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POLICY BRIEF

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A Comparative Analysis of the Portability of Social Security Rights within the European Union. Estonia-Sweden case study

AT A GLANCE/KEY FINDINGS

- **Overall, access to, and portability of, Swedish benefits are limited in practice by the complex, challenging and opaque procedures in all Swedish policy areas except pensions.**
- **For most benefits, the procedural requirement for a Personal Identification Number (PIN), and its relationship to residency conditions, can act as a barrier to access and portability of social benefits.**
- **The Swedish and the Estonian social security systems are both mainly residency based (except in the case of Swedish pensions), and can accommodate one-time and long-term migrants. Both systems disadvantage highly mobile migrants who move frequently between the two countries.**
- **Differences in approach to Swedish and Estonian family benefits can exclude migrants from benefits to which they might otherwise be entitled.**
- **Estonian unemployment insurance favours return-migrants in cases where their salary abroad has been higher than their previous Estonian salary.**

THE TRANSWEL PROJECT

The TRANSWEL project analyses the regulations, practices and limitations of portability by comparing experiences of post-EU enlargement labour migration between four country pairs: Hungary–Austria, Bulgaria–Germany, Poland–UK and Estonia–Sweden. This research, by Professor Ann Runfors, Dr Florence Fröhlig and Maarja Saar (Södertörn University, Stockholm), shows that in the case of Estonia to Sweden migration, there is variation in policies and practices across social benefits, with pensions being the least problematic. The complex and highly procedural regulations, and, in the case of family benefits, the different approaches of Sweden and Estonia, significantly restrict migrants’ ability to access and transfer entitlements, especially for more mobile migrants who move frequently between the two countries.

RESEARCH FINDINGS IN CONTEXT

Estonian-born residents account for around 10,000 of Sweden’s 1.5 million foreign-born residents. In addition, there are approximately 25,000 Estonian-born people who work and occasionally stay in Sweden (Nordic Council). The annual influx of Estonian-born people to Sweden has been slightly over 500 individuals per year for the past few years (Statistics Sweden). Sweden has a centralised social security system characterised by a high degree of universality, which has however moved towards greater competition, individualisation and privatisation during the last three



decades. The health service is universal, state funded pensions are high (both contributory and non-contributory) and social support is non-contributory (universal) – often with residency conditions.

The Estonian social security system is centralised, with a universal health service, low state funded contributory pension and low-level means-tested social support. According to Eurostat (2015), per capita spending on social security in Estonia is among the lowest in the EU, and levels of benefit are low, while the opposite is the case in Sweden.

Overall, the complexity of the Swedish system impedes portability of social security rights, causes uncertainty for migrants and creates inequality. In all areas, with the exception of pensions, regulations are numerous, tend to be contradictory and/or ambiguous and can leave entitlement at the discretion of the decision maker. Together with many procedural requirements, the Swedish regulatory framework adds up to a complex, bureaucratic and non-transparent system that is hard to understand and navigate – and thus difficult for migrants to access.

This complexity is likely to favour educated migrants who can master the system more easily, as well as wealthy migrants who can pay for expert aid, and disadvantage those with poor access to information, lower language skills, in temporary or short term employment, and those who are more mobile between the two countries.

For most benefits, the Swedish Personal Identification Number (PIN) system is an obstacle to access and portability. A PIN is required to access most Swedish benefits and is also needed to register at any Swedish administration. Proof of employment as well as residency for more than one year is required for PIN acquisition – which is difficult for EU migrants in short term or temporary employment or who are more mobile. Unemployed and irregularly employed EU migrants who haven't had formal employment in Sweden are excluded from PIN, and must show they hold comprehensive health insurance, either state or private. However, the ceiling set for private health insurance is so high that it is hard for anybody to meet. Waiting times for PINs are often many months. If a person will not be or has not been resident for 12

months, they may apply for a provisional PIN, but are subject to discretionary decision-making to determine their residency status.

In all areas except pensions, both the Swedish and the Estonian regulatory frameworks favour one-time and long-term migrants. The Swedish income and premium reserve pensions are exceptions. For these, it is the earned income that defines entitlement, and not the period of employment. This makes it advantageous for short-term migrants and those with higher incomes. An unintended consequence of the system is that the Swedish pension regulations are more generous than the EU regulations require. As the Estonian social security system is residency based, it in general limits access and portability for highly mobile migrants including migrant workers. Hence, both the Swedish and the Estonian regulatory frameworks, apart from income and premium reserve pensions, disadvantage highly mobile and short-term migrants.

Welfare regulations in Sweden and Estonia do not always align, particularly with regard to family benefits. Migrants can in some cases be excluded from benefits to which they might otherwise be entitled. For example, the Swedish system demands splitting parental leave, but this is not common practice in Estonia, so couples where one parent is working in Estonia and the other in Sweden might meet procedural difficulties. The combination of regulatory complexity in Sweden, and discretionary decision-making in Estonia, creates uncertainty and, in some cases, misinterpretations of the regulations.

Estonian unemployment insurance favours return-migrants in cases where their salary abroad has been higher than their previous Estonian salary. As the benefits are calculated by adding both the salary earned in the foreign country and in Estonia returnees will receive higher amounts than the rest of the population.

POLICY IMPLICATIONS

The outcome of this research has a number of implications for policy makers:

- Regulatory complexity and diverse procedural requirements could be reformed to clarify proces-



ses for migrants and decision-makers.

- Both EU and national authorities should facilitate access to NGOs and specialised legal support services, including guidance on procedures, for EU migrants.
- Transparency and efficacy of decision-making on benefits requires enhanced support for decision-makers in both countries, for example by a dedicated office with specialised support personnel.
- The work requirement time for PIN in Sweden should be revised to prevent migrant workers' exclusion from social protection, e.g. by being realistically correlated with typical working contracts of EU-migrants.
- The ceiling requirements for health insurance in Sweden should be set at more realistic levels to prevent migrants' exclusion from access to a PI and thus to the Swedish welfare system.
- New strategies to institutionalise communication between administrative and legal experts in Sweden and Estonia would facilitate entitlement, access, and portability procedures between EU countries especially for more mobile migrants.

METHODOLOGY

The research used an innovative methodology to generate and synthesise diverse data sources for interpretive policy analysis. Each transnational country-pair was treated as a 'case' when assessing the regulatory frameworks of entitlement and portability. A common comparative framework was developed and applied, to all country-pair cases. Data generation and analysis involved a) interrogation and analysis of legal frameworks, b) observations and clarifications from key informants on a regular

basis, c) in-depth interviews with policy experts and policy makers, and d) integration, contextualisation, explanation of results in each country-pair case, and comparatively. In the Estonia-Sweden country-pair case, eight in-depth interviews and nine interviews with key informants and administrative experts were undertaken.

SOURCES

Eurostat (2015) Expenditure on social protection in PPS per inhabitant, 2012 (PPS) YB15.png, accessed 3.11.2015, at [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Expenditure_on_social_protection_in_PPS_per_inhabitant,_2012_\(PPS\)_YB15.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Expenditure_on_social_protection_in_PPS_per_inhabitant,_2012_(PPS)_YB15.png)

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