

# Family leave reform

Press conference on family leave reform, 16 February 2021

Minister Aino-Kaisa Pekonen



# Children at the centre of the family leave reform — What would change?

- Same amount of leave per each child, irrespective of the type of the family
  - Non-discrimination and equality would increase
  - Flexibility and freedom of choice would increase
  - The total number of earnings-related daily allowance days would increase slightly from the present level
- > The wellbeing of children and families would increase

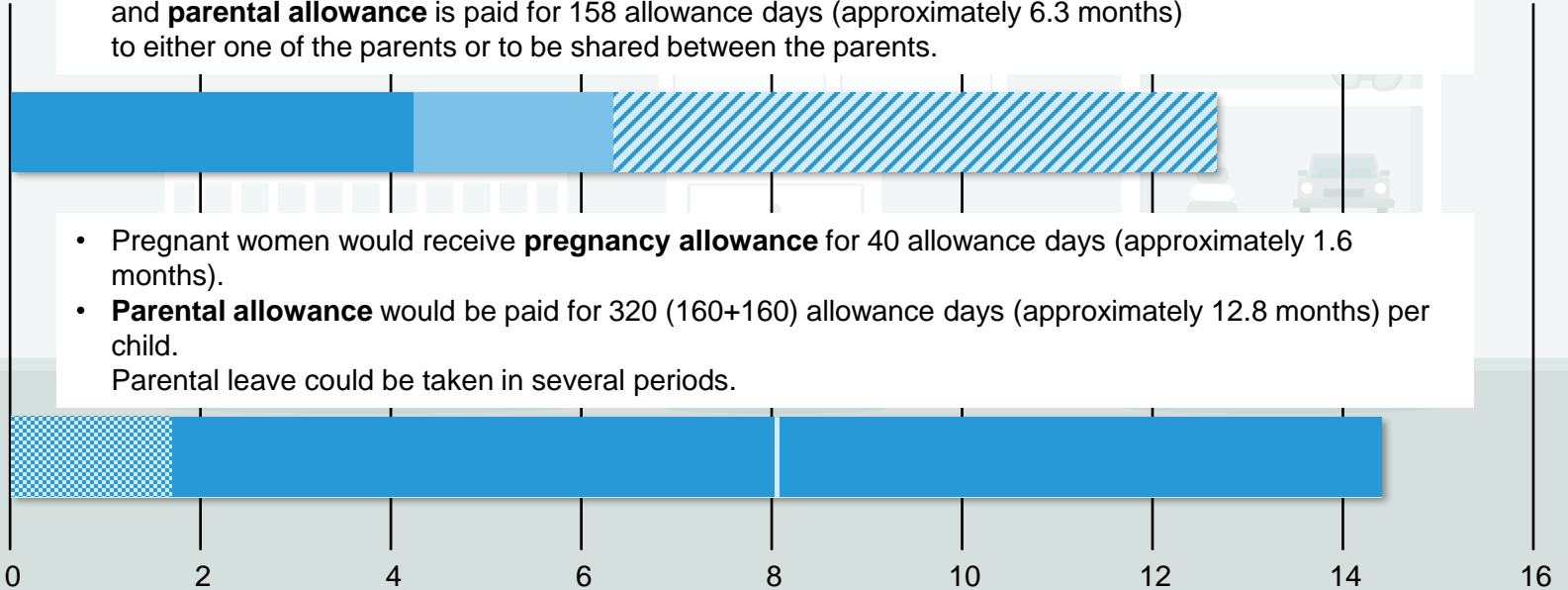


# New allowances for parents during family leaves 1/2

## Current state:



- Pregnant women receive **maternity allowance** for 105 allowance days (approximately 4.2 months), fathers receive **paternity allowance** for 54 allowance days (approximately 9 weeks), and **parental allowance** is paid for 158 allowance days (approximately 6.3 months) to either one of the parents or to be shared between the parents.



- Pregnant women would receive **pregnancy allowance** for 40 allowance days (approximately 1.6 months).
- **Parental allowance** would be paid for 320 (160+160) allowance days (approximately 12.8 months) per child. Parental leave could be taken in several periods.

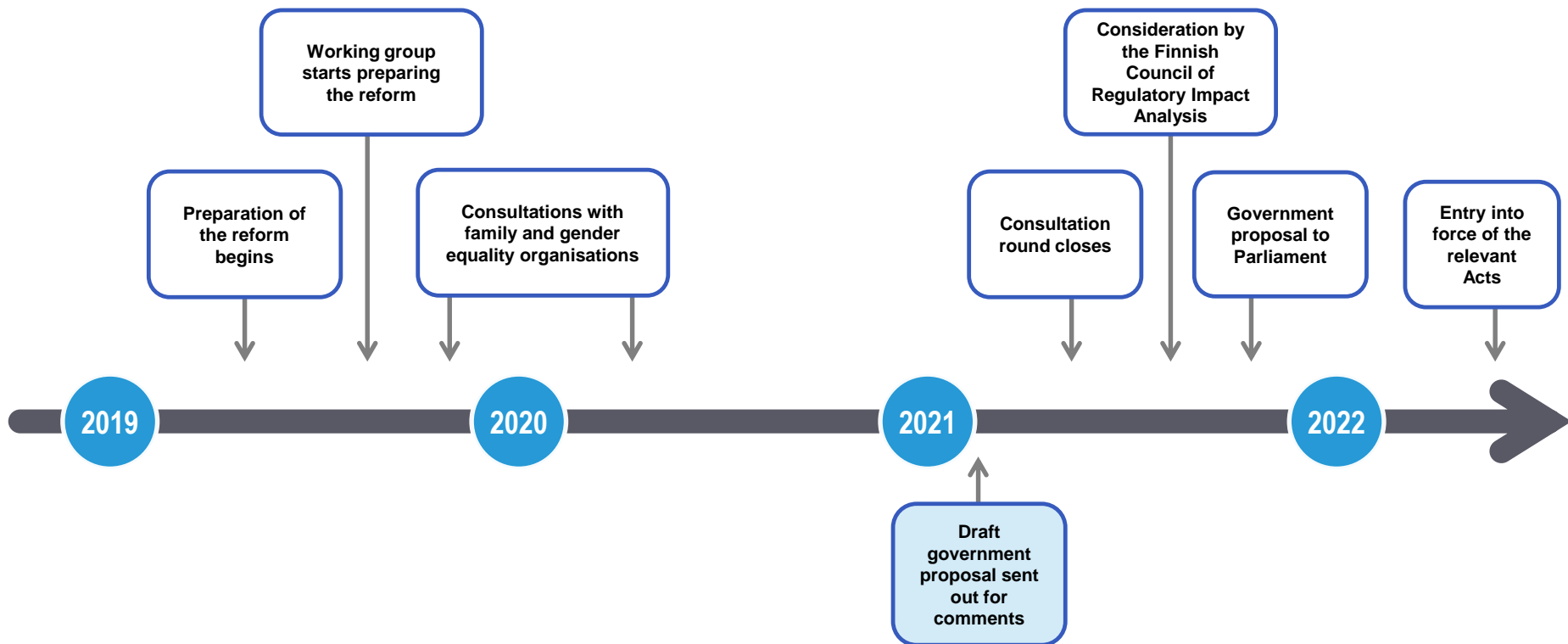
## New allowances for parents during family leaves 2/2

- All parents who have custody of their children would be entitled to parental allowance
  - All parents would have an equal right to parental allowance regardless of whether they are biological or adoptive, custodial or non-custodial and regardless of the gender of the parent.
  - A requirement for receiving parental allowance would be that the parent or parents care for their child and do not work.
- Pregnancy allowance would be paid at an increased rate (90% of earnings) for the whole allowance period of 40 working days and parental allowance at an increased rate for the first 16 days of payment for two parents.

# Flexibility

- Parents could transfer 0–63 parental allowance days from their own quota to the other parent or spouse.
- Parental allowance could be used
  - in one or several periods or on individual days if so desired
  - until the child reaches the age of two.
- Parents could receive partial parental allowance (half of the full allowance) if they work part-time for no more than five hours per day.
- Pregnant women could start receiving pregnancy allowance more flexibly than the current maternity allowance: 14–30 daily allowance days before their estimated due date, depending on their state of health and work requirements.

# Reform process



# Costs

- Parental leaves are an investment in families at an important stage of their lives.
- Increasing the number of daily allowance days, giving fathers an equal quota of daily allowance days and raising the level of parental allowance (the first 16 days) would increase the costs of the daily allowance scheme.
- The estimated costs depend on how parents are estimated to use and share their daily allowance days. If the reform encouraged fathers to take parental leave and use parental allowance days more than before, the costs of the daily allowance scheme would increase.
- The cost estimates are based on the current use of paternal allowance and the assumptions about the impact of the reform on parents' behaviour. It is estimated that the reform would increase general government expenditure by an additional EUR 80 million in total.

# Impacts on employment and working life

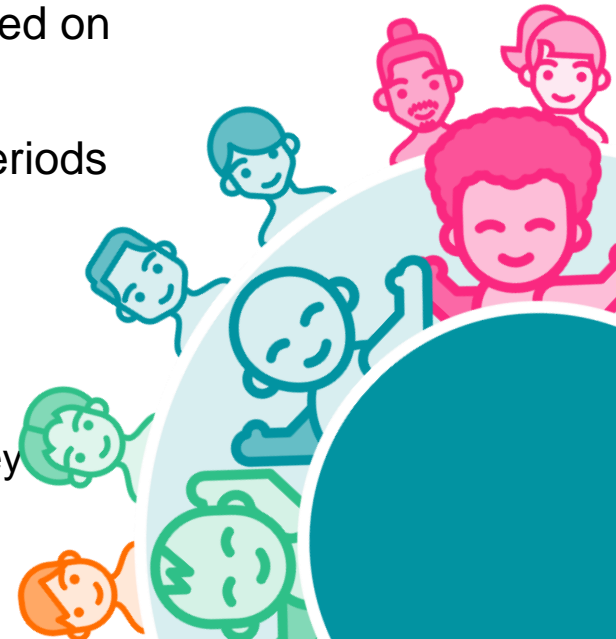
- The net impact of the reform on employment is estimated to be minimal.
- The costs incurred by employers in recruiting people and organising induction could increase slightly if parents decided to take parental leave over several periods.
- As a result of the reform, fathers would start using more family leaves and mothers less, and this would have a positive effect on mothers' careers and labour market position.





# Amendments to the Employment Contracts Act

- Changes resulting from the reform: new names for family leaves
- The duration and time of leaves would be determined based on the benefits granted under the Health Insurance Act.
- Parental leave could be divided into a maximum of four periods (currently two).
- Changes resulting from the Work-life Balance Directive:
  - new carers' leave
  - employers' obligation to provide a written account of why they refuse partial parental leave



# Changes to early childhood education and care

- The right to early childhood education and care would start in the month when the child turns nine months.
- A child's right to the same early childhood education and care place would be maintained if the parental leave did not exceed 13 weeks. No client fees for early childhood education and care would be charged for this period.



