

## A quick overview

# Comparison of the gradual pension and progressive early retirement

The pension reform introduced the gradual pension.

**! IMPORTANT: The gradual pension (*pension progressive*) must not be confused with progressive early retirement (*préretraite progressive*).**

The main difference is as follows:

- » **The gradual pension is a measure designed to partially extend working life**, allowing employees eligible for early old-age pension to continue working part-time whilst receiving a progressive pension allowance.
- » **Progressive early retirement is a social measure** that allows employees to reduce their working hours in the 3 years prior to taking early old-age pension or a standard old-age pension.

Here is an overview of the main differences:

	Gradual pension	Progressive early retirement
<b>An option or a right for the employee?</b>	For any application, the employer's consent is required.	<ul style="list-style-type: none"> <li>» Employees are entitled to this if progressive early retirement is provided for in a collective agreement.</li> <li>» For other employees, the employer's consent is required.</li> </ul>
<b>Conditions relating to the company</b>	No specific conditions apply.	The eligible company must <ul style="list-style-type: none"> <li>» have entered into a special agreement with the Ministry of Labour or</li> <li>» have a collective agreement that expressly provides for progressive early retirement.</li> </ul>
<b>Conditions relating to retirement</b>	The employee must meet the eligibility criteria for an early old-age pension ( <i>pension de vieillesse anticipée</i> ) on the date the gradual pension scheme comes into effect.	The employee must meet the eligibility criteria for an early old-age pension or an old-age pension no later than 3 years after the start of early old-age pension.
<b>Conditions relating to the employee's occupation</b>	The employee must have been employed by the employer for at least 3 years and must have worked at least 75% of a full-time position.	They must have been employed by the employer for at least 5 years and have worked at least 75% of a full-time position.



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	Gradual pension	Progressive early retirement
<b>Reduced working hours</b>	<ul style="list-style-type: none"> <li>» Reduction in working hours of at least 25%. The remaining working hours must not be less than 16 hours per week.</li> <li>» The percentage reduction in working hours is set out in an amendment to the employment contract. Any further reduction must be the subject of a new amendment.</li> </ul>	<ul style="list-style-type: none"> <li>» Reduction in working hours of at least 40% and at most 60%.</li> <li>» The reduction in working hours is set out in an amendment to the employment contract and may be phased in gradually.</li> </ul>
<b>Employee income during gradual pension / progressive early retirement</b>	<p>Salary pro-rated to the reduced working hours + Gradual pension allowance paid by the employer or by the CNAP (the amount corresponds to the early old-age pension multiplied by the rate of reduction in working hours)</p> <p><i>Good to know: The employee is also entitled to the allowance for remaining in employment (AMVP) for the duration of their gradual pension. This is not automatic; employees eligible for the gradual pension must submit a separate application for a specific certificate from the CNAP, and then apply to the tax authorities.</i></p>	<p>Salary pro-rated to the reduced working hours + Early retirement allowance paid by the employer (the amount is calculated on the basis of the average gross income for the 12 months preceding the grant of early retirement)</p>
<b>Application procedure</b>	<ul style="list-style-type: none"> <li>» 1<sup>st</sup> CNAP application: Certificate confirming that the entitlement to an early old-age pension and the eligibility criteria have been met (<i>please note: the response times for the CNAP are the same as those for an application for an early old-age pension</i>).</li> <li>» Employer's application: Signing of an amendment to the employment contract.</li> <li>» 2<sup>nd</sup> CNAP application: The application for a phased retirement allowance must be submitted to the CNAP, together with the amendment and the supporting documents listed on the application form, at least two months before the amendment expires.</li> </ul>	<p>A written application must be submitted to the employer no later than 3 months before the expected date of entry into early retirement.</p>

## For further information, please contact the LCGB Info-Center:

☎ +352 49 94 24-222 | ✉ [infocenter@lrgb.lu](mailto:infocenter@lrgb.lu)  
Mo-Fr (except Wednesday afternoons) | 8h30 – 12h00 et 13h00 – 17h00

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