

## **SLIDE 1**

The National Fund for Family allowances in Luxembourg is responsible for the management and the payment of all Luxembourg family benefits, parental leave and the childcare-service voucher for cross-border workers.

The CAE handles some 200,000 cases and has an annual budget of almost EUR 1.5 billion euros.

In 2016 we had a larger reform covering the entire allowances and I am quite proud to say that our parental leave reform has become a real success story. As you can see, the reform of 2016 didn't just increase the number of parents taking leave; it flipped the gender ratio.

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So, between 2016 and 2026, the most significant shift has been the democratization of fatherhood. Before the 2016 reform, parental leave was predominantly taken by mothers because the fixed, low allowance of about 1.700 € per month made it financially difficult for the primary breadwinner (often the father) to stop working for several months. The “cost” of having a child - in terms of career progression and financial stability was often

seen as too high. Today, in Luxembourg fathers represent the majority of parental leave takers.

## **SLIDE 5**

We could say that the reform changed the core philosophy of our social security. It replaced a “handout” with a “replacement income”. By capping the allowance at five-thirds of the minimum wage - now reaching up to 4.500 € we told parents: “Your career and your family are no longer in competition”.

We made some punctual adaptations to promote a more attractive parental leave and lower the barriers: you no longer needed to work 20 hours a week to qualify; 10 hours was enough. This measure was especially interesting for the cleaning staff for example or people working for multiple employers and cumulating working hours. We extended also the age limit of the child from 5 to 6 years old. These weren't just administrative changes; they were an invitation to participate.

And it worked!

In 2016 we had over 4.700 parents taking parental leave, now almost 14.000 parents. Takers are 58 % men and 42 % women.

In addition to the replacement income, we have primarily focused on flexibility and so here are our models:

## **SLIDE 6**

This is the heart of our success. We offer four distinct paths. Some parents still want the 6-month full-time period to care for their child. Others, especially fathers, prefer the “fractioned” model - taking one day off a week for 20 months. This allows them to stay connected to their teams while being present for their child's first steps as well. It turns parental leave into a sustainable lifestyle.

By analyzing our statistics, we see one main behavioral difference: in fact, mothers still prefer the fulltime parental leave break for 6 month which is most of the time immediately taken after the maternity leave, which in Luxembourg is a continued wage payment. On the other hand, fathers prefer the fractioned or split model, often taking one day off per week to maintain their professional presence. The summer vacation months are also quite often taken by fathers.

Flexibility is useless if you can't afford it. We replaced the old flat-rate system with a real replacement income. While there is a ceiling, the benefit is high enough that it doesn't represent a financial “sacrifice” for most households:

### **SLIDE 7**

As I said, parental leave allowance is a replacement income calculated on the basis of the pensionable income declared by the employer to the Social Security Affiliation Centre during the 12 months preceding the start of the parental leave and the average number of hours worked in the 12 months before the start of the parental leave. You can see that of course the limits vary according to the average working hours.

### **SLIDE 8**

As we stand here in 2026, parental leave is no longer a “break”; it is a standard phase of a modern Luxembourgish career. We have successfully moved away from the “traditional” family model to one that supports dual-earners.

Ten years after the reform, we can say conclusively that we have no idea about and how much our parental leave has affected the birth rate in Luxembourg, which could be an interesting analysis for the next 10 or 15 years.

However, regarding the current topic, the gender equality, our adjustments were exactly right, and we maintain that a combination of financial security, high-quality childcare services and flexibility in the work-live-balance has ensured the success of parental leave in Luxembourg.

However, our work is not yet complete.

It remains a fact that after their respective parental leaves — which are now absolutely socially accepted for men as well — mothers often still interrupt their professional careers for several years, usually until the child starts school and frequently resort to part-time positions to balance work, childcare and care for elders. This naturally leads to the well-known interruptions and gaps in pension careers and the associated risk of old-age women poverty. We also need to continuously adapt these models to today's families and further expand flexibility.

Finally, despite all the positive things to report about our parental leave, I do not want to hide the fact that the cost for our annual budget has essentially exploded since 2016, going from 85 million euros in 2016 to over 400 million euros. Furthermore, the enormous financial incentive naturally serves as an incentive for dishonest individuals to exploit the system through fraudulent schemes.

Thank you very much for your attention, and if you have any questions, I would be happy to answer them.