

# Pension

# Schemes

for Civil Servants and State Employees




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Onofhängege Gewerkschaftsbond Lëtzebuerg

Syndikat Erzéiung a Wëssenschaft (SEW)  
63, rue de Bonnevoie / L-1260 Luxembourg  
T. +352 54 05 45-323/ [sew@ogbl.lu](mailto:sew@ogbl.lu)  
**sew.lu**  **ogblSEW**

Syndikat Ëffentlechen Déngscht  
60, boulevard J.F. Kennedy / B.P. 149 / L-4002 Esch/Alzette  
T. +352 54 05 45-214 / [serge.letsch@ogbl.lu](mailto:serge.letsch@ogbl.lu)  
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05.2022 | The text of this brochure does not in any way replace the legal or regulatory texts in force.

In the public sector, a distinction must be made between two different pension schemes:

- ♦ For civil servants and public employees who started working in the public sector before 1 January 1999, the special transitional scheme is applicable. This scheme is based on final salary, expressed in index points, and is limited in its benefits to 5/6ths of the pensionable salary reached at the time of retirement;
- ♦ The **special scheme** is applicable to civil servants and public employees who enter the service of the State **after 31 December 1998** and who did not work before that date for the State, a Commune (local authority), a public institution or the CFL. This scheme is based on the same mechanisms as the general private sector pension scheme. The pension is based on the total salary earned throughout the career.

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## 1. The different forms of pension

### 1.1 The old-age pension or early old-age pension

Civil servants may apply for a retirement or an early retirement pension:

- ♦ **at the age of 57**, provided they have 40 years of mandatory contributions (for both pension schemes);
- ♦ **at the age of 60**, provided that they have 40 years of mandatory, voluntary and supplementary contributions (for the special scheme), or 30 years of mandatory, voluntary and supplementary contributions (for the special transitional scheme);
- ♦ **at the age of 65**, provided that they have 10 years of mandatory and voluntary contributions (for the special scheme), or 10 years of mandatory contributions (for the special transitional scheme).

### 1.2 Gradual retirement

In addition to "normal" pensions, since 2015 civil servants have been able to apply for **gradual retirement**, i.e. to gradually reduce their working time before retiring permanently.

If a contributing employee has worked full time during the 3 years preceding the desired date of entry into phased retirement and if they fulfill the conditions for entitlement to a retirement pension or an early retirement pension, they may request to reduce their rate of activity to 90%, 80%, 75%, 70%, 60% or 50%. They then receive remuneration for the time worked and a partial pension for the other part of the time. At the end of the gradual retirement period, the pension is recalculated to take account of the additional time worked.

Gradual retirement can be combined with continued service beyond the age of 65.

### 1.3 The disability pension

- ♦ This pension entitlement is available to civil servants, public employees and civil servants in training if the termination of service is due to invalidity and the person concerned has at least 12 months of compulsory and/or voluntary contributions during the three years preceding the date of risk, unless the invalidity is due to an accident of any kind. The condition of invalidity is established by the Pensions Commission.

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## 2. Periods of contributions

### 2.1 Mandatory contributions periods

There are various types of compulsory contributions periods, including:

- ♦ Periods of professional activity;
- ♦ Periods for which a replacement income is paid (sickness, maternity, unemployment benefit, early retirement, recreation, political and trade union leave);
- ♦ Baby-year period (2 years per child immediately following postnatal maternity leave) - **Attention:** The staff member must submit an application using a standard form to the CGPO at the latest before retirement;
- ♦ Period of parental leave;
- ♦ Periods of service/ contributions performed in a country of the European Union or in another country that has made the provisions of EU Regulation 883/2004 concerning migrant workers applicable in its national legislation. These periods are taken into account on the basis of the rules defined there. (see Section 4: Mixed careers)

### 2.2 Periods of voluntary contributions

An official who gives up or reduces his professional occupation may :

- ♦ continue or supplement their contributions by paying voluntary contributions. The Joint Social Security Centre is the competent body for the management of voluntary pension contributions;
- ♦ cover or supplement the corresponding periods retroactively by a retroactive purchase before the age of 65.

Since the effects of voluntary contributions may vary from one pension scheme to another, it is advisable to contact the CGPO (Centre de gestion du personnel et de l'organisation de l'Etat) for information.

### 2.3 Additional periods

Additional periods are not contributions periods as such (as no contributions were paid during these periods), but they are taken into account when verifying the conditions for the award of the pension from the age of 60.

- ♦ Periods of study between the ages of 18 and 27 (only for the special scheme);
- ♦ Periods of children education from their birth to age 6 years old<sup>1</sup>;
- ♦ Periods of care for a dependent person recognised by dependency insurance.

<sup>1</sup> These periods may not be less than 8 years for the birth of 2 children, nor less than 10 years for the birth of 3 children. The age limit is raised to 18 if the child is physically or mentally disabled, unless the child's education and maintenance have been entrusted to a specialised institution. The Minister responsible for the civil service may waive the requirement that the child be raised in Luxembourg (<https://legilux.public.lu/eli/etat/leg/loi/1998/08/03/n10/jo>)

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### 3. Amount of the pension

The amount of the pension depends on various factors:

- ♦ the age of departure
- ♦ the number of years of service
- ♦ income
- ♦ the date of entry into service in the public sector.

For employees **under the special transitional pension scheme**, the pension is calculated on the basis of the last pensionable salary of the employee. A replacement rate is determined on the basis of the employee's age at the date of retirement and the number of years of service, so that the pension is formulated as a replacement rate in relation to the last pensionable salary. The maximum rate is 83.33%.

For civil servants **under the special pension scheme**, the amount of the pension is made up of two elements:

- ♦ A flat-rate element calculated on the basis of the number of years of contributions (max. 40 years);
- ♦ A proportional element calculated on the basis of total wage earned during their career

Formula for calculating the flat-rate element *majorations forfaitaires*:

$$\text{Majorations forfaitaires} = \frac{\text{Montant de référence} * \text{Taux} * \frac{N}{40} * \frac{\text{index}}{100} * \text{Facteur de revalorisation}}{12}$$

N=nombre d'années

The annual value of the reference amount (montant de référence) is set at EUR 2,085.00 at index point 100 based on 1984.

The flat-rate element corresponds to 22% of the reference amount after a contribution period of 40 years of actual compulsory contributions periods in the service of the State / a public institution and/ or the purchase of periods.

The revaluation factor (facteur de revalorisation) corresponds to the increase in wages since the base year 1984. This factor is currently 1.484 (January 2022).

The rates (Taux) of the flat-rate and proportional element can be found in the table situated in the appendix of this brochure.

Formula for the calculation of proportional element:

$$\text{Majorations proportionnelles} = \frac{\text{Taux} * \text{Somme de revenu} * \frac{\text{index}}{100} * \text{Facteur de revalorisation}}{12}$$

N=nombre d'années

Proportional element corresponding to 1.78% of the total pensionable pay

The revaluation factor corresponds to the evolution of wages since the base year 1984. This factor is currently 1.484 (January 2022).

The rates of the flat-rate and proportional increases can be found in the table in the annex to this brochure.

It is advisable to ask the CGPO in advance (from the age of 55) for a pension estimate via the MyRH account or by filling in a form - available on the civil service website - to obtain a provisional calculation of your future pension.

Pensions are also adjusted in line with the cost-of-living index and are subject to periodic readjustments.

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## 4. Mixed careers

### 4.1.1 Concerning EU Member States & Iceland, Liechtenstein, Norway, Switzerland

Each of these countries will have to pay an old age pension at retirement age. If the person concerned has worked in three of these countries, for example, they can claim three separate old-age pensions at retirement age.

The contributions periods in each of these countries are counted until the employee reaches retirement age.



The old-age pension is then paid to the employee when they reach the retirement age set by the country in question - provided that the employee has contributing there for at least one year.

The pensionable age of the individual countries listed there can be found on the European Commission's website at <https://ec.europa.eu/social/main.jsp?catId=858&langId=fr> or by scanning the QR code.

### 4.1.2 Calculation of the pension for mixed careers

The amount of the pension will be calculated according to the periods of contributions in each country. The amount the employee will receive from each country will correspond to the length of social security coverage in those countries.

## 4.2 Concerning countries outside the EU

Luxembourg has concluded bilateral and multilateral agreements with many countries outside the EU. The list of agreements in force can be consulted via the following link [www.secu.lu/conv-internationales](http://www.secu.lu/conv-internationales).

Agreements with countries outside the EU are aligned with those in the EU and sometimes even extended.

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## 5. Date of retirement

Being entitled to a pension does not mean being obliged to retire.

It is possible to continue working until the age of 65, which will have a positive effect on the amount of pension you will receive.

At the request of the civil servant/employee and with the agreement of the Government Council, it is possible to continue working until the age of 68 (the so-called "maintained in service" situation).

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## 6. How do I claim my pension rights?

To apply for a pension, you must send a request to the relevant minister via your school management at least 6 months before the desired retirement date.

For all questions concerning a specific situation (pension estimate, payment, etc.), it is recommended that you contact the CGPO.

For mixed careers: If the insured person has worked in several countries, it is advisable to submit the pension application in the country of residence, unless the employee has never worked there. In this case, the claim should be submitted in the country where the employee last worked.

The pension office that received the application acts as the contact office and will handle the processing of the application by exchanging information with the relevant institutions in the other countries.

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## Appendices

**View the table of pension calculation variables online:**



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**Are you a civil servant or an employee of the state or a municipality? Do you have a problem at work, a question about your status or in relation to your social insurance? Do you need support to defend your interests against your superior or your administration?**

Since February 1, the OGBL has set up an information, advice and support service for civil servants and assistance service for civil servants and employees of the state and municipalities.

**Contact our expert:**

Carla Jorge

[carla.jorge@ogbl.lu](mailto:carla.jorge@ogbl.lu) | T 54 05 45 260



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