

Estonia Today

FAMILY BENEFITS

The Republic of Estonia supports the family by partially compensating the costs of caring for, raising and educating children. The system of child and family benefits has been improved several times becoming more and more family friendly culminating with the introduction of the Parental Benefit Act on January 1, 2004. Along with current universal family benefits, the new benefit is a measure aimed at reconciling work and family life. It also aims to increase Estonia's birth rate and helps parents meet expenditures arising from a newborn child.

The next major step is to create the new types of legal childcare possibilities, especially 1-3 year old kids, to make it easier to combine work and family life. It consists of legalising and supporting other more flexible childcare services besides kindergartens.

Family policy concept

The children and family policy aims and measures have been integrated into the Population Policy Paper that was worked out by Bureau of the Minister of Population Affairs and approved by the Government in fall of 2003. See <http://www.rahvastikuminister.ee/cms/doc/ing.doc>.

Population Policy Paper defines the strategic (long-term) demographic objectives of Estonia along with the national measures and step-by-step activity plans required for achievement of these objectives.

The three pillars of population policy are defined as:

1. Increase the number of births to reproduction level.
2. Achieve an increase of the average life expectancy and average active lifetime of both women and men to at least the mean European level.
3. Achieve a beneficial age-gender structure of the population in the entire territory of the Republic of Estonia.

Family policy as a part of population policy requires the Government of the Republic, state agencies, local governments, associations of employees and employers and other non-profit associations to be engaged in mutual co-operation in all spheres of life essential for children and families with children.

The primary tasks of the family policy are:

- Improving the quality of life of children and families with children.
- Support for combining family and work life.
- Attachment of value to raising children.

Development, implementation and assessment of results of the state action plan for family policy are co-ordinated by the Bureau of the Minister of Population Affairs.

System of state benefits to families

Families with children have many opportunities to receive financial support. There are five types of benefits: the maternity benefit, the parental benefit, universal family benefits, tax credits and holiday benefits.

Local governments also play a role in supporting families with children according to the needs of families and the availability of resources at the local governments. Many

local governments make one-time childbirth support payments; give gift packages to newborns and many other kinds of benefits.

Maternity benefit

The maternity benefit is meant for working mothers and compensates 100% of the mother's previous wage for a period of 140 days prior to and after childbirth. Mothers who have difficult childbirths or have a multiple birth are given an additional 14 days of maternity benefits. The maternity benefit is financed by the health insurance budget through the Estonian Health Insurance Fund.

Parental benefit

The Parental Benefit Act took effect on 1 January 2004. The new law helps parents to maintain their living standard by paying benefits to a parent who has taken parental leave. The size of this benefit is based on the parent's previous earnings, but not less than 2 480 EEK (EUR 159) per month. The ceiling is set at three times the average 2004 salary - 19 191 EEK (EUR 1230) per month.

The parental benefit is paid to the working mother after the expiration of the maternity benefit (140 days). Together the maternity benefit and the parental benefit are paid for a period of 455 days, so that the parent's wage is maintained during a period of 15 months when a child is born.

Non-working parents have the right to parental benefit for 14 months starting from childbirth. Fathers and mothers have equal rights to claim the parental benefit beginning 6 months from childbirth. The parental benefit is paid from the state budget through regional Pension Boards.

The state contributes one per cent to the applicable fund for each child born from the amount of parental benefit to those parents who joined mandatory funded pension.

In terms of pension security the parent's continuity of service shall remain uninterrupted during parental leave.

Universal family benefits

Family benefits are financed from the state budget. The Social Insurance Board administers family benefits through regional Pension Boards. The State Family Benefits Act provides the classification of family benefits as well as the conditions and application procedure of the benefits.



The basis for calculation of family benefits, except the childcare benefit, is the **child allowance rate**. Childcare benefits are calculated on the basis of the **childcare benefit rate**. The State Budget Act establishes both rates every year. A new rate cannot be less than the rate in force. In 2004, the child allowance rate was 150 EEK, and the childcare benefit rate was 1 200 EEK. All benefits are coefficients of those rates.

Family benefits in 2006:

Type of benefit	EEK / EUR
Birth grant:	5000 / 320
Adoption allowance	5000 / 320
Child allowance (Monthly, per child):	300 / 19.4
Childcare benefit (per month):	
For a child aged between 1 and 3 years	600 / 38.5
For a child between 3 and 8 years (to families with more children under 3 years and to families with 3 or more children)	300 / 19
Allowance for families with 3 or more children (per child quarterly)	
3 children	300 / 19
4 or more children	450 / 28.8
Allowance for families with triplets (per family quarterly)*	1350 / 86.6
Allowance for a parent raising 7 or more children (per month)	2520 / 161.5
Single parent child allowance (monthly)	300 / 19
Allowance for a child in guardianship or in foster care (monthly)	900 / 57.7
Allowance for the children of military conscripts (monthly)	750 / 48
School allowance (at the beginning of the school year)	450 / 29
Independent life grant**	6 000 / 384

* For families with triplets only. ** For orphan wards and for children without parental care raised in the schools for children with special needs.

The state pays family benefits for every child up to the age of 16 and for continued education up to the age of 19.

- The birth grant, independent life grant and adoption allowance (since 2002) are lump-sum benefits;
- The school allowance is paid once a year; benefits for families with triplets and with three or more children are quarterly;
- Other family benefits are paid monthly.

In 2005, family benefits accounted for 2.2 billion EEK (140 million EUR) and 1.3% of GDP.

Real life examples of family benefits:

A family has two parents and two children. One child is four years old and the other is a newborn. The mother will receive monthly parental benefit payments equal to last year's salary. The mother's **net** monthly **salary** was 5 200 EEK, (appr. an average). The family will receive 300 EEK per child in child allowance, 300 EEK childcare benefit for the first child and 5 200 EEK parental benefit. The family will receive monthly family benefit payments of 6 100 EEK (390 EUR) per month.

A family has two parents and two children. One child is two years old and goes to nursery school. The other child is seven years old and goes to school. The family will receive 300 EEK per child in child allowances, a 600

EEK childcare benefit for the first child, 300 EEK childcare benefit for the second. Total monthly family benefit payments of 1 500 EEK (97 EUR) per month. The family will also receive a one-time school allowance of 450 EEK (29 EUR) for the older child.

Tax credits for families

Three tax credits are available for parents or parental guardians.

- The first allows parents to deduct the **education costs** of dependents up to the age of 26 including interest payments on student loans.
- The second deduction allows for one parent to increase their maximum **tax-free income** of children under the age of 17 beginning from the second child.
- Beginning in 2004, a young parent who has graduated from university or a vocational institution can apply for a **50% repayment of student loans per child**.

Family holiday benefits

Holiday pay for additional holidays of minors, disabled persons and additional childcare leave.

The following holidays are financed from the state budget:

- Extended annual holidays (7 days) of minors and disabled persons (who are granted a pension for incapacity for work or the national pension on the basis of incapacity for work);
- One additional holiday (1 day) a month for the parent of a disabled child;
- Additional holidays for one parent (3 or 6 days, subject to the number of children);
- Additional childcare leave for fathers (14 days). A father has a right to paid additional childcare leave during the pregnancy and maternity leave of the mother or within two months after the birth of the child.

The pay for the extended annual holiday up until 2000 depended on the employee's average daily wages. As of 2000, the holiday pay for a day of additional childcare leave is 66 EEK (4.2 EUR).

The employers pay the family holiday benefits of their employees and are then compensated by the state.

Paid breaks for breastfeeding

A working mother raising a child under 1.5 years of age is entitled to additional breastfeeding breaks at least every three hours for a duration of 30 minutes. These breaks may be added up and the working day reduced by the corresponding period of time. Payment of average wages for the additional breaks shall be supported by state budget funds.

More information:

Ministry of Social Affairs

<http://www.sm.ee/eng/pages/index.html>

Minister of Population Affairs

<http://www.rahvastikuminister.ee/en.html>

State Family Benefits Act

<http://www.legaltext.ee/en/andmebaas/ava.asp?m=022>

Social Sector in Figures 2004

[http://www.sm.ee/eng/HtmlPages/social_sector_2004/\\$file/social_sector_2004.pdf](http://www.sm.ee/eng/HtmlPages/social_sector_2004/$file/social_sector_2004.pdf)

National Social Insurance Board

http://www.ensib.ee/index_eng.html

Statistical Office of Estonia

<http://www.stat.ee/>