

Dear Prime Minister, Luc Frieden,
Deputy Prime Minister, Xavier Bettel,
President of the Chamber of Deputies, Claude Wiseler,
Minister of Gender Equality and Diversity, Yuriko Backes,
Minister of Social Security, Martine Deprez,
Minister of Finance, Gilles Roth,
Minister of Economy, Lex Delles,
President of LCGB, Patrick Dury,
President of OGBL and President of the Chamber of Employees, Nora Back,

Luxembourg 14.07.2025

Dear Excellencies,

My colleagues and I in the Expat and International business community of Luxembourg are saddened that the currently ongoing dialogue about pension reform does not include any focused understanding of the special and unique circumstances which impact our constituency and related, unintentionally marginalized groups outside of the mainstream Luxembourg citizen working population. I am writing to bring to your attention the matters at hand, in a request for justice and fair treatment during this much-needed pension review. We believe that understanding, appropriate consideration, and fair treatment of our issues will help achieve the desired results and lead to a stronger system moving forward.

Please understand this is not a criticism. Every member of the Chamber of Deputies is a Luxembourg citizen, and every member of the Chamber of Deputies has been elected by voters, all of whom are Luxembourg citizens. As a consequence, it is only natural that this group does not see and feel the impact of the world through the eyes and experience of the workforce of foreigners and other unintentionally marginalized groups. Nonetheless, these expat and other workers will be impacted by pension reform, and the outcome will only be better and fairer if their unique circumstances and needs are taken into consideration and fairly addressed in the final product.

In most aspects, the Luxembourg pension system is very good with very generous benefits based on contributions by workers, their employers and a top-up from government tax revenues. The major problem is that people are living longer, and consequently, we are facing increased withdrawals caused by this ageing population, whose life expectancy is longer than when the program was originally implemented. There is, quite naturally, significant pushback from workers and unions against mandatorily lowering entitlements or requiring people to work longer to become eligible. Likewise, there is considerable resistance from companies to pay more to bridge the gap, and the government does not have surplus tax revenue for this purpose either.

Most other countries in Europe, the US and around the world are facing the same pension funding challenges too. In almost all of them, the solution being undertaken is either to raise the age at which the pension starts or reduce expected benefits. In Luxembourg, the push back from voters and the unions against mandatory raising of pension age or lowering future pension entitlements is firm, so this adjustment will be very hard to achieve.

However, there are three constituencies which may be able to help, on a voluntary contribution basis, to increase the cash flow in, while temporarily at least, diminishing the cash flow out.

Currently, only 1/3rd of retirees are paid full pensions, and 2/3rd of pensioners receive only partial pensions. These partial pension recipients are mostly foreigners, women who have taken career breaks to raise their children and workers with limited work history in Luxembourg. While foreign earned pensions can be amalgamated into the Luxembourg pension system, they are not as generous as the Luxembourg system and this means that many foreigners, or women who took career breaks, or workers with extensive work absences from the Luxembourg participatory pension system find they have insufficient pension incomes to live in dignity and therefore feel the need to work beyond the age of 65 which is the current cutoff date for participation in the Luxembourg pension system.

In support of these constituents, we urge the Chamber of Deputies to simply allow workers who have not achieved 40 years of contribution into Luxembourg's social security system to continue to be allowed to VOLUNTARILY delay the start of their pensions while they continue VOLUNTARILY to work and contribute into the tier one pension system so long as they are able and willing to work up to 40 years of contribution. This simple adjustment, done on a purely voluntary basis, will allow those who have insufficient tier one pension benefits caused by limited working years to build for themselves a greater degree of old age security to live in dignity without negatively impacting the benefit entitlements of the rest of the Luxembourg population. On behalf of the affected foreign workers with limited years of Luxembourg pension contributions, women who have taken career breaks to raise their children and other workers who have insufficient work contributions into the Luxembourg pension system, we urge this allowance to continue to work and contribute into the Luxembourg pension system on a voluntary basis, beyond the age of 65.

My colleagues and I are at your disposal to further discuss. Thank you for your kind consideration.

With respect and kindest regards,

Paul Schonenberg
Chairman and CEO
AMCHAM.lu

