

# Who Benefits from Maternity Allowances?

**If the objective of relying on longer maternity leaves after childbirth implies to extend the breast-feeding period and benefit the mother-child attachment, one of the alternatives to further develop this subject is to look for solutions that give more flexibility to reach agreements between the working mother and the employer. One possibility could be that part of the maternity leave could a fixed and mandatory period and the rest of the time could be flexible. Time worked during this flexible period could be registered in a sort of “bank account”.**

Chilean legislation offers a number of benefits and protects maternity rights. The benefits for working pregnant women cover the pregnancy period, childbirth and the first 2 years of the child.

The first benefit is the maternity allowance. This is a benefit assumed by the State and it is paid by FONASA (Health National Fund) or the ISAPRES (Private Health Entities). It accounts for the total amount of the salary up to an equivalent of 60 UF per month (2,500 US\$ approx.) . This allowance covers 6 weeks before childbirth and extends up to 12 weeks after childbirth.

Legislation also establishes the legal right to keep their job and that women cannot be dismissed during pregnancy nor during the first year after childbirth. Women can make use of a medical leave in the event of serious illness of the child until he/she is one year old. She will be paid 100% of her salary up to an equivalent of 60 UF. (2,400 US\$ aprox). It also establishes

that women are allowed to leave their working place at least one hour per day to breastfeed. Companies with more than 20 female workers must provide a child care center until the child is 2 years old.

Public discussions on the subject have even mentioned proposals tending to extend the leave after childbirth for at least 6 months. The argument for this is that it is of great benefit for the mother herself and for the child, thus

extending the breastfeeding period, developing the mother child attachment and preventing diseases.

Table 1  
EVOLUTION OF MATERNITY BENEFITS

Year	Maternity Allowances Nr.	Leave for Child Illness Nr.	Births Per Year	Allowances/ Births %
2000	117,761	112,630	265,871	44.3
2001	117,104	117,423	257,072	45.6
2002	114,455	122,529	242,835	47.1
2003	121,152	129,752	238,961	50.7
2004	117,281	139,041	224,667	52.2
2005	120,750	148,792	223,330	54.1
2006	130,168	162,898	240,452	54.1
2007	144,974	183,097	228,120	63.6
2008	154,812	202,520	234,422	66.0
Variation% 2008/2000	31.5	79.8	-11.8	49.1

Source: Social Security Superintendence and Registry Office. (Childbirth in Chile).

The analysis of this proposal is of great interest to learn what has happened with these allowances, whom they really benefit and what could be done so that extending the maternity leave does not adversely affect the recruitment of women.

### Evolution of maternity allowances

Data registered since the year 2000 shows that allowances provided to mothers have been increasing both for pre and post childbirth allowances, as also in the event of illness of the child less than one year old. Table 1 shows that for the period 2000-2008, 155,000 maternity allowances were given, resulting in an increase equivalent to 31.5% .

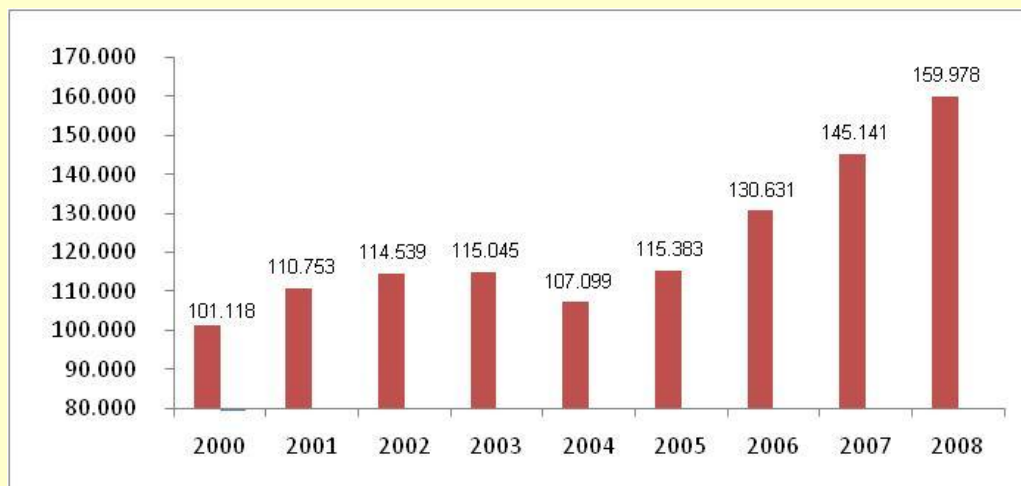
Respectively, leaves due to illness of the child increased much more than the number of allowances issued, approximately 80%. This situation has no reasonable medical explanation.

If we compare the number of allowances with the number of births per year it can be observed that this rate has also increased over time from 44.3% to

66%, between 2000 and 2008. The reason for this could be that women entered the formal working market and are making use of this benefit.

This increase in maternity benefits has resulted in an increase of public expense accounting for approximately 160,000 million Chilean pesos during 2008. For the period 2000-2008 it can be observed a 41% increase in the number of pre and post childbirth allowances that reached \$ 99,000 million Chilean pesos in 2008. On the other hand, expenses covering leaves due to illness of the child less than 1 year old increased 97% for the same period, accounting for \$ 61,312 millions Chilean pesos in 2008 (see Chart 1).

Chart 1  
DEVELOPMENT OF THE EXPENSE ON MATERNITY ALLOWANCES  
(MILLIONS OF PESOS)



Source: Social Security Superintendence

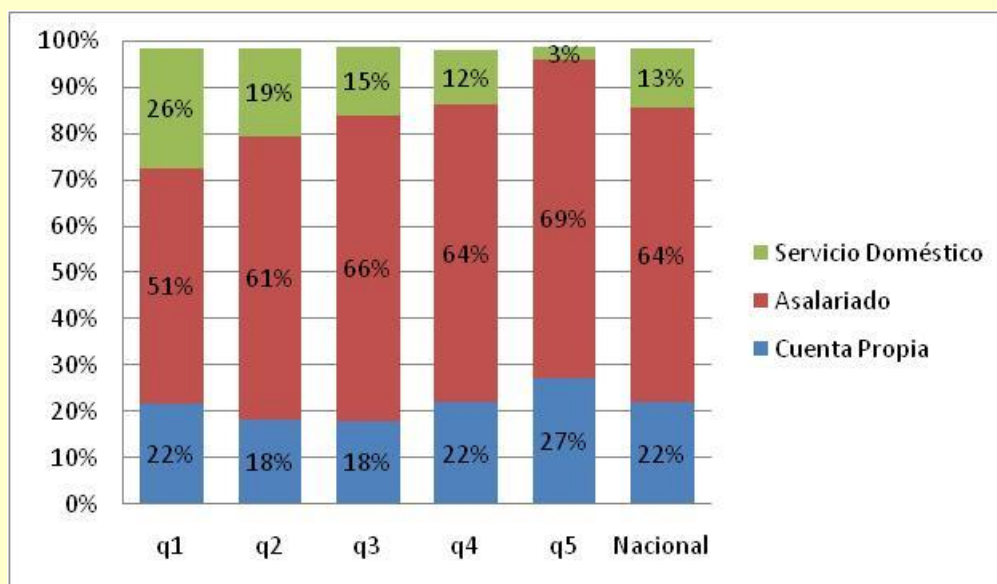
The real fact is that mothers make use of the leave due to serious illness of the child 2 months after the child is born as a way of continuing with breastfeeding and extending the mother-child attachment. In fact, 65% of the leaves of absence are issued during the 4<sup>th</sup> and 6<sup>th</sup> month after childbirth. It is important to state that this increase is not related in any way to the epidemiology of the country. The tendency of this rate has been developing towards a decrease of the birth/death rate.

### Who benefits from maternity allowances?

In the first place, it must be said that this benefit does not comprise all women. It benefits only those workers who contribute for retirement in an AFP or in the ISP (Public Health Institute). According to Table 1, in 2008 66% of mothers who had a child claimed for this maternity allowance.

If we analyze the main occupational category for women over 15 years old within the country, we can say that 64% corresponds to salaried women, 13% are domestic workers and 22% are independent workers.

Chart 2  
WOMENS' OCCUPATIONAL CATEGORY  
(% OVER THE TOTAL QUINTILE AND THE NATIONAL TOTAL AMOUNT)



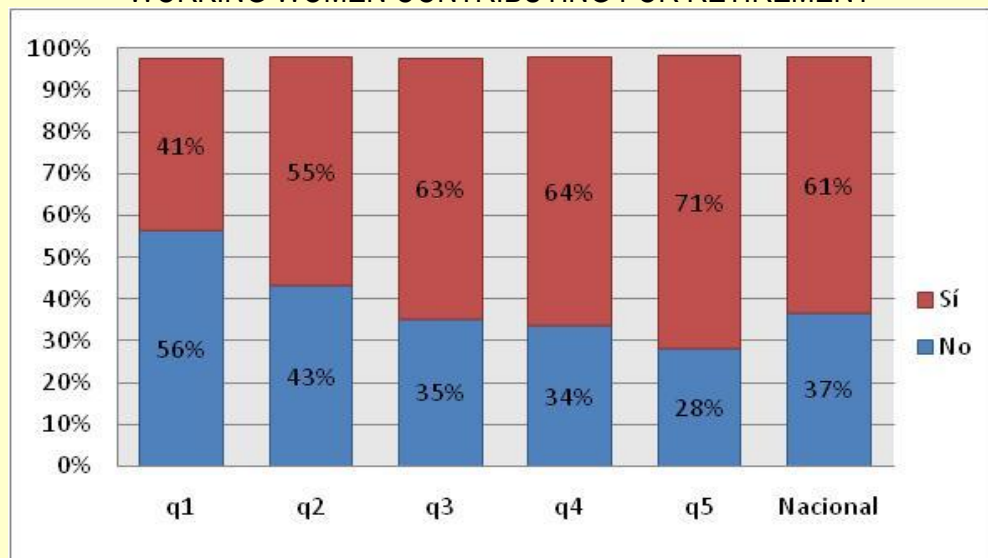
Women classified in the two first categories can have access to the maternity allowances if they contribute for retirement. Women who are independent workers can only have access to maternity allowances if they contribute as independents (Chart 2).

Nevertheless, occupational category for women varies very much according to socioeconomic strata. The poorest quintile has less salaried women (51%), as compared to the richest quintile where this proportion is higher (69%). In the first quintile there are more women dedicated to the domestic service (26%) as compared to the quintile with the highest income

(3%). Women working on their own represent 22% in the first quintile, while in the fifth quintile they correspond to 27% .

If we analyze the situation of working women contributing for retirement and who are at the same time the target-group of these benefits, we can say that an average 61% contribute for retirement and health insurance. This percentage varies greatly within the different socioeconomic strata, for example, in the first quintile only 41% of working women contribute for retirement and health as compared to the fifth quintile where 71% of working women do.

Chart 3  
WORKING WOMEN CONTRIBUTING FOR RETIREMENT



Source: CASEN 2006. Women who do not know or do not answer on retirement contribution, are not considered.

From the above we can obtain that even if maternity allowances constitute a right for all women, they only benefit in a large extent those women with higher incomes where occupational rates are also higher than those of lower income.<sup>1</sup> Women with poor income conditions having a lower occupational rate, and that in a large extent do not contribute for retirement, do not have access to such allowances.

<sup>1</sup> Source: Casen 2006. While the average occupation rate for women is close to 40%, in the first quintile it is 20% and in the fifth quintile, 60%.

### **How to improve benefits without affecting labor force participation?**

The extension of the maternity leave should be applied in such a way that it will not cause an important reluctancy in hiring women. It is assumed as a threaten that 98% percent of women themselves think that extending the period of maternity leave after childbirth could affect hiring women, according to the results of a survey from Comunidad Mujer<sup>2</sup>. On the other hand, we can see that in European countries such as Spain or Italy, where maternity leaves can last for a year or more, women do not use them because they know that this can harm their jobs and their labor prospects.<sup>3</sup>

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If the objective of relying on longer maternity leaves after childbirth implies to extend the breast-feeding period and benefit the mother-child attachment, one of the alternatives to further develop this subject is to look for solutions that give more flexibility to reach agreements between the working mother and the employer. One alternative could be that part of the maternity leave could be a fixed and mandatory period (particularly during those weeks closer to childbirth) and the rest of the time could be flexible. Time worked during this flexible period could constitute a "bank account", and weeks corresponding to the maternity leave previous to childbirth could be exchanged as maternity leave after childbirth, if authorized by the treating doctor, so women can have the option of working part-time and come back gradually to full working time.

Each woman should be able to establish her priorities and decide her way back to work and child care in her best interest. Together with the extension of the maternity leave it is important to review the system of licences issued due to severe illness of the child before one year old, in order to discourage the use of unnecessary leaves.

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<sup>2</sup> First National Survey on Women and Work in Chile, Comunidad Mujer, April 2010.

<sup>3</sup> Source: Comunidad Mujer and C. Hakim: Key Issues in Women's Work. London School of Economics.

Thus, if the illness of the child takes place during the flexible time after birth and she is working part-time and still has remaining hours available in her "bank account", she should first use those hours that are still pendant. In the event that she has no more hours available, the leave should have a minimum of 3 non-paid days, as for all other medical licenses. COMPIN and Isapres should perform severe monitoring and follow-up of the corresponding medical licenses. It will also be required to establish protocols to define and establish the so called severe or serious illnesses.

Finally, the legislation on benefit of nursery care allowances in companies with more than 20 women is another aspect that should be reviewed. The cost of this allowance is finally charged to the worker herself by decreasing the available number of positions for women. Moreover, the State should share this cost by creating other child care programs different to the existing ones, such as JUNJI and INTEGRA.