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# **Luxembourg Income Study Working Paper Series**

**Working Paper No. 514**

## **Canadian Policies for Families with Very Young Children in International Perspective**

**Shelley Phipps**

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**Canadian Policies for Families with Very Young Children in International  
Perspective**

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## Abstract

This chapter compares Canadian policies for families with children under the age of three with policies available in eight other affluent countries (Finland, France, Germany, Italy, Norway, Sweden, the UK, and the US), three from each of Esping-Andersen's 'three worlds' of welfare capitalism. Within Canada, the province of Quebec has recently introduced its own system of maternity and parental benefits; these are also discussed. For families with very young children, cash maternity and/or parental benefits are particularly important and are thus the focus of the analysis. The first section of the chapter provides an overview of what is available in each of the countries studied; the second section calculates maternity/parental benefit entitlements for five 'sample' new parents; the third uses LIS microdata to compare over-all financial well-being of families with very young children.

The chapter concludes that the duration of Canadian maternity and parental benefits compares quite favorably with what is available elsewhere, but the level of benefits offered is rather low. Ceilings on maternity/parental benefits in some countries, including Canada, mean that the effective replacement rate is lower than the nominal replacement rate. Since male earnings are typically higher than female earnings, this may discourage fathers from taking up benefits. Some countries have implemented inducements for men to take parental leaves (e.g., by allocating part of the leave for men only in Sweden, Norway or Quebec). Scandinavian countries are particularly flexible about allowing parents to extend benefit periods by returning to work part-time while collecting partial benefits; Canada might consider moving in this direction to allow families greater freedom in how to use their entitlements. Finally, analysis conducted using the LIS data show that while social transfers play a vital role in reducing the depth of poverty, the Canadian social transfer package leaves more families with very young children in poverty than is the case in the other countries studied except Italy and the U.S.

## 1. Introduction

In this chapter, Canadian policies for families with children under the age of three are compared with those available in eight other affluent countries (i.e., Finland, France, Germany, Italy, Norway, Sweden, the UK, and the US), three from each of Esping-Andersen's 'three worlds' of welfare capitalism (Esping-Andersen, 1980). The focus on policies for families with very young children seems an appropriate choice for a book in honor of Alfred Kahn, who, with co-author Sheila Kamerman, has contributed enormously to international comparative research on the 'under-three's.'

For families with very young children, cash maternity and/or parental benefits are particularly important and are thus the focus of this chapter which provides, in the first section, a survey of what is available in each of the countries studied. Specific features that are important to consider include: 1) what determines eligibility; 2) what is the total duration of benefits available to an eligible claimant; 3) what is the level of compensation (paying attention to potential ceilings on benefits as well as nominal replacement rates); what are the provisions for fathers? Since maternity and parental benefits are only part of an over-all package offered to families with infants/young children A shorter description of other cash transfers available to families with very young children is also provided.<sup>1</sup>

A comparative policy discussion in the second section of the chapter is focused around calculated benefit entitlements for the same five 'sample' new parents in each country: 1) a mother working full-time with average Canadian female earnings; 2) a mother working full-time but with low earnings; 3) a new mother working full-time with high wages; 4) a self employed new mother; 5) a new father with average male wages.

The third section of the chapter uses the most recent microdata available from the Luxembourg Income Study (LIS) to compare the relative contributions of markets and states to the *over-all* financial well-being of families with infants, including both maternity/parental benefits as well as other cash transfers for families with very young children. If, for example, one country offers lower maternity benefits though all families with newborns will at the same time receive a very generous child allowance, this will be important for understanding the economic well-being of very young children in that country. LIS data are also used to compare labor market participation rates for parents of very young children.

Conclusions are provided in the final section of the chapter.

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<sup>1</sup>Public provision of healthcare during the pre- and post-natal periods also varies considerably across the 9 countries studied here as does public provision of daycare. Both are critical to the well-being of very young children, but are beyond the scope of the present chapter.

## 2. Institutional Survey<sup>2</sup>

Countries included in this study offer a variety of different combinations of programs to help new parents either by providing time to stay at home with their newborns (or newly adopted children) and/or by providing money to help with the financial costs associated with a new child. ‘Maternity leave’ provides new mothers with job-protected time away from paid work before/after the birth of a child; cash benefits are not necessarily provided. ‘Paternity leave’ provides fathers with some time off paid work when a new child is born. ‘Maternity benefits’ provide new mothers with cash benefits while they are away from paid work before/after childbirth; ‘paternity benefits’ provide the equivalent to men at or near the time their wife/partner gives birth. ‘Parental’ or ‘child-rearing’ benefits provide cash benefits to parents who remain at home to care for a young child, though not necessarily immediately after the child is born. Such benefits can usually be shared by the mother and the father. Finally, some countries offer ‘birth grants’ – lump sum cash transfers to new parents to help with associated extra costs.

Programs described below reference the most recently available documentation (i.e., generally, October, 2008).

### *Canada*

#### *Eligibility*

The Canadian maternity/parental benefits system is unique among the 9 studied here in being considered part of the unemployment insurance system rather than part of health or family benefits. Maternity and parental benefits claimants require 600 hours of eligible paid employment in the last year. Self-employed workers are not eligible for benefits.

#### *Duration*

Maternity benefits are available for 15 weeks; parental benefits, which can be shared by mother and father, are available for a further 35 weeks. A two-week waiting period before benefits can begin is unique to Canada, perhaps as a legacy of being part of the unemployment (employment) insurance program. Note, however, that since 2001, only one parent is required to serve the 2-week waiting period if they share parental benefits. Adoption benefits are offered on the same terms as parental benefits. No additional benefits are available for multiple births. In the event of medical complication associated with the pregnancy/delivery, a mother can receive up to 15 weeks of EI sickness benefits without penalty to her total entitlement, resulting in a maximum period of 65 weeks.

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<sup>2</sup> The institutional survey is drawn principally from “the Mutual Information System on Social Protection (MISSOC), 2007” for EU member countries and from “Social Security Programs Throughout the World, 2006” for all countries. Additional material is drawn from Gornick and Meyers, 2003, and from Phipps, 1994, 1998 and 2006, as noted in the text.

### *Benefit Levels*

Maternity or parental benefits are compensated at a basic rate of 55 percent of previous earnings to a weekly maximum of \$435, though the two-week waiting period effectively reduces this nominal replacement rate. Beneficiaries from lower-income families (i.e., total net income less than \$25,921) can receive a 'family supplement' to their benefits. The supplement can raise effective replacement rates to as high as 80 percent; total payments can never exceed the maximum of \$435. Parental benefits claimants are now entitled to earn up to 25 percent of their weekly benefits or \$50 without a deduction in benefits. Benefits are taxable.

### *Maternity and Parental Benefits in Quebec*

In January of 2006, the province of Quebec began to offer its own system of maternity/paternity and parental benefits. Two options are available. In the first 'basic plan,' eligible biological mothers can receive 18 weeks of maternity benefits with 70 percent replacement of previous earnings, 7 weeks of parental benefits again with a 70 percent replacement rate, plus an additional 25 weeks with a 55 percent replacement rate which can be divided between mother and father. Five weeks, with a 70 percent replacement rate are available exclusively for fathers. Under the second 'special plan,' duration is shorter but replacement rates are higher. Mothers are entitled to 15 weeks of maternity benefits at 75 percent replacement, 25 weeks of parental benefits compensated at 75 percent of past earnings can be split between mother and father, 3 weeks of benefits with 75 percent replacement are available only to fathers. Under both plans, maximum insurable earnings are higher under the Quebec plan (\$57,000 compared to \$39,000 under EI). A final difference between the EI and Quebec plans is that self-employed workers are covered in Quebec if they have had more than \$2000 of earnings in the year prior to the birth.

### *Other Benefits for which Families with Infants may be Eligible*

Families with children less than 18 are eligible for the Canada Child Tax Benefit which is intended to help with the cost of raising children. Although CCTB amounts decline as family income increases, positive benefits are paid until family net income exceeds \$103,235 (for one child). CCTB benefits are paid monthly to the 'primary care-giver' (usually the mother), and are non-taxable. The maximum annual value of the benefit in 2008 is \$1,307 for each child (with a supplement of \$7.58 per month for third and subsequent children).

In addition to CCTB, lower-income families may be eligible for the National Child Benefit Supplement (NCBS). Maximum NCBS of \$2,025 for a first child is available to families with net income less than \$21,287. Benefits are phased-out at a rate of 12.2 percent for incomes higher than \$21,287; some provinces also reduce social assistance payments for recipients of NCSB.

Finally, since 2006, each child under the age of six receives a \$100 per month Universal Child Care benefit intended to help with the cost of child care. The benefit is taxable and paid to the parent with the lower income. No advance maintenance payments are available.

## ***Finland***

### *Eligibility*

All employees, self-employed persons or students aged 16 to 64 are eligible for cash benefits if they are residents of Finland; immigrants are required to complete a 180-day waiting period.

### *Duration*

Maternity benefits are available from 50 to 30 days before the due date for a period of 105 days (15 weeks). Paternity benefits are available for a maximum of 18 days. 'Parents' allowance,' payable to either parent, are available immediately following the maternity benefits for a further 158 days, excluding Sundays (i.e., 26 weeks). As an incentive to encourage fathers to take some of this allowance, they are entitled to an additional 1 to 12 days if they have taken at least 12 days of the parents' allowance. Parents' allowance is available for 60 extra days for multiple births and from 100 to 234 days for adoption. Finally, a 'child home care allowance' is available for parents opting to remain home or to reduce work hours below 30 per week to care for a child aged less than 3 years.

### *Benefit Levels*

Cash maternity and parental benefits are paid at the rate of 70 percent on annual earnings less than €28,403 (\$ 32,928); plus 40 percent of earnings between €28,404 and €43,698 (\$32,928 and \$50,655); plus 25 percent of earnings above €43,698 (\$50,655). Maternity benefits are calculated on a daily basis; the minimum benefit is €15.20 (\$18) per day.<sup>3</sup>

The child home care allowance is €3,027 (\$3509) per year for one child with an increase of €600 (\$696) for each additional child under the age of 7. A means-tested supplement up to €135 (\$156) per month is available to lower-income families. Parents who continue to work for pay but reduce hours to less than 30 per week receive €70 (\$81) per month. All of the above benefits are subject to taxation. A birth grant of €140 (\$162) is often paid in kind (e.g., a package of baby-care necessities); receipt of the birth grant is conditional upon having obtained pre-natal medical care.

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<sup>3</sup> Throughout this report, currency values are reported both in the country's own currency as well as in Canadian dollars. Conversions to Canadian dollars are made using purchasing power parities for individual household consumption (ICP, 2008) to adjust for differences in cost-of-living across the countries.



### *Other Cash Benefits for which Families with Infants may be Eligible*

All families with children under 17 receive family allowances (€1200 a year or \$1391) for one child; €2526 (\$2928) for two children; €4,098 (\$4750) for three children; €5,917 (\$6859) for four children and €2,064 (\$2393) for each additional child). This benefit is paid to the mother. Single-parent supplements of €439 (\$509) per year for each child are available; the state advances maintenance payments to a maximum of about €130 (\$151) per month in the event no child support payments are received from the non-custodial parent. Supplements to unemployment benefits for recipients with dependant children are available.

## ***France***

### *Eligibility*

To be eligible for maternity or paternity benefits, a woman/man must have been 'registered' for at least 10 months and have worked 200 hours in the 3 months prior to certification of pregnancy. To be 'registered' means contributing premiums to the social insurance program which covers sickness, disability, survivor, medical and maternity benefits. Note that the general program is also available for job-seekers who are receiving or who have received unemployment benefits during the last 12 months. Except in the case of farmers who hire replacement workers, maternity benefits are not available for the self-employed.

To be eligible for the 'income supplement for reduced work,' a parent must have stopped or reduced paid work to care for a child aged less than 3 years. Either parent may claim this benefit. Eligibility is easier as number of children increases. That is, a parent must have had 2 years of paid work in the 2 years prior to the child's birth for a first child, in the past 4 years if there are 2 children in the family; in the past 5 years if there are more than 2 children.

### *Duration*

For first and second children, maternity benefits are available for a total of 16 weeks (6 weeks prior to the birth and 10 following the birth). However, in keeping with a long-standing French tradition of designing social programs with a 'pro-natalist' flavor, a longer duration is available for third and subsequent children (26 weeks, 8 prior to the birth and 18 weeks after the birth). Additional weeks are also available in the case of medical complication or multiple births.

Paternity benefits are available for 11 days within the 4 months following the birth (18 days for multiple births). Adoption benefits correspond with post-natal maternity benefits (i.e., 10 weeks for a first child; a birth mother is entitled to 16 weeks of maternity

benefits in total, but 6 of these weeks must be taken prior to the birth). Adoption benefits can be split between mother and father if both are eligible.

The ‘income supplement for reduced work’ (i.e., child-rearing or parental benefit) is available for 6 months from the month after childbirth, adoption, or from the end of maternity, paternity or adoption leave for a first child; the benefit is available until the child reaches 3 years for second and subsequent children.

### *Benefit Levels*

Maternity/paternity benefits are paid at 100 percent of earnings (net of social insurance contributions) with a minimum daily benefit of €8.48 (\$11) and a maximum daily benefit of €74.24 (\$94); these benefits are taxable. The monthly ‘income supplement for reduced work’ is €538.72 (\$720) for the complete suspension of paid work activity, less if the parent elects to work part-time, more if the family is not eligible for the ‘base allowance’ described below. Funds for birth allowances, the child-rearing grant and family allowances are obtained through a 5.4 percent payroll tax on employers and a government contribution of 1.1 percent of total tax revenues.

### *Other Benefits for which Families with Infants may be Eligible*

A universal family allowance is available for families with at least two children aged less than 20 (€120.92 per month for two children (\$162); €275.84 (\$368) for three children; €430.76 (\$575) for four children, etc.). The family allowance is paid to the mother. Lone-parent families receive an additional €85 (\$114) per month.

Several additional benefits are available to families with young children:

1. A means-tested birth grant of €68.13 (\$1159) is paid at the start of the seventh month of pregnancy (or at the time of adoption).
2. A means-tested ‘base allowance’ (€173.63 or \$232 per month) is paid from the month of the child’s birth until he or she is 3 years old.
3. An additional means-tested ‘single-parent’ allowance provides up to €735.75 (\$983) for single parents with at least one child (or, €551.81 for pregnant lone mothers).
4. A supplement for childcare that varies with number of children and family income is paid to help cover costs of accredited child care. If parents work time, they can combine the child care supplement with the child-rearing supplement.

The state also provides advance maintenance payments to single-parent families not receiving child support from a non-custodial parent (to a maximum of €85 (\$114) monthly. Annual ‘school starting grants’ of up to €268 (\$358) are provided on a means-tested basis.

## *Germany*

### *Eligibility*

To be eligible for cash maternity benefits in Germany, a woman must be a member of a sickness insurance fund (or be co-insured through a husband or father). Benefits are not available for self-employed workers (MISSOC, 2007).

Parental allowance is also available to fathers or mothers who stay home or reduce work hours (to below 30 hours per week) in order to care for a young child under the age of 14 months.

### *Duration*

Maternity benefits are available for a total of 14 weeks (6 weeks prior to the birth and 8 weeks after; 12 weeks after the birth are available in the case of multiple or pre-mature birth).

Parental allowance is available until the child reaches 14 months. For two-parent families, one parent can claim at most twelve months; at least two months are reserved for the other parent.

### *Benefit Levels*

For women who are members of a sickness fund and who have an employment contract, the maternity benefit is 100 percent of average earnings during the past three months. The state sickness fund will pay up to €13 (\$18) per day; employers of higher-wage women are required to top up this benefit so that an eligible woman receives 100 percent of her past average net earnings. The maternity allowance for uninsured employees is a fixed grant of €210 per month (\$291). Maternity benefits and allowances are not subject to taxation.

Parental allowance is worth between, at a minimum, €300 per month (\$415) and, at a maximum, €1800 per month (\$2492). Within these limits, the benefit is, in general, calculated as 67 percent of the net income of the parent making the claim. However, if net income prior to confinement was less than €1000 per month (\$1385), the replacement rate is increased by 0.1 percent for each €2 short of €1000 to a maximum of 100 percent. Families with multiple children receive a 10 percent 'sibling bonus' (worth at least €75 per month (\$104)).

### *Other Benefits for which Families with Infants may be Eligible*

A universal, government financed family allowance benefit is available in Germany, so all families with children will receive a benefit (€154 or \$213) per month for first, second and third children; €179 (\$248) per month for each subsequent child. Families decide whether the benefit should be paid to the mother or the father (where applicable). Low-income families may be eligible for a supplementary child allowance of up to €140 per month (\$194). And, the state also provides advance maintenance (up to €170 or \$235) per month) for single-parent families with children under 12 in the event of default by non-custodial parent.

## ***Italy***

### *Eligibility*

To be eligible for maternity benefits, a woman must currently be covered by the sickness/maternity program. Self-employed workers can qualify if they have made contributions. There is not, however, a minimum work requirement to establish eligibility as in some other countries.

Parental leave is also available beyond the maternity leave period and can be shared by the mother and father. The father is allowed to take any weeks the mother does not wish to use; no benefits are specifically reserved for the father only.

### *Duration*

Eligible women receive maternity benefits for a total of five months (either 2 months before the birth and 3 after or 1 month before and 4 after). Eligible self-employed women can also receive maternity benefits for 5 months.

The parental benefits are then available for an additional six months, to be taken by either the mother or father at any time before the child is three. A further six months of income-tested benefits are available before the child is eight years old. (The self-employed are eligible for a 3-month leave before the child is one.)

### *Benefit Levels*

Maternity benefits are paid at a rate of 80 percent of earnings in the month before the leave (with no ceiling). Self-employed workers are compensated at the same rate. The first six months of parental leave is compensated at 30 percent of earnings. The additional six months are also compensated at 30 percent of earnings, but are only available on an income-tested basis (monthly income must be less than 2.5 times the minimum pension of €412 or \$570). A birth grant of €1000 (\$1385) is available for second and subsequent children. All benefits are subject to income taxation.

### *Other Benefits for which Families with Infants may be Eligible*

Family allowances in Italy are employment-related and means-tested. To be covered, parents must be employees or social insurance, welfare or unemployment beneficiaries; employers are required to make pay-roll contributions to help fund the program. Benefit amounts vary with income and family structure, with higher benefits for larger, lower-income, and single-parent families; families with a disabled member also receive more. The monthly benefits vary from a low of €10.33 (\$15) and a high of €965.26 (\$1336). Benefits disappear entirely when annual family income exceeds €67,000 (\$92,768). An additional means-tested 'family support' benefit is available in the case of 3 or more children. These benefits are not subject to income taxation. No advance maintenance benefits are available.

### *Norway*

#### *Eligibility*

To be eligible for cash parental benefits, individuals must have six months of employment or self-employment during the preceding 10-month period.

#### *Duration*

A total of 44 weeks of benefit are available at the highest replacement rate; parents can opt to take 54 weeks at a lower replacement rate.

#### *Benefit Levels*

Parental benefits are paid at a rate of 100 percent of covered earnings (65 percent of assessed earnings for self-employed workers) if the individual chooses the shorter benefit duration of 44 weeks. Alternatively, it is possible to receive benefits for 54 weeks, but recompensed at a rate of 80 percent of covered earnings. The mother is required to take 3 weeks of benefit prior to the birth and at least 6 weeks immediately following the birth. Six weeks of the total is *only* available for the father (the 'father quota'); otherwise, the benefits can be divided between the parents as they choose. Benefits can be received at a reduced rate for up to three years if parents opt to work part-time and collect benefits part-time. The annual maximum on total benefits that can be received is NOK 377, 352 (\$48,516). Parental benefits are subject to normal social security contribution and income taxation.

A maternity grant of 33,584 kroner (\$4318) is available to anyone not receiving the maternity benefit described above (including women who do not participate in paid work). If the total value of parental benefits to which the individual is entitled is less than

the maternity grant, the difference is made up. The maternity grant is not subject to taxation or social security contribution.

#### *Other Benefits for which Families with Infants may be Eligible*

All families in Norway receive a family allowance (of NOK 11,640, or \$1497) per year, paid monthly to the mother, for each child. Families living in the Arctic receive a per child supplement worth NOK 3,840 or \$494). Families with children aged between 1 and 3 who are not attending state-subsidized day care receive an additional cash benefit of NOK 39,636 (\$5096) each year per child. If the child attends daycare part-time, a reduced small child benefit is paid. This benefit is not taxable.

Single parents receive family allowance benefits for one more child than is actually present. Single parents are also entitled to income tested 'transitional benefit' valued at NOK 116,350 (or \$14,959) per year for 3 years (or up to 5 years if they are taking training). Transition benefits begin to be taxed back when income exceeds NOK 31,446 (\$4043). Single parents with children under 3 entitled to the transitional benefit also receive an infant supplement of NOK 7,920 (\$1018) per year; this is in addition to the small child benefit received by all families with children under 3. Single parents engaged in paid work can receive a cash transfer valued at up to 64 percent of child-care costs (the child-care subsidy is no longer available after income reaches NOK 377, 352 or \$48,516). Finally, the state pays 'advance maintenance' to single parent families in the event of default on child support payments by the non-custodial parent. That is, a single parent receiving no support from the other parent would receive NOK 1,250 per month (or, \$161) from the state.

### **Sweden**

#### *Eligibility*

All Swedish residents earning at least 9,600 kronor (\$1265) per year are entitled to parents' cash benefits; the involuntarily unemployed are also entitled to benefits provided they are registered with the employment service. The self employed are covered.

#### *Duration*

Parents share a total duration of 480 days of parental insurance with at least 60 days reserved for each. These days can be taken at any point from 60 days before expected delivery until the child reaches the age of 8 years.

As well, fifty days of pregnancy benefits are also available if a pregnant woman has a physically demanding job that cannot accommodate or is forced to take time away from paid work during her pregnancy. These benefits are available between 60 and 11 days prior to the expected delivery date. Fathers are entitled to 10 days around the time of childbirth.

### *Benefit Levels*

The guaranteed minimum level of parental insurance is SK 180 (\$24) per day. For those with at least 240 days of paid work prior to delivery date and with earnings exceeding the minimum guarantee level, earnings are replaced at 80 percent for 390 days. However, the maximum daily benefit cannot exceed SK 652 (\$86). An additional 90 days are payable at the ‘basic level’ of SK 60 (\$8) per day. These benefits are subject to taxation.

### *Other Benefits for which Families with Infants may be Eligible*

General revenue financed family allowances of SK 1050 (\$138) per child per month are available to all families with children under age 18; benefits are typically paid to the mother. Larger families receive supplements (e.g., SEK 100 for the second child (\$13); SEK 354 for the third child (\$47); SEK 860 for the fourth child (\$113). Advance maintenance payments for single-parent families not receiving child support from the non-custodial parent are available (SEK 1,273 per month or \$168).

## ***United Kingdom***

### *Eligibility*

To be eligible for the first-tier ‘statutory’ maternity benefits, a woman must have been continuously employed for at least 26 weeks by the *same employer* by the 15<sup>th</sup> week before the expected delivery date and must have average weekly earnings of at least £84 (\$160) per week. Men whose partners are expecting a baby can receive ‘statutory paternity benefits’ if they satisfy the same eligibility rules.

To be eligible for the flat-rate ‘maternity allowances,’ a woman must have worked (as an employee or in self employment) for at least 26 weeks in the 66-week period before the expected week of delivery and have had average weekly earnings of at least £30 (\$57) in a 13-week period. She must not be eligible for statutory benefits, nor be receiving maternity benefits from her employer. Birth grants of £500 (\$955) are available to women in receipt of social assistance benefits (who would thus be low-income and not in paid work).

### *Duration*

Both statutory maternity benefits and maternity allowances are available for 39 weeks, beginning at any point from 15 weeks prior to the expected due date up to the week following childbirth. Statutory paternity benefits are available for up to 2 weeks, at the employer’s discretion.

### *Benefit Levels*

The first six weeks of statutory benefits are paid at 90 percent of average earnings with no ceiling; remaining weeks are paid at the same rate as maternity allowances. Maternity allowances are £108.85 (\$208) per week, or 90 percent of weekly earnings if earnings are less than £108.85 (\$208). Statutory paternity benefits are also paid at £108.85 per week (or 90 percent of earnings if lower than £108.85 (\$208 per week). Statutory maternity pay is subject to taxation; maternity allowances are not considered taxable income.

### *Other Benefits for which Families with Infants may be Eligible*

Two kinds of child benefit are available to UK residents with children under 16: 1) a universal ‘child benefit’ paid to the primary care-giver (usually the mother); and 2) an income-tested ‘child tax credit.’ Regardless of income, the child benefit is £17 (\$32) per week for the first child and £11.40 (\$22) for each additional child). The value of the child tax credit falls with family income, disappearing altogether for family income above £58,000 (\$110,734). The benefit is higher when family size is larger, if there is a newborn present or for families of children with disabilities. The government pays the full cost of these programs through general revenue.

### *United States<sup>4</sup>*

No national program of paid maternity or child-rearing benefits is available in the US; some unpaid leave is offered.

### *Eligibility*

At the federal level, the ‘Family and Medical Leave Act’ of 1993 provides unpaid leave for either parent if they work in the public sector or for a private-sector employer with 50 or more employees (about 60 percent of workers in the private sector). Further, a worker must have been employed for at least twelve months and have worked a minimum of 1250 hours in the previous year.

### *Duration*

Federal law entitles each eligible parent to twelve weeks of *unpaid* ‘family and medical leave’ until the child is one year old (simultaneously or sequentially). Leave is available only for the period of disability, requiring a letter from a physician. Seventeen states have extended this unpaid leave in at least one way. Fifteen have expanded coverage to employees of smaller firms; six have increased duration. Five states (California, Hawaii, New Jersey, New York, and Rhode Island) offer maternity benefits through Temporary Disability Insurance (TDI) (covering 23 percent of the US population). The maximum possible duration of benefits offered is 26 weeks in Hawaii, New Jersey and New York; 30 weeks in Rhode Island and 52 weeks in California (Wisensale, 2001). However, the average duration of paid benefits actually taken is much lower (4.6 weeks in Hawaii, 4.9

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<sup>4</sup> This section draws heavily upon Gornick and Meyers, 2003.



weeks in New York, 9.6 weeks in New Jersey, 11.6 weeks in Rhode Island and 12.6 weeks in California). Since 2002, California also offers paid leave to new fathers (Gornick and Meyers, 2003; Wisensale, 2001).

### *Benefit Levels*

In the 5 TDI states providing cash benefits, replacement rates vary from a low of 50 percent in New York to a high of 66 percent in Hawaii; caps on benefits mean they will never be higher than \$487 a week (594 Can \$); average benefits vary between \$142 and \$273 a week (173 to 333 Can \$).

### *Other Benefits for which Families with Infants may be Eligible*

No family allowances are available to US families with children. The 'earned income tax credit' provides cash transfers to many low to medium-income children, provided their parents are engaged in paid work; 'food stamps' are received by 2/3 of poor US children (Rainwater and Smeeding, 2003).

## **3. Comparative Discussion**

In order to help in understanding how program details described above 'work out' in terms of weeks off and/or benefits any given individual would receive, this section carries out a set of sample calculations. The thought experiment considered is: what would a Canadian new parent with particular characteristics receive if she/he were living in one of the other countries? Calculations have been carried out for five different new parents:

- i) Mother with average Canadian female full-time earnings who had worked 35 hours per week for 52 weeks prior to the birth of her child;<sup>5</sup>
- ii) Mother with 'low' wage (half the Canadian average) who had also worked 35 hours per week for 52 weeks prior to the birth of her child;<sup>6</sup>
- iii) Mother with 'high' wage (1.5 times the average), who had worked 35 hours per week for 52 weeks prior to the birth;
- iv) Mother with average Canadian female earnings who was self-employed in the year preceding the birth of her child;
- v) Father with average Canadian earnings who had worked 35 hours per week for 52 weeks prior to the birth of his child.

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<sup>5</sup> 'Average' earnings for full-time workers are calculated as the average for all women working more than 30 hours per week at a paid job or in self-employment in the 2000 Canadian SLID survey (the Survey of Labor and Income Dynamics). This is \$38,433 (converted to 2007 dollars using the Canadian Consumer Price Index).

<sup>6</sup> 'Low' wage is calculated as 50 percent of the average wage received by female full-time workers (\$19,217).

Results of these calculations are presented in Tables 1 through 5. Benefit amounts have been converted to 2007 Canadian dollars using purchasing power parities for individual household consumption (ICP, 2008) to adjust for differences in cost-of-living across the countries. If benefits are paid by the day or by the month, ‘weekly’ equivalents are approximated and reported in these tables. When working out maximum benefit weeks available to a mother or father, the assumption is that the individual takes the maximum to which she or he *could* possibly be entitled (and thus that the spouse does not take any of his/her share of benefits). In fact, in most of the countries studied, benefits must be divided between married parents, though mothers, on average, take a much larger share (see Marshall, 2008). For France, we present separate calculations for benefits which would be available for a first compared to a third child, given the large differences in entitlement for these cases. The U.S. is excluded from these calculations.

*Scenario 1: New Mother, Full-time Paid Worker with Average Canadian Earnings*

As indicated in Table 1, a Canadian woman who had worked full-time in the year preceding the birth of her child would be entitled, following a two-week waiting period, to 50 weeks of paid benefits, compensated at \$406 per week (55 percent of her weekly earnings of \$739) for a potential total of \$20,300.<sup>7</sup> In Quebec, she would also be eligible for 50 weeks of benefits, compensated at a higher rate during the first 25 weeks (70 percent). Thus, total potential benefits would be higher in Quebec (\$23,075).

In terms of total duration of paid benefits, the 50-week Canadian entitlement is longer than what is available in the UK or Norway; fairly similar to total duration of benefits available in Italy or in France for a first child; significantly less than the total duration available in Germany, Sweden or, especially, Finland or France for a third or subsequent child. An interesting difference across the countries is that France, Germany, Italy and Norway all designate a portion of maternity benefits for *prior* to the expected delivery date whereas in Canada, women can (and often do) take almost all of their weeks following delivery. This difference could be a result of the Canadian system emerging as part of ‘unemployment insurance’ rather than as a health benefit.

For a woman working full-time with average Canadian wages, the weekly benefit rates and, correspondingly, replacement rates are lower in Canada than in most other countries, especially for ‘first stage’ benefits. This is *not* true of the new Quebec benefits, which, during the first 25 weeks have 70 percent replacement, and thus compare more favorably with other countries in the study.

As is clear from Table 1, some countries with very long total benefit durations have two stages of paid benefits with either a lower replacement rate or else flat rate, sometimes income-tested benefits (which are typically a relatively small fraction of average Canadian female full-time weekly earnings), in the second stage.

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<sup>7</sup> In fact, the effective replacement rate over the full leave will actually be slightly lower than 55 percent given the two-week waiting period during which no benefits are paid (serving as a form of ‘deductible’).

Taking into account both duration and benefit levels, total *potential* dollar compensation in Canada ranks 7<sup>th</sup> (out of the 10 cases considered – the new Quebec basic plan ranks 6<sup>th</sup>). Only Italy, France (for a first child) and the UK offer less. Of course, in countries with two stages of benefits and much lower compensation during the second stage, it may be less attractive for women with average full-time earnings to take up the full leave available (e.g., 138 weeks with only 25 percent replacement for a third child in France).

Another point illustrated in Table 1 is that some new mothers receive benefits paid at less than the nominal earnings replacement rate. Ceilings on benefits can be very important in determining ‘effective’ replacement rates. In both France and Sweden, a woman with average Canadian earnings for full-time workers would encounter the ceiling on maternity benefits payable, thereby significantly reducing her effective replacement rate. For example, for the first 78 weeks, the Swedish replacement rate is nominally 80 percent to a maximum of \$86 per day (or \$430/week, assuming 5 work days per week). If average earnings per week are \$739, then the effective replacement rate is actually only  $\$430/\$739 = 0.58$ . Similarly, in France the nominal replacement rate is 100 percent, but the ceiling on benefits (during the first stage) is \$470 so that a woman with average Canadian earnings would, effectively have only 64 percent of earnings replaced ( $\$470/\$739$ ). While benefit ceilings exist in both Canada (for both maternity and parental benefits) and Germany (for parental benefits), these ceilings are high enough that they have no impact on the benefit levels or replacement rates received by a woman with average Canadian earnings. Although there is no ceiling on benefits in Finland, replacement rates fall as earnings increase.

*Scenario 2: New Mother, Full-time Paid Worker with Low Canadian Wages (50 percent of average)*

In all countries studied here, a woman who had worked full-time at low wages would be entitled to the same total duration of paid benefits as a woman working full-time at average wages, assuming continuous employment prior to the child’s birth in both cases (see Table 2). Benefits paid as a percentage of past earnings would, of course, be lower when earnings are lower. However, for low-wage workers, benefit ceilings do not generally bind (except for second stage UK benefits), so that the portion of earnings replaced for low wage workers is higher in some cases (e.g., France and Sweden) for low-wage new mothers than for new mothers with average wages. Also, ‘second stage’ benefits paid at flat rates constitute a larger fraction of past earnings for low-wage workers. This means that the ‘opportunity cost’ of lost earnings is less for low-wage than for higher-wage new mothers; they are giving up less income when they stay at home for another week with the baby. Thus, staying out longer may be a relatively more attractive option. On the other hand, affordability is likely to be more of an issue since the actual flow of funds to the household will be smaller.

Table 2 also illustrates that several countries enhance benefits for low-wage workers. In both Canada and Quebec, if net *family* income is low, replacement rates can increase from 55 percent to as much as 80 percent. A recent EI monitoring report indicates that

the FS supplement is received by 22 percent of maternity claimants; 21 percent of parental claimants (CEIC, 2003). In Canada and Quebec, the entitlement to the higher replacement for a woman with low earnings would depend on her husband's income as well as her own. Of course, this family income test assumes sharing of income within the family, which may not always be the case (see Phipps, et al., 2001). In Germany, replacement rates for parental benefits can increase from 67 to as much as 100 percent, depending only upon the net income of the person making the claim.

From a cross-national comparative perspective, Canadian benefits are relatively more generous for a low-wage new mother as compared to a new mother with average wages. Total potential compensation is \$10,200 in Canada (\$11,575 in Quebec) if family income is high enough that the family supplement to her benefits is not available. If, however, the low-wage woman had no other sources of family income (e.g., a lone mother), total potential benefits could be as high as \$14,800 (in either Canada or Quebec). In either case, Canadian total compensation ranks fifth (ahead of the UK, Italy and France, in the case of a first child). With the full family supplement (and so an 80 percent replacement rate), Canadian total potential compensation is very similar to that available in Norway. France, for a third or higher child, stands out with very high levels of potential compensation for a low-wage new mother (very long duration of potential benefits with relatively high benefit levels); Germany is second most generous (with reasonably long duration and very high levels of compensation).

Although we do not explicitly consider the case where the new mother has recently experienced time unemployed or out of the labor market, this possibility seems increasingly likely in a time of global economic recession. In some countries, a period of unemployment (or even reduced hours without actually losing a job) could mean dis-entitlement from paid benefits, depending upon how many hours/weeks of paid work the woman had completed. Dis-entitlement in this case would be particularly likely in Canada, requiring 600 hours in the last year, France, requiring 200 hours in the past 3 months; Norway, requiring six months during the preceding 10 months, and the UK, requiring 26 weeks of continuous employment with the same employer. In other countries, eligibility would not be affected and, women experiencing economic hardship could also be entitled to higher replacement rates (Germany, for parental allowance) or extra weeks of benefits (six months of income-tested benefits in Italy).

### *Scenario 3: New Mother, Full-time Paid Worker with High Wages*

New mothers with 1.5 times average earnings for a Canadian woman working full time will also be eligible for the same duration of benefits as women with average benefits. More affluent new mothers fare particularly well in Germany, Norway and Quebec, where weekly benefit levels are highest. However, the main point illustrated in Table 6 is that the higher the wages, the more important is the benefit ceiling level for effective replacement rates. For example, in Canada, a higher wage new mother would receive the ceiling benefit payment of \$435 per week and so have past earnings re-imbursed at only 42 percent (rather than the nominal 55 percent). In Quebec, on the other hand, the ceiling would still not bind, so that the same woman would receive \$729 per week in the first

stage (70 percent replacement) and \$573 per week in the second stage, with 55 percent replacement.

As well, flat-rate child-rearing or parental benefits in some countries replace a much smaller share of a high-earner new mother's wages (e.g., 16 percent in France or only 6 percent in Finland).

It seems less likely that high-earner new mothers in France, for example, would avail themselves of the full child-rearing leave when effective replacement is very low. Professional commitment may also reinforce a tendency not to take long periods away from paid work. There is certainly a strong possibility that higher-wage women will take shorter leaves while lower-wage women will take longer leaves with a two-stage system of this type, perhaps exacerbating future differences in labor market outcomes. That is, if higher-wage women spend less time out of the labor market, they are more likely to receive promotions, for example, and thus to experience relative gains in earnings compared to lower-wage colleagues who stay home longer.

*Scenario 4: New Mother Working Full-time in Self-Employment with Average Wages*

Self-employed women (or men) would not be eligible for any paid benefits in Canada outside Quebec, in France or in Germany. Benefits would be available on the same terms as for employees in Quebec, Finland and Sweden. Self-employed new mothers would be eligible for the same duration of benefits as employees in the UK and Norway, but at reduced rates of compensation. In Italy, a self-employed new mother would be entitled to fewer total weeks, but compensated at the same rate (see Table 5).

*Scenario 5: New Father Working Full-time at Average Male Wages*

The final set of calculations carried out in this chapter focuses on what is available to a 'typical' male full-time worker, receiving average Canadian male earnings (see Table 5). New fathers are entitled to cash benefits in all countries studied, with three general approaches apparent. In the UK, new fathers receive only a very short, specially designated 'paternity benefit.' In Canada and Italy, a 'parental benefit' can be shared between fathers and mothers as they choose. In Quebec, Finland<sup>8</sup>, Germany, Norway and Sweden, although benefits can be shared, a portion of the total is reserved for the father. 'Father quotas' have been introduced to encourage fathers to take at least some benefits since evidence suggests that mothers are otherwise more likely to take the vast majority of benefits (e.g., Marshall, 2003 or 2008; OECD, 2001).

In addition to traditional gender roles, one important economic reason why men may be less likely than women to take benefits is that men earn more than women in all countries studied. With less than 100 percent replacement, lost earnings for the family will be higher when the father takes maternity leave rather than the mother. This is true despite the fact that men would typically receive higher weekly benefits than their wives (e.g., a

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<sup>8</sup> Finland adds to the total entitlement if fathers take some of the benefit.

father with average earnings in Quebec would receive \$729 per week while his wife with average earnings would receive \$517.

Notice, as well, that effective replacement rates for men are usually lower than for women (see Table 6) because with higher male earnings, ceilings on benefits are more likely to be encountered. For example, in Canada, a new mother with average female earnings would receive the full replacement rate of 55 percent whereas a new father with average earnings would receive a replacement rate of only 42 percent. Effective replacement rates can also be lower in countries with flat rate parental or child-rearing benefits since these constitute a smaller share of male earnings (e.g., the U.K. or France). Finally, men are less likely to be eligible for income-tested top-ups to replacement rates (e.g., Germany).

In the Canadian case, the decision in 2001 to waive a second waiting period for fathers sharing parental benefits with mothers has been important for encouraging more fathers to take parental benefits (Perusse, 2003). Particularly for fathers considering taking a short leave, the two-week waiting period previously in place had a large impact on effective replacement rates. In Quebec, the six weeks of parental benefits now only available to fathers has had a dramatic impact on take-up (Marshall, 2008).

Like higher-wage new mothers, new fathers are likely to receive high weekly benefits when ceilings are high (e.g., Quebec) or non-existent (e.g., Norway). Although potential total benefits are high when the total duration of paid leave is high (e.g., France or Finland), the very low replacement rate during this period make it unlikely that many fathers would in fact exercise their full entitlement.

## **5. The Over-all Financial Well-being of Families with Infants in 9 Affluent Countries**

Over-all financial well-being of households will depend upon the family (e.g., marital status, number of children), the market (e.g., number of earners, hours of paid work and rates of compensation) and the state (e.g., social transfers available for families of young children). This section of the chapter uses the most recent microdata available from the Luxembourg Income Study (LIS)<sup>9</sup> to compare the over-all financial well-being of families with very young children. In general, this means outcomes are being compared in the early years of the new century. The U.S. is included in this section of the chapter.

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<sup>9</sup> The Luxembourg Income Study is a set of cross-sectional microdata files, housed in Luxembourg by accessible via the internet. Member countries contribute microdata sets with a focus on income information (e.g., the Canadian data are the Survey of Consumer Finances and then the Survey of Labor and Income Dynamics, cross sections). Great attention has been paid by LIS staff to re-codes which ensure maximum comparability of variables across the countries.

## *Social Transfers*

Although the focus of the chapter is on maternity and parental benefits, at the end of the day, it is important to keep in mind that different countries package support for families with infants and young children in different ways. Thus, country A may offer less generous maternity/parental benefits than country B but a very generous child allowance, for example. It would then be inappropriate to conclude that country A is less generous to families with newborns. This section of the chapter attempts to present a broader picture of the over-all package on offer in each country

Since maternity or parental benefits might be reported, variously, as ‘unemployment insurance’ (Canada), as sickness benefits or as family benefits (and in several countries, maternity benefits would be considered ‘sickness’ benefits while parental benefits would be considered ‘family’ benefits), Table 6 begins by simply reporting on receipt of *any* social transfers. As noted above, this further has the advantage of taking account of all forms of cash support received by families with young children. Throughout this section of the paper outcomes are reported separately for families with a youngest child aged less than one year<sup>10</sup> (which would be most relevant for countries with a fairly short total duration of benefits), for families with a youngest child under 3 (most appropriate for countries with a longer duration of benefits) and for all families with children aged 0 through 17 (for comparative purposes).

As Table 6 indicates, families with children typically receive social transfers. This is least likely in the U.S., where nonetheless about 90 percent of families with infants report receiving a social transfer.<sup>11</sup> While nearly all families with young children receive social transfers in Canada and France, benefit receipt falls after children reach the age of 3 in these countries (from 97.7 to 89.6 percent in Canada and from 95.7 to 86.1 percent in France). In the Scandinavian countries, families with children are almost certain to receive social transfers, regardless of the age of the child.

Table 6 also reports social transfers as a percent of disposable personal income<sup>12</sup> received by families with children. It is quite clear that social transfers comprise the largest share of income for families with very young children in Norway and Sweden. Social transfers as a fraction of disposable income are next highest for Finland and the UK.<sup>13</sup> In these four countries, families with older children receive considerably less than those with

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<sup>10</sup> The German sample is too small to allow separate reporting for families with children aged less than one year. In the Italian data, maternity benefits and child allowances are reported as part of ‘net income’ rather than as part of ‘social transfers,’ so we are unable to include Italy in Table 6.

<sup>11</sup> In the US case, food stamps are included as ‘cash transfers.’ There has been a dramatic increase in the proportion of U.S. families with children receiving social transfers from only about half in 2000.

<sup>12</sup> As noted in the policy summaries, a number of the European countries guarantee child support payments to lone mother households. Thus, child support can be a social transfer whereas in North America, this would be a private transfer. Social transfers as reported here do not include child support, but these are added in to compute total disposable income.

<sup>13</sup> Note that transfers will be high when labor market earnings are low and vice versa. This may help in understanding why UK average social transfers appear high by comparison with Norwegian average transfers. While Norway offers very generous programs, labor market participation and market earnings are very high. The UK offers less generous benefits, but more families need to rely upon them.

newborns; however, even families with older children still receive higher transfers than elsewhere. Social transfers as a fraction of family disposable income are next highest in France; they are lowest in Canada and the U.S. In the U.S., since there are no specially designated maternity/parental or young child benefits, there is no noticeable falling off in terms of what is available for older children.

### *Labor Market Participation of Mothers with Young Children*

Table 7 contrasts labor market behavior of new mothers across the 9 countries.<sup>14</sup> Women with a youngest child aged 0 to 3 years are least likely to report earnings in Italy (40.6 percent), the UK (45.3 percent) and Germany (49.5 percent). At the other end of the spectrum, women with a youngest child aged 0 to 3 years are most likely to report earnings in Norway (82.3 percent) and Sweden (79.4 percent). Thus, the countries with the most generous maternity/parental benefits programs also have the highest labor-force participation rates for young mothers – whether as a cause or as an effect of policy is not, of course, entirely clear. High rates of labor force participation by young parents may focus attention on the issue and encourage policy development; generous maternity/parental benefits programs may encourage labor-market participation of young parents.

It is also interesting to note that 52 percent of women in the UK agree that “a pre-school child is likely to suffer if his/her mother works” compared to 48 percent of women in Canada and to 36 percent of women in Norway (Phipps, 1999, p. 35). Different attitudes across countries about what is the ‘best’ way to care for infants presumably influence the shape of maternity/parental benefits programs as well as choices about labor market behavior by parents of newborns.

Finally, recall that although these Scandinavian countries offer very long and relatively generously compensated leaves, women also have the option of extending their leaves by returning to work part-time while continuing to collect benefits part-time (e.g., a woman would be allowed to stretch 6 months of benefits over a full year by working half time for pay). “Keeping one’s oar in the labor market” in this way could help to mitigate documented negative consequences of staying out of paid work for long periods of time (i.e., the ‘mommy gap’ – see Phipps, Burton and Lethbridge, 2001).

### *The Incidence and Depth of Poverty*

Table 8 compares the incidence and depth of poverty for families with very young children before and after taxes/transfers in each of the 9 countries studied. ‘Depth of poverty’ indicates, for each poor family, how *far* below the poverty line family income actually falls. (For example, if the poverty line is \$10,000 and income is \$8,000, then ‘depth’ of poverty is \$2,000. To facilitate comparisons across countries, we express the average depth of poverty, calculated for all poor families in each country, as a proportion of the poverty line.)

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<sup>14</sup> In all countries except the UK, fathers are almost certain to report earnings.



If they were to rely only upon market earnings, 21.4 percent of Canadian families with a youngest child aged 0 to 3 years would have income below the poverty line<sup>15</sup> and the average depth of poverty, for those poor, would be 54.3 percent of the poverty line. After taxes and transfers, 13.3 percent remained poor, with an approximate halving in the average depth of poverty (to 28.6 percent).

This important reduction in the depth of young child poverty notwithstanding, Canada's record on poverty for families with very young children is only better than that of Italy and the US. Poverty rates are lower in all other countries studied, generally as a result of more generous social transfers. For example, for families with children aged 0 through 3, French transfers reduce the incidence of poverty from 31.8 to 9.2 percent; Swedish transfers reduce the incidence of poverty from 21.2 percent to 5.8 percent; Norwegian transfers reduce poverty from 22.8 to 7.0 percent; Finnish transfers reduce poverty from 22.0 to 7.6 percent.

A final important point to take from Table 8, however, is that the Scandinavian countries also *start* with relatively low levels of market poverty, perhaps because in addition to the generous social transfers they provide, they also have other policies which are supportive of labor market participation of parents with young children (e.g., childcare – see Rainwater and Smeeding, 2003).

### *Conclusions*

This comparison of Canadian maternity and parental benefits with those available in eight other affluent countries suggests the following key points:

- Since 2001, the total duration of Canadian benefits compares relatively favorably by international standards. Most countries with a longer duration eventually move to a flat-rate benefit or a lower replacement rate towards the end of the extended period.
- However, the level of benefits offered in Canada is rather low, particularly by comparison with first-stage maternity benefits available elsewhere.
- Ceilings on maximum benefits payable (e.g., in Canada, France, Sweden) or flat-rate benefits for some part of the covered period (e.g., Germany, France) mean that the effective replacement rate for men is usually lower than for women (because men generally have higher earnings). This may discourage men from taking a larger share of benefits. A tension is that with a higher replacement rate, men receive higher weekly benefits than women.
- Some countries have implemented inducements for men to take parental leaves (e.g., by allocating a portion of the leave for men only in Sweden, Norway or

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<sup>15</sup> Poverty lines are constructed in relative terms for each country as 50 percent of median equivalent income for that country.

Quebec); by adding to the total entitlement if men take part of the leave in Finland).

- Scandinavian countries are particularly flexible about allowing parents to choose whether to take full-time leave or to receive the same total payment, but spread out over a longer time by returning to work part-time. In Canada, new parents receiving parental leave are now able to earn up to 25 percent of their weekly benefit or \$ 50 without any deduction in that benefit, though they are not able to *extend* their benefit period in this way. Allowing mothers the flexibility to return to work part-time when they are ready may help to minimize some of the adverse earnings consequences of long periods of time spent outside the paid labor market. This may also encourage more men to take leave, if they are reluctant to stay away from their paid jobs full-time.
- Although Canadian social transfers play a vital role in reducing the depth of poverty experienced by very young children, the full social transfer package leaves more very young children in poverty than is the case in any of the other countries studied here except Italy and the US.

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Table 1 Mother working full-time with average Canadian earnings ( \$38,433 annually or \$739/week) – Sample Benefit Calculations										
	Canada	Quebec Basic Plan	United Kingdom	Germany	France (1 <sup>st</sup> child)	France (3 <sup>rd</sup> child)	Sweden	Norway	Finland	Italy
Weeks of Paid Benefits:	50	25(1) + 25(2)	6 (1) + 33 (2)	14 (1) + 48 (2)	16 (1) + 26 (2)	26 (1) + 138 (2)	78 (1) + 6 (2)	38	41 (1) + 115 (2)	20 (1) + 26 (2) + 0 (3)
Total Potential Value of Benefits	\$20,300 (VII)	\$23,075 (VI)	\$10,854 (X)	\$34,106 (II)	\$12,200 (IX)	\$37,060 (I)	\$33,780 (III)	\$28,082 (IV)	\$27,590 (V)	\$17,592 (VIII)
Average Weekly Benefits	\$406.	\$517(1) \$406(2)	\$665 (1) \$208 (2)	\$739 (1) \$495 (2)	\$470 (1)* \$180 (2)	\$470 (1)* \$180 (2)	\$430 (1)* \$40 (2)	\$739	\$485 (1) \$67 (2)	\$591 (1) \$222 (2)
Effective Replacement Rate	55%	70% 55%	90% 28%	100% (1) 67% (2)	64% (1)* 25% (2)	64% (1)* 25% (2)	58% (1)* 5% (2)	100%	66% (1) 9% (2)	80% (1) 30% (2)
Extras			.						Birth grant \$162	Birth grant \$1385 for 2 <sup>nd</sup> + children
Note: Total duration of paid benefits in any country is the sum of (1)+(2) as relevant. Entitlement is broken up in this way if benefit level changes (either because replacement rate or benefit level changes within a program or as the individual switches from maternity to child-rearing benefits, for example). See text for further details. Country rank in terms of total benefits is indicated in roman numerals in parentheses. * indicates benefit ceiling is binding										

Table 2 Mother working full-time with ½ average Canadian women's full-time earnings ( \$19,217 annually or \$370 week) – Sample Benefit Calculations										
	Canada	Quebec Basic Plan	United Kingdom	Germany	France (1 <sup>st</sup> child)	France (3 <sup>rd</sup> child)	Sweden	Norway	Finland	Italy
Weeks of Paid Benefits:	50	25 (1) + 25 (2)	6 (1) + 33 (2)	14 (1) + 56 (2)	16 (1) + 26 (2)	26 (1) + 138 (2)	78 (1) + 6 (2)	38	41 (1) + 115 (2)	20 (1) + 26 (2) + 0(3)
Total Potential Value of Benefits	\$10,200	\$11,575	\$8862 (VII)	\$25,900 (II)	\$10,600 (VI)	\$34,460 (I)	\$17,622 (IV)	\$14,060 (V)	\$18,324 (III)	\$8,806 (VIII)
Average Weekly Benefits	\$204.	\$259 (1) \$204 (2)	\$333 (1) \$208 (2)	\$370 (1) \$370 (2)	\$370 (1) \$180 (2)	\$370 (1) \$180 (2)	\$223 (1) \$38 (2)	\$370	\$259 (1) \$67 (2)	\$296 (1) \$111 (2)
Effective replacement Rate	55%	70% (1) 55% (2)	90% (1) 56% (1)	100% (1) 100% (2)	100% (1) 49% (2)	100% (1) 49% (2)	80% (1) 13% (2)	100%	70% (1) 18% (2)	80% (1) 30% (2) 30% (3)
Extras	If eligible for maximum FS, weekly benefits = \$296 (80%) total benefits = \$14,800 (V)	If eligible for maximum FS, weekly benefits = \$296 (80%) total benefits = \$14,800 (V)		Lone mother would receive 8 weeks more than married mother	May be eligible for birth grant \$1159.	May be eligible for birth grant \$1159.			Birth grant \$162	Birth grant \$1385 for 2 <sup>nd</sup> + children
Note: Total duration of paid benefits in any country is the sum of (1)+(2) as relevant. Entitlement is broken up in this way if benefit level changes (either because replacement rate or benefit level changes within a program or as the individual switches from maternity to child-rearing benefits, for example). See text for further details. Country rank in terms of total benefits is indicated in roman numerals in parentheses. * indicates ceiling is binding.										

Min wage would be \$8.50X40 = \$340/wk

Table 3 Mother working full-time with 1.5 times average Canadian earnings (\$57,650 annually or \$1109/week) – Sample Benefit Calculations										
	Canada	Quebec Basic Plan	United Kingdom	Germany	France (1 <sup>st</sup> child)	France (3 <sup>rd</sup> child)	Sweden	Norway	Finland	Italy
Weeks of Paid Benefits:	50	25 (1) + 25 (2)	6 (1) + 33 (2)	14 (1) + 48 (2)	16 (1) + 26 (2)	26 (1) + 138 (2)	78 (1) + 6 (2)	38	41 (1) + 115 (2)	20 (1) + 26 (2) + 0(3)
Total Potential Value of Benefits	\$21,750 (VIII)	\$34,250 (IV)	\$12,852 (X)	\$45,430 (I)	\$12,200 (IX)	\$37,060 (III)	\$33,780 (V)	\$42,142 (II)	\$32,838 (VI)	\$26,398 (VII)
Average Weekly Benefits	\$435.*	\$767 (1)* \$603 (2)*	\$998 (1) \$208 (2)	\$1109 (1) \$623 (2)	\$470 (1)* \$180 (2)	\$470 (1)* \$180 (2)	\$430 (1)* \$40 (2)	\$1109	\$613 (1) \$67 (2)	\$887 (1) \$333 (2)
Effective Replacement Rate	39%*	69% (1)* 54% (2)*	90% 19%	100% (1) 56% (2)	42% (1)* 16% (2)	42% (1)* 16% (2)	39% (1)* 4% (2)	100%	55% (1) 6% (2)	80% (1) 30% (2)
Extras									Birth grant \$162	Birth grant \$1385 for 2 <sup>nd</sup> + children
Note: Total duration of paid benefits in any country is the sum of (1)+(2) as relevant. Entitlement is broken up in this way if benefit level changes (either because replacement rate or benefit level changes within a program or as the individual switches from maternity to child-rearing benefits, for example). See text for further details. Country rank in terms of total benefits is indicated in roman numerals in parentheses. * indicates ceiling is binding.										

Table 4 Mother, self-employed working full-time with average Canadian earnings (\$38,433 or \$739/week) – Sample Benefit Calculations										
	Canada	Quebec Basic Plan	United Kingdom	Germany	France (1 <sup>st</sup> child)	France (3 <sup>rd</sup> child)	Sweden	Norway	Finland	Italy
Weeks of Paid Benefits:	0	25 (1) + 25 (2)	39	0	0	0	78 (1) + 6 (2)	38	41 (1) + 115 (2)	20 (1) + 12(2)
Total Potential Value of Benefits	0	\$23,075 (III)	\$8112 (VI)				\$33,780 (I)	\$18,240 (IV)	\$27,590 (II)	\$11,820 (V)
Average Weekly Benefits	0	\$517 (1) \$406 (2)	\$208				\$430 (1)* \$40 (2)	\$480	\$485 (1) \$67 (2)	\$591 (1) \$222 (2)
Effective replacement Rate	0	70 (1) 55 92)	28%				58% (1)* 5% (2)	65%	66% (1) 9% (2)	80% (1) 30% (2)
Extras									Birth grant \$162	Birth grant \$1385 for 2 <sup>nd</sup> + children
Note: Total duration of paid benefits in any country is the sum of (1)+(2) as relevant. Entitlement is broken up in this way if benefit level changes (either because replacement rate or benefit level changes within a program or as the individual switches from maternity to child-rearing benefits, for example). See text for further details. Country rank in terms of total benefits is indicated in roman numerals in parentheses. * indicates ceiling is binding.										



Table 5 Father working full-time with average Canadian male earnings ( \$54,170 annually or \$1042/week) – Sample Benefit Calculations										
	Canada	Quebec Basic Plan	United Kingdom	Germany	France (1 <sup>st</sup> child)	France (3rd child)	Sweden	Norway	Finland	Italy
Weeks of Paid Benefits:	35	12 (1) + 25 (2)	2	0 (1) + 48 (2)	2 (1) + 26 (2)	2 (1) + 138 (2)	78 (1) + 6 (2)	35	28 (1) + 115 (2)	0 (1) + 26 (2)
Total Potential Value of Benefits	\$15,225 (VII)	\$23,073 (VIII)	\$416 (IX)	\$29,904 (III)	\$5620 (VIII)	\$25,780 (IV)	\$33,780 (II)	\$36,470 (I)	\$24,393 (V)	\$8112 (VIII)
Average Weekly Benefits	\$435*	\$729 (1) \$573 (2)	\$208*	0 (1) \$623(2)*	\$470 (1)* \$180 (2)*	\$470 (1)* \$180 (2)*	\$430 (1)* \$40 (2)	\$1042	\$596 (1) \$67 (2)	0 (1) \$312 (2)
Effective replacement Rate	42%	70% (1) 55% (2)	20%	0% (1) 60% (2)	45% (1) 17% (2)	45% (1) 17% (2)	41% (1) 4% (2)	100%	57% (1) 6% (2)	0 (1) 30% (2)
Extras										
Note: Total duration of paid benefits in any country is the sum of (1)+(2) as relevant. Entitlement is broken up in this way if benefit level changes (either because replacement rate or benefit level changes within a program or as the individual switches from maternity to child-rearing benefits, for example). See text for further details. Country rank in terms of total benefits is indicated in roman numerals in parentheses; * indicates ceiling is binding.										

Table 6 Receipt of Social Transfers and Social Transfers as a Fraction of DPI												
	Children < 1				Children < 3				Children < 18			
	Sample Size	Receives Social Transfers (%)	Social Transfers as a Fraction of DPI		Sample Size	Receives Social Transfers (%)	Social Transfers as a Fraction of DPI		Sample Size	Receives Social Transfers (%)	Social Transfers as a Fraction of DPI	
			Includes Zeros	Excludes Zeros			Includes Zeros	Excludes Zeros			Includes Zeros	Excludes Zeros
Canada 2004	644	97.7	22.7	23.3	1804	94.9	21.6	22.7	8361	89.6	17.3	19.4
US 2004	2796	90.6	14.7	16.2	8208	91.5	14.3	15.6	32900	89.6	13.7	15.3
UK 2004	805	95.9	38.5	40.2	2246	97.5	35.3	36.2	8515	97.2	31.2	32.1
Germany 2000	66	***	***	***	635	94.6	22.3	23.6	3387	98.4	21.0	21.4
France 2000	311	95.7	27.0	28.2	882	93.9	27.0	28.7	3438	86.1	22.2	25.8
Sweden 2005	438	100.0	45.7	45.7	1154	100.0	43.1	43.1	4452	100.0	31.7	31.7
Norway 2004	434	99.6	44.2	44.4	1137	99.8	39.2	39.3	4798	99.5	28.2	28.4
Finland 2004	305	99.5	37.9	38.1	1	99.7	37.2	37.3	3735	99.4	25.7	25.8

Table 7						
Percentage of Mothers with Positive Wages/Salaries						
	Children < 1		Children < 3		Children < 18	
	Sample size	%	Sample size	%	Sample size	%
Canada 2004	638	72.3	1768	69.6	7939	73.8
US 2004	2757	63.9	8041	61.6	31461	69.3
UK 2004	804	40.7	2235	45.3	8301	59.9
Germany 2000	66	***	633	49.5	3350	64.1
France 2000	309	61.1	876	56.2	3378	67.8
Sweden 2005	437	79.1	1149	79.4	4331	85.1
Norway 2004	429	84.3	1120	82.3	4663	86.2
Finland 2004	302	69.9	799	68.2	3633	81.7
Italy 2000	154	43.0	443	40.6	2396	39.8

Table 8												
Rate and Depth of Poverty - With and Without Taxes and Transfers												
	Children < 1				Children < 3				Children < 18			
	pre taxes/transfers		post taxes/transfers		pre taxes/transfers		post taxes/transfers		pre taxes/transfers		post taxes/transfers	
	Rate (%)	Relative Depth (%)	Rate (%)	Relative Depth (%)	Incidence (%)	Relative Depth (%)	Rate (%)	Relative Depth (%)	Incidence (%)	Relative Depth (%)	Rate (%)	Relative Depth (%)
Canada 2004	21.6	48.1	11.6	24.5	21.4	54.3	13.3	28.6	21.1	54.5	13.3	26.5
US 2004	27.6	53.8	23.6	40.8	26.6	52.5	22.4	39.4	22.8	53.3	17.4	38.6
UK 2004	28.7	87.8	11.9	27.2	25.9	85.7	11.7	25.0	22.9	80.1	8.9	23.7
Germany 2000	11.0	40.5	15.5	28.3	15.4	68.0	8.8	29.8	15.4	66.0	8.3	27.0
France 2000	27.9	49.7	9.7	15.1	31.8	46.3	9.2	15.9	26.3	49.1	8.4	17.9
Sweden 2005	24.0	63.3	8.2	26.7	21.2	65.9	5.8	26.0	18.4	64.1	4.3	26.3
Norway 2004	24.4	58.8	6.6	28.2	22.8	65.4	7.0	24.8	17.0	61.6	4.9	24.2
Finland 2004	21.3	69.5	7.5	13.2	22.0	67.2	7.6	14.2	15.9	63.9	4.6	19.6
Italy 2000	n/a	n/a	12.7	32.9	n/a	n/a	15.8	38.8	n/a	n/a	14.7	37.2

