

Derisking Children: The Foundations of Hungarian Family Policy

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Image: A woman and her daughter lighting candles at a Russian Orthodox Church



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About the Danube Institute

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About the Authors



Máttyás Vajda is an energy expert with extensive experience in energy policy, particularly oil, natural gas, and nuclear energy, complemented by work in economic diplomacy, family policy, economics, and ethnography. Previously, he worked in the government sector, where he was involved in international negotiations, EU-level decision-making processes, and multilateral policy coordination in the field of energy. He spent several years in Germany and France, working in the field of cultural diplomacy. He is a regular lecturer, instructor, and performer at institutions including the Civic Hungary Foundation, the Hungarian Heritage House, the Fonó and European Liszt Institutes, as well as at workshops and professional trainings. He has participated in folk music fieldwork and collection trips in Transylvania and the Far East.

Beyond the topics of energy, traditional culture and folk music are central to his professional and private identity. He is a member of the Üsztürü Ensemble, one of the most recognised and authentic Hungarian folk music bands in the Carpathian Basin, performing traditional Hungarian folk music learned directly from elder master folk musicians. He has contributed to several released recordings and music albums. Vajda holds a degree in international relations with an economic specialisation, as well as a qualification in economic diplomacy.



Gergely Szűcs is a Hungarian-American who completed an LL.B. at VU Amsterdam in the Netherlands and a completed the Saint Thomas Aquinas Ecumenical Academy for Public Life. Then worked for the Aquinói Szent Tamás Közéleti Egyesület (Saint Thomas Aquinas Public Life Association). He is currently completing his MA degree in International Water Governance and Water Diplomacy at the University of Public Service. His main research interests are water conflict, international water law, fluvial and maritime trade, related natural resources, irrigation and offshore pipelines. Gergely also focuses on Hungarian culture while bridging diaspora realities.

Derisking Children: The Foundations of Hungarian Family Policy

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Abstract

This paper examines the evolution and architecture of Hungary's comprehensive family policy framework, developed in response to the demographic challenges facing Western societies since the 1970s. Following a critical low in fertility rates in 2011, the Hungarian government shifted demographic sustainability to the center of its political agenda, establishing one of the world's most extensive support systems by targeting four core pillars that our paper analyses.

Introduction

In Western societies, something has gradually changed in terms of the rhythm of life since the 1970s. This is true in relation to the way we think about ourselves, how we imagine our future, how we face the challenges of everyday life, and even how we understand one of the most fundamental building blocks of our society - the family. Following the political and economic transition of the 1990s, the place and meaning of family life has decisively shifted.¹

Patterns of partnership formation, childbearing and even long-term commitment have increasingly moved to later stages of life. Without fully realizing it, contemporary societies have created a social and economic environment in which parenting has indeed been greatly altered.

More recently, these trends have only intensified. By 2011, Hungary's demographic picture revealed a sobering reality: the total fertility rate had fallen to one of the lowest levels in the European Union (EU)², while the long-term trend in population declined and rapid ageing became increasingly apparent.³

Birth numbers remained consistently below the level required for simple population replacement even as life expectancy gradually increased.⁴ Together these developments created growing structural pressure on the fragile future: a shrinking working-age population and a growing old-age dependency ratio.

Yet, the most profound change may not be quantitative but rather qualitative. Economic uncertainty, labour market restructuring and shifting social patterns contributed to delayed marriage and postponed childbearing,⁵ while stable and lasting emotional relationships became increasingly fragile.

In this context, demographic sustainability gradually moved to the center of political decision-making in Hungary after 2010.

Over the past decade and a half, the government has developed one of the most extensive and comprehensive family support systems in Europe, and also, globally. The aim has been to respond to these demographic challenges by creating forms of support that can ease the first steps of a responsible, independent life and family planning — even before the birth of the first child — and remain present as children grow and families move forward in life.

This paper seeks to present the key elements and underlying logic of Hungary's family policy framework to an international audience for whom it may be unfamiliar. Its aim is not to provide an exhaustive list of measures, but rather to clarify the structure of the system and highlight the range of opportunities it offers.

As Saint-Exupéry reminds us: "It is the time you have spent for your rose that makes your rose so important." Even today, we in the West often describe our countries as welfare states that care about the way we live. Yet what could be more important for the future than the well-being, health and happiness of children? And perhaps the real challenge lies in recognizing that the well-being of children begins with the well-being of their parents.



*Húsvéti Lőcsolkodás (Easter Sprinkling), Hungary
(Shutterstock)*

What the Values Portray

In order to better understand the broader relevance of the family policy framework presented above, it is important to briefly examine recent national demographic developments. Hungary is currently experiencing a significant population decline in line with the general European trends. Fertility rates (the number of live births per woman) remain persistently low regardless of living standards.

The decline in Hungary began decades ago. Already in 1970, according to Eurostat, the rate of fertility stood at 1.98, which is below the natural replacement rate of 2.1 necessary for long-term population stability.⁶ The number of the time was just below this mean and it resulted in a very small fall in the population. This number has continued to drop over the past decades, reaching 1.41 by 2024 according to EU statistics.⁷ Although this situation remains challenging, Hungary's position is in this context somewhat better than that of several other European countries, where fertility rates linger at around 1.0.

Moreover, the fertility rate is rising in Hungary. The estimated provisional European average in 2023 was 1.34.⁸ For Hungary, the corresponding number had risen from 1.25 in 2010 to 1.55 in 2023.⁹ During this period, Hungary moved from below the EU average to slightly above it: meanwhile, in many other EU Member States, fertility trends continued to decline. From these figures it could be possibly speculated that policy interventions introduced in the early 2010s have had a measurable influence on family patterns and behavior.

In 2023, Hungary's crude marriage rate stood at 5.2 marriages per 1,000 inhabitants, compared to an EU average of an estimated 4.0.¹⁰ The total number of marriages had increased significantly from around 50,000 annually in the years prior to 2016 to more than 60,000 between 2019 and 2022. Although the number declined again by 2024, returning to around 50,000 marriages, Hungary continues to remain above the EU average in this regard.¹¹

In short, both fertility and marriage indicators remain low in absolute terms, yet, higher than the EU averages. These trends may suggest that Hungary has experienced a partial stabilization in family formation patterns compared to earlier decades and relative to certain comparable societies.

At the same time, caution is required when interpreting these tendencies. Hungary's recent demographic trends appear more favorable than in a number of other European countries: nevertheless, it remains difficult to isolate the precise impact of policy measures from wider cultural, economic and generational changes.

In this respect broader socio-economic conditions across EU countries may be considered comparable. Although trends have displayed some improvement in Hungary, it is difficult to establish a direct relationship with specific policy measures. Nevertheless, the timing and the relative scale of the upward trend suggest that family policy interventions may have contributed to a favorable trajectory compared to the EU rates.



*Elon Musk and his son arriving at the Atriju convention in Rome
(Shutterstock)*

The Family Unit as a Foundation: The Architecture

In Hungary there are more than thirty family-related support measures covering taxation, housing, childcare, financial services and social benefits. Together these instruments form a broad policy framework designed to support family formation, childbirth and the raising of children. Hungary's family policy framework can be understood as a life-course oriented system built on four interconnected pillars: tax-based incentives supporting families, financial instruments supporting family formation, income balance related to childbirth and childcare, and housing support combined with family-related services.

Tax Incentives

Tax policy occupies a central place in Hungary's family support framework. Rather than relying exclusively on direct financial transfers, the Hungarian approach seeks to support the economic position of families by increasing their disposable income through the tax system. In this sense, family policy is linked closely with the country's fiscal policy.

A cornerstone of this approach is the family tax benefit and contribution relief introduced in 2011. This measure allows parents to reduce personal income tax and certain social contributions in proportion to the number of children they raise. These may already be claimed during pregnancy from the ninety-first day after conception.¹² According to data from the Hungarian Central Statistical Office, the average age of women at the birth of their first child rose from around 23 years in the early 1990s to approximately 29 years by 2023.¹³ While the underlying causes of this shift are complex and cannot be attributed to a single factor, public policy has increasingly sought to create more favorable conditions for younger generations contemplating starting a family. From 2026, this measure reduces monthly tax liability by up to HUF 20,000 for one child, HUF 40,000 per child for two children and HUF 66,000 per child in families with three or more children. In this way, the financial recognition of parenthood may begin even before the child is born.¹⁴

Alongside the family tax allowance, several targeted personal income tax exemptions have been introduced. Employees under the age of 25 are exempt from personal income tax on earnings up to a defined threshold, while mothers under the age of 30 may be entitled to full tax exemption following the birth of their child.

The system also recognizes the social value of raising children through broader and long-term tax exemptions. Since 2020, mothers raising four or more children have been permanently exempt from paying personal income tax on their employment income, and this policy has gradually been extended to mothers with three children and is planned to be expanded in phases to those raising two children.¹⁵

Tax policy also includes symbolic yet meaningful measures supporting the earliest stage of family life. Newly married couples may benefit from a temporary tax allowance during the first two years of marriage.¹⁶ Although modest in financial scale, this measure reflects an important principle of the policy approach: public support for family life does not only begin at childbirth, but at the moment when individuals decide to form a family.

Family Formation Finance

In addition to tax-based measures, Hungary has developed a range of financial instruments aimed at reducing the financial uncertainties associated with the transition to adulthood and the formation of family. Decisions about family related factors are often shaped by heavy financial constraints, especially among younger generations who are about to enter the labor market. While public policy cannot eliminate the structural pressures entirely, it primarily aims to create more predictable conditions which present optionality.

One of the most distinctive elements of the Hungarian approach is the Baby-Expecting Loan, an interest-free and freely usable loan available to young married couples. The program provides substantial financial resources at the beginning of family life, while linking repayment conditions directly to childbirth. If children are born during the repayment period, loan repayments may be suspended and part or all of the outstanding debt may be forgiven.

In this way, the instrument combines immediate financial support with a long-term incentive structure that encourages family formation without prescribing individual life choices.¹⁷



*Child playing with blocks
(Shutterstock)*

Other programs operate in a similar spirit, extending support to earlier stages of adulthood. The Workers' Loan, introduced in 2025, offers an interest-free loan to young adults at the beginning of their working lives¹⁸, helping them establish financial stability before taking major family-related decisions.

At the same time, the student loan system also includes a number of family-related provisions. Repayment obligations may be suspended during pregnancy and early childcare, while having a child may lead to partial or full forgiveness of educational debt.¹⁹ family policy measures targeting women These measures reflect an awareness that accumulated financial obligations can significantly influence the timing of family formation.

These financial instruments illustrate a broader policy logic: rather than supporting families only after children are born, the Hungarian system seeks to intervene earlier, at the stage when individuals are making foundational decisions about partnership, work, housing and parenthood.

Income Balancing and Caregiving

A central pillar of Hungary's family policy framework consists of income-related benefits designed to support the early years of parenthood. These measures seek to balance the family's income and to allow parents to remain present in their children's everyday lives as long as possible.

Hungary provides relatively long periods of income-related childcare alongside comparatively flexible rules on combining benefits with employment, within the European context. Parents are able to return to work while receiving benefits, allowing families to balance economic stability with continued parental involvement in early childhood.

The Infant Care Benefit (CSED), paid for 168 days following childbirth, maintains 100 per cent of previous earnings and have been exempt from personal income tax since 2025.²⁰ The recently introduced elements of the family support system are popular This is followed by the Child Care Benefit (GYED), an income-related allowance available until the child reaches the age of two.

While receiving GYED, parents may engage in employment without restrictions, reflecting a policy approach that seeks to maintain labor-market attachment while preserving family autonomy in organizing childcare.²¹ Further instruments have been introduced to reflect the diversity of contemporary family arrangements. The introduction of CSED Extra and GYED Extra has enabled parents to combine employment with childcare benefits at earlier stages and to receive benefits simultaneously for more than one child.^{22 23}

Special forms of support are also available for university students, foster parents and grandparents who actively participate in caring for young children, illustrating a broader policy understanding that childcare responsibilities may be shared across generations and family arrangements. Additional entitlements, including childcare sickness benefits, extended parental leave provisions and paternity leave, contribute to a more flexible framework for balancing work and family responsibilities.

Over time, the system has evolved to respond to more demanding and complex caregiving realities. The Child Home Care Benefit (GYOD), introduced in 2019, provides financial support for parents caring for children with severe disabilities or chronic illnesses at home. By recognizing intensive caregiving as a socially valuable commitment, this measure aims to broaden the understanding of family support beyond standard maternity or childcare benefits.²⁴

Alongside income-related benefits, families may also receive universal and targeted financial assistance. Family allowance provides regular support to households raising children, while maternity support offers a one-time grant following childbirth.²⁵ Additional programmes address specific life situations such as adoption or temporary absence from employment due to childcare responsibilities.

Housing and Services

Housing has become one of the most significant structural conditions of family life in today's Europe. For younger generations, the question of when and whether to start a family is often closely linked to the possibility of securing stable and predictable living conditions.

In this context, Hungarian family policy has sought to treat housing not merely as an economic issue, but as an essential foundation of demographic sustainability.

One of the central instruments of this approach is the CSOK Plus Loan, a state-subsidized mortgage scheme available to married couples planning to have children. The program offers favorable interest conditions and substantial borrowing capacity, while its repayment structure is closely connected to the arrival of children. Following childbirth, repayments may be suspended and part of the outstanding debt may be reduced. In this sense, housing support becomes a directly viable option for families, helping couples translate long-term life plans into realistic decisions.²⁶

Hungarian housing policy has placed growing emphasis on the revitalization of smaller settlements and rural areas. Programs such as the Rural CSOK grant and related renovation schemes aim not only to support families in acquiring or improving their homes, but also to contribute to the demographic and economic stability of local communities. By encouraging families to settle outside major urban centers, these measures seek to counterbalance spatial inequalities and strengthen the social fabric of regions experiencing population decline.²⁷ Beyond access to housing finance itself, several complementary measures aim to reduce the broader financial risks associated with establishing and maintaining a household.

Mortgage debt reduction linked to having children, exemptions from property transfer duties and reduced administrative costs are intended to make family housing trajectories more predictable.

Over the past decade, significant efforts have been made to expand early childhood education and care services, including a substantial increase in nursery capacity. These developments aim to reconcile work and family life by enabling parents — especially mothers — to return to employment while ensuring high-quality care for young children. Additionally, everyday forms of support play an important role in the support system. Free school textbooks, subsidized or free institutional meals and extended holiday catering programs illustrate how family policy can also operate through practical measures.

The system also incorporates long-term instruments designed to accompany children beyond the early years. The Baby Bond program, for example, provides every newborn with a state-supported savings account that accumulates value until adulthood.²⁸ Initiatives supporting youth entrepreneurship and labor-market entry further demonstrate an effort to strengthen the economic autonomy of young adults before they themselves become parents.



*Prime Minister of Hungary Viktor Orbán
(Shutterstock)*

Conclusion

The Hungarian family policy framework presented in this paper seeks to respond to the abovementioned challenges by being present at key stages of life — from early adulthood and partnership formation to child-rearing and housing stability. While public policy alone cannot determine individual life choices or reverse long-term demographic trends, the expansion of targeted support measures may contribute to shaping expectations, reducing uncertainty and strengthening optionality.

At the bedrock of every civilization, great or small, stands the family: when it falters, society falters with it. If the unit suffers or falters, so does a society. When the number of families declines, demographic stability is also undermined. Hungary has faced these pressures in the past, family formation and childbearing fell to significantly low levels, prompting the recognition that a policy response was necessary. Many yearn for a relationship with others in the form of a family community. In which, they can find value, responsibility and a sense of purpose. The well-being of families correlates directly to the well-being of society itself.

The system of measures presented in this policy paper seek to provide supportive pathways for individuals and families at key stages of life - Hungarian family policy seeks not to prescribe life trajectories, but to make family life a more viable and relatively more predictable choice in an increasingly uncertain world.

The II. Family Formation and the Future Conference provides a forum for various discussions on key issues related to family life and its broader social implications. It seeks to spark international conversation by utilizing the Hungarian system as a point of reference and basis. Hungary's experience illustrates how public policy may attempt to respond to these challenges by creating supportive conditions across multiple stages of life — from early adulthood and partnership formation to child-rearing and housing. Ultimately, demographic sustainability will not be decided by statistics alone, but rather, by whether societies are able to create conditions where family life becomes a realistic and meaningful horizon once again.

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