



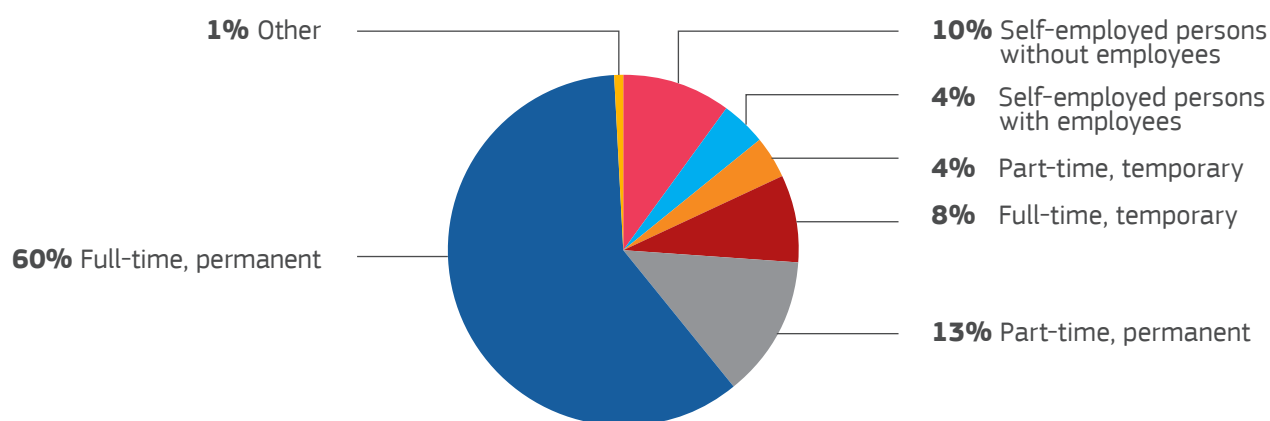
# ACCESS TO SOCIAL PROTECTION FOR WORKERS AND SELF-EMPLOYED

#SocialRights

9 April 2019

New business priorities, evolving lifestyles, globalisation, technological developments and an ageing society are transforming the European labour markets. There are more and more different types of employment and frequent job changes are much more likely today than a few decades ago: in the space of a generation, the average European worker has gone from having a job for life to having more than ten throughout a career.

## The labour market in the EU today:



As labour markets evolve, social protection systems too need reforms to make our social model fit for purpose, ensuring that no one is left behind, and to make sure people and businesses in Europe make the most of the changing world of work.

## WHAT IS THE ISSUE?

Current social security systems were primarily developed for and geared towards persons working full-time in a long-term relationship with usually one employer. They're often **not tailored to people in other, atypical forms of employment and self-employment, leaving these groups without sufficient protection.**



### WHO IS AFFECTED?

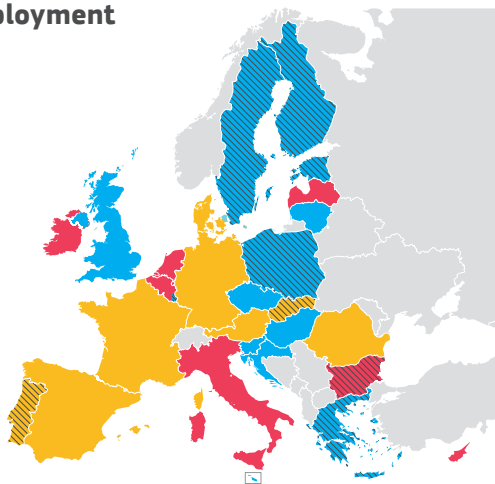
Workers in temporary or part-time jobs, including categories such as casual and seasonal workers, apprentices or trainees, on-demand workers, people on temporary agency contracts and self-employed persons.

COVERAGE FOR NON-STANDARD WORKERS AND THE SELF-EMPLOYED  
IN THE MEMBER STATES TODAY

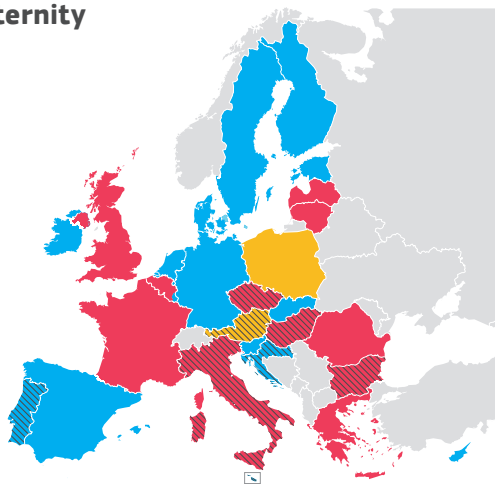
SELF-EMPLOYED

NON-STANDARD WORKERS

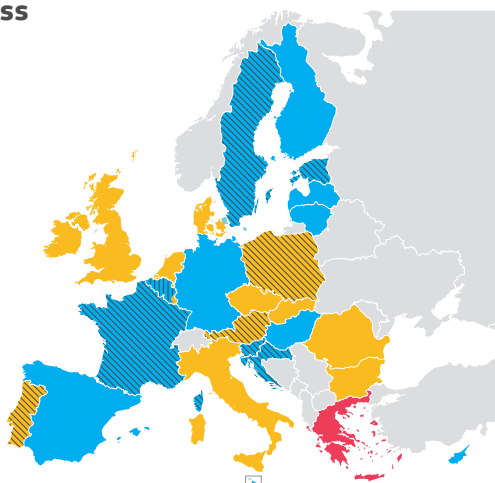
Unemployment



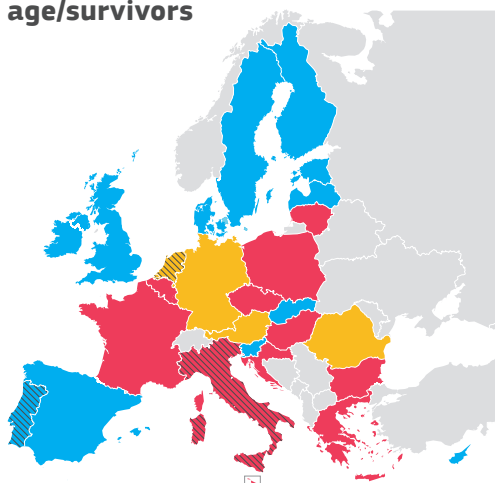
Maternity



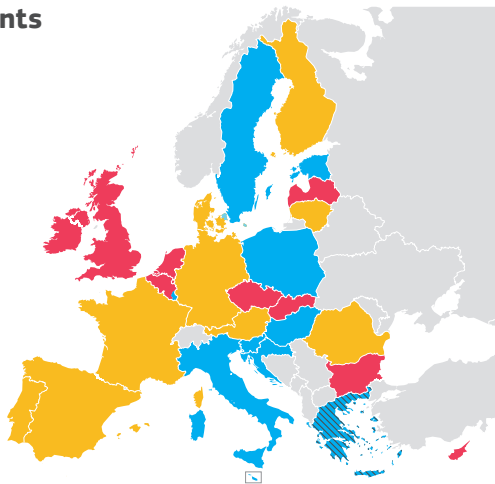
Sickness



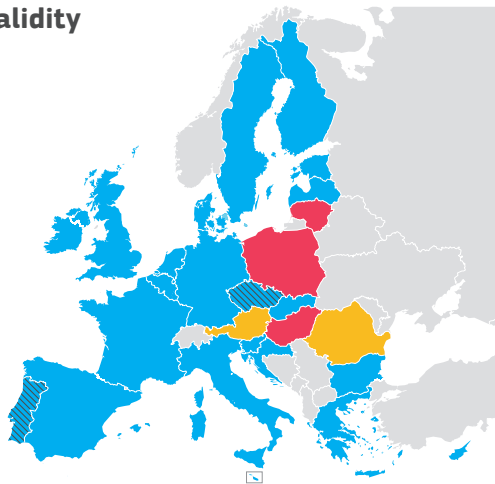
Old age/survivors



Accidents



Invalidity



## WHAT DOES THE COMMISSION PROPOSE?

In line with the principles of the European Pillar of Social Rights, the Commission wants to make sure that all working people, regardless of their employment status, are sufficiently covered by social security schemes and protected against economic uncertainty. This improves the welfare of the affected persons and their families and will also benefit the European economies and societies, in terms of domestic demand, investment in human capital and social cohesion. This is also important to establish a level-playing field across Europe.

**With the ‘Access to Social Protection’ initiative, the Commission seeks to ensure that all workers and self-employed:**

- ▶ will be covered by social protection, which can be provided by a combination of public, occupational or private schemes, in the following six areas:
  - Unemployment benefits
  - Sickness & health care benefits
  - Maternity and equivalent paternity benefits
  - Invalidity benefits
  - Old-age benefits
  - Benefits in case of accidents at work or work-related diseases
- ▶ will benefit from mandatory coverage in these areas – only in the case of unemployment benefits for which self-employed can adhere on voluntary basis,
- ▶ can accrue and take up adequate entitlements (access to adequate effective coverage),
- ▶ can transfer social security entitlements between schemes and employment statuses,
- ▶ will have transparent information about their social security entitlements and obligations.

## HOW WILL THE COMMISSION’S INITIATIVE IMPROVE THE SITUATION?

### EXTENDING COVERAGE TO EVERYONE

Both **non-standard workers** and **self-employed** face gaps in **formal coverage**, meaning they don’t have right to contribute and participate in corresponding social protection schemes.

#### ▶ Sickness benefits



Maria has a full-time open-ended contract and access to sickness benefits which compensate for the loss of income in case of a longer illness. Her neighbour Jana is self-employed and is not covered for sickness benefits, because there is no public/occupational or private social insurance scheme for the self-employed in her country. Both become ill and are not able to work for several weeks but their income situation develops differently: whereas Maria is protected and gets a replacement income, Jana gets nothing to support her and her family until her recovery. She would have liked to have the possibility to join an insurance scheme to avoid the financial stress when she falls ill.

**That’s why the Commission’s initiative recommends Member States to extend mandatory coverage for sickness and healthcare benefits to all people in employment, including Jana.**

#### ▶ Accidents and injuries at work



Daniel, a 23-year old student, worked as a self-employed biker for a food delivery company. During one of his deliveries, he was hit by a car, which caused a permanent injury. As Daniel was not covered for accidents at work, he had to rely on his savings to pay for his medical treatment and rehabilitation. Now, he cannot use his savings to pay for his rent and further studies.

**That’s why the Commission’s initiative seeks to extend mandatory coverage for accidents and injuries at work to all people in employment, including Daniel.**

## REMOVE BARRIERS TO ACCESSING BENEFITS

Gaps can also appear in **effective coverage**, for both self-employed and workers on non-standard contracts, meaning that while they are covered by certain social security benefits, they do not have (adequate) access to those in case of need.



Françoise is pregnant with her first baby. Françoise has always worked on short-term contracts, one followed by the other back-to-back. Unfortunately, she is not entitled to maternity benefits as over the past two years her temporary contracts had not allowed her to pay into the maternity benefit scheme long enough. Now she is having a hard time making ends meet during the last weeks of her pregnancy and the first weeks with her baby.

**That's why the Commission's initiative seeks to extend effective coverage for maternity benefits to all people in employment, so that Françoise can accrue benefits, also when she is in precarious short-term contracts.**

## MAKE RIGHTS TRANSFERABLE

Lack of **transferability of social security entitlements** can also reduce the effectiveness and adequacy of the protection that social security schemes provide. Contributions and rights to benefits cannot always be taken with someone as they change to or from non-standard work or to or from self-employment.



Michael worked for 5 years with a full-time open ended contract and paid into the unemployment insurance scheme. He decided to become self-employed and open his own business a year ago. Following an economic downturn, his business went bankrupt. Michael cannot claim unemployment benefit despite the fact he had contributed to the system for 5 years.

**That's why the Commission's initiative seeks to ensure that entitlements are accumulated and preserved throughout a person's career, so that Michael has a right to unemployment benefits, also.**

## INCREASE TRANSPARENCY

Finally, **rights are not always transparent enough.**



Nikolas became self-employed in 2008 and enrolled voluntarily into the statutory pension system. The system allows him to choose the level of contributions, but as he could not easily get information at that time on his accrued pension rights, he decided to pay the minimum. He is not aware that this may not be enough to enjoy a higher pension when he retires.

**That's why the Commission's initiative seeks to ensure that social security entitlements are transparent and clearly understandable, so that Nikolas could have been fully informed when making a decision about the amount of pension he will get once he is retired.**

## WHAT DID THE EU COUNCIL OF MINISTERS AGREE ON?

On 6 December 2018, the ministers for employment and social affairs of the EU Member States reached unanimous political agreement on a proposal for a Council recommendation on access to social protection for workers and the self-employed.

Ministers broadly supported the expansion of social protection schemes to people in different types of employment. They highlighted that the scope of social security schemes should be enhanced to include young people in particular, with the aim of closing the existing formal coverage gap. Respecting national competences and the functioning of the different social security systems in member states was identified as one of the main challenges.

The proposed recommendation aims to encourage the Member States to:

- ▶ close formal coverage gaps by allowing all workers and the self-employed to adhere to social protection schemes;
- ▶ foster adequate effective coverage by taking measures allowing all workers and the self-employed to build up and take up social benefits as members of a scheme and facilitating the transfer of social protection benefits between schemes.

The recommendation still has to be adopted formally, which should happen in mid-2019.