



Sustainability@Leave

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Paid Parental Leave Policies in Iceland



Context

- Small state in the North Atlantic, 402.000 inhabitants, about 20% born in other countries
- Shares aims with other Nordic countries regarding children's rights to both parents, rights of same sex parents and gender equality
- High female labor market participation rate 78.1%, but part time more usual among women compared to men, women worked 31.6 hours per week in 2025 compared to 38.1 among men
- In 2010 the total fertility rate was 2.2 but was 1.58 in 2025
- Lowest at risk of poverty rates in Europe- family benefits are income tested –GDP on families and children is similar as in the other Nordic countries



Parental leave in Iceland: Short historical overview

- 1975: 3 months for working mothers
- 1981 for 3 months flat rate benefits for all, 6 months in 1990, mothers could transfer 30 days to fathers
- 2 weeks paternity leave 1998
- 3+3+3= 9 months in 2000 income related benefits
- Extended to 4+4+4 in 2020
- Extended to 6+6 in 2021 (each parent has the possibility to transfer 1.5 month)

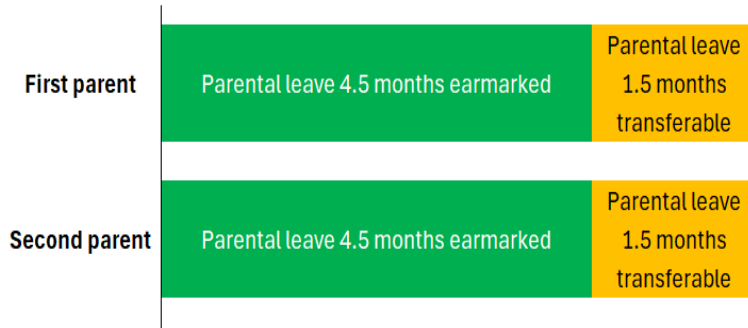


Aim since 2000

- The Act on maternity/paternity and parental leave states that the aim is “...to ensure children’s care from both parents and to enable both women and men to co-ordinate family life and work outside the home”
- Hence, the Act is grounded in principles of gender equality and children’s rights in accordance with the CRC and the Icelandic family policy (1997) and family law, in particular the Act in Respect of Children



Parental Leave Policy in Iceland in 2026: Length of leave



= 12 months (6+6)

- No maternity/paternity leave but the parent that gives birth is obligated to take leave for 2 weeks after birth
- Can be used until the child is 2 years, part-time or full-time, and parents can use their leave at the same time if the like
- **The Act on Bereavement Leave:**
 - For parents who lose a child under 18, stillbirths after 22 weeks (6 months leave) and miscarriages after 18 weeks (3 months leave)



Eligibility and payments

- Earnings-related benefits
 - 80% of previous income, up to a ceiling (900.000 ISK/ about 6.250 Euros)
 - Based on labor market activity (employed and self-employed) for at least 6 months prior to birth - at least 9 hours per week (25% work)
- Flat-rate benefits
 - Low, fixed amount
 - All parents that are not eligible for the earnings-related benefits and have legally resided in Iceland for the past 12 months prior to childbirth including students



Right of the child to care from both parents

- Both parents are entitled to paid leave **regardless of custody/family form/gender/residency etc.** but in case of solo custody, the custodial parent must give consent for the access to the child
- In cases of one (solo) parent the parent is given the **right to all months** (and in exceptions like if the other parent had died, or is unable to care for the child due imprisonment, hospitalization, restriction orders etc.)



Equal right to care: Longer leave in case of...

- Multiple births: 6 extra months per child
- Safety and health at work: As needed
- Pregnancy related illnesses: Up to 2 extra months
- Child's illness or disability: Up to 7 extra months



Inequality-Reducing and Inequality-Generating Elements of Parental Leave Design in Iceland

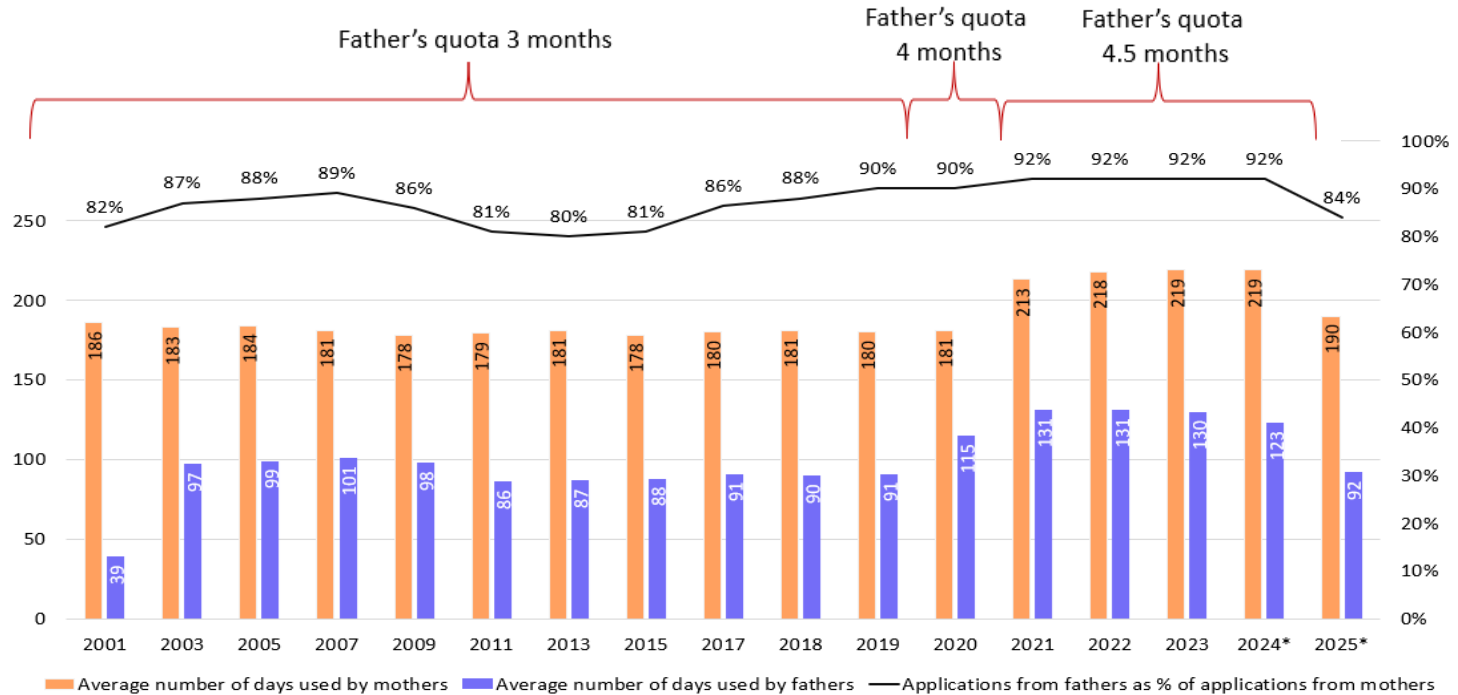
- All children have rights to care from both parents, regardless of the parents' residency, gender, or labour market participation
- In case of only one parent, 12 months are paid to the solo parent
- Extra months possible in case of mother's illness during pregnancy or after birth
- Extra months if the child is ill or disabled

Challenges:

- Flat rate benefit for parents outside labour market are lower than minimum wages + ceiling 900.000 ISK (6250 Euros)



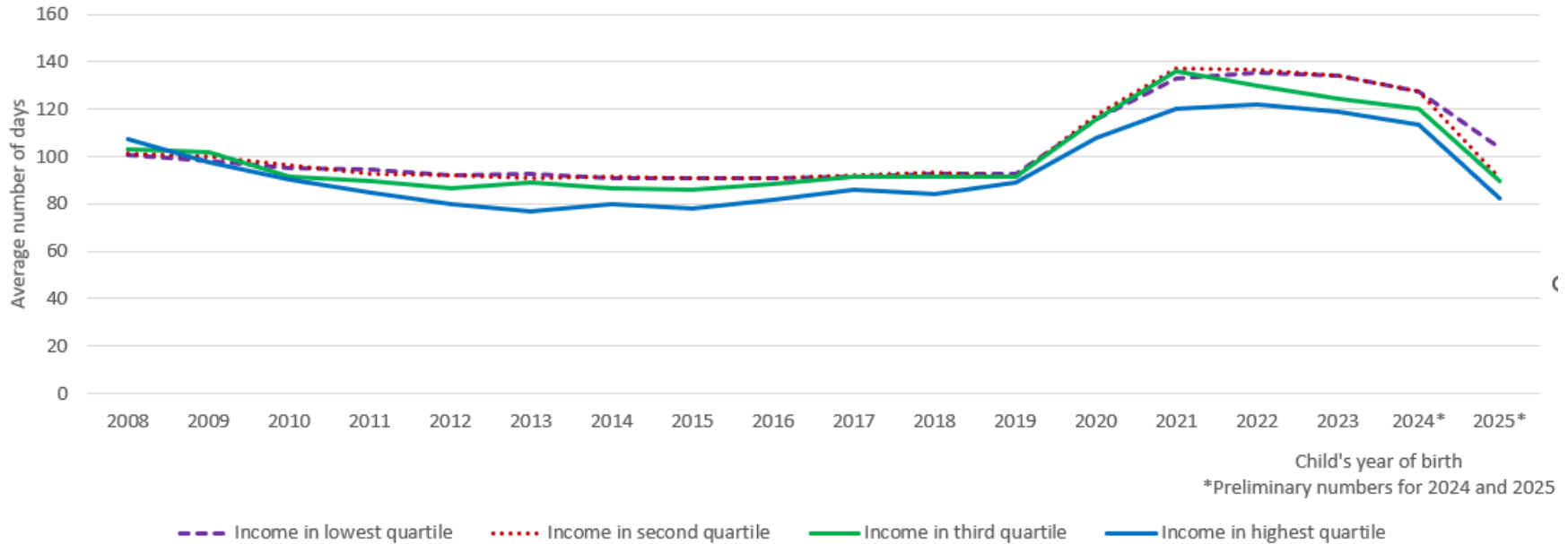
What do we know about take-up rates and gender equality?



*Preliminary numbers for 2024 and 2025

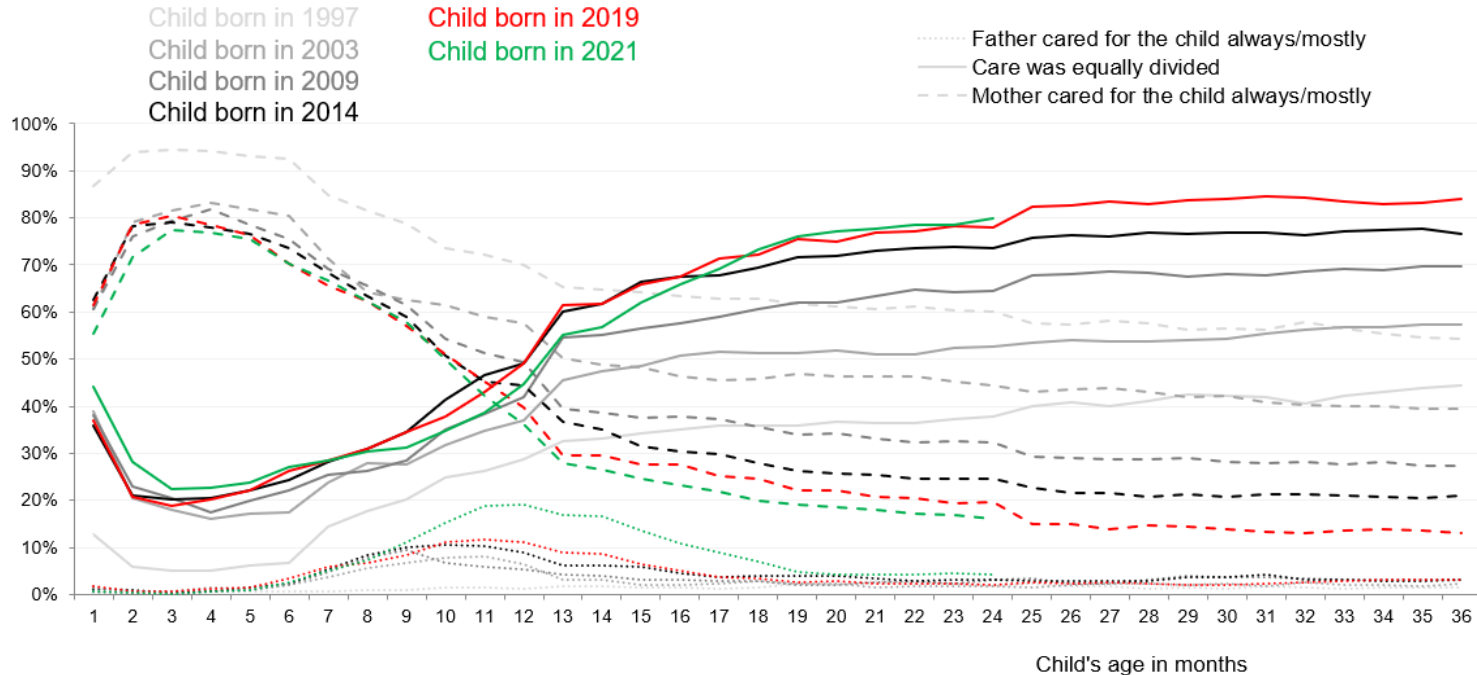


Take up and income of fathers



Care from both parents?

The figure shows the division of care among married and cohabiting parents



Equal rights to earn and care?

- 11% of children are born to parents that do not share residency
 - Increased care-participation of non-residential fathers in past years
 - We are conducting an analysis of how parents who do not share residency arrange their leave and care
- Non-take-up of fathers
 - Mainly fathers who report that they cannot afford a reduction in salaries or that it is too difficult to be away from work
 - We are currently conducting further analysis on non-take-up
- Low flat-rate benefits and the ceiling on earnings-related benefits limit some parents' ability to take leave
- Iceland is the only Nordic country that does not provide any legal guarantee for daycare from a certain age and in many municipalities parents face a care gap, usually bridged by mothers



Have the aims of the law been reached?

- Since 2000 over 80% of fathers have taken leave and on average they have used the full number of their quota days
- Mothers have used their quota + the period of leave that parents can divide as they wish
- Statistics on leave use after the recent reform in 2021 reveal that fathers use their quota, but transfer most of the 1.5 months to the mother
- The extension of the leave has translated into expansion of fathers' care but due to longer leave of mothers, the motherhood penalty is still a challenge in the case of Iceland



Thank you!



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