



Towards a more modern Swedish parental leave benefit

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A government-commissioned investigation to modernise the Swedish parental leave benefit was recently completed. Several changes to the current legislation are suggested, including an increase in the "daddy quotas". However, it is uncertain whether many of these changes can be pushed through the parliament.

Description

In 2016, the Swedish Government launched a special investigation to modernise parental leave benefit. The main objectives were to simplify the current legislation, identify changes that would contribute to a more inclusive labour market, strengthen conditions for equal parenting, and increase child well-being. The findings of the investigation were delivered to the Government on 18 December 2017.

Several changes to the parental leave benefit are proposed. Three suggestions are particularly noteworthy: new age limits for leave periods, increased share of paid leave days to be non-transferable between parents, and greater possibilities for spouses and other insured persons without custody of the child (e.g. grandparents) to take paid leave.

The proposed changes in the age limits would mean that parents only can take ten days of parental leave per year after the child reaches four years of age. A further suggestion is that the parental leave benefit can only be used for children below ten years of age. Currently, the parental leave benefit can be used until the child reaches 12 years of age, and parents can save 96 days, to be used after the child reaches four years of age.

In order to increase labour market participation of newly arrived immigrants, a further restriction, linked

to the date when a child becomes a resident of Sweden, is suggested. If a child becomes resident in Sweden during its second year of life, it is proposed that only 130 days of paid parental leave (in total for both parents) be granted until the child reaches four years of age. For children who become residents during their third year of life, it is suggested that the number of paid parental leave days be further reduced (30 days in total for both parents).

In order to increase incentives for both parents to take leave, it is suggested that more non-transferable days should be allocated to each parent (including days specifically reserved for the father, the so-called "daddy quota"). Today, slightly more than one third of the total number of parental leave days has to stay with each parent (and slightly less than two thirds can be transferred between the two parents). The proposal is to almost completely reverse these rules: around two thirds of the parental leave days would be non-transferable.

The investigation also suggests increasing the possibilities for making the parental leave benefit available to a greater diversity of family types, including families where one of the spouses does not have custody of the child. At present, spouses without custody of the child only have the right to paid parental leave in special circumstances. The investigation also proposes that 30 days of paid parental leave per parent be transferable to

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other insured persons without custody of the child, besides spouses.

Outlook & commentary

The suggested changes in age limits and leave periods is to some extent related to fears that too much flexibility in terms of usage may have undesirable labour market effects (currently parents have the option to receive compensation for half days, or other fractions, and thereby extend leave periods). However, it is doubtful that such changes would have any substantial impact on actual usage of the parental leave benefit. Even in the current system, parental leave is heavily concentrated on the first two years of the child's life, and it is mostly the better-off parents who can afford to save leave days.

From a European perspective, the Swedish parental leave benefit system already creates exceptional possibilities for both parents to share care and economic responsibilities for dependent children. Economic compensation is high by international standards, and both parents are offered a generous number of paid parental leave days. Nonetheless, the gender distribution of parental leave days is far from equal. More than two thirds of all paid parental leave days in a year are still used by women. Women also tend to take paid parental leave for longer periods than men (SOU 2017:101). Although an increased number of non-transferable parental leave days may increase the amount of care provided by

men, issues related to a gender-equal parental leave system go beyond discussions about the number of days reserved for each parent. One example is the degree of income replacement, which has tended to decline since the early-1990s (Duvander et al. 2015).

The suggested changes, making it easier for spouses and other insured persons without custody of the child to use the parental leave insurance, are also likely to promote gender equality. Unlike the temporary parental leave benefit, which is paid when parents take time off work to care for a sick child, the possibilities open to parents to transfer parental leave days to other insured persons without custody of the child are currently seriously restricted. The suggested changes would reduce some of these obstacles. Particularly, this would make it easier for lone parents, who are primarily women, to more fully utilise the parental leave benefit.

The Government-commissioned investigation on the modernisation of parental leave benefit has been remitted for consultation with the social partners and other stakeholders. Potential considerations were due by 2 May 2018. It is therefore uncertain whether the Government will be able to push any changes in legislation through Parliament before the new election takes place on 15 September 2018. The liberal/conservative coalition has also objected to parts of the investigation, particularly the suggestions to increase daddy quotas.

Further reading

Statens offentliga utredningar (2017). Jämställt föräldraskap och goda uppväxtvillkor för barn — en ny modell för föräldraförsäkringen [Equal parenthood and favourable living conditions of children – a new model for the parental leave benefit]. SOU 2017:101. Stockholm: Socialdepartementet.

Duvander, A.-Z., Ferrarini, T. and Johansson, M. (2015). Familjepolitik för alla? En ESO-rapport om föräldrapenning och jämställdhet [Family policy for all? An ESO-report on the parental leave benefit and equality]. Rapport till Expertgruppen för studier i offentlig ekonomi 2015:5. Stockholm: Finansdepartementet.

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