

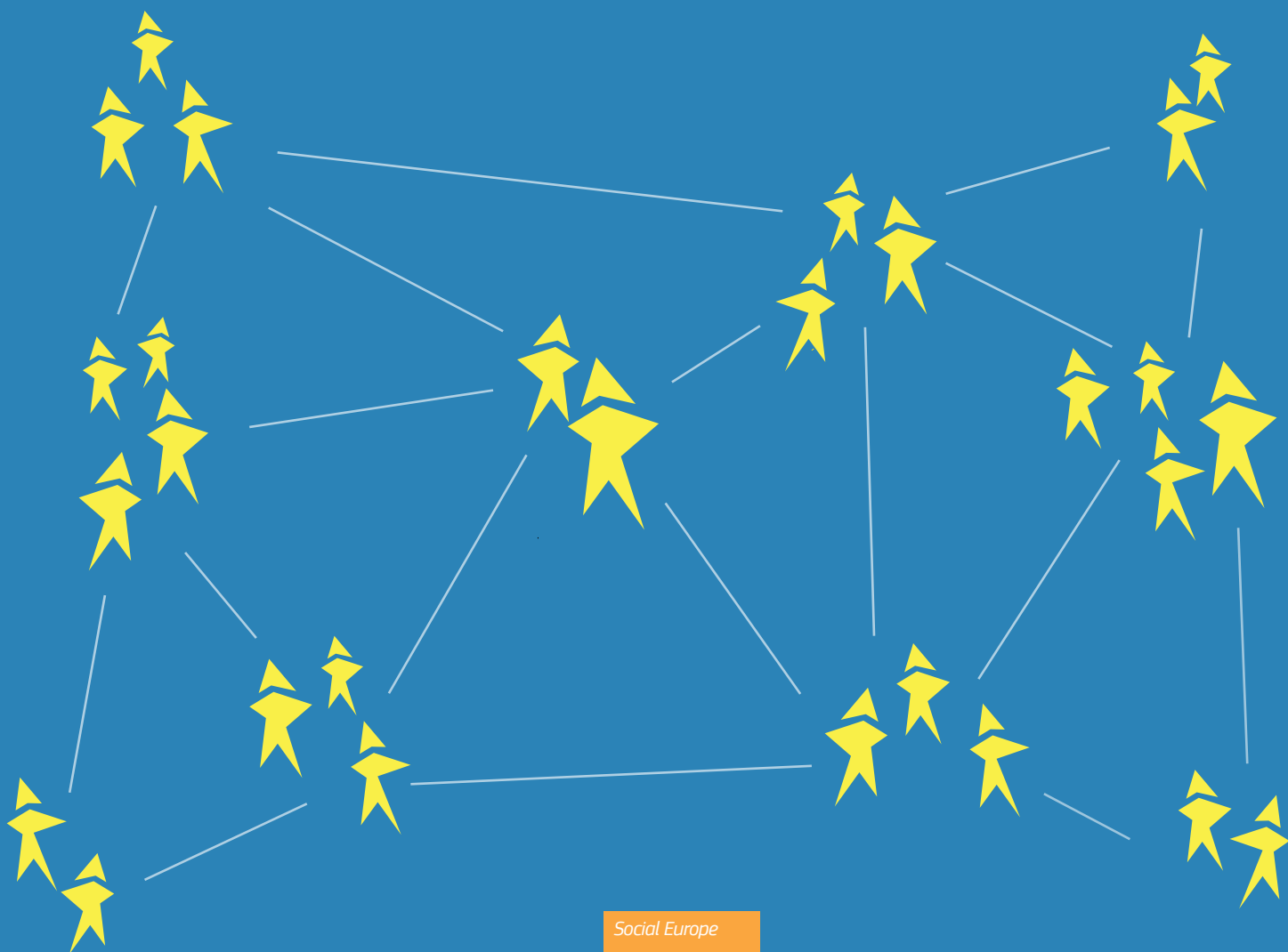


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Access to social protection for young people

## Luxembourg

Robert Urbé



Social Europe

**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
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**European Social Policy Network (ESPN)**

**ESPN Thematic Report:  
Access to social protection for  
young people**

**Luxembourg**

**2021**

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## SUMMARY

The five categories of benefits described in this report are governed by the social security code (*code de la sécurité sociale*)<sup>1</sup>, the labour code (*code du travail*)<sup>2</sup>, and two laws introducing the guaranteed minimum income (GMI) scheme (*revenu d'inclusion sociale – Revis*)<sup>3</sup> and housing benefit<sup>4</sup>. These are all highly technical, very complex, legislative texts with many rules and prescriptions to be followed in order not to lose access to benefits. This high degree of technicity should also help to prevent abuse.

Regarding unemployment benefit, there are special conditions related to eligibility, duration and waiting periods, as well as different benefit levels for young people.

The health insurance scheme covers all those in paid employment or receiving replacement income on which a contribution deduction is made under Luxembourg health insurance legislation. In general, there is no different treatment for young people. There are some minor gaps in coverage, and therefore a number of organisations are calling for the introduction of universal health coverage.

For maternity, paternity and parental cash benefits, age is not a criterion. Obstacles in access to the scheme may be caused by the strict regulations that must be followed. Similar obstacles exist for unemployment, healthcare/sickness benefits and the Revis scheme.

The Revis generally requires a minimum age of 25, with only a few exceptions.

For housing benefit, age is not a criterion. However, as the scheme is applicable to an entire household, young people are only eligible if they have established their own household. The main problem resides in the very low take-up rate.

Few of the reforms implemented in the last five years have changed access for young people to the benefits under scrutiny. The Revis reform granted access to the scheme for some groups who were not eligible before. The reformed paid parental leave scheme resulted in a higher take-up rate, particularly among men. Whereas other benefit schemes experienced only minor changes due to the COVID-19 crisis, the existing scheme for paid leave for family reasons was significantly extended.

The author of this report recommends considering further exceptions to the Revis age limit of 25. Furthermore, the conditions could be set and handled in a way that would be less strict, in order to ease the access for, particularly vulnerable, young people.

The author also recommends the introduction of adequate, regionally differentiated amounts of the notional rent within the housing benefit system, as well as a review of the revenue condition, including the insertion of a special category for single-parent households. Above all, however, an increase in the construction of social housing is needed.

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<sup>1</sup> See IGSS (2021a).

<sup>2</sup> See Grand-Duché de Luxembourg (2021b).

<sup>3</sup> See Grand-Duché de Luxembourg (2018a).

<sup>4</sup> See Grand-Duché de Luxembourg (2015a).

# 1 KEY FIGURES ON THE SOCIO-ECONOMIC SITUATION OF YOUNG PEOPLE<sup>5</sup>

## 1.1 Distribution of young people (aged 15–29) by main activity status

**Table 1a: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Luxembourg, % 15-29 and 30-64)**

	LUXEMBOURG											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	48.5	46.7	46.7	48.1	50.5	47.2	72.8	72.7	73.7	74.3	74.5	74.8
<i>Paid employment**</i>	91.6	90.9	93.3	92.3	93.0	91.4	90.0	89.7	89.3	91.2	90.9	90.3
<i>Self-employment**</i>	5.0	6.0	4.0	4.1	4.3	4.8	8.8	9.1	9.5	7.9	7.8	7.8
<i>Contributing family work**</i>	3.4	3.1	2.7	3.6	2.7	3.8	1.2	1.2	1.2	0.9	1.3	1.9
UNEMPLOYMENT***	11.9	10.6	9.5	10.2	10.7	13.3	5.3	5.2	4.6	4.4	4.2	5.1
INACTIVITY****	45.1	47.8	48.5	46.4	43.5	45.7	23.1	23.3	22.8	22.3	22.3	21.2
	EU-27											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	45.0	45.9	46.9	47.7	48.2	46.1	71.4	72.4	73.5	74.5	75.3	74.9
<i>Paid employment**</i>	91.8	92.2	92.4	92.6	92.8	92.5	83.0	83.3	83.7	84.0	84.1	84.2
<i>Self-employment**</i>	5.3	5.2	5.2	5.2	5.1	5.4	14.6	14.5	14.3	14.2	14.2	14.1
<i>Contributing family work**</i>	2.9	2.6	2.4	2.2	2.1	2.1	2.4	2.2	2.0	1.8	1.7	1.7
UNEMPLOYMENT***	17.3	15.8	14.2	12.8	11.9	13.3	8.5	7.7	6.9	6.1	5.6	5.8
INACTIVITY****	45.6	45.4	45.3	45.3	45.3	46.8	22.0	21.6	21.0	20.6	20.2	20.5

Notes: (\*) The employment rate is expressed as a share (%) of the total population in the age group. The 3 categories of employment (paid employment [i.e. employees], self-employment and contributing family work) are expressed as a share (%) of the population in employment in the age group. Contributing family work is a form of labour (generally unpaid, although compensation may come indirectly in the form of family income) that supports another member of the family to run an agricultural holding or another business. (\*\*) The unemployment rate is expressed as a share (%) of the active population, i.e. the population that is either in employment or unemployed (not the total population), in the age group. (\*\*\*) The inactivity rate is expressed as a share (%) of the total population in the age group.

Reading note: In 2020, in Luxembourg, 47.2% of people aged between 15 and 29 were in employment, compared to 74.8% of those aged 30-64. In the EU-27 as a whole, these figures were 46.1% and 74.9%, respectively. The share of people unemployed in the active population in Luxembourg was 13.3% of the 15-29 age group and 5.1% of the 30-64 age group (EU-27 average: 13.3% and 5.8%). The shares of people economically inactive in Luxembourg in the 15-29 and 30-64 age groups were 45.7% and 21.2%, respectively (EU-27 average: 46.8% and 20.5%).

Source: Eurostat, ESPN Network Core Team calculations based on LFS indicators [lfsa\_eegais], [lfsa\_egaps], [lfsa\_pganws] and [lfsa\_igan]. Data downloaded on 24 May 2021.

<sup>5</sup> Except where otherwise specified, the indicators presented in Section 1 of this report were computed by the ESPN Network Core Team on the basis of data coming from two data sources coordinated at the European level by the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>): European Union Labour Force Survey (EU-LFS) and European Union Statistics on Income and Living Conditions (EU-SILC). These indicators were computed for all the 35 ESPN countries for which the data needed were available. All these ESPN countries' estimates are presented in Annex B of the following Synthesis Report: Dalila Ghailani, Stéphanie Coster, Ramón Peña-Casas and Pietro Regazzoni (2021), "Access to social protection for young people. An analysis of policies in 35 countries", European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This Synthesis Report can be downloaded [here](#).

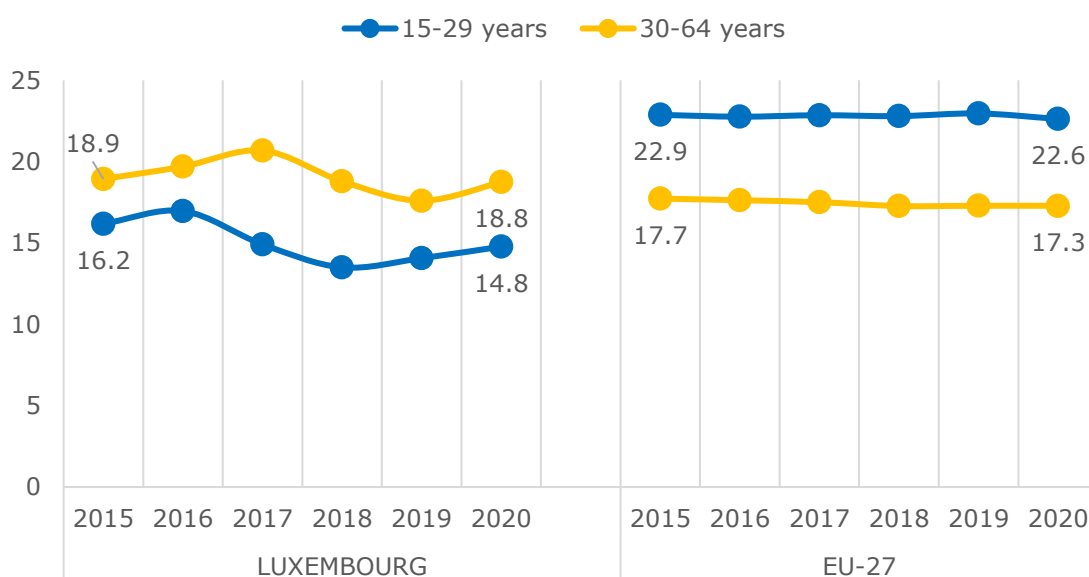
**Table 1b: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Luxembourg, ratios 15-29/30-64)**

	LUXEMBOURG						EU-27					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	0.67	0.64	0.63	0.65	0.68	0.63	0.63	0.63	0.64	0.64	0.64	0.62
Paid employment**	1.02	1.01	1.04	1.01	1.02	1.01	1.11	1.11	1.10	1.10	1.10	1.10
Self-employment**	0.57	0.66	0.42	0.52	0.55	0.62	0.36	0.36	0.36	0.36	0.36	0.38
Contributing family work**	2.78	2.52	2.29	3.95	2.04	2.03	1.21	1.20	1.21	1.24	1.24	1.20
UNEMPLOYMENT***	2.24	2.03	2.09	2.29	2.54	2.59	2.04	2.06	2.06	2.09	2.10	2.29
INACTIVITY****	1.95	2.05	2.13	2.08	1.95	2.16	2.07	2.11	2.16	2.20	2.24	2.29

Notes: To obtain the ratio of 15-29 to 30-64, the 15-29 percentage is divided by the 30-64 percentage: a value below (above) 1 in a given activity status therefore means that 15-29-year-olds are proportionally less (more) numerous in that activity status than 30-64-year-olds. See also Notes to Table 1a above.

Reading note: In 2020, in Luxembourg, 47.2% of people aged between 15 and 29 were in employment compared to 74.8% of those aged 30-64 (see Table 1a) – i.e. a 15-29:30-64 ratio of 0.63. In the EU-27 as a whole (see table 1a), these figures were 46.1 and 74.9% respectively (ratio 0.62).

Source: See Table 1a.

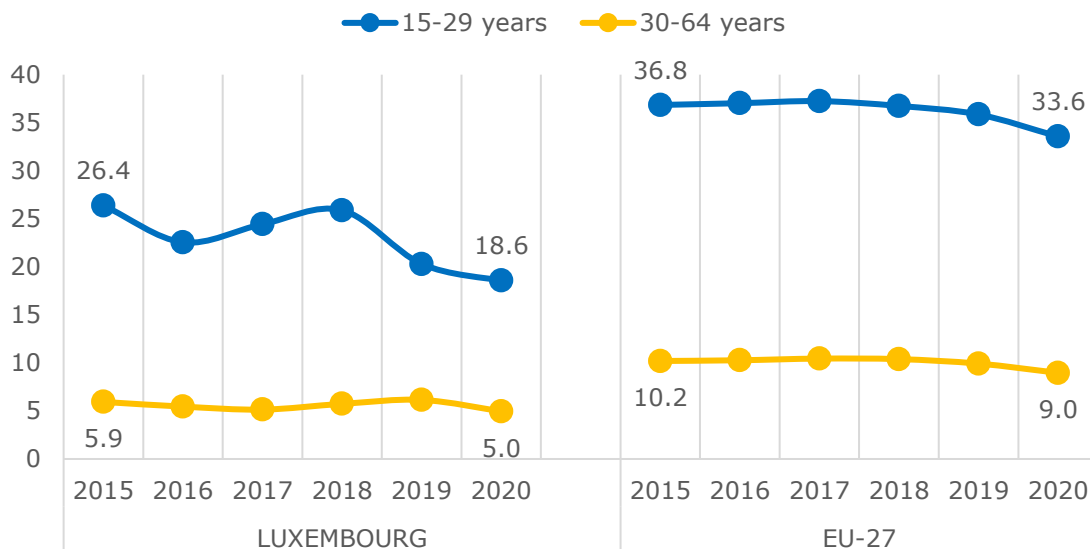
**Figure 1: Part-time employment as a share of the population in employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Luxembourg, %)**

Reading note: In 2020, in Luxembourg, the share of part-time employment in total employment was 14.8% for the 15-29 age group and 18.8% for the 30-64 age group. For the EU-27 as a whole, these shares were 22.6% and 17.3%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicator [lfsa\_epgn62]. Data downloaded on 24 May 2021.



**Figure 2: Temporary employment as a share of population in paid employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Luxembourg, %)**

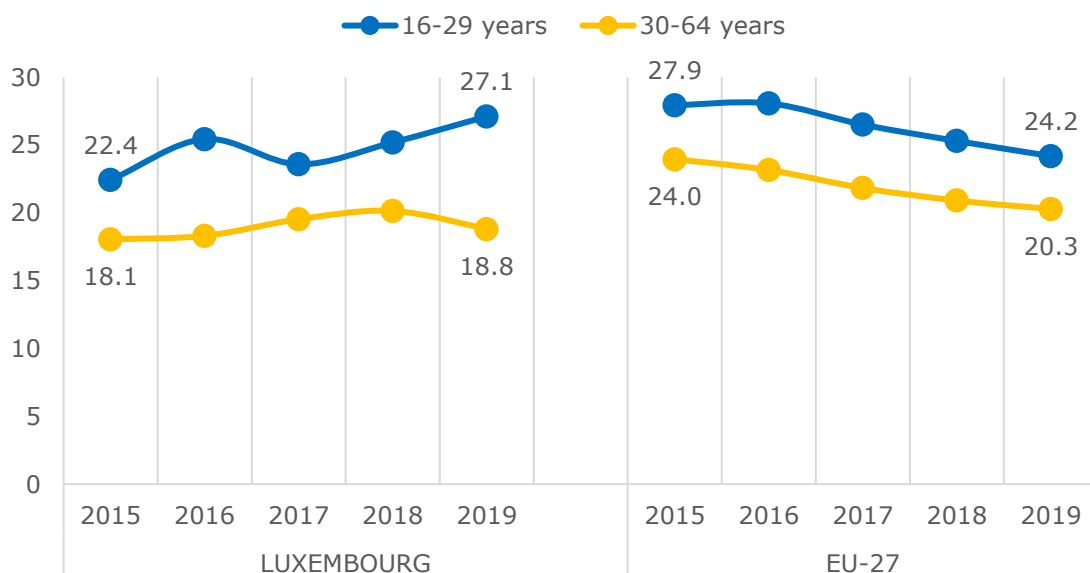


Reading note: In 2020, in Luxembourg, the share of temporary workers among employees was 18.6% for the 15-29 age group and 5.0% for the 30-64 age group. For the EU-27 as a whole, these shares were 33.6% and 9.0%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicators [lfsa\_epgn62] and [lfsa\_egaps]. Data downloaded on 24 May 2021.

### 1.2 Young people (aged 15–29) at risk of poverty or social exclusion

**Figure 3: People at risk of poverty or social exclusion - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Luxembourg, %)**

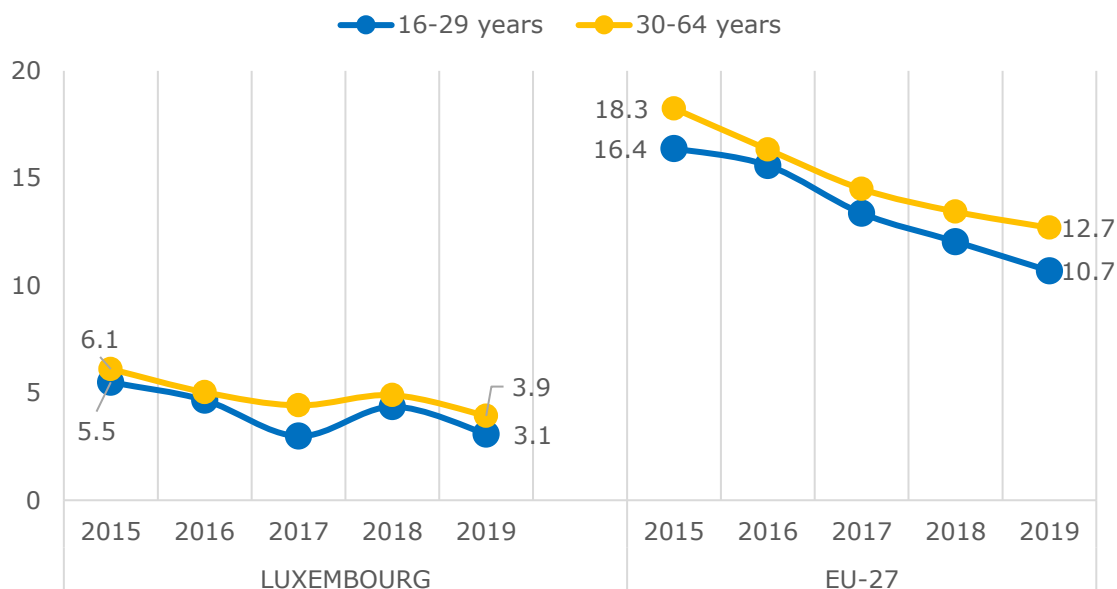


Reading note: In 2019, in Luxembourg, 27.1% of the 16-29 age group were at risk of poverty or social exclusion (i.e. they were living in a household that was at risk of poverty and/or severely materially and socially deprived and/or (quasi-)jobless according to the EU definition of these indicators) compared to 18.8% of the 30-64 age group. For the EU-27 as a whole, these figures were 24.2% and 20.3%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_peps02]. Data downloaded on 24 May 2021.

### 1.3 Young people (aged 15–29) materially and socially deprived

**Figure 4: People materially and socially deprived - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Luxembourg, %)**

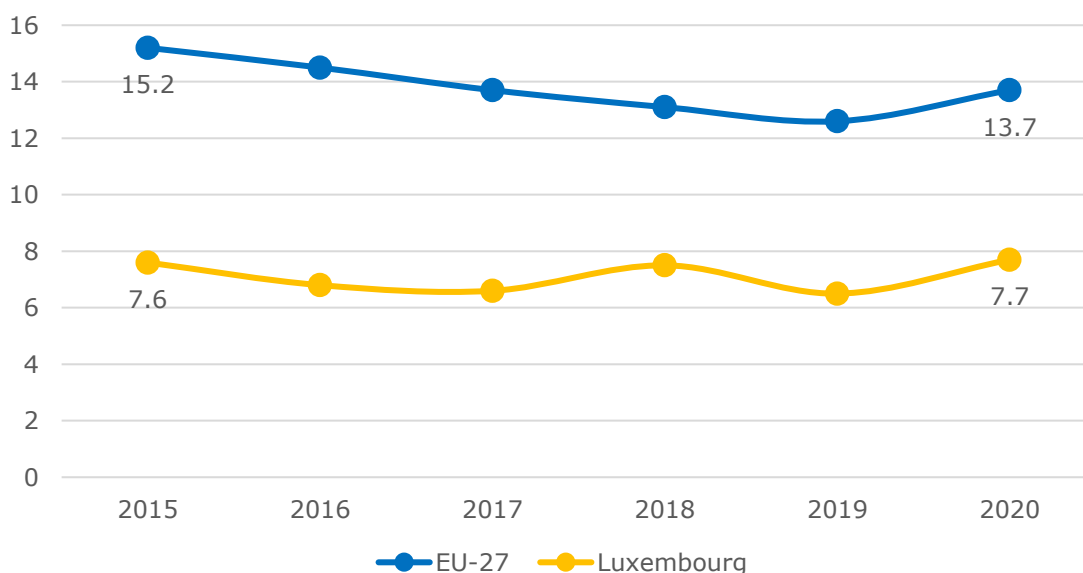


Reading note: In 2019, in Luxembourg, 3.1% of the 16-29 age group were materially and socially deprived (according to the EU definition of this indicator) compared to 3.9% of the 30-64 age group. For the EU-27 as a whole, these figures were 10.7% and 12.7%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_mdsc]. Data downloaded on 24 May 2021.

### 1.4 Young people (aged 15–29) neither in employment nor in education or training (NEETs)

**Figure 5: People aged 15-29 neither in employment nor in education or training (NEETs) (2015-2020, EU-27 and Luxembourg, %)**

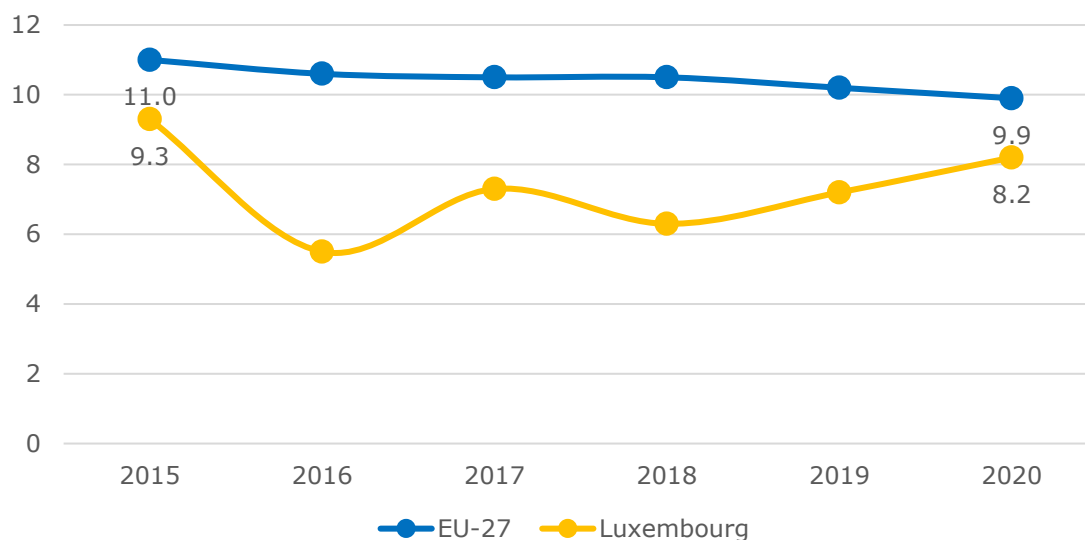


Reading note: In 2020, in Luxembourg, 7.7% of the 15-29 age group were neither in employment nor in education or training (NEET) compared to 13.7 for the EU-27 as a whole.

Source: Eurostat, LFS - indicator [lfse\_20]. Data downloaded on 24 May 2021.

## 1.5 Early leavers (aged 18–24) from education and training

**Figure 6: Early leavers from education and training for the 18-24 age group (2015-2020, EU-27 and Luxembourg, %)**

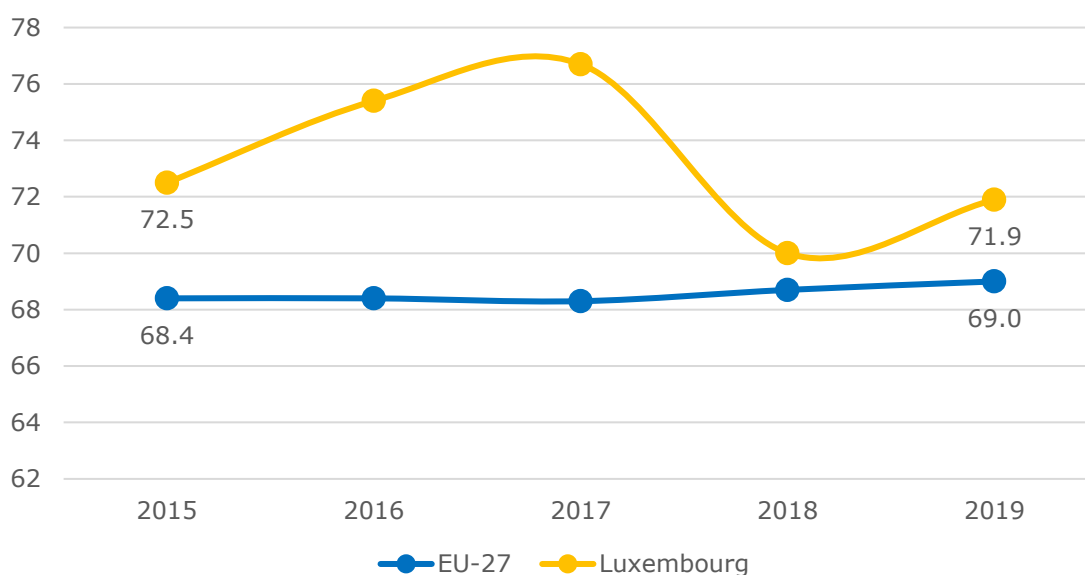


*Reading note: In 2020, in Luxembourg, 8.2% of the 18-24 age group were early leavers from education and training – i.e. they had completed, at most, lower secondary education and were not in further education or training. For the EU-27 as a whole, this figure was 9.9%.*

*Source: Eurostat, LFS - indicator [edat\_lfse\_14]. Data downloaded on 24 May 2021.*

## 1.6 Young people (aged 16–29) living with their parents

**Figure 7: Young people aged 16-29 living with their parents (2015-2019, EU-27 and Luxembourg, %)**



*Reading note: In 2019, in Luxembourg, 71.9% of the 16-29 age group were living with their parents, compared to 69.0% for the EU-27 as a whole.*

*Source: EU-SILC - indicator [ilc\_lvps08]. Data downloaded on 24 May 2021.*

## 2 ACCESS TO UNEMPLOYMENT BENEFITS

### 2.1 Eligibility conditions and benefit entitlements

In Luxembourg, the duration of unemployment benefits is limited (IGSS, 2021b, p. 411). In principle, unemployed people receive as many months of benefit as they worked during the 12 months before becoming unemployed. The level of payment is 80% of the previous wage (85% for people with dependent children). The benefit is limited to 250% of the minimum wage (*saire social minimum* – SSM)<sup>6</sup> during the first six months of unemployment; for the following six months it is limited to 200%, and after one year to 150% (for people over 50, benefiting from a prolonged duration of payment). The scheme is non-contributory (paid out of the tax revenue of the central state), and the benefit is not means-tested or taxable.

The figures in Section 1 show that in 2020 unemployment was more than twice (2.59 times) as high for young people aged 15-29 (13.3%) than for the 30-64 age group (5.1%). It was even higher for the youngest age group (15-24), at 23.2%. The overall ratio between the 15-29 and 30-64 age groups was roughly the same in 2019 and 2020 (2.54 and 2.59). However, the unemployment rate rose by 2.6 percentage points (p.p.) in 2020 for the 15-29 age group, compared with 0.9 p.p. for the 30-64 age group; and this increase was 6.2 p.p. for the 15-24 age group, which may illustrate the stronger effect that the COVID-19 crisis had on young people.

The main eligibility conditions and benefit entitlements that apply to the scheme in Luxembourg as far as young people are concerned are the following<sup>7</sup>.

#### a) Age

There are several areas where age is a criterion for this scheme.

- The scheme is only available for applicants aged 16-64. Thus, young people under 16 are not eligible.
- The maximum duration of the scheme (see f below) may be extended under certain conditions; these conditions vary according to age groups (they are more favourable for older unemployed people).
- For trainees, apprentices, pupils and students who leave the education system and are unemployed, special conditions, waiting periods and benefit levels apply; these vary with the age of the applicant.

#### b) Activity status requirement

Access to the scheme is subject to having worked for at least 26 weeks within the last 12 months, for at least 16 hours per week<sup>8</sup>. This also applies to non-standard workers, and there are no differences between younger and older workers. As a result, those who are economically inactive (whether younger or older) have no access to the scheme; they have to resort to the Revis (see Section 5). Figures from Section 1 show that inactivity is more widely spread among young people than among adults.

Self-employed people may access the scheme if they have been working self-employed for at least six months before applying, and if they can prove at least two years of compulsory membership of Luxembourg social security organisations (as an employee or self-

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<sup>6</sup> The minimum wage is currently €2,201.93 (since 1 January 2021). See: <https://iqss.gouvernement.lu/fr/publications/parametres-sociaux/2021/202001.html>, downloaded on 14 June 2021.

<sup>7</sup> Further details for Section 2.1 can be found at <https://adem.public.lu/fr/demandeurs-demploi/demander-indemnite-chomage.html>, or at <https://www.csl.lu/fr/vos-droits/securite-sociale/chomage>, both downloaded on 20 May 2021. The prescriptions are contained in Grand-Duché de Luxembourg (2021b).

<sup>8</sup> It should also be noted that an unemployed person is only eligible if their loss of employment was for reasons beyond their control.

employed). They also have to prove that they have stopped or suspended their business authorisation (or similar).

Pupils and students who leave the education system (be it with a degree or by dropping out) and who are unemployed, as well as full-time trainees and apprentices who remain unemployed at the end of their training, have access to the scheme under special conditions. Eligible groups include: those who have not obtained any diploma by age 21; those who have successfully completed their apprenticeship by age 23; those who have successfully completed their secondary education by age 25; those who have dropped out of university before age 25; and those who have successfully completed four years of university studies (Masters I) by age 28. Consequently, depending on their age and their education, not all young people have access to the scheme<sup>9</sup>. Those who are eligible also receive a smaller benefit; they have no former salary on which the benefit can be based (see e).

Trainees and apprentices whose training comes to a premature end are not eligible for the scheme if they leave their job or apprenticeship contract for no justifiable reason, if their apprenticeship or internship contract is terminated for serious misconduct, or if they are dismissed for serious reasons<sup>10</sup>. If the contract is terminated through no fault of their own (e.g. due to the bankruptcy of the employer), the public employment agency (*Agence pour le développement de l'emploi – Adem*) will either try to find them a new apprenticeship or trainee post, or, depending on the situation, may allow them access to the unemployment benefit scheme under certain conditions<sup>11</sup>.

Cross-border workers<sup>12</sup> have no access to the scheme; they have to apply to the public employment agency of their respective country of residence.

Self-employed people working in Luxembourg, but residing outside Luxembourg, who fulfil the conditions mentioned above, may have access to the scheme if they reside in one of the 15 following countries: Belgium, Bulgaria, Cyprus, Estonia, Latvia, Liechtenstein, Lithuania, France, Iceland, Italy, Croatia, Malta, Netherlands, Norway, United Kingdom. Otherwise, they have to apply to the public employment agency of their respective country of residence.

### **c) Contributory history required to access the scheme**

No contributory history is required. The Luxembourg scheme is a non-contributory one. However, in some cases (see above) membership of Luxembourg social security organisations for a minimum period may be required.

### **d) Waiting period**

A waiting period exists, which is linked to age insofar as it applies to trainees, apprentices, pupils and students who leave the education system and are unemployed. In most cases, if they are eligible at all (depending on their type of education and their age), they have to wait at least six months before they are entitled to receive unemployment benefit<sup>13</sup>.

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<sup>9</sup> Details may be found on <https://adem.public.lu/fr/demandeurs-demploi/demander-indemnites-chomage/residents/jeunes-sortant-de-lecole.html>, downloaded on 20 May 2021.

<sup>10</sup> This is in line with footnote 6 above.

<sup>11</sup> The vocational guidance service of Adem and the apprenticeship adviser (who acts under the authority of a supervisory committee, made up of representatives of the Ministry for Education – MENJE, an employers' chamber and the Chamber of Employees – CSL) will both try to keep the youngster in an apprenticeship. However, if (for example) the apprentice does not want to have a new apprenticeship, or is not able to do so, or if they do not find another employer, the young person may enter the unemployment scheme as indicated above; this means that they have to be under 21. The other conditions, apart from age, are being resident in Luxembourg and being fit for work, available for the labour market and ready to accept any suitable job.

<sup>12</sup> It should be taken into account that 43% of all workers in Luxembourg are cross-border workers; see [https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12948&IF\\_Language=fra&MainTheme=2&FldrName=3&RFPPath=92](https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12948&IF_Language=fra&MainTheme=2&FldrName=3&RFPPath=92), downloaded on 20 May 2021.

<sup>13</sup> Further details can be found in Article L. 522-1 of the labour code, Grand-Duché de Luxembourg (2021b).

### **e) Replacement rate/benefit level**

Generally, the benefit level does not depend on the age of the applicant. However, if they are eligible, and after a waiting period, trainees, apprentices, pupils and students who leave the education system and are unemployed, will receive a benefit that is not calculated in relation to income (since they had none), but at a flat rate. This rate is calculated at 70% (40% for those who drop out before age 17) of the SSM; it is increased by 5 p.p. if the applicant has dependent children.

### **f) Duration**

In general, the duration of the benefit is equal to the period of work (calculated in full months) carried out during the 12 months preceding the registration, up to a maximum of 12 months. This duration is the same for young people as for older age groups, with two exceptions. First, there are specific provisions for older unemployed people<sup>14</sup>, the duration of whose benefit may be extended by up to 12 months. Second, as mentioned under the two previous headings, there are special rules for trainees, apprentices, pupils and students who leave the education system and are unemployed – namely, the duration of their benefit is a maximum of 12 months, which may be extended by six for those with a disability of at least 30%, or for those who have been assigned to an employment measure.

## **2.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Luxembourg are the following.

### **a) Main gaps in access for young people**

A number of trainees, apprentices, pupils and students who leave the education system (be it with a degree or by dropping out), may not be eligible for the scheme.

The fact that (young) economically inactive people are not eligible for the scheme but have to apply for the Revis (if applicable; see Section 5) or alternatively other social assistance schemes making special provision for young unemployed people, is not generally considered a gap. Only a small group of actors<sup>15</sup> wants to address this and other similar situations by introducing an unconditional basic income.

### **b) Main obstacles in access for young people**

Some obstacles may be linked to the strict regulations that must be followed. These include not abandoning or reducing one's professional activity voluntarily, not being dismissed for serious misconduct, and not following the procedures for apprentices<sup>16</sup>. In some cases, it may be difficult for young people, especially when they are not socially stable and/or without support from parents, to follow all these directives and avoid being excluded from the benefit.

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<sup>14</sup> Or for those with a certain degree of disability, for those who are difficult to place, as well as for those who have been assigned to internships, courses or public utility work.

<sup>15</sup> See <https://grondakommes.lu/index.php/en>, downloaded on 21 May 2021.

<sup>16</sup> See <https://adem.public.lu/fr/orientation-professionnelle/apprentissage/apprentissage-initial.html> and [https://www.llc.lu/uploads/editor/files/Apprentissage\\_versionFR\\_WEB.pdf](https://www.llc.lu/uploads/editor/files/Apprentissage_versionFR_WEB.pdf), both downloaded on 21 May 2021.

## 3 ACCESS TO SICKNESS AND HEALTHCARE BENEFITS

### 3.1 Access to sickness benefits

#### 3.1.1 Eligibility conditions and benefit entitlements

Sickness benefits are part of the Luxembourg health insurance scheme. There is no waiting period for access<sup>17</sup>. Insured people are entitled to a benefit equal to the full wage from their employer until the end of the month in which the 77th day of incapacity for work (13 weeks on average) falls; the period for calculation of the average wage is 18 months. The continued payment is guaranteed by the employer and by the Employers' Mutuality Fund (*Mutualité des Employeurs* – MDE), which reimburses 80% to the employer. After this period, the benefit is paid by the National Health Fund (*Caisse Nationale de Santé* – CNS). Insured people will receive a cash benefit for a maximum of 78 weeks, given that the payment ends if a disability pension (*pension d'invalidité*) is granted.

The main eligibility conditions and benefit entitlements that apply to the scheme in Luxembourg as far as young people are concerned are the following<sup>18</sup>.

#### a) Age

Generally speaking, age is not a criterion for this scheme, in the sense that there are no differences of treatment based on age.

#### b) Activity status requirement

As sickness benefits are earnings-related, only those enrolled in the health insurance scheme are eligible for sickness benefits who belong to the following categories:

- all employed people, hence also young people (including non-standard workers, as well as apprentices and trainees insofar as they get an income); and
- all self-employed people, hence also young people.

These are all compulsorily enrolled in the health insurance scheme, and there is no difference between younger and older insured people.

The total insured population (there is no breakdown according to age) reached 429,432 in 2019 compared with a total population of 626,100 at 1 January 2020. Out of the total number of people insured, roughly 58% were resident in Luxembourg and 42% were non-residents<sup>19</sup>.

#### c) Contributory history required to access the scheme

There is no qualifying period.

#### d) Waiting period

There is no waiting period<sup>20</sup>.

There is no difference between the treatment of younger and older insured people.

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<sup>17</sup> See IGSS (2021a, 2021b).

<sup>18</sup> See for the following IGSS (2021a, 2021b).

<sup>19</sup> These figures all come from IGSS (2021a), apart from the total population figure, which comes from Statec (the Luxembourg statistical office); see [https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12853&IF\\_Language=fra&MainTheme=2&FldrName=1](https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12853&IF_Language=fra&MainTheme=2&FldrName=1), downloaded on 24 May 2021.

<sup>20</sup> Employees who are unable to work are entitled to full maintenance of their salary and other benefits resulting from their employment contract until the end of the calendar month in which the 77th day of incapacity for work falls. After this period, they receive a cash sickness benefit. See Article 8 of IGSS (2021b) and Article L.121-1 of Grand-Duché de Luxembourg (2021b).

### **e) Replacement rate/benefit level**

Sickness cash benefits are earnings-related. These cash benefits are paid up to a maximum of five times the SSM, which is currently €11,009.65 per month (this is also the maximum contributory base, that is to say the maximum income on which contributions are to be paid).

There is no difference between the treatment of younger and older insured people from the same category.

### **f) Duration**

A 78-week limit applies<sup>21</sup>, but this is not different as between older or younger insured people from the same category.

## **3.1.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Luxembourg are the following.

### **a) Main gaps in access for young people**

There are no gaps that hinder young people from getting access, and there are also no general gaps.

### **b) Main obstacles in access for young people**

The author has not identified any obstacles.

## **3.2 Access to healthcare benefits**

### **3.2.1 Eligibility conditions and benefit entitlements**

Contribution to the principal public health insurance fund, the CNS, is mandatory for all economically active people (employed, self-employed or recipients of replacement benefits)<sup>22</sup>. The general contribution rate to the CNS stands currently at 5.6% (IGSS, 2021, p. 33) of all occupational income and is equally split between employer and employee<sup>23</sup>. The state bears 40% of all contributions. The health insurance covers family members, as well as minor children and students in Luxembourg without any other health insurance coverage. Doctors' fees have to be paid initially by the patient, who will then be reimbursed by the CNS. In 2013 a "third party social payer" (*tiers payant social* – TPS) arrangement for healthcare costs was introduced, which means that the costs are directly paid by the health insurance scheme if a person cannot afford to pay.

The main eligibility conditions and benefit entitlements that apply to the scheme in Luxembourg as far as young people are concerned are the following<sup>24</sup>.

### **a) Age**

Generally speaking, age is not a criterion for this scheme, in the sense that there are no differences of treatment based on age.

However, regarding the three categories described in b) below, we have to keep in mind that access to the Revis is subject to age criteria. As a consequence, some categories of young people would be excluded from health benefits if they could not rely on derived rights through the enrolment of their parents. This is the case for young economically

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<sup>21</sup> This limit was increased from 52 to 78 weeks; see Grand-Duché de Luxembourg (2018b).

<sup>22</sup> Replacement benefits include: sickness, maternity, unemployment, and invalidity benefits; old-age and survivors' pensions; and the guaranteed minimum wage.

<sup>23</sup> An additional 0.5% of income must be paid by those who are entitled to in-cash benefits.

<sup>24</sup> See IGSS (2021a, 2021b).



inactive people under 25, who are not entitled to the Revis. In addition, voluntary insurance is only possible from age 18.

As a result, different age groups among young people (15-18, 18-25 and 27-29) have different access.

### **b) Activity status requirement**

A distinction has to be made between three categories of people covered by health insurance, as follows.

- People who are compulsorily enrolled under the health insurance scheme. This includes: young employed people (including non-standard workers and apprentices/trainees who get an income); young self-employed people; young unemployed people entitled to unemployment benefit; young beneficiaries of the income for severely disabled people; and young economically inactive people entitled to the Revis (see Section 5).
- People who are voluntarily insured, who are entitled to social protection against sickness and maternity risks. Voluntary insurance is open to Luxembourg residents aged 18 or over who have lost their insured status after having been insured for at least six months ("continued voluntary insurance"), and to Luxembourg residents who do not have any other sickness insurance to draw on ("optional voluntary insurance"). This category should normally contain only a few if any young people; however, there are no data on this.
- People who are uninsured – mainly those who are economically inactive and unemployed without entitlement to unemployment benefit or the Revis, and who are generally under age 25 (see Section 5). In addition, young people under 18 benefit from derivative rights – they are not themselves insured but are co-insured by others, generally a parent; if the child is pursuing studies or vocational training without compensation, the age limit is 25 – under certain (other) conditions, this may be extended to 30.

For the total insured population (there is no breakdown according to age) these three categories accounted for 68.82%, 0.64% and 30.54% (respectively) in 2019. The total number of people protected reached 879,932 in 2019 compared with a total population of 626,100 at 1 January 2020. Out of the total number of people protected, 64.6% were resident in Luxembourg and 35.4% were non-residents<sup>25</sup>.

### **c) Contributory history required to access the scheme**

There is no qualifying period (notwithstanding the waiting period mentioned in d).

### **d) Waiting period**

There is no waiting period, except a waiting period of three months in the case of optional voluntary insurance.

There is no difference between the treatment of younger and older insured people.

### **e) Replacement rate/benefit level**

Access to the healthcare benefit does not entail any replacement rate (all insured people get the same benefit).

For all children and young people up to age 18, the CNS covers 100% of healthcare costs.

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<sup>25</sup> These figures all come from IGSS (2021a), apart from the total population figure, which comes from Statec; see [https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12853&IF\\_Language=fra&MainTheme=2&FldrName=1](https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12853&IF_Language=fra&MainTheme=2&FldrName=1), downloaded on 24 May 2021.

There is no difference between the treatment of younger people aged 18 or over and older insured people from the same category.

#### **f) Duration**

There is no time limit for healthcare benefits.

### **3.2.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Luxembourg are the following.

#### **a) Main gaps in access for young people**

There are only two gaps which are hindering young people from access:

- for those who are economically inactive and are not entitled to the Revis (see Section 5) because of the age limit of 25; and
- for those under 18 wanting to subscribe to continued voluntary insurance.

Normally, in both cases, they should be beneficiaries of derivative rights (see b).

A general gap exists in the sense that not all people living in Luxembourg are covered by health insurance<sup>26</sup>; those who have no regular address cannot apply for social protection. This is also the case for migrants in irregular situations, unless they are recognised as unaccompanied minors.

#### **b) Main obstacles in access for young people**

Because, in Luxembourg, everyone must initially pay for the majority of healthcare, before subsequently being reimbursed by the CNS, this may cause an obstacle to access to healthcare. The government is therefore currently working on a new scheme according to which the provider will be paid directly by the CNS<sup>27</sup>. There has already existed since 1 January 2013 a TPS involving the municipal and regional social offices. To benefit from the TPS, application must be made to the social office, which can grant it for a period of three months. This can therefore represent an administrative barrier (for example if people do not dare to apply or do not know their rights).

Similarly, rough sleepers, other homeless people, sex workers, drug-users and people addicted to alcohol are often marginalised and unable to take the administrative steps to recover their rights or simply to assert them.

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<sup>26</sup> See also Section 7.2.

<sup>27</sup> See [https://gouvernement.lu/fr/actualites/toutes\\_actualites/communiqués/2021/02-fevrier/23-lenert-schneider-gesondheitsdesch.html](https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2021/02-fevrier/23-lenert-schneider-gesondheitsdesch.html), downloaded on 24 May 2021.

## 4 ACCESS TO MATERNITY, PATERNITY AND PARENTAL CASH BENEFITS

There are two different maternity, paternity and parental cash benefits in Luxembourg<sup>28</sup>:

- a) paid maternity leave for mothers (maternity cash benefit, *indemnité pécuniaire de maternité*) and paternity leave for fathers; and
- b) periods of paid parental leave (*congé parental*) until the child reaches the age of 6 (or 12 in case of an adoption)

### 4.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Luxembourg as far as young people are concerned are the following.

#### a) Age

Age is not a criterion for this scheme.

#### b) Activity status requirement

Eligibility for the maternity leave cash benefit (due during maternity leave and in other cases of work dispensation or lower income because of the pregnancy) is subject to being a salaried person insured by the health and maternity insurance scheme, and having been enrolled on a compulsory basis for at least six months during the year preceding the maternity leave. This includes non-standard workers and apprentices. Temporary agency workers are only included if they are enrolled for six months. Trainees are eligible, but in practice they are only in a few cases enrolled for more than six months and are often not salaried. A non-salaried woman is eligible for maternity leave, and thus the maternity cash benefit, for eight weeks before and 12 weeks after the childbirth, subject to her being enrolled in the health and maternity insurance scheme on a compulsory basis for at least six months during the year preceding the maternity leave.

Paternity leave is only available to salaried men, including non-standard workers and apprentices.

Paid parental leave is granted to anyone who is in employment at least at the date of the childbirth (employees, self-employed people and apprentices), who was enrolled in the health and maternity insurance scheme at the date of the childbirth<sup>29</sup> and for a period of 12 months preceding the parental leave, and who raises the child concerned in their home and devotes themselves primarily to the child's education during the parental leave period.

#### c) Contributory history required to access the scheme

The provisions described under b) above clearly show that a contributory history is required for paid maternity leave and paid parental leave.

#### d) Waiting period

For parental leave, there is a requirement to have been legally employed with the same employer in a legally established workplace in the Grand Duchy of Luxembourg at the date of the childbirth or the reception of the adopted child or children, for an uninterrupted period of at least 12 months immediately preceding the start of the leave: this effectively represents a waiting period of 12 months.

Such a waiting period does not apply to maternity/paternity leave.

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<sup>28</sup> See for the following IGSS (2021b) and Grand-Duché de Luxembourg (2021b).

<sup>29</sup> A draft law envisages the abolition of these two conditions, following the judgment C-129/20 of the Court of Justice of the European Union from 25 February 2020 (<https://curia.europa.eu/juris/liste.jsf?lgrec=fr&td=;ALL&language=en&num=C-129/20&jur=C>, downloaded on 29 June 2021).

**e) Replacement rate/benefit level**

The calculation for young people is the same as that for older age groups.

**f) Duration**

The maternity cash benefit is paid during maternity leave (for eight weeks before and 12 weeks after the childbirth), and when applicable during periods of exemption from work or to make up a difference in income after a reduction in wages due to pregnancy. Paternity leave of 10 days is granted to the father at the birth of their child.

Parental leave usually lasts six months (full time) for each parent. Some flexibility is possible in the sense that the six months may be taken over 12 months on a part-time basis or even as part of other more flexible schemes in agreement with the employer.

**4.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Luxembourg are the following.

**a) Main gaps in access for young people**

There are no differences in treatment according to age. However, there are some gaps, as reported in Section 4.1, as follows.

- Those not insured for health and maternity, or who have not been enrolled on a compulsory basis for at least six months during the year preceding the maternity leave, are not eligible for the maternity leave cash benefit. A non-salaried woman (self-employed or inactive) is not eligible for maternity leave if she was not enrolled in the health and maternity insurance scheme on a compulsory basis for at least six months during the year preceding the maternity leave.
- Not being a salaried man leads to exclusion from the right to paternity leave.
- Those who have not been enrolled on a compulsory basis for at least 12 months during the year preceding the parental leave, as well as those who do not raise the child concerned in their home and devote themselves primarily to the child's education during the parental leave period, are not entitled to paid parental leave. The same goes for those who are on probation.

One possible gap is mentioned in Section 7.2 regarding the abolition of two cash benefits in 2014-2015<sup>30</sup>.

**b) Main obstacles in access for young people**

As with other benefits contained in this report, some obstacles may be linked to the often very strict regulations to be followed. For instance, it can be envisaged<sup>31</sup> that for a young woman being pregnant and giving birth to a child, possibly as a single parent, the situation would already be stressful enough, leading to her not following all the rules and prescriptions before, during and after the childbirth, and resulting in her losing eligibility to one or more related benefits.

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<sup>30</sup> The education allowance and the maternity allowance; see Grand-Duché de Luxembourg (2014b).

<sup>31</sup> Based on oral reports of some social workers in the field.

## 5 GUARANTEED MINIMUM INCOME SCHEMES

### 5.1 Eligibility conditions and benefit entitlements

The Revis includes two components: a social inclusion benefit and an activation benefit. For each household, the social inclusion benefit consists of a basic benefit per adult person, a basic benefit per child (increased by 30% in the case of a single-parent household) and a benefit for common costs – mainly housing costs, which is equal to the basic benefit of an adult (increased by 15% in the case of children). The activation benefit is the remuneration of hours worked/spent in activities organised by the national social inclusion office (*Office National d'Inclusion Sociale* – ONIS). This remuneration is equivalent to the minimum wage. Entitlement to the Revis is based on fixed criteria at household level, one of which is being at least 25 years old (with some exceptions). This may be one of the reasons why the at-risk-of-poverty (AROP) and at-risk-of-poverty-or-social-exclusion (AROPE) rates in Luxembourg, as shown in Section 1, are higher for young people (22.5% and 27.1% in 2019) than for older ones (15.7% and 18.8% in 2019) – a ratio of 1.44:1 on both indicators.

The main eligibility conditions and benefit entitlements that apply to the Revis in Luxembourg as far as young people are concerned are the following.

#### a) Age

The minimum age required by law<sup>32</sup> to be eligible for the Revis is 25. However, the law provides for three exceptions to this:

- someone who brings up a child for whom they receive family allowances, and a pregnant woman during the eight weeks preceding the due date;
- an adult who, as a result of illness or disability, is unable to earn an income higher than the Revis; and
- an informal carer in the long-term care system.

Below the age of 25, young people may have access to a number of support measures including financial assistance; but these do not have the characteristics of a GMI, rather those of social assistance, with the notable exception of the scheme for students intended to provide them with the necessary means to live independently from their parents<sup>33</sup>.

#### b) Activity status requirement

There are no activity status requirements, but unemployed applicants must actively look for work and be registered with Adem. Every applicant also has to sign a collaboration contract, which contains the duty to participate in social activation or work integration measures. With these requirements and the conditions below, the same access is available to young people in employment, those who are unemployed and those who are economically inactive. Trainees and apprentices are covered by the scheme (but subject to the age limit). With regard to non-standard workers, it should be noted that workers on fixed-term contracts are eligible, but those who do not work full time are not<sup>34</sup>. Self-employed people have access under certain conditions specified in law.

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<sup>32</sup> See Grand-Duché de Luxembourg (2018a).

<sup>33</sup> This intention of an independent life for students was stipulated explicitly in the statement of reasons of the draft law, see Chambre des Députés (2014). The law entered into force on 1 August 2014 and has since been updated three times; see Grand-Duché de Luxembourg (2014a).

<sup>34</sup> The idea behind this is that they should first increase their working hours before applying to the Revis scheme. In 2020, part-time employment as a percentage of total employment was 30% among the 15-24 age group, which was twice as high as the figure for those aged 15-29 (15%) (Eurostat, [lfsa\_eppga]).

**c) Other eligibility conditions**

There are conditions related to revenue, residence and nationality. Furthermore, applicants must have exhausted all opportunities offered by Luxembourgish or foreign legislation to improve their situation. However, these conditions are not different for young people.

**d) Benefit level**

The benefit level is the same for those aged 15-29 as for those aged 30 or over.

**e) Distinctions between different groups of young people**

The only distinction between different groups of young people lies in the age criterion: those under 25 are (generally) not entitled to the benefit, whereas those aged 25-30 are entitled to it.

**5.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Luxembourg are the following.

**a) Main gaps in access for young people**

Obviously, the main gap in access to the Revis for young people lies in the fact that (generally) they are not eligible unless they are aged 25. Other gaps resulting from the eligibility conditions are not specific to young people. For example, people who reduce their working time in order to be able to follow continuing professional education are not eligible.

Another gap for young people in accessing the Revis stems from the legal stipulation that the Revis is not an individual right, but applies to everyone in a common household. Thus, young people living in their parents' household cannot apply for it. They may become beneficiaries together with the other members of that household, if the total household income (i.e. the sum of the incomes of all individual members of the household) is below the Revis threshold relative to the composition of the household.

The same is true for any other household a young person is part of. Only under certain, very strict, circumstances may the national solidarity fund (*Fonds National de Solidarité – FNS*), which is the only body responsible for examining, granting and managing claims and paying benefits, accept that a group of young people living together in shared accommodation should not be considered as one common household, thereby allowing individual members of that group to apply for the Revis.

Similarly, a refugee who is accommodated in a household is eligible for 12 months.

**b) Main obstacles in access for young people**

Some obstacles may also result from the strict regulations which must be followed as a Revis beneficiary. These include: not abandoning or reducing their professional activity voluntarily; not being dismissed for serious misconduct; respecting the collaboration agreement signed with Adem; not refusing to participate in an active measure in favour of employment proposed by Adem; not refusing to collaborate with ONIS; not making an incomplete or inaccurate declaration to the FNS; not omitting to notify the FNS within one month of any circumstances that could lead to a modification of the allowance; not leaving the national territory for a period exceeding 35 days during any calendar year; and not respecting any summons by the FNS aimed at monitoring the access conditions. In some cases, it may be difficult for young people, especially when they are not socially stable and/or furthest from the labour market, to follow all these prescriptions and therefore not be excluded from the benefit.

There are no recent figures on the failure of people to claim the Revis, apart from one study from 2010 based on data from 2007<sup>35</sup>. The high level of non-take-up (65.1%)

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<sup>35</sup> See Amétépé (2010).

reported in this study was explained by a monetary factor (the cost of information and of reception compared with the net expected benefit, resulting in a low take-up rate for those who are employed) and a psychological factor (fear of stigmatisation and fear of intrusion by the state into one's affairs). Although several breakdowns are analysed in the study, there is no breakdown according to age.

In an ESPN report<sup>36</sup> from 2015, the author argues that since 2010 the non-take-up rate may have fallen, due to increased social acceptance and better outreach services (e.g. thanks to the systematic creation of local or regional social offices since 2012, which are supposed to act as nodal points between different public and private services). These social offices are still improving their position and role in this respect.

A country report for Luxembourg within the framework of the European Minimum Income Network (EMIN) project<sup>37</sup> revealed, as a result of an assessment of the answers from professionals to a questionnaire, the following reasons for non-take-up: fear of being stigmatised; fear of social investigation; reluctance to ask for assistance; lack of information; fear of having to reimburse the aid (in cases of inheritance) or mortgage the dwelling; lack of information concerning the scheme, and particularly the conditions for eligibility; and the lack of support for the application. Administrative red tape and the complexity of the system were also cited as barriers to claiming the Revis.

However, there are no data on the non-take-up rate of younger people, nor on the reasons for this. Their rate and reasons may well differ from those of the population as a whole.

## 6 HOUSING BENEFITS

### 6.1 Eligibility conditions and benefit entitlements

The rent subsidy (*subvention de loyer*) is allocated to low-income households renting on the private market, if their monthly rent exceeds 25% of their net disposable income. The subsidy is subject to a maximum amount of €294, depending on the composition of the household (i.e. one or two adults, and the number of children). The rent subsidy is means-tested and only available for households with an income not exceeding a ceiling fixed by reference to the household composition (e.g. €2,650 for a single person, where the minimum wage for qualified worker is €2,642.32 as of 1 January 2021 and the AROP threshold was €1,818 in 2019; or €5,500 for a household with two children, where the AROP threshold was €3,818 in 2019 or €2,909 for single-parent households). The rent subsidy is calculated on the basis of a notional rent<sup>38</sup>, not the rent actually paid. The subsidy paid varies, according to the household composition and income, between €134 and €294 per month.

The main eligibility conditions and benefit entitlements that apply to the scheme in Luxembourg as far as young people are concerned are the following.

#### a) Age

Age is not a criterion for this scheme.

It must be noted that the benefit is applicable to households as a whole. If young people have established their own household, they may apply for the benefit. If they are part of another person's household (generally their parents), they may share in the benefit that household may be entitled to, but they cannot apply for it themselves.

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<sup>36</sup> See Swinnen (2015).

<sup>37</sup> See Georges & Urbé (2014).

<sup>38</sup> This notional rent is calculated in relation to the household composition; it is the same for the whole country, with no regional differences. However, the actual rents paid differ greatly from region to region. A breakdown of rent prices by municipalities shows price levels between €13.18 and €39.84 per sqm with a national average of €32.04 per sqm: <http://observatoire.liser.lu/index.cfm?pageKw=prixcommune>.



**b) Activity status requirement**

Activity status is not a criterion for this scheme; however, the applicant must have had a regular income (including replacement income or even the Revis) for at least three months at the time of applying.

**c) Other eligibility conditions**

There are conditions related to residence, tenancy, property, revenue and the rent-to-income ratio. However, these conditions are not different for young people.

**d) Benefit level**

The benefit level is not different for young people aged 15-29 compared with those aged 30 or over.

**e) Distinctions between different groups of young people**

There are no distinctions between different groups of young people.

**6.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Luxembourg are the following.

**a) Main gaps in access for young people**

There are no specific gaps in access for young people.

The general gaps in access derive from the tenancy, revenue and rent-to-income-ratio eligibility conditions. Households are only eligible when they rent accommodation on the private market. Those whose accommodation has been rented from a public body are not eligible – for example, from the Housing Fund (*Fonds du Logement* – FdL), the other public housing provider (*Société Nationale des Habitations à Bon Marché* – SNHBM), municipalities, and the Social Real Estate Agency (*Agence Immobilière sociale* – AIS). If the total income of household members exceeds a certain threshold<sup>39</sup>, the household will not be eligible. Furthermore, households are not eligible if their rent-to-income ratio does not exceed 25%.

The main disadvantage, however, is the amount of housing benefit. This ranges between €134 and €294 per month, which is not high enough by far to alleviate the rent burden significantly for low-income households<sup>40</sup>. More detailed information on this topic is provided in Annex 1.

**b) Main obstacles in access for young people**

The number of beneficiaries has always been significantly lower than the estimated number of potential applicants<sup>41</sup>, and even after the conditions for eligibility were subsequently lowered twice<sup>42</sup>, no significant increase in the take-up was noted. The percentage of households currently benefiting, compared with the number potentially benefiting, increased from 5.9% in 2016 to 10.1% in 2017, then to 12.7% in 2018 and to 16.1% in 2019<sup>43</sup>. This leads to the assumption that there must be obstacles to claiming this benefit, but it is not known what they are or what causes them. As there are no statistical breakdowns according to age, it is also not clear whether these obstacles are general or if they are more important for young people compared with other age groups.

<sup>39</sup> The monthly thresholds vary according to the composition of the household: €2,650 for a single person and €3,950 for a couple, augmented by €800 per child (for the second up to the sixth child only €750).

<sup>40</sup> See e.g. <https://www.csl.lu/fr/avis-legislation/archives/2020>, downloaded on 24 May 2021.

<sup>41</sup> See the statement of reasons for the draft law: Chambre des Députés (2017a).

<sup>42</sup> Grand-Duché de Luxembourg (2017a) and Grand-Duché de Luxembourg (2020).

<sup>43</sup> See financial statement (*Fiche financière*) of Grand-Duché de Luxembourg (2020), a non-public document.



After the introduction of the scheme, in 2016 and in 2017, some civil society organisations (CSOs) complained about the fact that not all the social workers in the social offices of municipalities gave the correct information to their customers<sup>44</sup>. After additional training organised by the Ministry of Housing<sup>45</sup>, however, this should no longer be a problem.

Nevertheless, information seems to be key. In 2020, a total of 3,712 households<sup>46</sup> were new applicants for this subsidy (compared with 3,060 in 2019), according to an internal document of the Ministry of Housing. The ministry believes that this is not due to the effects of the pandemic, but to the subsidy being discussed again in the media, and to the minister also appearing in the news. This led eligible households, which until then had not claimed the subsidy, to apply. The ministry itself has acknowledged that available information on housing benefit is insufficient.

## 7 REFORMS, NATIONAL DEBATES AND RECOMMENDATIONS

### 7.1 Reforms implemented since 2015

#### Unemployment benefits

In 2015 a law was adopted in parliament extending the duration of some provisional unemployment measures<sup>47</sup>. In 2016 an update to the law brought about some technical changes regarding partial unemployment<sup>48</sup>. In 2020 and 2021, changes were made to the scheme because of the COVID-19 crisis, mainly concerning the flexibilisation of the provisions on partial unemployment<sup>49</sup>.

None of these reforms resulted in a change in the access for young people to unemployment benefit, nor did they involve different regulations according to age.

#### Sickness and healthcare benefits

Since 2015 only one major reform can be noted. A law of 2018 introduced the possibility for people on sick leave, with the agreement of their employer, to submit to the CNS a request for progressive resumption of work for therapeutic reasons<sup>50</sup>, where it was recognised as being likely to improve their state of health.

Some changes were made to the scheme as a consequence of the COVID-19 crisis. These include a freeze applied to the limit of 78 weeks of incapacity to work, additions to the nomenclature of acts to be reimbursed by the CNS, and free testing and vaccination against COVID-19.

#### Maternity, paternity and parental cash benefits

In 2016, the parental leave scheme was reformed<sup>51</sup>, bringing in more flexibility and choice in how to arrange the leave. In addition, the cash benefit, which had previously been a lump sum of €1,778.31 per month, was then defined as a replacement income and granted

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<sup>44</sup> See e.g. [https://www.wort.lu/de/politik/subvention-loyer-neuer-anlauf-fuer-den-mietzuschuss-598c910fa5e74263e13c5904?utm\\_internal\\_campaign=magnet\\_related\\_articles](https://www.wort.lu/de/politik/subvention-loyer-neuer-anlauf-fuer-den-mietzuschuss-598c910fa5e74263e13c5904?utm_internal_campaign=magnet_related_articles), downloaded on 29 June 2021.

<sup>45</sup> See e.g. [https://mlog.gouvernement.lu/fr/support/recherche.gouvernement%2Bfr%2Bactualites%2Btoutes\\_actualites%2Bcommuniqués%2B2016%2B06-juin%2B27-hansen-formation.html](https://mlog.gouvernement.lu/fr/support/recherche.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniqués%2B2016%2B06-juin%2B27-hansen-formation.html), downloaded on 29 June 2021.

<sup>46</sup> Out of a total of approximately 35,000 eligible households (64.9% of all tenants in the private market); see the statement of reasons for the draft law (Chambre des Députés, 2017a).

<sup>47</sup> See Grand-Duché de Luxembourg (2015b).

<sup>48</sup> See Grand-Duché de Luxembourg (2016b).

<sup>49</sup> The duration for the application of these regulations was extended several times during the pandemic and is still in force.

<sup>50</sup> See Grand-Duché de Luxembourg (2018b).

<sup>51</sup> See Grand-Duché de Luxembourg (2016a).

according to the salary, with as a minimum the SSM and as a maximum 5/3 of the SSM. This resulted in an increased take-up rate, particularly among men.

Another reform<sup>52</sup> increased paternity leave from two to 10 days at the birth of a child and increased the postnatal part of maternity leave for all women to 12 weeks. It had previously been only eight weeks, with four additional weeks granted if the mother was breastfeeding her child. This change was intended to prevent disadvantaging women who had given birth and who could not or did not want to breastfeed their child.

None of these reforms and changes resulted in a different treatment depending on age.

### **Reform of the minimum-income scheme**

The law on the new Revis minimum-income scheme<sup>53</sup>, replacing the former RMG scheme (*revenu minimum garanti*), was passed in parliament on 10 July 2018 and took effect on 1 January 2019. More emphasis was given to the labour market integration of each family member, with a more prominent role for Adem. Some existing inactivity traps were removed. Eligibility was granted to more than one person per household and also under very strict conditions to people living together in shared accommodation. The benefits are now higher than under the former scheme for most of the vulnerable categories. There are components per individual person (adults and children) and a separate amount for common household expenses.

Nevertheless, some organisations have stated that the benefit level is still insufficient to lift people out of poverty<sup>54</sup>. The Chamber of Employees (*Chambre des Salariés Luxembourg* – CSL) recognised positive points in the reform in terms of increased income for specific categories and more emphasis on social and employment inclusion. The CSL considered that the activation incentive, which meant that the benefits were reduced for those not taking part in activities<sup>55</sup> on a full-time basis, was not acceptable. In an opinion published in March 2018, the CSO Caritas Luxembourg also recognised the principles of the new scheme as a positive evolution, responding to some long standing requests at grassroots levels. However, on the basis of its own calculations on different types of households, the CSO concluded that, for several categories of beneficiaries, the income position (including Revis and other benefits) would not improve compared with the previous minimum-income scheme. Income would improve for all households with no income from work and for most households with full-time occupations. For several other groups (e.g. with part-time jobs), the income would fall. Households composed of two adults with no children would be the worst off. Single-parent families would also see their income increase with a part-time job.

Overall, it can be concluded that the new Revis in Luxembourg responds to some of the major challenges in combating poverty (i.e. the poverty among children and single-parent families and the inactivity traps of the former minimum-income scheme<sup>56</sup>).

The law envisages an evaluation of the reform after it has been in force for three years, so this should occur at the end of 2021 or the beginning of 2022.

There have been no changes to the Revis scheme as a consequence of the COVID-19 crisis.

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<sup>52</sup> See Grand-Duché de Luxembourg (2017b).

<sup>53</sup> See Grand-Duché de Luxembourg (2018a).

<sup>54</sup> See e.g. <https://www.csl.lu/fr/avis-legislation/archives/2017> and [https://www.caritas.lu/sites/default/files/avis\\_concernant\\_le\\_projet\\_de\\_loi\\_nde\\_7113\\_relatif\\_au\\_revenu\\_minimum\\_garanti.pdf](https://www.caritas.lu/sites/default/files/avis_concernant_le_projet_de_loi_nde_7113_relatif_au_revenu_minimum_garanti.pdf), downloaded on 16 May 2021.

<sup>55</sup> These can be either social or employment activities, depending on whether the person in question has a collaboration agreement with ONIS – for those who furthest from the labour market, or with Adem – for those who are employable.

<sup>56</sup> See Swinnen (2018).

## Introduction and reforms of housing benefit

On 1 January 2016 a rent subsidy was introduced<sup>57</sup>, which can be granted to low-income households who rent accommodation on the national private market and whose rent-to-income ratio was more than 33%. Since the introduction of the rent subsidy, the number of beneficiaries has always been significantly lower than the estimated number of potential applicants<sup>58</sup>. This is why the law was amended soon after its introduction<sup>59</sup> (e.g. lowering the requested rent-to-income ratio to 25%) – however, without a significant increase in the uptake.

It had been planned to adapt both the reference rental scale and the amounts of housing benefit at some time in 2020. As a consequence of the COVID-19 crisis, following the shutdown measures affecting many economic sectors and the risk of a growing number of people experiencing a loss of income, it was decided to bring forward the introduction of this adaptation to housing benefit to 1 April 2020: the amounts, scales and reference incomes were revised upwards<sup>60</sup>.

## 7.2 National debates

The author could identify no national debate regarding **unemployment benefit**, and no arguments have been put forward regarding the treatment of young people.

In general, CSOs and the actors in the field often highlight that the CNS certainly provides a very large fringe of the population with **health insurance**; but there are still layers that are not covered<sup>61</sup>. This is why a number of CSOs are calling for the introduction of universal health coverage<sup>62</sup>. 15 organisations are supporting this call, noting among other things that the CNS coverage rate fell from 99% in 2002 to 95.2% in 2015. They have identified the following groups among the people they follow in their daily medical and social services work: pregnant women who do not have access to prenatal and postnatal care; women, especially in multi-factorial precarious situations and at risk of great poverty, who do not have access to all sexual, reproductive and psychological health services; children in school – and sometimes born in Luxembourg – who cannot be vaccinated or go to the doctor; prisoners who leave prison and no longer have access to their medical monitoring – often for chronic and psychological conditions; homeless people left without care; people infected with HIV and hepatitis who do not have access to medical treatment; and drug addicts who do not have access to substitution programmes or primary healthcare. They declare that these situations are due to administrative, financial, cultural or sociological reasons. The layers that are currently not covered include some young people<sup>63</sup>; however, there are no specific data or debates on these.

Regarding **maternity, paternity and parental cash benefits**, there was only one debate (in 2014-2015) about the abolition of two cash benefits, namely the education allowance and the maternity allowance<sup>64</sup>, resulting in low-income families losing two means to

<sup>57</sup> See Grand-Duché de Luxembourg (2015a).

<sup>58</sup> See the statement of reasons for the draft law: Chambre des Députés (2017a).

<sup>59</sup> Grand-Duché de Luxembourg (2017a).

<sup>60</sup> See Grand-Duché de Luxembourg (2020).

<sup>61</sup> See <https://ec.europa.eu/migrant-integration/librarydoc/recommandations-pour-assurer-une-couverture-sanitaire-universelle-et-des-mesures-connexes-au-luxembourg?lang=en>, downloaded on 16 May 2021 and <https://medecinsdumonde.lu/fr/articles/luxembourg/15062020/acces-la-sante-pour-tous-au-luxembourg>, downloaded on 27 May 2021.

<sup>62</sup> See <https://ronnendes.ch.lu/acces-aux-soins-pour-tous> and <https://www.infogreen.lu/la-couverture-sanitaire-universelle-au-luxembourg-donner-acces-aux-soins.html#:~:text=L%27acc%C3%A8s%20aux%20soins%20est%20le%20droit%20humain%20le%20plus,enfants%20vivant%20sur%20son%20territoire>, downloaded on 16 May 2021.

<sup>63</sup> Including: rough sleepers without an official address; young economically inactive people not entitled to the Revis; inmates after leaving prison; intermediate workers between two contracts; applicants for international protection in the first three months; "Dublin" cases and those refused asylum, except in emergency cases; and generally people in an irregular administrative situation (irregular migrants). See url in footnotes 61 and 62.

<sup>64</sup> See Grand-Duché de Luxembourg (2014b).

increase their income in the event of the birth of a child<sup>65</sup>. These were partly offset by the reform of parental leave in 2016 (see Section 7.1).

There is currently no significant new<sup>66</sup> debate about the Revis. It seems that after a rather stormy start, all parties are awaiting the planned evaluation after three years of operation. Only the minimum age of 25 is regularly challenged by opinion leaders. Some are calling for the straightforward lifting of the age limit<sup>67</sup>, while others ask for more exceptions to that general rule<sup>68</sup>.

In the national debate on **housing**, emphasis is put on the fact that it is becoming increasingly difficult for young people to access housing (either to rent or to buy) because of high prices<sup>69</sup>. The debate is focused more on how to meet the lack of social housing, rather than on the need to increase housing benefit<sup>70</sup>, although its increase would please a number of actors, including the CSL.

### 7.3 Good practice and recommendations

With regard to **unemployment benefit**, the rules on access by pupils and students who leave the education system (be it with a degree or by dropping out) and are unemployed, and for full-time trainees and apprentices who are unemployed at the end of their training (see Section 2.1.b), may be considered as good practice in comparison with countries where these categories of young people have no access to such schemes.

The situation of people without **health insurance** is challenged by a number of CSOs who are calling for the introduction of universal health coverage<sup>71</sup>. As the government programme foresees only *"To ensure access to basic healthcare for particularly vulnerable people living in our society and without compulsory affiliation, existing means will be used in the most appropriate way"*<sup>72</sup>, they call for a solution going beyond existing measures.

Remark by the author: one could, for example, imagine a system where doctors and hospitals treated any patient, regardless of the existence of health insurance, and were then reimbursed from the existing special fund (substantially enhanced) with the Ministry of Health. At the same time, a system should be put in place to ensure that these people are then covered by optional voluntary health insurance.

Regarding the age limit for the **Revis**, the general minimum age of 25 has always been justified (it has existed in all GMI schemes since 1986) by the government's desire to avoid encouraging careers to consist of "school, Revis, pension". However, there are still situations that warrant a greater openness regarding the exceptions to this general age limit. The criteria allowing the disapplication of the age clause could therefore be broadened. For example, young people could be deemed eligible if de jure and/or de facto they have no parental household and have only been given options by the Adem services that do not provide an income reaching the threshold established by the Revis law. Furthermore, the conditions could be set and handled in a way that would be less strict and less driven by suspicion of abuse, so that they would appear to be less punitive.

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<sup>65</sup> See e.g.

[https://www.caritas.lu/sites/default/files/stellungnahme\\_zur\\_reform\\_des\\_conge\\_parental\\_und\\_zur\\_abschaffung\\_der\\_allocation\\_deduction\\_0.pdf](https://www.caritas.lu/sites/default/files/stellungnahme_zur_reform_des_conge_parental_und_zur_abschaffung_der_allocation_deduction_0.pdf), downloaded on 25 May 2021.

<sup>66</sup> Actors in the field regularly make the same remarks as when the scheme was introduced, in particular with regard to the inadequate amount of the benefit for certain categories, see e.g. Chambre des Députés (2019).

<sup>67</sup> See e.g. [https://www.asti.lu/wp-content/uploads/2017/07/pl\\_7113\\_position\\_asti\\_180717.pdf](https://www.asti.lu/wp-content/uploads/2017/07/pl_7113_position_asti_180717.pdf).

<sup>68</sup> See e.g. Chambre des Députés (2017b) and

[https://www.caritas.lu/sites/default/files/avis\\_concernant\\_le\\_projet\\_de\\_loi\\_nde\\_7113\\_relatif\\_au\\_revenu\\_dinc\\_lusion\\_sociale.pdf](https://www.caritas.lu/sites/default/files/avis_concernant_le_projet_de_loi_nde_7113_relatif_au_revenu_dinc_lusion_sociale.pdf).

<sup>69</sup> The Commission's 2020 Luxembourg country report states that "Housing prices have been growing strongly, with affordability deteriorating, in particular for low-income households." (European Commission, 2020a).

<sup>70</sup> This is literally the conclusion in the opinion of the CSL on the draft law, see Chambre des Députés (2015).

<sup>71</sup> See Section 7.2.

<sup>72</sup> See Gouvernement luxembourgeois (2018), translation by the author.

Regarding **housing benefit**, the current status of the rental market also calls for adequate, regionally differentiated amounts of the notional rent, as well as a review of the revenue condition. The CSL and others seek the insertion of a special category for single-parent households<sup>73</sup>. Above all, however, all actors agree that an increase in the construction of social housing is necessary.

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<sup>73</sup> See <https://www.csl.lu/fr/avis-legislation/archives/2020>, downloaded on 16 May 2021.

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## ANNEX 1 ADEQUACY OF THE HOUSING BENEFIT

The benefit amount ranges between €134 and €294 per month (this equals 8.7-19% of the minimum income for one person, 6.1-13.4% of the minimum wage, 3.2-7% of the reference budget for a couple with two children, or 2.5-5.4% of the median income).

The effective amount varies according to the household composition, the total revenue and a notional rent calculated in accordance with the household composition (not the amount actually paid). In all cases of reference budgets examined by Statec, the amount included for rent was higher than this notional rent.

As an example, a couple with two children, a reference budget of €4,213 per month (including €1,650 for rent) and a revenue of €5,500 per month (the maximum allowed to be eligible), will only get a benefit of €5 (this is the difference between 25% of the revenue, €1,375, and the notional rent, which is only €1,380, whereas the actual rent is €1,650).<sup>74</sup> Thus the effective rent-to-income ratio would be 30%.

If the revenue of that household were exactly equal to the reference budget (€4,213), the benefit would be €327 and the effective rent-to-income ratio would be 31%.

A household of the same composition, earning the minimum wage of €2,201.93 and receiving a Revis supplement of €924, leading to a total revenue of €3,126, would be paid a benefit of €599 and its effective rent-to-income ratio would be 34%.

If that same household had no income from work and relied solely on the Revis, it would receive a benefit of €736 and its effective rent-to-income ratio would be 35%.

These examples clearly show that the housing benefit, as it is, is not able to prevent all low-income earners from paying more than 25% of their income on rent.

Their only chance to escape this situation would be to find accommodation at a lower price, which would usually only be possible on the subsidised market. However, this market is too small, offering accommodation to fewer than 3,000 households, whereas at least 30,000 households are in need of such subsidised lodgings<sup>75</sup>.

The amounts set for the notional rent, for the maximum revenue and for the benefits are, therefore, still not adequate enough, even though the latter two have been increased twice since the reform took place in 2016.

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<sup>74</sup> The elements for this paragraph can be found at <https://logement.public.lu/fr/locataire/obtenir-aide-location/subventionloyer.html>, <https://igss.gouvernement.lu/fr/publications/parametres-sociaux/2021/202001.html>, [https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12954&IF\\_Language=fra&MainTheme=3&FldrName=1&RFPPath=29](https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12954&IF_Language=fra&MainTheme=3&FldrName=1&RFPPath=29) and [https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=17166&IF\\_Language=fra&MainTheme=3&FldrName=1&RFPPath=17165](https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=17166&IF_Language=fra&MainTheme=3&FldrName=1&RFPPath=17165), all downloaded on 16 May 2021.

<sup>75</sup> The first figure of 3,000 households comes from 2017, and that of 30,000 dates from 2012, see Urbé (2019) with citations from the Luxembourg Central Bank and the Court of Auditors, among others. Since then, rather than improving, the situation has deteriorated.

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