable 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 (€1,503.42).

Maternity allowance: A lump sum of €3,104.28 is payable 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 insurable earnings. The benefit is payable for 8 weeks (12 weeks if more than one child is adopted).

Average daily insurable 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 (€1,503.42).

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 fees that exceed €42.70 a year, €11.45 a day for hospitalization, and varying rates of 20% or 60% of the cost of medicines.

Dependents' 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 fees that exceed €42.70 a year, €11.45 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: 0.61% to 6% of net taxable 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 (€1,503.42).

The maximum monthly income for contribution and benefit calculation purposes is equal to five times the social minimum wage (€7,517.12).

Employer: 0.61% to 6% of payroll, according to the assessed degree of risk.

The minimum monthly earnings for contribution purposes are equal to the social minimum wage (€1,503.42).

The maximum monthly earnings for contribution purposes are equal to five times the social minimum wage (€7,517.12).

Government: 50% of the cost of administration and 33% of the cost of pension adjustments resulting from changes in wages.

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 insurable earnings and is payable from the first day of incapacity for up to 13 weeks; thereafter, the benefit is replaced by a permanent disability pension.

Average daily insurable earnings are based on earnings in the last 3 calendar months before the onset of disability.

Permanent Disability Benefits

If the insured is totally disabled, the monthly pension is equal to 85.6% of insurable earnings.

Insurable earnings are based on 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. If the assessed degree of disability is 10% or less, the pension is converted to a lump sum after 3 years. A lump-sum payment may be requested with an assessed degree of disability from 10% to 40%.

Constant-attendance supplement: Attendance benefits (see Sickness and Maternity, above) are payable 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 (53.5% if the deceased was disabled).

Average earnings are based on the deceased's earnings in the last year before the accident.

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 deceased's earnings in the last year before the accident.

Other eligible survivors (in the absence of the above): 21.4% of the deceased's average earnings are paid to parents, grandparents, or the deceased's carer.

Average earnings are based on the deceased's earnings in the last year before the accident.

The total maximum survivor pension must not exceed 85.6% of the deceased's average earnings.

Funeral grant: A lump sum 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

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. Local governments contribute 4% of their income, and communes contribute 2%. Also, the proceeds from an earmarked tax on certain products.

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 5 years of work, except for special cases. 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 basis salary (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.

The basis salary is based on the insured's earnings in the last 3 months.

The social minimum wage is €1,503.42.

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

The benefit amount is reduced for unemployed persons living with any other person whose earnings exceed twice the social minimum wage. Benefits are payable for up to 365 days in a 24-month period and may be extended for 12, 9, or 6 months for older unemployed persons; additional extensions are available for hard-to-place unemployed persons.

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

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

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school year allowance), 1988 (education allowance), and 1999 (parental leave).

Type of program: Universal system.

Coverage

All children reared and legally residing in the country.

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).

Supplementary allowance: Payable if the child is seriously handicapped.

Birth allowance: The mother must undergo prescribed medical examinations and reside 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 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: Payable 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 for each child aged 12 or older.

Supplementary allowance: €185.60 a month.

Birth allowances: €1,740.09 is payable 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.

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.