

SUMMARY OF REPORT 2017:11

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Usage of parental benefit – before  
and after separation between parents

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Swedish Social Insurance Inspectorate

[www.inspsf.se](http://www.inspsf.se)

Stockholm 2017

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# Summary

## Usage of parental benefit – before and after separation between parents

The Swedish Social Insurance Inspectorate (Inspektionen för socialförsäkringen, ISF) is an independent supervisory agency for the Swedish social insurance system. The objectives of the agency are to strengthen compliance with legislation and other statutes, and to improve the efficiency of the social insurance system through system supervision and efficiency analysis and evaluation.

The ISF's work is mainly conducted on a project basis and is commissioned by the Government or initiated autonomously by the agency. This report has been initiated by the agency.

### *Background*

This study investigates how parents who separate use and share parental benefit. Separations between parents are common in Sweden, and there are many parents who have not used all their parental benefit days at the time of the separation. The question of how separated parents use parental benefit is important in several aspects; there is strong support in Sweden for both parents taking responsibility for the child's financial supply and care. Economic family policy has equal parenthood as an explicit goal (prop. 2015/16: 1) that applies to both cohabiting and separated parents.

The distribution of parental benefit days is an indicator of the parents' responsibility for the children. After a separation, one parent often has the main responsibility for the child; traditionally, it has primarily been the mother, and it remains so today. A separation usually makes sharing responsibility more difficult because it forces parents to actively agree on the allocation of responsibility.

How parents use parental benefits is related to their financial situation; separated parents are often worse off financially than non-separated. An evenly distributed parental benefit may be particularly important after a separation, especially if it indicates that parents share responsibility for the child. The distribution of parental benefit days is closely linked to the equality of household work, the ability to continue participating in the labour market, and having a positive income trend.

From a child's perspective, the issue of whether children of separated parents have equal access to both parents should be investigated. If the use of parental allowance after a separation decreases or is unevenly distributed between the parents, this may indicate that a child of separated

parents has less access to one or both of their parents than they could have. A comparison between separated and non-separated parents could also show whether parental insurance is equally available to children regardless of whether or not the parents are separated.

### *Objectives*

The overall issue in this report is whether separated parents use parental benefit differently from those who do not separate, and if the child's age at separation matters. The main questions are:

1. Did separated mothers and fathers separately use more, or less, parental benefit days than those who did not separate?
2. Was the average number of parental benefit days for children with separated parents greater or less than for children of parents who did not separate?
3. Did separated parents transfer fewer days to the other parent, in comparison?
4. Was the distribution of parental benefit days between parents different among those who separated?

### *Methods*

The report describes parental benefit usage among parents in Sweden who had their first child in 2002 or 2003. The analysis follows parents' use of parental benefit days over a period of 8 years from the birth of the child – that is, the period for which parents could use parental allowance. The sample consists of parents who lived together during the child's first 6 months and had joint custody, both before and after a separation, a total of 48,896 couples. The statistical models take into account differences in age, education, income, foreign backgrounds and whether the parents had more children before the first-born reached the age of 8.

The study is mainly exploratory and descriptive. Using statistical measures and quantitative models, it describes differences in the use of parental benefit days, between parents who separated and those who did not during the child's first 8 years of life, but also before or after the separation year. The survey does not evaluate what the underlying causal relationships looks like, that is, what the reasons for the possible differences are.

Data comes from STORE and MiDaS databases at Försäkringskassan, the Swedish Social Insurance Agency, and contains detailed information about the parents' use of parental benefit days as well as background variables such as gender, age, education, country of birth, childbirth and income. Parents of adopted children, parents of multiple births (i.e. twins, triplets, etc.), and parents of children born abroad were not included in the study because special rules apply to these cases. The study did not include same-sex couples, as the focus was on the distribution between mothers and fathers.

## *Findings*

Parents who separated during the child's first eight years of life used fewer parental benefit days than those who did not separate. This applies to both mothers and fathers individually, regardless of how long after the birth of the child they separated. The differences were smaller among mothers than fathers: mothers who separated actually used more days during the child's first year of life than those who did not separate.

To some extent the differences are explained by the fact that separated parents on average have lower incomes to start with; this perhaps limits the length of parental leave some parents think is economically acceptable. But for many households a separation can be regarded as an economic "shock" in itself since, given income, parents who separate into two single households by definition have a lower economic standard of living (per person in the household) compared to cohabiting parents. It would thus be reasonable to find at least some effect of a separation, given a certain income level. Indeed, controlling for income and other background variables such as level of education, age of parents, foreign background, and later childbirth, separated parents – especially fathers – used somewhat fewer parental benefit days.

Adjusting for differences between the groups in terms of background variables, fathers who separated early (during the child's first year of life) used between 2.2 to 13.3 fewer benefit days during the child's first eight years than those who did not separate, depending on when the separation occurred. Among mothers, those who separated used between 2.2 to 8.6 fewer days.

The differences are greater for parents with low income, and are even reversed for fathers with the highest income. These results may strengthen the hypothesis that a separation in itself could be seen as an economic shock for the parents, forcing all parents but the highest income earners to compensate with more workdays instead of parental leave.

Also, the average number of total benefit days (i.e. mothers' and fathers' days combined) used for children of separated parents was lower than for children of non-separated parents. This holds true in particular for the years after separation.

Separated fathers transferred fewer days to mothers after separation. Adjusting for differences between the groups in terms of background variables, separated parents transferred between 3 to 8,5 fewer days (depending on when the separation occurred) than those who did not separate.

Fathers who separated early or had low to average income used a smaller proportion of parental benefit days, whereas high-income fathers who separated took a larger proportion than those who did not. For example, the share of parental benefit days used among low-income fathers who separated very early was almost 4 percentage points lower than those who did not separate. In contrast, high-income fathers' share of parental benefit days was almost 2 percentage points *higher* among early separators than those who did not separate at all.

### *Interpretation and discussion of findings*

A probable consequence of both mothers and fathers taking fewer parental benefit days after a separation, which the results in this report indicates, is that children of separated parents have less time with their parents. This consequence may be greater than what appears in the report's results, as separated parents tend to be less able to stay at home without compensation, which is commonly called "spread on days" to get longer parental leave. The exception here is the children of the highest income parents, where the use of the parental benefit days does not seem to be affected by a separation in the same way, especially not among fathers.

The differences between the parents who separated and those who did not separate, however, are not conspicuously large, especially not in an international perspective.

Although much of the differences between separated and non-separated parents might be explained by differences in income, age and other background variables, part of the explanation might also be a lack of knowledge of how parental benefit can be used. Do all parents know that nothing happens to their entitlement to parental benefit in the event of parental separation? Such a lack of knowledge could also be a reason why dads leave fewer days after a separation. If so, information about the parents' rights and obligations in relation to the child after a separation should be clarified and actively communicated to parents who divorce.

The results in the report indicate that economic constraints are an important underlying reason why the parents who separated took out fewer parental benefit days, as well as the fact that a separation had different consequences among different income groups. For the separated parents who cannot afford to be parental, it may be extra important to know the generous possibilities of using the parental benefit flexibly. However, it is unlikely that information or age limits will make the differences that are due to different economic conditions will vanish completely.

The ISF recommends that the reasons for the described differences in retrieval of parental benefit days between different groups be further investigated. Based on this, more concrete proposals could be developed. Both the proposals to actively convey information and on age limits would entail administrative costs, both in the long and short term.