

REPORT

for the period of July 1, 2022 to June 30, 2023
by the Government of the Republic of Estonia on measures implementing the
provisions of the European Code of Social Security signed by the Govern-
ment of Estonia on January 24, 2000.

The provisions of the Code are connected with the following legal acts in Estonian
social security system.

Acts:

- 1) [Health Insurance Act](#) – parts II, III, VIII;
- 2) [State Pension Insurance Act](#) – parts V, IX, X;
- 3) [Labour Market Services and Benefits Act](#) – part IV and XII;
- 4) [Unemployment Insurance Act](#) – part IV and XII;
- 5) [Work Ability Allowance Act](#) – part IX;
- 6) [Family Benefits Act](#) - part VII and XII;
- 7) [Social Tax Act](#) – parts II, III, V, VI, IX, X, XII;
- 8) [Administrative Procedure Act](#) – part XII.

The legislation can be accessed in Estonian and English at www.riigiteataja.ee.

I. GENERAL

A. Administration/Organisation

No important changes during the reporting period.

Administrative organisations:

Unemployment benefit

- Estonian Unemployment Insurance Fund (<https://www.tootukassa.ee/>), under the supervision of the Ministry of Social Affairs (<http://www.sm.ee/>) registers the unemployed and pays benefits.
- Tax and Customs Office (<https://www.emta.ee/>) collects contributions.

Old-age pension, disability benefits and survivors' pension

Universal, social insurance, and social assistance

- Ministry of Social Affairs (<http://www.sm.ee/>) is responsible for general management and supervision.
- Social Insurance Board (<http://www.sotsiaalkindlustusamet.ee/>) is responsible for overall planning and coordination.
- Estonian Unemployment Insurance Fund (<https://www.tootukassa.ee/>) administers the work ability allowance (since July 1, 2016).
- Tax and Customs Office (<https://www.emta.ee/>) collects contributions.
- Local governments pay the funeral grant.

Mandatory individual account

- Ministry of Finance (<http://www.fin.ee/>) supervises the Financial Supervisory Authority and the Registrar of the Estonian Central Register of Securities.
- Financial Supervisory Authority (<http://www.fi.ee/>) supervises financial services providers, including pension management companies and life insurance companies.
- Registrar of the Estonian Central Register of Securities (<https://nasdaqcsd.com/>) sets up a pension account for each insured person.

Sickness benefit and maternity benefit

- Ministry of Social Affairs (<http://www.sm.ee/>) is responsible for general management, supervision, and planning.
- Health Insurance Fund (<https://www.tervisekassa.ee/>) coordinates health insurance and administers benefits.
- Doctors, polyclinics, and hospitals provide medical benefits.
- Tax and Customs Office (<https://www.emta.ee/>) collects contributions.

Family benefits

- Ministry of Social Affairs (<http://www.sm.ee/>) is responsible for general management and supervision.

- Social Insurance Board (<http://www.sotsiaalkindlustusamet.ee/>) coordinates and administers benefits.
- Local governments pay the subsistence benefit.

B. Benefits

Changes made and planned for each benefit scheme have been reported in the relevant sections of this report.

II. MEDICAL CARE

a) **Changes made during the reference period**

No significant changes (persons protected, contingencies covered, cost-sharing) during the reporting period.

Extension of the revenue base of the Estonian Health Insurance Fund

The government allocated additional monetary resources (357M €) for the Estonian Health Insurance Fund to cover medical costs that are related to COVID-19 activities and treatment.

Extension of emergency care definitions due to COVID-19

During the COVID-19 situation the definition of emergency care was extended – the Estonian Health Insurance Fund covers uninsured persons cost if there is doubt that the person can have the virus or the person has been in contact with other person who has had the virus.

Article 9

- A. The recourse is had to Article 9 (c) of the Code.
- B. The protected persons are defined in the Health Insurance Act, § 5 subsection (1) - “an insured person is a permanent resident of Estonia or a person residing in Estonia on the basis of a temporary residence permit or the right of residence or a person legally staying and working in Estonia based on a temporary ground for stay for whom a payer of social tax must pay social tax or who pays social tax for themselves in accordance with the procedure, in the amounts and within the time limits provided for in the Social Tax Act, or a person considered equal to such persons on the basis of this Act”.
- C. Statistical information (Part III Article 74)
 - (a) Number of insured persons at Estonian Health Insurance Fund as of December 31, 2022 was 1 304 429 (Estonian Health Insurance Fund);
 - (b) Total population as of January 1, 2023 was 1 365 884 (Statistics Estonia);
 - (c) Number of insured persons amounted to 95.5% of total population in 2022.

a) Number of insured persons

| | Insured persons |
|------------|-----------------|
| 31.12.2022 | 1 304 429 |
| 31.12.2021 | 1 273 743 |
| 31.12.2020 | 1 265 601 |
| 31.12.2019 | 1 262 381 |
| 31.12.2018 | 1 251 617 |
| 31.12.2017 | 1 240 927 |

Source: Estonian Health Insurance Fund

b) Total population (beginning of the year)

| | Total population |
|------------|------------------|
| 01.01.2023 | 1 365 884 |
| 01.01.2022 | 1 331 796 |
| 01.01.2021 | 1 330 068 |
| 01.01.2020 | 1 328 889 |
| 01.01.2019 | 1 324 820 |
| 01.01.2018 | 1 319 133 |
| 01.01.2017 | 1 315 635 |

Source: Statistics Estonia

c) Number of insured persons per cent total population, %

| | % |
|------|-------|
| 2022 | 95.50 |
| 2021 | 95.64 |
| 2020 | 95.15 |
| 2019 | 95.00 |
| 2018 | 94.47 |
| 2017 | 94.07 |

b) Changes decided, planned or proposed for the following year

The analysis about problems of health insurance coverage and health insurance financial sustainability was published in 2021. The analysis contains proposals to extend the coverage to reach universal health coverage. Also, there are proposals to broaden health insurance system financing. This analysis and proposals were under discussion in March 2021, but any decisions about the proposals have not been taken yet, only that discussion should be continued. A detailed analysis of the costs and impacts of different solutions (using updated data and knowledge) and proposed solutions are planned to be submitted to the government in November 2023. Also, the analysis about out-of-pocket payment on a personal basis has been published. The analysis proposed initial scenarios which will be further developed in cooperation with WHO with an aim to propose different possible solutions or scenarios for the government to decide how to reduce the share of out-of-pocket payment. From 2022 the registered unemployed persons and recipients of subsistence benefits were added to the group of people receiving a larger dental benefit (85 eur per year). Currently the analysis about dental benefit system changes is also in progress. The analysis and proposals should be completed and submitted to the government in August 2023.

Various development plans and analyses are currently in progress - hospital network development plan, development plan for primary care and analysis of ambulance care services.

c) Research (including evaluation), completed or initiated

See previous point.

III. SICKNESS BENEFIT

a) **Changes made during the reference period**

No significant changes (persons protected, contingencies covered) during the reporting period.

To reduce the risk of people falling ill at work and to reduce the cost for the employee and thereby limit the spread of COVID-19, the procedure for reimbursing sickness benefit for incapacity for work is temporarily changed from 1.01.2021.

The employee's deductible is the first day of illness, the employer pays the benefit from the second to the fifth day and the Estonian Health Insurance Fund pays the benefit from the sixth day. This change covers sick leaves starting from 1.01.2021.

Article 15

A. Recourse is had to Article 15 (b) of the Code.

B. No changes.

C. Statistical information (Part II, Article 74):

- a) Number of economically active insured as of December 31, 2022 was 648 618 (Estonian Health Insurance Fund);
- b) Total population as of January 1, 2023 was 1 365 884 (Statistics Estonia);
- c) Number of economically active insured made up 47.5% of total population in 2022

a) Number of economically active insured (end of the year).

| | Number of economically active insured |
|------------|---------------------------------------|
| 31.12.2022 | 648 618 |
| 31.12.2021 | 637 336 |
| 31.12.2020 | 620 564 |
| 31.12.2019 | 639 904 |
| 31.12.2018 | 632 428 |
| 31.12.2017 | 618 289 |

Source: Estonian Health Insurance Fund

b) Total population as of (beginning of the year)

| | Total population |
|------------|------------------|
| 01.01.2023 | 1 365 884 |
| 01.01.2022 | 1 331 796 |
| 01.01.2021 | 1 330 068 |
| 01.01.2020 | 1 328 889 |
| 01.01.2019 | 1 324 820 |
| 01.01.2018 | 1 319 133 |
| 01.01.2017 | 1 315 635 |

Source: Statistics Estonia

c) Number of economically active insured of total population, %

| | % |
|------|------|
| 2022 | 47.5 |
| 2021 | 47.9 |
| 2020 | 46.7 |
| 2019 | 48.2 |
| 2018 | 47.7 |
| 2017 | 46.9 |

b) Changes decided, planned or proposed for the following year

1. The sickness benefit procedure, what was temporarily planned to reduce the risk of people falling ill at work in COVID-19 high risk period, will be ended at 1.07.2023.

The regulation before the COVID-19 pandemic will be restored, according to which the employee's deductible for the compensation of sick days is the first three days, the employer pays the employee sick pay from the fourth to the eighth day, and the health insurance fund starts paying disability benefits from the ninth day.

2. The Ministry of Social Affairs is preparing amendments to the Health Insurance Act, which:

1) will allow an employee to continue working part-time or with lighter tasks during a sick leave of more than two months and to receive salary and compensation for the difference in salary. When calculating the salary gap compensation, the Health Insurance Fund will start from the salary valid on the day before the start date of the exemption from fulfilling the work or service obligations indicated on the sick leave by the employer and the salary paid during the period of work corresponding to the health condition. The health insurance fund will compensate the insured person for the difference between the two wages, which can be a maximum of 50% compared to the previous wage, since the wage paid by the employer during the period of employment corresponding to the health condition cannot be less than 50% compared to the previous wage.

2) When nursing a sick child, the parent will be entitled to receive care benefit for up to 60 calendar days. The current right generally allows to receive care allowance for up to 14 calendar days and 60 calendar days only in case of an oncological illness.

Both of amendments to the Health Insurance Act will enter into force on 1.04.2024.

c) Research (including evaluation), completed or initiated

IV. UNEMPLOYMENT BENEFIT

a) **Changes made during the reference period**

On 16 November 2022 the Riigikogu passed the Act on Amendments to the Unemployment Insurance Act. According to the amendments, the period for the payment of unemployment insurance benefit also begins to depend partially on the situation in the labor market.

When a person applies for unemployment insurance benefit, the period for the payment of the benefit to him or her will be set as 180, 210 or 300 calendar days according to the length of his or her service. Before the end of the unemployment insurance benefit period, the Unemployment Insurance Fund calculates the number of unemployed. A comparison with the average number of unemployed in the previous period will determine whether the insured person's unemployment insurance benefit will be extended. The extension of the benefit period will be automatic. If the unemployment rate, which reflects the state of the economy, is low, the unemployment insurance benefit will not be extended. However, depending on the insured person's insurance period and the increase in unemployment compared to the previous period's average, the unemployment insurance benefit may be extended for up to an additional 120 calendar days. The amendments to the Unemployment Insurance Act will enter into force on 30 June 2023.

Article 21

- A. The recourse is had to Article 21 (a) of the Code.
- B. No changes.
- C. In 2022, according to Estonian Tax and Customs Board, unemployment insurance premiums were collected from 654,639 insured persons. The total number of employed and unemployed persons was 717,600 in 2022 (according to Statistics Estonia). Therefore 91.2% of the total number of employed and unemployed persons was insured.

Number of insured persons by collection of unemployment insurance premiums

| | Insured persons |
|------|-----------------|
| 2022 | 654 639 |
| 2021 | 641 881 |
| 2020 | 630 735 |
| 2019 | 658 194 |
| 2018 | 641 913 |
| 2017 | 623 518 |

Source: Estonian Tax and Customs Board data

Total number of employed and unemployed persons

| | Total |
|-------|---------|
| 2022 | 717 600 |
| 2021 | 693 600 |
| 2020 | 702 200 |
| 2019 | 699 600 |
| 2018* | 699 200 |
| 2017 | 698 900 |

*Break in series: Due to the requirements of the Integrated European Social Statistics (IESS) regulation, as of 2021, the Estonian Labour Force Survey is based on a new methodology and indicators starting from 2018 have been recalculated using the new methodology. <https://www.stat.ee/en/changes-methodology-estonian-labour-force-survey>

Source: Statistics Estonia

Number of insured persons per cent of total number of employed and unemployed, %

| | % |
|------|------|
| 2022 | 91,2 |
| 2021 | 92.5 |
| 2020 | 89.5 |
| 2019 | 93.7 |
| 2018 | 91.4 |
| 2017 | 89.2 |

In 2022 the unemployment insurance premiums from insured persons added up to 171,278 thousand euros and the unemployment insurance premiums from employers added up to 92,227 euros.

| Unemployment insurance premiums, thousand euros | Unemployment insurance premiums from insured persons, thousand euros | Unemployment insurance premiums from employers, thousand euros | Total of unemployment insurance premiums, thousand euros |
|--|---|---|---|
| 2022 | 171 278 | 92 227 | 263 505 |
| 2021 | 150 625 | 81 105 | 231 730 |
| 2020 | 139 504 | 75 118 | 214 622 |
| 2019 | 135 726 | 73 083 | 208 809 |
| 2018 | 123 654 | 66 583 | 190 237 |
| 2017 | 112 824 | 60 751 | 173 575 |

Source: Unemployment Insurance Fund data

b) Changes decided, planned or proposed for the following year

1. The current Labour Market Services and Benefits Act is set to expire by the end of this calendar year and will be replaced by a new Labour Market Measures Act. The new Labour Market Measures Act establishes a new consolidated text of the Labour Market Measures Act in order to update and organise the legal space for providing labour market services. In the Act, the labour market services and benefits that have the same aim are grouped into labour market measures and a final list is provided. At the same time, the general principles for implementing the labour market measures are provided and the target groups entitled to the measures are defined. No practical amendments are made to the rights or obligations of the target group or to the content or availability of the labour market services and benefits.

2. Another change, is the creation of a new benefit in the unemployment insurance system. The proposed benefit is a base-rate unemployment insurance benefit which would replace the current unemployment allowance. Base-rate unemployment insurance will grant replacement income to those who have contributed to the unemployment insurance system but are not currently eligible for replacement income. This amendment is scheduled to be presented to the government of the Republic of Estonia in November 2023.

c) Research (including evaluation), completed or initiated

The Ministry of Social Affairs has initiated an evaluation of a measure enabling registered unemployed persons to undertake temporary work while still being eligible for all services and benefits provided by the Estonian Unemployment Insurance Fund. Temporary employment is subject to certain limitations in terms of duration and income.

- a) Individuals can engage in temporary work for a maximum of eight days per calendar month, but not exceeding 12 calendar months within a 24-month period.
- b) The remuneration paid for temporary work in one calendar month and for each temporary work shall not exceed 40 percent of the minimum wage of the previous calendar year.

V. OLD AGE BENEFIT

a) **Changes made during the reference period**

From January 1, 2023, a separate **tax-free income** applies to people who have reached the old-age pension age, which guarantees a person an income-tax-free subsistence minimum to the extent of the average old-age pension (704 euros), regardless of the amount of the person's income. This means that the average pension (700 euros) is exempt from income tax.

Article 27

- A. The recourse is had to Article 27 (b) of the Code.
- B. In 2022, a person who has become 64 years and 3 months old and whose length of employment in Estonia is at least 15 years is entitled to receive the old-age pension. One year towards the accumulation period of an insured person shall be calculated for the insured person for whom the pension insurance part of individually registered social tax has been paid or calculated for pursuant to the Social Tax Act in an amount equal to at least the minimum wage for a year. Old-age pensions shall be granted to permanent residents of Estonia and aliens residing in Estonia on the basis of temporary residence permits or temporary right of residence.

National pension ensures the minimum pension for those people who have attained the age of old-age pension and who do not become entitled to old-age pension based on work contribution and who have been permanent residents of Estonia or have resided in Estonia on the basis of a temporary residence permit or temporary right of residence for at least five years immediately before making a pension claim. As of 01.04.2023, the amount of national pension is 336,39 euros per month and its payment will not be suspended or reduced, if the person is engaged with any kind of gainful activity. National pension is adjusted by a retirement index once a year.

- C. Statistical information (Article 74):
 - a) the number of economically active insured persons as of December 31, 2022, was 648 618 (data by Estonian Health Insurance Fund);
 - b) the total population of Estonia as of January 1, 2023, was 1 365 884 (data by Statistics Estonia);
 - c) number of economically active insured persons was 47.5% of total population in 2022.

a) number of economically active insured as of December 31 2022

| | |
|------|---------|
| 2022 | 648 618 |
| 2021 | 637 336 |
| 2020 | 620 564 |
| 2019 | 639 904 |
| 2018 | 632 428 |
| 2017 | 618 289 |

Source: Estonian Health Insurance Fund

b) total population of Estonia as of January 1 2023

| | |
|------------|-----------|
| 01.01.2023 | 1 365 884 |
| 01.01.2022 | 1 331 796 |
| 01.01.2021 | 1 330 068 |
| 01.01.2020 | 1 328 889 |
| 01.01.2019 | 1 324 820 |
| 01.01.2018 | 1 319 133 |
| 01.01.2017 | 1 315 635 |

Source: Statistics Estonia

c) economically active insured persons per cent of total population

| | |
|------|------|
| | % |
| 2022 | 47,5 |
| 2021 | 47,9 |
| 2020 | 46,7 |
| 2019 | 48,2 |
| 2018 | 47,7 |
| 2017 | 46,9 |

b) Changes decided, planned or proposed for the following year

No changes.

d) Rates of payment during the reference period (Art 65, p 10)

The old-age pension of a beneficiary with a pensionable period of 30 years, euro

| | The old-age pension with a pensionable period of 30 years | Pension components | | |
|------|---|--------------------|-----------------------|-----------------|
| | | Base part | National pension rate | Value of a year |
| 2023 | 578,44 | 317,9193 | 336,39 | 8,684 |
| 2022 | 487,30 | 255,7562 | 275,34 | 7,718 |
| 2021 | 451,49 | 235,3079 | 255,18 | 7,206 |
| 2020 | 428,63 | 215,5148 | 221,63 | 7,104 |
| 2019 | 390,46 | 191,6496 | 205,21 | 6,627 |
| 2018 | 360,27 | 175,439 | 189,31 | 6,161 |
| 2017 | 334,91 | 161,9038 | 175,94 | 5,767 |
| 2016 | 318,72 | 153,3035 | 167,40 | 5,514 |
| 2015 | 301,61 | 144,2585 | 158,37 | 5,245 |
| 2014 | 283,83 | 134,9093 | 148,98 | 4,964 |

Source: Social Insurance Board

VII. FAMILY BENEFIT

a) **Changes made during the reference period**

Calculation of parental benefit in case of unemployment (change made due to the COVID-19 crisis).

As of 1 July 2021 during the next 3 years period (the amendment shall be applied retroactively in the case of children born during the period from 1 January 2021 to 31 December 2023) in case of unemployment, the time of unemployment will not be taken into account when calculating the amount of parental benefit. The amendment ensures that parental benefit is calculated according to the taxed income preceding unemployment and the parents will not lose out because of COVID-19.

The aim is to prevent the negative impact of the pandemic on fertility and to increase the confidence and wellbeing of families with children. This is a temporary amendment and after an impact assessment we will make further decisions.

The changes to the parental benefit and parental leave system, which came into force on 1 April 2022, offer more flexibility for families.

- Parental benefit and additional paternity benefit have been replaced by maternity benefit, paternity benefit and shared parental benefit.
- The Social Insurance Board will be responsible for the provision of all benefits and leaves for parents, including maternity leave and maternity benefit which was previously the responsibility of the Health Insurance Fund.

An employed mother is entitled up to 100 consecutive calendar days of the maternity benefit, based on the expected date of birth of the child. An employed mother can use the maternity benefit up to 70 days before the child's expected date of birth and 30 calendar days after the child's expected date of birth.

A mother who is considered as a non-active person (not employed) receives the mother's parental benefit for 30 consecutive calendar days starting from the birth of the child.

- The father is still entitled to paternity benefit 30 days before the child's expected date of birth, for a total of 30 days. This benefit can be used by the father until the child is 3 years old or until the father begins to receive shared parental benefit. Paternity benefit can be used as a single consecutive period or be planned by days. The father is not allowed to work while receiving the paternity benefit - the father is on paternity leave, which is reflected in the employment register.
- The parents can use the shared parental benefit according to their wishes by calendar days.

After the end of the maternity benefit period, it is up to the mother and the father to decide which of them will continue to receive parental benefit. This benefit is called shared parental benefit. Shared parental benefit can be withdrawn within 475 days. This benefit may be interrupted and continued by calendar days. If the mother did not have an employment or service relationship subject to the payment of social tax prior to the birth of the child, and was therefore

entitled to only 30 days of maternity leave, the duration of parental benefit to be divided is 515 days.

If one of the parents is on parental leave after the child reaches 30 days of age, that parent is entitled to shared parental benefit.

In addition, parents can take shared parental benefit for 60 days at a time. The number of days taken at the same time is deducted from the total duration of the payment of parental benefit. At this time, both parents receive parental benefit.

- A new type of parental benefit has been created for adoptive families – parental benefit for adoptive parents. This benefit is payable to a working adoptive parent who is on adoptive parent leave or to a foster parent who is entitled to receive the benefit for temporary incapacity for work under the Health Insurance Act. The adoptive or foster parent is entitled to receive parental benefit for 70 calendar days within a period of six months from the date of entry into force of the court judgment on adoption or the date of the conclusion of the foster parent contract.

If the child is stillborn or dies within 70 days

From 1 April 2022, an employed mother is entitled to maternity leave and maternity benefit for 100 consecutive calendar days starting from the 22nd week of pregnancy, if the child is stillborn or dies within 70 calendar days. During this period, the mother enjoys health insurance cover. Mothers who are not employed are entitled to receive the maternity benefit for 30 consecutive calendar days following the child's date of death.

Fathers are entitled to paternity leave and paternity benefit for 30 consecutive calendar days following the child's date of death, regardless of whether the father has enjoyed paternity leave or paternity benefit before the expected date of birth or the child's death.

Periodical benefits and their amounts:

| Type of benefit | Amount of benefit |
|---------------------------------|---|
| Child allowance | The amount of the child allowance depends on the number of children in the family: <ul style="list-style-type: none"> - family with one or two children eligible for the child allowance - 80 euros per child per month; - family with three or more children eligible for the child allowance - 100 euros per child per month starting from the third child. |
| Single parent's child allowance | 80 euros per month. |

| | |
|--|---|
| Childcare allowance | <p>For children born on 01.09.2019 or later childcare allowance will no longer be paid.</p> <ul style="list-style-type: none"> - We will grant and keep paying childcare allowance pursuant to the old procedure to all families where a child was born on 31 August 2019 at the latest. - We will also keep paying childcare allowance to all who were already being paid childcare allowance on 31 August 2019 or to whom we have granted the allowance earlier. - We will keep paying childcare allowance until the expiry of the right to the allowance or until 31 August 2024 at the latest. <p>One parent in the family is entitled to receive childcare allowance (after the end of the parental benefit payments) if the family has:</p> <ul style="list-style-type: none"> - an up to 3-year-old child: 38.36 euros per month for each up to 3-year-old child. <p>In addition, childcare allowance is paid for 3 to 8-year-old children if:</p> <ul style="list-style-type: none"> - the family has one up to 3-year-old child and another child between 3 and 8 – 19.18 euros also per the 3-8-year-old per month; - the family has 3 or more children eligible for the childcare allowance – 19.18 euros per month for each 3-8-year-old. |
| Guardianship allowance | The allowance of 240 euros is paid monthly for each child under guardianship. |
| Allowance for families with many children | <p>For the family with three to six children - 650 euros per month.</p> <p>For the family with seven or more children - 850 euros per month.</p> |
| Allowance for multiple birth of three or more children | 1000 euros per month is paid from the birth of the children to a parent, who is raising triplets or more children of multiple birth. The right to receive this allowance lasts until the day the children turn 18 months. |
| Conscript's child allowance | The allowance is 900 euros per month for each child , until the end of the parent's service in the Defence Forces. |

| | |
|-------------------------|---|
| <p>Parental benefit</p> | <p>The parental benefit amount is calculated separately for each recipient, depending on their previous income. Average income is calculated based on the amount of social tax declared and paid for the applicant by the employer.</p> <p>When calculating the amount of parental benefit 9 months preceding the month of birth of the child is subtracted and the amount of benefit is calculated based on income earned over the course of 12 months preceding those 9 months.</p> <p>The parental benefit is also paid if the parent did not earn any income taxable with the social tax. In this case, the benefit is paid in the amount of the minimum wage that applied on January 1st of the previous calendar year, which is 654 euros per month in 2023.</p> <p>If the parent earned income but the average monthly income was below the minimum salary rate, they will be paid the parental benefit equal to the minimum salary rate. The minimum monthly salary rate in 2023 is 725 euros per month.</p> <p>The maximum parental benefit amount is three times the average Estonian salary of the year before last year. In 2023 the maximum parental benefit is 4 291.29 euros. Parental benefit is a taxable income.</p> |
|-------------------------|---|

| | |
|------------------------------|--|
| <p>Maintenance allowance</p> | <p>Maintenance allowance is meant for children, whose parent or parents do not fulfil their maintenance obligation. The maintenance allowance is an important factor in supporting the child's better coping. Maintenance allowance can be applied for both during the legal proceedings as well as the execution proceedings. The state recovers the amount of maintenance paid to the applicant from the other parent, i.e., the maintenance claim debtor.</p> <p>Maintenance allowance during the legal proceedings – the state pays the maintenance allowance for up to 150 days and the amount paid each month is 100 euros. The maintenance allowance is paid to minors or children up to the age of 21 if they are studying. To receive the maintenance allowance, court must have issued an action securing regulation in favor of the child.</p> <p>Maintenance allowance during the execution proceedings – the state pays the maintenance allowance during the execution proceedings to a child if the parent who is obliged to pay it does not, even though the alimony has been ordered by court. The maintenance allowance is paid to minors or children up to the age of 21 if they are studying.</p> <p>The maintenance allowance during the execution proceedings is up to 100 euros per calendar month per one obliged parent.</p> <p>In the period 2008-2016, maintenance allowance was a short-term benefit paid for a maximum of 90 days. Since 2017, the allowance can be paid as a long-term support to single parent if the other parent does not fulfil their obligation.</p> <p>From 01.07.2022, the maintenance allowance will also be extended to those children whose debtor's parent is declared bankrupt and bankruptcy proceedings are initiated.</p> |
|------------------------------|--|

Article 41

- A. The recourse is had to Article 41 (b) of the Code
- B. Protected persons are all permanent residents of Estonia or aliens residing in Estonia on the basis of temporary residence permits or temporary right of residence.
- C. Statistical information Title II Article 74:

Title II of Article 74 is not the most suitable for getting statistical data on persons affected by the State Family Benefits Act. Therefore, in order to show the fulfilment of the requirements in Article 41 of the Code, the number of covered persons shall be deemed equal to the total number of male population of economically active age (15–64).

- a) In 2022, the number of Estonian male population aged 15–64 was 430 846 (Statistics Estonia);
- b) In 2022, the total population of Estonia (annual average) was 1 348 840 (Statistics Estonia);
- c) The number of covered persons amounted to 32.0 % of the total population in 2022.

a) number of Estonian male population aged 15–64 (annual average)

| | |
|------|---------|
| 2022 | 430 846 |
| 2021 | 425 276 |
| 2020 | 424 375 |
| 2019 | 424 071 |
| 2018 | 422 821 |

Source: Statistics Estonia

b) total population of Estonia (annual average)

| | |
|------|-----------|
| 2022 | 1 348 840 |
| 2021 | 1 330 932 |
| 2020 | 1 329 479 |
| 2019 | 1 326 898 |
| 2018 | 1 321 977 |

Source: Statistics Estonia

c) covered persons per cent of total population

| | % |
|------|------|
| 2022 | 32.0 |
| 2021 | 32.0 |
| 2020 | 31.9 |
| 2019 | 32.0 |
| 2018 | 32.0 |

b) Changes decided, planned or proposed for the following year.

No changes.

c) Research (including evaluation), completed or initiated

In 2022 Ministry of Social Affairs commissioned a study “The household composition of families with children and their living arrangements” among families with children that aims to map the types of households of Estonian children and their specific problems and needs. The results of the survey provide data for further planning policies for families with children, including single-parent families, which would enable to improve the quality of life of different families and provide them with more adequate support and services. The report with the study results will be made public in Spring 2023.

Also, we are conducting a comprehensive analysis of family benefits and parental allowance to improve the effectiveness of the benefits and services. The deadline is 2025.

VIII. MATERNITY BENEFIT

a) **Changes made during the reference period**

The amendments of the parental leave and benefits system came into force on 1 April 2022. The amendments to the law include renaming of the pregnancy and maternity leave as maternity leave and the introduction of changes to the terms and conditions. Compared to pregnancy and maternity leave, the period of maternity leave has been shortened from 140 to 100 days, but as a result the parents will have a longer paid parental leave period which they could share. Whereas the pregnancy and maternity leave was reimbursed as maternity benefit from the Estonian Health Insurance Fund's budget, the maternity leave will be paid as mother's parental benefit through the Social Insurance Board from the state budget.

Article 48

- A. The recourse is had to Article 48 (b) of the Code.
- B. No changes.
- C. Updated statistical information

- a) In 2022, the number of Estonian female population aged 15–64 (annual average) was 422 835 (Statistics Estonia);
- b) In 2022, the total population of Estonia (annual average) was 1 348 840 (Statistics Estonia);
- c) The number of covered persons amounted to 31.4% of the total population in 2022.

a) number of Estonian female population aged 15–64 (annual average)

| | |
|------|---------|
| 2022 | 422 835 |
| 2021 | 416 127 |
| 2020 | 418 097 |
| 2019 | 420 696 |
| 2018 | 422 716 |

Source: Statistics Estonia

b) total population of Estonia (annual average)

| | |
|------|-----------|
| 2022 | 1 348 840 |
| 2021 | 1 330 932 |
| 2020 | 1 329 479 |
| 2019 | 1 326 855 |
| 2018 | 1 321 977 |

Source: Statistics Estonia

c) covered persons per cent of total population

| | |
|------|------|
| | % |
| 2022 | 31.4 |
| 2021 | 31.3 |
| 2020 | 31.4 |
| 2019 | 31.7 |
| 2018 | 32.0 |

IX. INVALIDITY BENEFIT

a) Changes made during the reference period

No changes during the reference period.

Article 55

- A. The recourse is had to Article 55 (b) of the Code.
- B. All permanent residents of Estonia and aliens residing in Estonia on the basis of temporary residence permits or temporary right of residence between the age of 16 and the pensionable age.
- C. Please refer to the information provided under Article 27.

b) Changes decided, planned or proposed for the following year

No changes.

c) Research (including evaluation), completed or initiated

d) Rates of payment during the reference period (Art 65, p 10)

Work ability allowance daily rate (as of April 1, 2023) is 18,60 euros. The effective allowance amount is:

- 57% of daily rate in case of partial work ability – 10,602 euros a day or ca 318,06 euros a month.
- 100% of daily rate in case of no work ability – 18,60 euros a day or ca 558 euros a month.

Similarly to state pension's, the daily rate of work ability allowance is indexed on yearly basis on April 1, which presumably raises the rate each year. Unlike state pensions work ability allowance is not taxed with income tax.

X. SURVIVORS' BENEFIT

a) **Changes made during the reference period**

No changes during the reference period.

b) **Changes decided, planned or proposed for the following year**

Currently no changes have been decided or planned for the following year.

d) **Rates of payment during the reference period (Art 65, p 10)**

| From April 1 | Survivor's pension, euros | | |
|--------------|---------------------------|------------------------|-----------------------|
| | for three family members | for two family members | for one family member |
| 2023 | 578,44 | 462,75 | 289,22 |
| 2022 | 487,30 | 389,84 | 243,65 |
| 2021 | 451,49 | 361,19 | 225,74 |
| 2020 | 428,63 | 342,90 | 214,32 |
| 2019 | 390,46 | 312,37 | 195,23 |
| 2018 | 360,27 | 288,22 | 180,14 |

Source: Social Insurance Board

Additional information requested by the supervisory bodies of the Code and Protocol

In its previous conclusions, the Committee observed that the conditions of entitlement to survivors' benefits laid down in paragraph 20 of the State Pension Insurance Act were unusually restrictive in comparison to the practice in other countries. In particular, the Committee noted that item 6 of paragraph 20, section 2 of the State Pension Insurance Act limits the right of a parent or guardian raising a child up to the age of three. The Committee observed in this respect that in most jurisdictions, surviving spouses were eligible to a benefit for the whole period during which their children were considered to be dependent, in accordance with national law, and not only when raising children in young age, as it was the case in Estonia. In this regard, the Committee recalled that Article 1(h) of the Code defines the term "child" as meaning a child under school-leaving age or under 15 years of age, as may be prescribed. The Committee therefore requested the Government to consider taking the necessary measures to ensure that the spouses of deceased insured persons who are raising children are entitled to survivors' benefits for the whole period during which the children are considered to be dependent on them, in accordance with national law in order to give full effect to Article 60(1) of the Code.

The Committee notes from the Government's report that survivors' pensions in Estonia have been made subject to political analysis and that different solutions for children and older persons in order to ensure sufficient income for them are under consideration. The Government further indicates that this analysis is still in progress and that at this stage it is still too early to introduce possible solutions. The Committee wishes to express again its hopes that this analysis will also take the potential needs of survivors with dependent children above the age of three into account whose family responsibilities prevent them from

working in full-time employment and who therefore might depend on additional compensation for the loss of support suffered by the death of their spouses. It therefore requests the Government to continue to provide information in this respect, including on the outcome of the analysis.

The survivor's pension is a benefit provided to different groups based on specific criteria in Estonia. Currently, it is given to children under the age of 18, as well as to those aged 18-23 who are studying at a gymnasium, vocational school or university. Additionally, a non-working widow who is pregnant or raising a child under the age of 3 is also eligible for survivor's pension if their deceased spouse was the breadwinner. The survivor's pension is also granted if the widow has a reduced working capacity or has reached old-age pension age. People of working age, who do not qualify for the given conditions, have the right to apply for various other labour market benefits from the unemployment fund. Since mostly all adult family members work in Estonia, they do not qualify for survivor's pension.

To address different risks and support individuals in various circumstances, there are several other allowances and benefits in Estonia. For instance, individuals who lose their jobs can apply for unemployment insurance or unemployment benefits. Those who have lost their ability to work are eligible for work ability support. Low-income families receive a state subsistence benefit from the local government, while parents raising children under the age of 3 are eligible for parental benefits to compensate for lost income. The majority of parents return to workforce at the end of the parental benefit period. In addition, pensioners who live alone receive a pensioner's allowance to help prevent the risk of poverty during their old age.

The referred political analysis on survivor's pension has been finalised and the Ministry of Social Affairs has initiated the amendment of the new Family Benefits Act. The draft Act should be presented to the government in March 2024. The proposal for the amendment of the Act does not include survivor's benefit for a non-working parent raising a child up to 3 years of age. The reason being, that low-income families raising a child up to 3-years of age are eligible for parental benefits to compensate for lost income.

XI. FINANCING

Article 65

Sickness benefit is financed according to the Health Insurance Act and the Social Tax Act. The funding is done through the national Health Insurance Fund who receives its sources mainly from payroll tax.

The sickness benefit provides compensation for temporary health-related incapacity for work. Compensation for temporary incapacity for work is paid for temporary illness only to those in employment, based on earnings in the previous year.

Sickness benefits:

- Since 1 January 2021 no benefit is paid during the first day of sickness or injury (before it was paid during the first three days).
- 70% of the previous year's income is eligible for the social tax.
- The employer pays this from the second to fifth day and the Health Insurance Fund pays from the sixth day after temporary incapacity for work.
- Hospitalization and outpatient care up to 182 days (240 for TB) per year.
- 100%: occupational illness or accidents at work (up to 182 days), the Health Insurance Fund pays from the second day after temporary incapacity for work.

Maternity benefit:

- Until 31 March 2022 pregnancy and maternity leave (up to 140 days) was paid 100% by the Health Insurance Fund from the first day after leave. From 1 April 2022 it is paid by the Social Insurance Board (see sections VII, VIII maternity benefit).

Adoption allowance:

- 100%: adoption leave (70 days if child is under 10 years), the Health Insurance Fund pays from the first day after leave.

Care allowances:

- 80%: nursing a child under 12 years of age up to 14 days, the Health Insurance Fund pays from the first day after leave.
- 80%: caring for a disabled child under 16 years or child under 3 years if the carer is ill or receiving obstetric care up to 10 days, the Health Insurance Fund pays from the first day after leave.

Unemployment benefits are financed according to the Unemployment Insurance Act and the Labour Market Services and Benefits Act.

- a) The maximum amount of unemployment insurance benefit in 2023 is 2435,05 euros a month. The minimum amount of unemployment insurance benefit for 31 days is 337,90 euros (minimum daily rate is 10,90 euros).

The basis of the maximum amount of unemployment insurance benefit is three times the average remuneration per calendar day in Estonia. The average remuneration per calendar day is recalculated every year by the Unemployment Insurance Fund on the basis of unemployment insurance premiums paid in the preceding year.

The amount of unemployment insurance benefit is:

- for the first 100 days - 60% of nine months average daily remuneration a person has received 3 months before becoming unemployed.
- for the subsequent days - 40% of nine months average daily remuneration a person has received 3 months before becoming unemployed.
- In 2023, the benefit can be received for the first 100 days in a maximum amount of 78.55 euros per day, or 2435,05 euros for 31 days; starting from day 101, 52.37 euros per day, or 1623.47 euros for 31 days; (gross amounts).

The daily rate of unemployment allowance was changed on January 1, 2023, and is 10,55 euros a day. In 2023, the unemployment allowance amount for 31 days is 327,05 euros.

b)-c) See IV b)-c)

Family benefit is financed according to the Family Benefits Act.

Maternity benefit is financed according to the Family Benefits Act.

Article 66

Workability allowance is financed according to the Work Ability Allowance Act and the Social Tax Act.

Old age pension is financed according to the State Pension Insurance Act and the Social Tax Act.

Survivors' pension is financed according to the State Pension Insurance Act and the Social Tax Act.

Additional information requested by the supervisory bodies of the Code and Protocol

The Committee requests the Government to calculate in future reports the level of state old-age pensions for a standard beneficiary, i.e. a man with a wife of pensionable age after 30 years of insurance, in accordance with Article 65 of the Code, i.e. in relation to the wage of a skilled manual male employee. In this regard, the Committee of Ministers invites the Government to use an old-age pension which is not only calculated on the basis of 30 years of insurable employment, but that includes a corresponding accumulation period for a person having earned the salary of a skilled male employee.

First, we would like to indicate that from 2021 onwards the state pensions in Estonia consist of four parts, not three. As we stated in our 2020-2021 Article 74 report, from 2021 onwards, the fourth part of the pension formula, which is called the compound part (in our last report the term "compound part" was used, the official translation of the law was done after the report and since then we use the term "joint part"), will be collected in addition to the basic flat-rate component, the length-of-service component and the insurance component. The compound part is a symbiosis of length of service and insurance components.

Based on the article 66 and the pension formula, in 2021¹ the old-age pension of a beneficiary with a pensionable period of 30 years is $235.3079 + 7.206 * 30 = 451.49$ euros. The persons with pension insurance shall still not receive family benefit for their wife during their work or pension period. In 2021, the old-age pension of a standard beneficiary (a man with a wife of pensionable age) formed $(451.49 + 255.18) / 1035.56 * 100 = 68.2\%$ of a regular unskilled male worker's net wage.

The regular unskilled male worker is defined as an unskilled male industry worker (ISCO-08 International Standard Classification of Occupations, occupation code 9). Gross wage of a regular unskilled male worker is calculated and forecasted on the basis of gross hourly wage of a male worker in processing industry. Processing industry was chosen because it has been the industry with the largest number of employees (18.2% of all employees) for years (119.1 thousand employees in 2021).

In 2021, the average gross hourly wage of a male worker working in processing industry for full-time and part-time work was 9.50 euros (Statistics Estonia, database table PA5335). The calculated average gross hourly wage of a regular unskilled male worker for full-time and part-time work was 7 euros and 22 cents (i.e., 76% of the male worker's gross hourly wage in processing industry). The calculation is based on Statistics Estonia gender pay gap survey from October 2021 (PA5335) and October 2018 structure of earnings survey (gross hourly wage for workers with full-time and part-time work in processing industry by the occupation field, PA634). Thus, the calculated average gross monthly wage of a **regular unskilled male worker** was 1215.34 euros and the **calculated net monthly wage was 1035.56 euros (in 2021**, the average working hours was 168.33 hours in a month based on the standard working hours). The annual basic exemption (non-taxable amount) for resident individuals is up to 6000 EUR per year, but decreasing depending on the total income amount. When taxable income per year exceeds 14 400€ the following formula for calculating the non-taxable amount applies: $6000 - 6000 / 10800 * (\text{amount of income} - 14\,400)$. If total amount of all income is 25 200 EUR in a year or more, there is no right to basic exemption at all. On a monthly basis the basic allowance is 500 EUR if taxable income does not exceed 1200 EUR per month. It is reduced linearly and reaches 0 EUR when taxable monthly income is more than 2100 EUR. The income tax rate was 20%, the unemployment insurance premium rate was 1.6% and the rate of contributions to the mandatory funded pensions (the second pillar of pension insurance) for people who had joined pension insurance was 2%.

Based on the article 65 we have made additional assumptions for calculating possible old-age pension for skilled manual male workers. The insurance components started from 1999 and therefore it is important to make assumptions for the worked period and the year, when the

¹ The statistics for the year 2022 have not yet been published by the submission deadline of the report on 31 July 2023, therefore the data for 2021 is provided in the calculations.

person retired. It is not possible to know the average insurance component period for all Estonian skilled workers and their actual pension amount. For calculating the skilled worker old-age pension:

- 1) We assume that the person retired in 2021 and this is the first year for receiving old-age pension. This assumption is important to calculate the period for the insurance component. If the persons retired in 2021, then we assume that he has worked previous 30 years.
- 2) Insurance component period is 1999–2020 and all this period the person has received the average wage of the skilled worker and the individual social tax payments have been calculated based on that wage. Therefore, the pensionable length of service component (before 1999) is 8 years.
- 3) For calculating the sum of insurance components, we compare the individual social tax payments based on the wage of a skilled worker. If the amount of social tax paid from the wage equals to the Estonia's average amount of pension insurance part of individually registered social tax, the annual insurance component factor is 1.0.
- 4) Based on those assumptions, in 2021 the old-age pension based on an insurance component of a beneficiary with a pensionable period of 30 years is 235.3079 (base part) + 8* 7.206 (pensionable length component years* value of a year) + 20.548*7.206 (sum of insurance component* value of a year) = 441.02 euros. The persons with pension insurance shall still not receive family benefit for their wife during their work or pension period. In 2021, the old-age pension (incl. insurance component) of a standard beneficiary (a man with a wife of pensionable age) formed $(441.02+255.18)/1413.6*100 = 49.3\%$ of a regular skilled male worker's net wage.
- 5) The average income of insured persons taxable with social tax was 1430.43 euros per month in 2021 (Social Insurance Board, calculations of Ministry of Social Affairs). Respectively, the gross monthly earnings of a regular skilled male worker pursuant to Article 65 (6) (c) of the Code were as follows in 2021:
 $1.25 * 1430.43 = 1788.04$ euros. The net monthly earnings of a regular skilled male worker were 1413.6 euros².

The calculations of the old-age pension based on the insurance component may vary depending on the assumptions and those figures will not be comparable if we want to compare pension amount from the beginning of 2000 and now. In addition, it is important to note that future amendments will also reduce the comparability (e.g. flexible pension, joint part).

² The annual basic exemption (non-taxable amount) for resident individuals is up to 6000 EUR per year, but decreasing depending on the total income amount. When taxable income per year exceeds 14 400€ the following formula for calculating the non-taxable amount applies: $6000-6000/10800x(\text{amount of income} - 14\ 400)$. If total amount of all income is 25 200 EUR in a year or more, there is no right to basic exemption at all. On a monthly basis the basic allowance is 500 EUR if taxable income does not exceed 1200 EUR per month. It is reduced linearly and reaches 0 EUR when taxable monthly income is more than 2100 EUR. The income tax rate was 20%, the unemployment insurance premium rate was 1.6% and the rate of contributions to the mandatory funded pensions (the second pillar of pension insurance) for people who had joined pension insurance was 2%.

Calculations based on the article 66:

| | The old-age pension with a pensionable period of 30 years | Pension components | | | Gross and net monthly wage of a regular unskilled male worker in processing, euros | | Old-age pension of a standard beneficiary (a man with a woman of pensionable age) per cent of a regular unskilled male worker |
|------|---|--------------------|-----------------------|-----------------|--|----------|---|
| | | Base part | National pension rate | Value of a year | Gross wage | Net wage | % |
| 2021 | 451.49 | 235.3079 | 255.18 | 7.206 | 1215.34 | 1035.56 | 68.2 |
| 2020 | 428.63 | 215.5148 | 221.63 | 7.104 | 1123.38 | 966.35 | 67.3 |

Calculations based on the article 65:

| | The old-age pension with a pensionable period of 30 years (incl. insurance components) | Pension components | | | Gross and net monthly wage of a skilled male worker, euros | | Old-age pension of a standard beneficiary (a man with a woman of pensionable age) per cent of a skilled male worker |
|------|--|--------------------|-----------------------|-----------------|---|----------|--|
| | | Base part | National pension rate | Value of a year | Gross wage | Net wage | % |
| 2021 | 441.02 | 235.3079 | 255.18 | 7.206 | 1788.04 | 1413.60 | 49.3% |
| 2020 | 418.79 | 215.5148 | 221.63 | 7.104 | 1345.33 | 1345.33 | 47.6% |

Assumptions for the calculations based on the article 65:

| Year of retirement | Pensionable length of service component (up to 1998), years | Insurance component based on individual social tax payments (from 1999 onwards) | | | Average amount of pension insurance part of individually registered social tax of Estonia, per calendar year in euros | |
|--------------------|---|---|---------------------------------|-----------------|---|---------------|
| | | individual social tax payments, per year in euros | sum of the insurance components | covering period | average amount of pension insurance part, euros | calendar year |
| 2021 | 8 | 3021.72 | 20,548 | 1999–2020 | 3234.45 | 2020 |
| 2020 | 9 | 2856.16 | 19,614 | 1999–2019 | 3057.23 | 2019 |

- (i) *The Committee invites the Government to continue calculating in the future the level of the state survivor's pension for a standard beneficiary, i.e. a widow with*

two children, in accordance with Article 66 of the Code, i.e. in relation to the (net) wage of an ordinary adult male laborer.

- A. In 2021, the gross wage for a regular unskilled male worker was 1215.34 euros and the net wage was 1035.56 euros.

The regular unskilled male worker is defined as an unskilled male industry worker (ISCO-08 International Standard Classification of Occupations, occupation code 9). Gross wage of a regular unskilled male worker is calculated and forecasted on the basis of gross hourly wage of a male worker in processing industry. Processing industry was chosen because it has been the industry with the largest number of employees (18.2% of all employees) for years (119.1 thousand employees in 2021).

In 2021, the average gross hourly wage of a male worker working in processing industry for full-time and part-time work was 9.50 euros (Statistics Estonia, database table PA5335). The calculated average gross hourly wage of a regular unskilled male worker for full-time and part-time work was 7 euros and 22 cents (i.e., 76% of the male worker's gross hourly wage in processing industry). The calculation is based on Statistics Estonia gender pay gap survey from October 2021 (PA5335) and October 2018 structure of earnings survey (gross hourly wage for workers with full-time and part-time work in processing industry by the occupation field, PA634). Thus, the calculated average gross monthly wage of a regular unskilled male worker was 1215.34 euros and the calculated net monthly wage was 1035.56 euros (in 2021, the average working hours was 168.33 hours in a month based on the standard working hours).

- B. In 2021, the family benefit sum paid for a standard beneficiary with two children was 120 euros per month. Payment of family benefits is not related to the parents working or receiving other social security benefits, i.e. the same family benefit is paid both while working and during periods of incapacity for work.
- C. In 2021, the survivor's pension for a standard beneficiary per cent of a regular unskilled male worker's net wage was:

$$(451.49 + 120,00) / (1035.56 + 120.00) = 49.5\%$$

Gross and net monthly wage of a regular unskilled male worker, euros

| | Gross wage | Net wage |
|------|------------|----------|
| 2021 | 1215.34 | 1035.56 |
| 2020 | 1123.38 | 966.35 |

Source: Statistics Estonia, calculations of the Ministry of Social Affairs

Survivor's pension for a standard beneficiary (with 2 children), euros

| | Euros per month |
|------|-----------------|
| 2023 | 578.44 |
| 2022 | 487.30 |
| 2021 | 451.49 |
| 2020 | 428.63 |

Source: Social Insurance Board

Family benefits for a standard beneficiary with two children, euros

| | Euros per month |
|------|-----------------|
| 2022 | 160 |
| 2021 | 120 |

Source: Ministry of Social Affairs

The survivor's pension for a standard beneficiary per cent of a regular unskilled male worker's net wage, %

| | % |
|------|------|
| 2021 | 49.5 |
| 2020 | 50.5 |

Source: Ministry of Social Affairs

- (ii) *The Committee invites the Government to calculate in future reports the level of the work ability allowance for a disabled standard beneficiary, i.e. a person with a dependent spouse and two children, in accordance with Article 66 of the Code, i.e. in relation to the (net) wage of an ordinary adult male laborer.*

A. In 2021, the gross wage for a regular unskilled male worker was 1215.34 euros and the net wage was 1035.56 euros.

The regular unskilled male worker is defined as an unskilled male industry worker (ISCO-08 International Standard Classification of Occupations, occupation code 9). Gross wage of a regular unskilled male worker is calculated and forecasted on the basis of gross hourly wage of a male worker in processing industry. Processing industry was chosen because it has been the industry with the largest number of employees (18.2% of all employees) for years (119.1 thousand employees in 2021).

In 2021, the average gross hourly wage of a male worker working in processing industry for full-time and part-time work was 9.50 euros (Statistics Estonia, database table PA5335). The calculated average gross hourly wage of a regular unskilled male worker for full-time and part-time work was 7 euros and 22 cents (i.e., 76% of the male worker's gross hourly wage in processing industry). The calculation is based on Statistics Estonia gender pay gap survey from October 2021 (PA5335) and October 2018 structure of earnings survey (gross hourly wage for workers with full-time and part-time work in processing industry by the occupation field, PA634). Thus, the calculated average gross monthly wage of a regular unskilled male worker was 1215.34 euros and the calculated net monthly wage was 1035.56 euros (in 2021, the average working hours was 168.33 hours in a month based on the standard working hours).

- B. In 2021, the family benefit sum paid for a standard beneficiary with two children was 120 euros per month. Payment of family benefits is not related to the parents working or receiving other social security benefits, i.e. the same family benefit is paid both while working and during periods of incapacity for work.
- C. In 2021, the work ability allowance for no work ability for a standard beneficiary per cent of a regular unskilled male worker's net wage was:

$$(453.90 + 120.00) / (1035.56 + 120.00) = 49.7\%$$

Gross and net monthly wage of a regular unskilled male worker, euros

| | Gross wage | Net wage |
|------|------------|----------|
| 2021 | 1215.34 | 1035.56 |
| 2020 | 1123.38 | 966.35 |

Source: Statistics Estonia, calculations of the Ministry of Social Affairs

Work ability allowance for no work ability (30 days) for a standard beneficiary (with 2 children), euros

| | Euros per month |
|------|-----------------|
| 2021 | 453.90 |
| 2020 | 446.70 |

Source: Unemployment Insurance Board

Family benefits for a standard beneficiary with two children, euros

| | Euros per month |
|------|-----------------|
| 2023 | 160 |
| 2022 | 160 |
| 2021 | 120 |

Source: Ministry of Social Affairs

The work ability allowance (no work ability) for a standard beneficiary per cent of a regular unskilled male worker's net wage, %

| | % |
|------|------|
| 2021 | 49.7 |
| 2020 | 52.2 |

Source: Ministry of Social Affairs