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Benefits

Only a condensed summary of the employee benefits situation is provided, with the focus being on both mandatory and non-mandatory employee benefits, covering retirement, death, disability and health care. *For more information, please refer to the Willis Towers Watson Benefits Profile for Luxembourg.*

General

Luxembourg operates a uniform system of retirement, survivors' and disability pensions, which compulsorily covers all employees. Benefits are essentially provided on a pay-as-you-go basis. Benefit and contribution ceilings, as well as benefits in payment, are all related to amounts initially based on figures established in 1948 when the cost-of-living base was set at 100. Pension legislation implemented in 2013 requires employees to work longer to receive a full pension at retirement. The law included provisions to make it easier for the government to increase social security contributions, if and when this proves necessary.

Social Security Contributions

The system is funded by employer and employee contributions determined as a percentage of pay up to a monthly ceiling based on five times the monthly minimum wage for unskilled workers (EUR 1,922.96). On an annualized basis the ceiling is EUR 115,377.84.

| | Employer | Employee | Monthly Ceiling |
|--|----------------------------|----------|---------------------|
| Retirement, survivors' and disability ⁽¹⁾ | 8.00% | 8.00% | EUR 9,614.82 |
| Cash sickness ⁽²⁾ | 0.25% | 0.25% | EUR 9,614.82 |
| Medical care | 2.80% | 2.80% | EUR 9,614.82 |
| Long-term care insurance | - | 1.40% | None ⁽³⁾ |
| Workers' compensation | 1.00% | None | EUR 9,614.82 |
| Employers' mutual insurance | 0.46%-2.93% ⁽⁴⁾ | None | EUR 9,614.82 |
| Health at work | 0.11% | None | None |

(1) The government also contributes 8.00%.

(2) This contribution is not levied on non-periodic pay (e.g. 13th month pay, bonuses, and benefits-in-kind).

(3) Insurance for the nursing of the aged and disabled. There is a basic exemption on the first EUR 480.74 of monthly income (equal to one-quarter of the minimum wage).

(4) This insurance covers employers against the financial risk of salary continuation for sick employees. The rate varies according to the rate of absenteeism; there are four categories.



Public Holidays

The official public holidays with fixed dates are:

| Day | Date |
|---------------------|-------------|
| New Year's Day | January 1 |
| Labor Day | May 1 |
| National Day | June 23 |
| Assumption Day | August 15 |
| All Saints' Day | November 1 |
| Christmas | December 25 |
| Saint Stephen's Day | December 26 |

The variable holidays for 2016 and 2017 are:

| Day | 2016 | 2017 |
|---------------|----------|----------|
| Easter Monday | March 28 | April 17 |
| Ascension Day | May 5 | May 25 |
| Whit Monday | May 16 | June 5 |

Many collective agreements provide for several extra customary holidays (*jours fériés d'usage*). If a public holiday falls on the weekend, compensatory time off must be provided within three months. One or more of the general public holidays may be replaced by a local or occupational holiday.

Annual Leave

Statutory Annual Leave

The statutory entitlement is 25 workdays of paid annual vacation. Employees whose duties prevent at least 44 hours of uninterrupted rest each week are entitled to an additional six days' paid annual leave.

Annual Leave Entitlement

After three months of service, employees are entitled to leave on a pro rata basis.

Annual Leave Compensation

Employees receive their normal pay during leave. There is no legally required holiday premium, though such bonuses are provided for in some collective agreements.

Company Practice

Generally, vacation dates are fixed according to the wishes of the individual. Where a company or plant shuts down for an annual vacation, the dates for that must be established by agreement with the workforce during, at the latest, the first quarter of the calendar year concerned. The timing of vacation days in addition to the minimum is normally at the employer's discretion. Companies commonly provide additional vacation days based on years of service. Most collective agreements provide for a limited number (one to five) of additional days' vacation.