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Luxembourg: Redundant employees entitlement to public support

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Luxembourg

Phase:

Management

Type:

Redundant employees entitlement to public support

Last modified: 10 December, 2021

Native name:

Code du travail

English name:

Labour Code

Article

L.621-1

Description

Public support measures for job seekers in Luxembourg include the traditional form of benefits and assistance when seeking employment, but also includes specific assistance such as reemployment support or other specific measures as listed below.

Unemployment benefits

Redundant employees must visit a public employment office (*Agence pour le Développement de l'Emploi, ADEM*) no later than 15 days after the end of their employment relationship in order to submit an application for unemployment benefits. In order to receive benefits, the job seeker must have been employed on a full or part time basis for at least 16 hours per week prior to becoming unemployed. At the same time, he/she must also provide evidence that he/she has been in paid employment for at least 26 weeks with one or more employers in the course of the 12 months preceding the date of registration as unemployed.

Once his/her application has been accepted, the job seeker receives an allowance which is equivalent to 80% of the previous gross salary from the last three months, or 85% if he/she benefits from a tax reduction for families with one or more children throughout the benefit period. The benefit is subject to the upper limit of 250% of the minimum social wage (€2.201,93 as at 1 January 2021) for the first six months (€5,224.38 as of 1 January 2019), followed by 200% after six months (€4,179.5) and 150% if he/she remains unemployed for a longer period of time (€3,134.63).

Any job seeker who meets the conditions for eligibility can benefit from this support for 365 days over a 24 months period. However, the maximum period of 12 months may be extended depending on age (for example, by 12 months for people aged over 50 who have contributed to the social security system for at least 30 years), on capacity to work or on the worker's insurance period.

Assistance for job seekers

ADEM assists job seekers in finding a new position. The Labour Code states that the role of the ADEM is to 'support, advise, guide and help people who are looking for employment' and 'take steps, in order to retrain and reemploy the workforce'. ADEM must provide personalised supervision and support for job seekers who are able to access job advertisements, can make use of a 'job club', which includes a documentation centre, IT equipment and provides advice to job seekers. They can book individual interviews with a psychologist or social-worker and complete a skills assessment. Workshops on how to write a CV or prepare for job interviews are also organised.

Reemployment support

After a person is made redundant, the job seeker may find a job which is less well paid than his/her previous employment. In this case, he/she may receive a reemployment support benefit which aims to guarantee that he/she will receive a pay equivalent to 90% of his/her previous wage for the first 48 consecutive months after taking up the new job. The employee will thus receive the difference between 90 % of his former wage and his/her new wage. In order to obtain this benefit, the new employment contract must be a permanent or fixed term contract, which is concluded for a minimum of 18 months or in order to cover for an employee who is on parental leave.

Geographical mobility support

If a job seeker lives too far from his/her future place of work, he/she can claim entitlement to geographical mobility support. This benefit covers travel expenses and may be granted, under certain conditions, to a job seeker who accepts a job at a distance of over 15 km from

his/her habitual place of residence. This support takes the form of a monthly lump sum allowance for travel expenses and the amount increases in proportion to the distance between the employee's place of residence and the place of work. The monthly allowance ranges from €61.97 if the distance is between 16-20 km to €136.34 if the distance is greater than 50 km. This mobility support can be granted for a maximum period of 18 months.

Business start-up assistance

Assistance for unemployed people who set up or take over businesses in the territory of Luxembourg may be granted to

- unemployed persons who have been receiving benefits for at least 3 months and are over 40 years of age;
- unemployed persons who have been receiving benefits for at least 6 months; or
- job seekers (even if they are not receiving benefits) who have been registered with ADEM for at least 8 months and have worked in Luxembourg for at least 6 years.

This assistance, which takes the form of a single payment, is equivalent to the capitalised total amount of unemployment benefits to which the applicant would have been entitled within the first 6 months after the business was set up or taken over.

Comments

The number of resident jobseekers enrolled with the public employment office (Agence pour le Développement de l'Emploi, ADEM) stood at 16,807 in July 2021. Over one year, this represents a decrease of 2,955 persons or 15%. In the course of July 2021, ADEM opened 2,164 new files of resident job-seekers, a decrease of 64 persons or 2.9% if compared to July 2020. During the month of July 2021, employers reported 3,481 vacancies to ADEM, amounting to an increase of 22.2% compared to July 2020.

In terms of **assistance for job seekers**, ADEM states that in 2010, 25,220 the job seekers have been profiled. Among the already profiles, 27% underwent an 'intensive' supervision and 59.7% a 'regular' supervision. In 2019 (latest), 45 job seekers received a financial support for **geographical mobility** (aide à la mobilité géographique) for a total amount of €43,095. For the **reemployment support (aide au réemploi)**, ADEM has supported 3,382 employees in 2019 for a total expense of €28,591,292. The number of beneficiaries has constantly increased since 2010 from 1,989 to 3,050 in 2014 and 2,382 in 2019.

Cost covered by

National government





Involved actors other than national government

Public employment service

Thresholds

No, applicable in all circumstances

Sources

-  [Labour Code](#)
-  [Guichet.lu \(governmental website\) - Chômage \(French\)](#)
-  [ADEM](#)
-  [Rapport d'activité 2019](#)

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