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U N I K A S S E L  
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# GERMAN PARENTAL LEAVE POLICY AND GENDER INEQUALITY

## PARENTAL LEAVE IN GERMANY

Parental Leave policy in Germany is complex: 3 legislations on the state level & 2 legislations in single federal states

- 1. Maternity Leave (employment protection & benefits, paid by health insurance)
- 2a. Parental Leave (employment protection)
- 2b. Paid Parental Leave (benefits, paid by the state)
- 3. Paid Parental Leave “plus“ (part-time Parental Leave, benefits, paid by the state)
- 4a/4b. Cash for care (only in the federal states Saxony & Bavaria, paid by the federal states)

## PAID PARENTAL LEAVE (PPL) IN GERMANY

- The benefits on the state level are individual entitlements
- They are calculated on former earnings (last 12 months before birth/Maternity Leave, the payments vary between €300–1,800)
- They encompass bonus months (“partnership months“) if the second parent takes at least 2 months of PPL
- They can be taken by both parents at the same time
- PPL can be combined with employment (part-time Parental Leave)

## CASH FOR CARE IN GERMANY

- Currently only available in Saxony and Bavaria (2013–2015 on the state level)
- Amount: 150–300 Euro
- Paid for the children's 2<sup>nd</sup> and 3<sup>rd</sup> year, after PPL entitlements

## PAID PARENTAL LEAVE LEGISLATION IN GERMANY

Fulltime Paid Parental Leave (65 % of former earnings; min: 300 Euro; max: 1,800 Euro)

12 + 2 months



Part-time Paid Parental Leave (65 % of former earnings; min: 150 Euro; max: 900 Euro)

24 + 4 months



Family benefit (**Bavaria**; 250-300 Euro per month)

Up to 24 months, starting at the end of parental leave



Cash for care (**Saxony**; 150-300 Euro per month)

Up to 19 months, starting at the end of parental leave



# THE HISTORY OF PARENTAL LEAVE LEGISLATION IN GERMANY

- 2007: New Parental Leave Policy
  - Introduced to increase women's employment, fathers' engagement and birth-rates in Germany
  - Two of the goals have the objective to enhance gender equality
  - Relevant features in the legislation: (1) bonus months for the 2<sup>nd</sup> partner and (2) payments are restricted to 12 months to enhance women's earlier return to employment after the birth of a child
  - At the same time: Single federal states of Germany introduce a (complementary) cash for care legislation (encompassing the logic of the Parental Leave benefits before 2007 and expanding the time of benefits beyond PPL)

# THE HISTORY OF PARENTAL LEAVE LEGISLATION IN GERMANY

- Changes since 2007
  - 2011:
    - Only income earned in Germany, the EU or Switzerland is eligible to be used for PPL calculation
    - PPL is set off with social security payments (“Hartz IV”)
    - Top earners (above 250,000 Euro p.a.) are not eligible any more to receive Parental Leave benefits

## THE HISTORY OF PARENTAL LEAVE LEGISLATION IN GERMANY

- Changes since 2007 (continued)
  - 2013:
    - Benefits are calculated on gross earnings (instead of net earnings)
    - A cash for care benefit is introduced at the national level. The benefit is 150 Euro per month and child. It is paid after the period of PPL if parents do not use public childcare.
  - 2015:
    - PPL is made more flexible (part-time use, extended time frame)
    - The national cash for care benefit is abolished



## PAID PARENTAL LEAVE AND GENDER INEQUALITY

- Take-up rates of Parental Leave are gendered:
  - Women take on average 13.2 months of leave; men take on average 3.4 months of leave (75.2 % of men with PPL only take the partnership months)
- The amount of PPL benefit is gendered:
  - Men receive on average a PPL benefit of 1,154 Euro per month; women receive on average a PPL benefit of 703 Euro per month

## REASONS FOR GENDER INEQUALITY IN PPL BENEFITS

- Value of the Gender Pay Gap in Germany (2014):
  - 22% (not adjusted)
  - 6% (adjusted)
- → Influences Parental Leave decisions in the couple

## REASONS FOR GENDER INEQUALITY IN PPL BENEFITS

Cultural models of gender and care (Pfau-Effinger 2005)	Benefits Women	Benefits Men
Dual breadwinner/dual carer model	1800	1800
Male breadwinner/female part-time carer model	900	1800
Male breadwinner model	300	1800

→ Gender inequalities at the level of benefits due to “Gender Culture” (Pfau-Effinger) and family planning

→ With consequences for PPL decisions in the couple for 2<sup>nd</sup> child

## SUMMARY: PAID PARENTAL LEAVE AND GENDER INEQUALITY

- Main problem for women's equality: Payments are calculated on former earnings (12 months)
  - Problem due to family planning: 2<sup>nd</sup> or further child (couples with "traditional" gender arrangements)
  - Problem due to gendered income: Gender Pay Gap in Germany
  - Problem due to life course: Childbirth at early life stages
- Problems for men's equality:
  - Path dependency regarding parental leave decisions in the couple
  - The upper limit of 1,800 Euro leave benefit forces some men to waive on Parental Leave for more than two months.

## DISCUSSION

- German Gender Parental Leave Pay Gap
  - Consequences for the gender division of paid and unpaid labour
  - Consequences for women's pensions (Gender pension gap)
  - Consequences for men's access to Parental Leave
- What could/should be done?
  - Minimize gender pay gap
  - Change of calculating basis in the case of further children
  - Increase in exclusive Parental Leave entitlements for fathers
  - Increase the maximum PPL benefit rate of 1,800 Euro



Thank you very much for your attention!