

2012

Annual Report



National Insurance Institute of Israel
Research and Planning Administration



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Research and Planning Administration

Annual Report

2012

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For questions and comments about the survey, or to order a print version, contact skira@nioi.gov.il.

Foreword

The **Annual Report** (formerly “Annual Survey”) presents the activities of the National Insurance Institute in the framework of the socio-economic situation in Israel in 2012.

Chapter 1 discusses a concept that constitutes a central basic social right – the minimum income required for a decent living – and the extent to which this minimum is covered by national insurance (social security) and other benefits. It raises fundamental questions regarding this concept, such as the similarity between it and the various definitions of the poverty line in the professional literature. The chapter also discusses the different definitions of poverty using methods that take into account, in addition to monetary income (as in the official definition), household expenses as well. The analysis deals with the advantages and disadvantages of these methods, with reference to a High Court verdict in 2003. It is reasonable to assume that this subject will be relevant as long as poverty rates, and particularly the severity of poverty, remain high in Israel; therefore this chapter can provide a basis for an informed discussion of the issue. The main changes and trends in National Insurance activities in two main areas – payment of benefits and collection of contributions – are also reviewed in this chapter.

Chapter 2 presents the picture of poverty and social gaps in Israel in the year under survey, with an emphasis on international comparisons. The chapter also deals with nutritional security and other issues.

Chapter 3 describes the heart of National Insurance activity – the payment of benefits: developments in this field and the effects of legislative and other changes on the number of recipients and the size of the benefits.

Chapter 4 deals with developments in the NI collection system.

The report also discusses selected matters on the public agenda – including the weighting scale used to calculate poverty in Israel, an international comparison of the purchasing power of the minimum wage, an international comparison of maternity allowances, the effect of the **Laron Law** on recipients of the general disability pension, economic incentives to prevent work accidents from an international perspective, a comparison of eligibility for the long-term care benefit in Israel and in the OECD, and a comparison between Israel and countries of the European Union on the government’s share of financing social security.

This year a new chapter has been added to the Report, Chapter 5, which presents the activities of the National Insurance Funds, the research room, and the Counseling Service for the Elderly.

I would like to thank all employees of the Research and Planning Administration of the NII who participated in the preparation of the Report: Miri Endeweld for the scientific editing, Jacques Bendelac for administrative coordination, Maya Orev-Attal for linguistic editing, preparation for printing and producing the Arabic edition, Sarah

Gargi for producing the English edition and Nira Amir for typing the entire (Hebrew) publication.

A handwritten signature in black ink, appearing to be 'D. Gottlieb', written in a cursive style.

Dr. Daniel Gottlieb

Deputy General General for Research and Planning

Preface

From the desk of the Director General

The year 2012 reviewed in this Report was characterized by an economic slowdown relative to the rapid growth that had characterized the previous year. The number of persons employed increased by about 3% and unemployment remained stable at a low level. Contrary to these trends of growth and employment, which resembled and even exceeded those elsewhere in the world, the data in this Report and in other NII publications, as every year, indicate a difficult socio-economic situation in Israel: the poverty rates for 2011, which are those known at the time of this writing, remain high: about a fifth of families and a third of children were poor. These figures are not inevitable; rather, they are the direct result of ongoing economic and social processes in recent decades which have increased poverty and widened the gaps in the standard of living among families in Israel.

The social protest of 2011, whose echoes were still audible in 2012, increased awareness of social issues and added to the voices calling for more national resources to be devoted to alleviating social distress and reducing gaps.

Numerous reports – both from the National Insurance Institute and the OECD – showed that the socio-economic situation in Israel is a severe one, both in historical terms and by international comparison, particularly in the case of child poverty: the proportion of poor children in Israel is the highest of all OECD countries. Child poverty hurts prospects for accumulating human capital. In the estimation of the Research and Planning Administration of the NII, the situation has become even worse due to the 2013 cuts in child allowances (described in this Report), while what is actually needed is a thorough, multi-disciplinary and ongoing effort to reduce poverty. The National Insurance Institute has submitted a comprehensive document on this subject to the Minister of Welfare and Social Services, and we hope that improvements will be achieved with the active assistance of the NII.

In 2012 the National Insurance Institute paid cash and in-kind benefits amounting to some NIS 67 billion, compared to about NIS 63 billion in 2011. The real increase of about 4.9% is due to the rise in the number of recipients of nearly all NII benefits and to the updating of benefits following price rises. The NII's receipts from the collection of national and health insurance contributions also rose in real terms in 2012: by 1.6%.

Benefit payments, which have steadily risen in real terms in recent years, give protection against risks to income due to various life events, reduce economic and social distress, and help redistribute public income more fairly.

Economic constraints on one hand and the social emergency on the other hand oblige policy makers in Israel to adopt immediate, creative and brave solutions, making use of a range of tools and programs. The National Insurance Institute is continually working

on proposals for changes and reforms in benefits in order to achieve social objectives, which must be defined and measured by policy makers. However, as an institution at the forefront of social security, and taking a broad-based view of the social situation in Israel, the NII considers itself obligated to assist in improving this situation and also proposes tools from other fields, such as income grants through the tax system and assistance with housing and education. Currently, the Minister of Welfare and Social Services is working on the establishment of a committee and sub-committees charged with examining ways of dealing with poverty and increasing equality of opportunities.

A number of important matters promoted in the past year have produced real improvement to social security in Israel. The following are some examples:

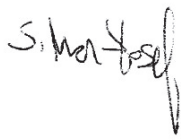
- **Old age:** The period of retroactive payment of the old-age pension was extended for those claiming pension after the age of entitlement. It is now possible to receive retroactive payments for up to 48 months at the age of entitlement, including up to 12 months at retirement age.
- **Long-term care:** A pilot program was introduced whereby those aged 80-89 may choose the geriatric specialist who assesses their dependency (a condition for receiving the long-term care benefit).
- **Income support:** Following a Supreme Court verdict, eligibility for income support and income supplement was significantly extended, to include owners of a vehicle whose value does not exceed NIS 40,000.
- **Disability:** By December 2012, the 2009 amendment to the law that allows disabled persons who start work to continue receiving the disability pension (Laron Law) had benefited some 9,000 recipients of this benefit.
- **Disabled children:** At the recommendation of the Or-Noy Committee, the rate of the benefit for disabled child has been increased.
- **Unemployment:** The method of calculating the qualifying period for the unemployment benefit was changed; it is now counted by months rather than by days, which increases the number of daily workers who are entitled to the benefit.
- **Collection of contributions:** The ceiling for insurance contributions was lowered, back to 5 times the basic amount as it was previously.

It is to be hoped that the promotion of social policy that seeks to bring about a more just and equal society, while improving the standard of service to the public, will improve the image of the NII in the eyes of the general public, as reflected in written and electronic communications. Although this image does not necessarily match the positive objective data obtained from those who need NII services, who report fairly good levels of satisfaction, we must not dismiss our obligation for improvement. The NII strives and will continue to strive tirelessly to implement the values of justice and equality, based on the principle of mutual responsibility.

In my capacity as Director General of the National Insurance Institute, for the second year I have made it my goal to improve the NII's image through its staff, whose

closeness and commitment to the social situation in Israel has deeply impressed me. This commitment, together with their skill, training and experience, are the decisive tools for improving service to the public. In combination with the advanced automated systems used by the NII, constantly upgraded and adapted for new needs, these qualities will enable our staff and directors to improve the standard of service and thus enhance our public standing.

This year we have changed the name of this report from **Annual Survey** – which was its name almost from its inception – to **Annual Report**. As the new name suggests, this publication gives a comprehensive and detailed report of the NII's activities during the year under review in various fields, and of the formulation of social policy and research.

A handwritten signature in black ink, appearing to read "Shlomo Mor-Yosef". The signature is written in a cursive, somewhat stylized script.

Prof Shlomo Mor-Yosef
Director General

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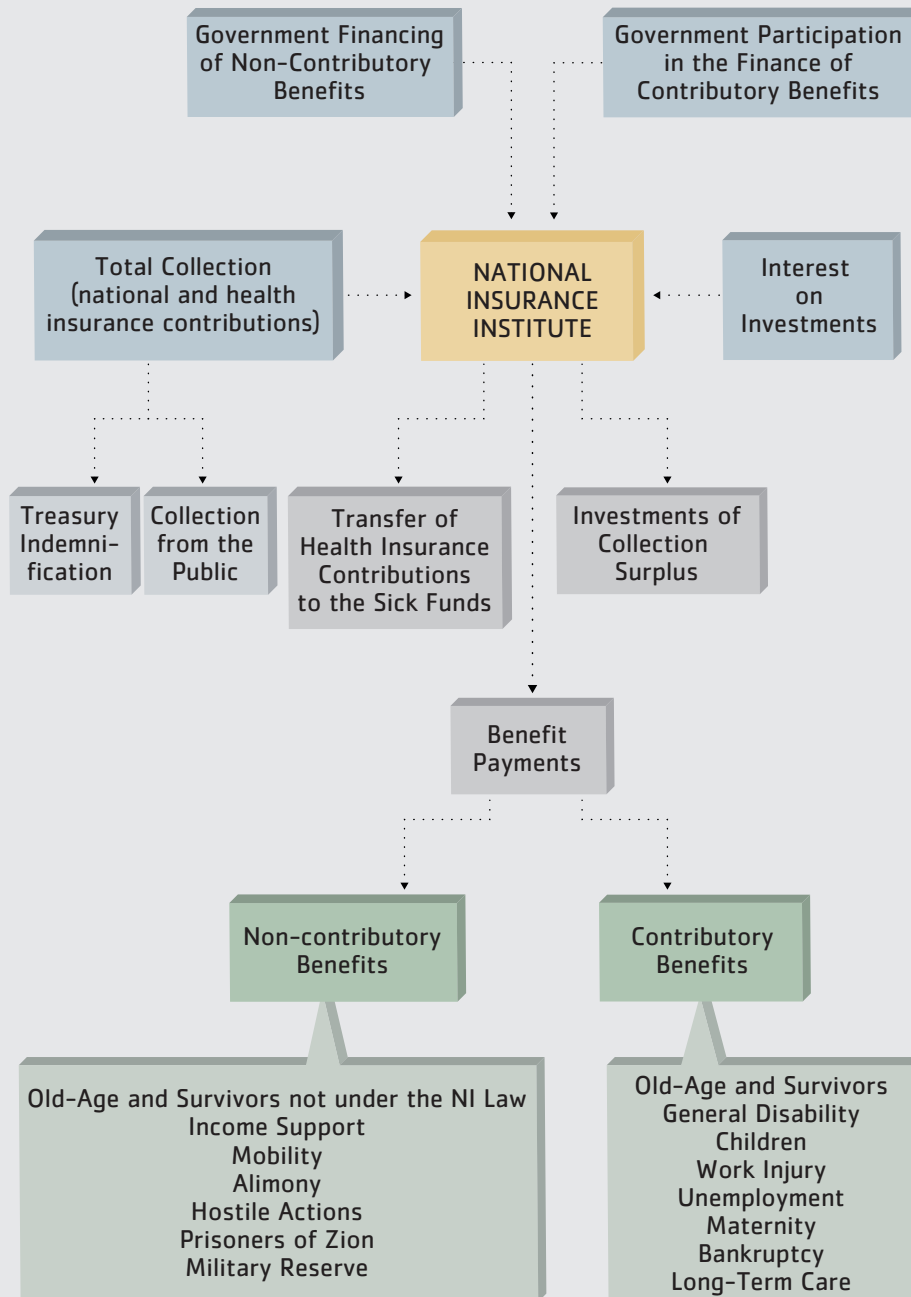
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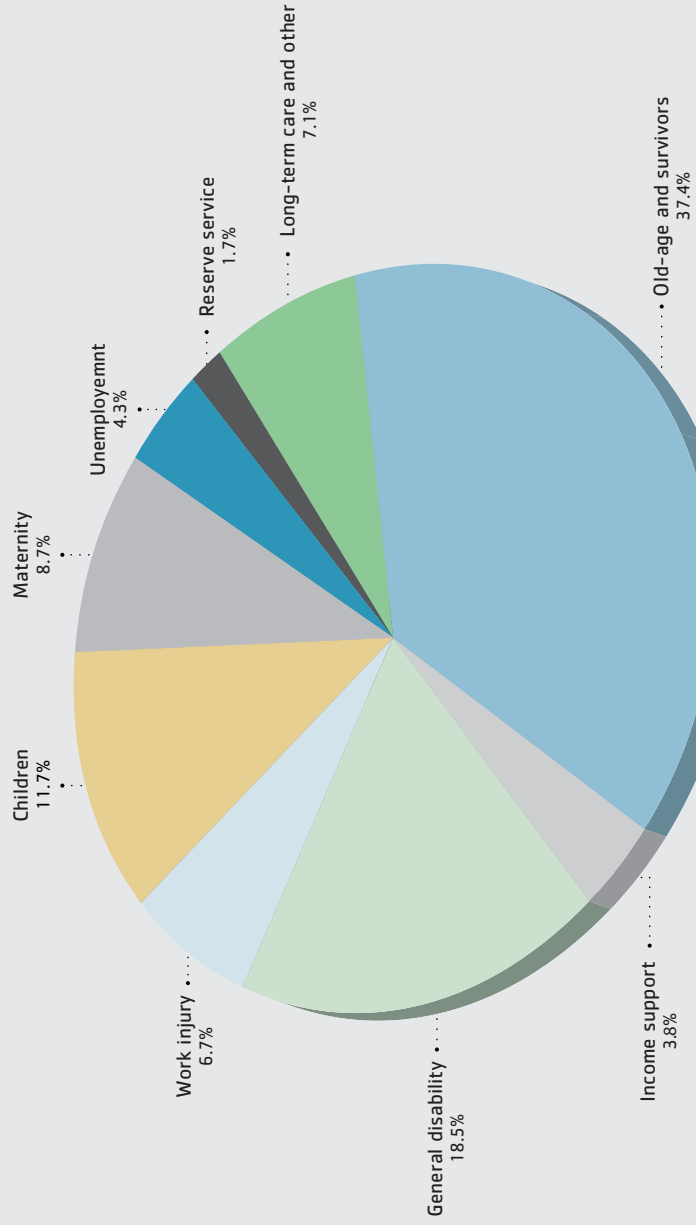
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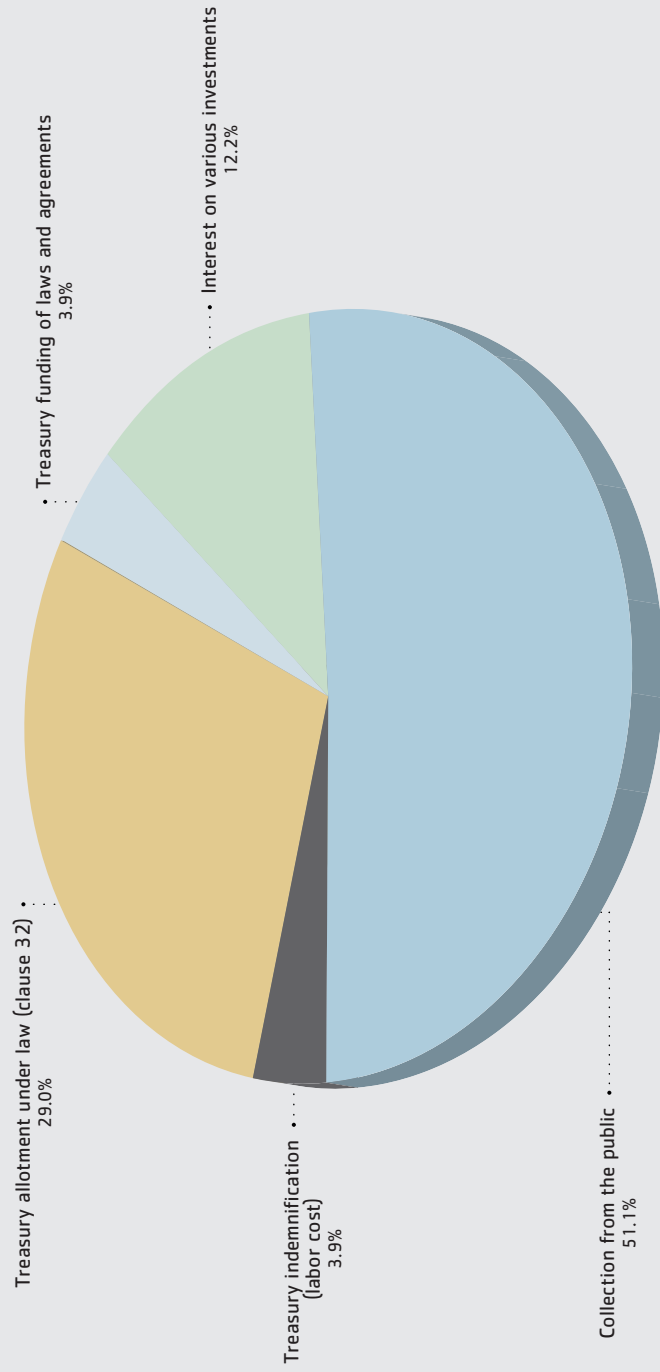
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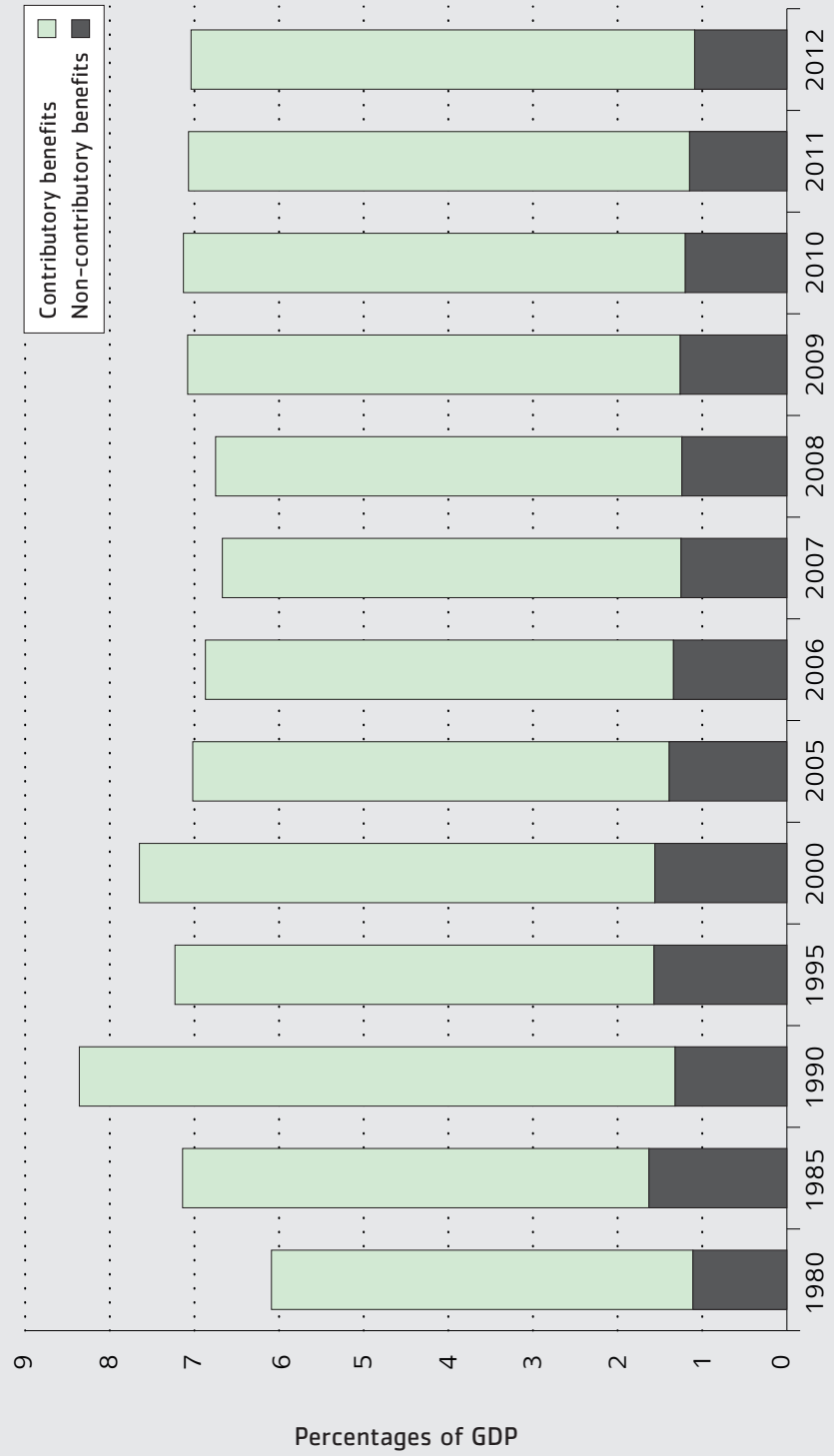
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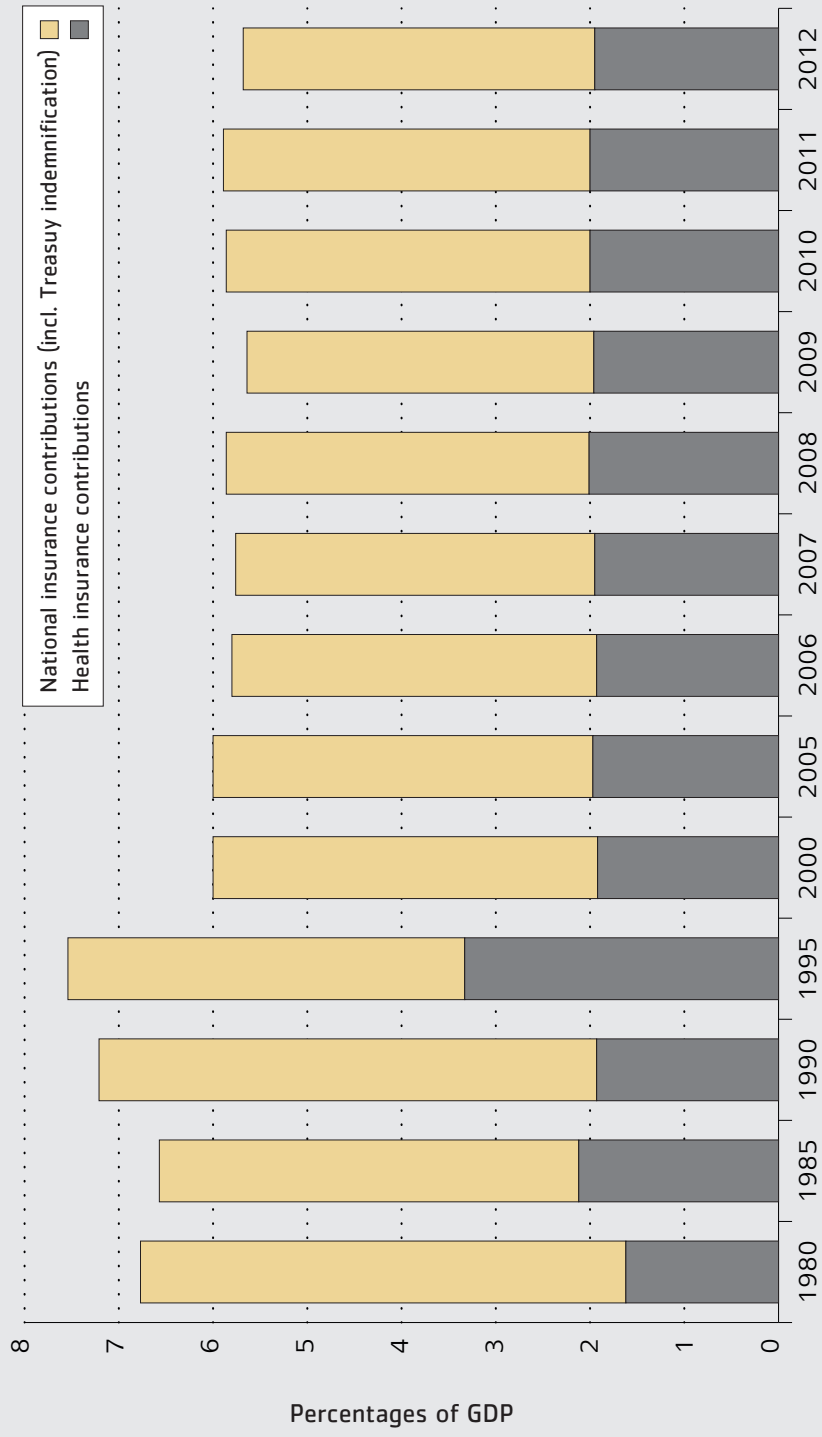
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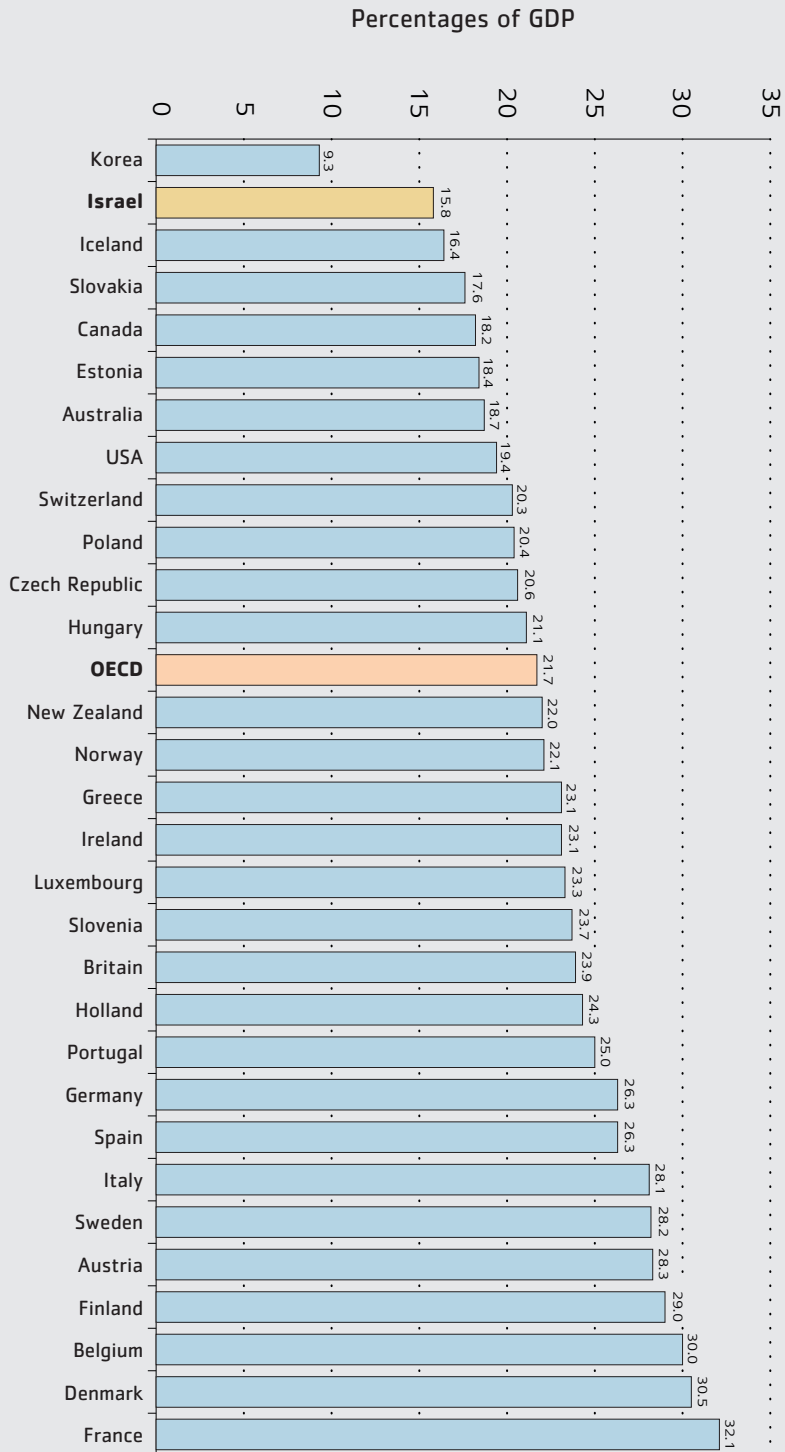
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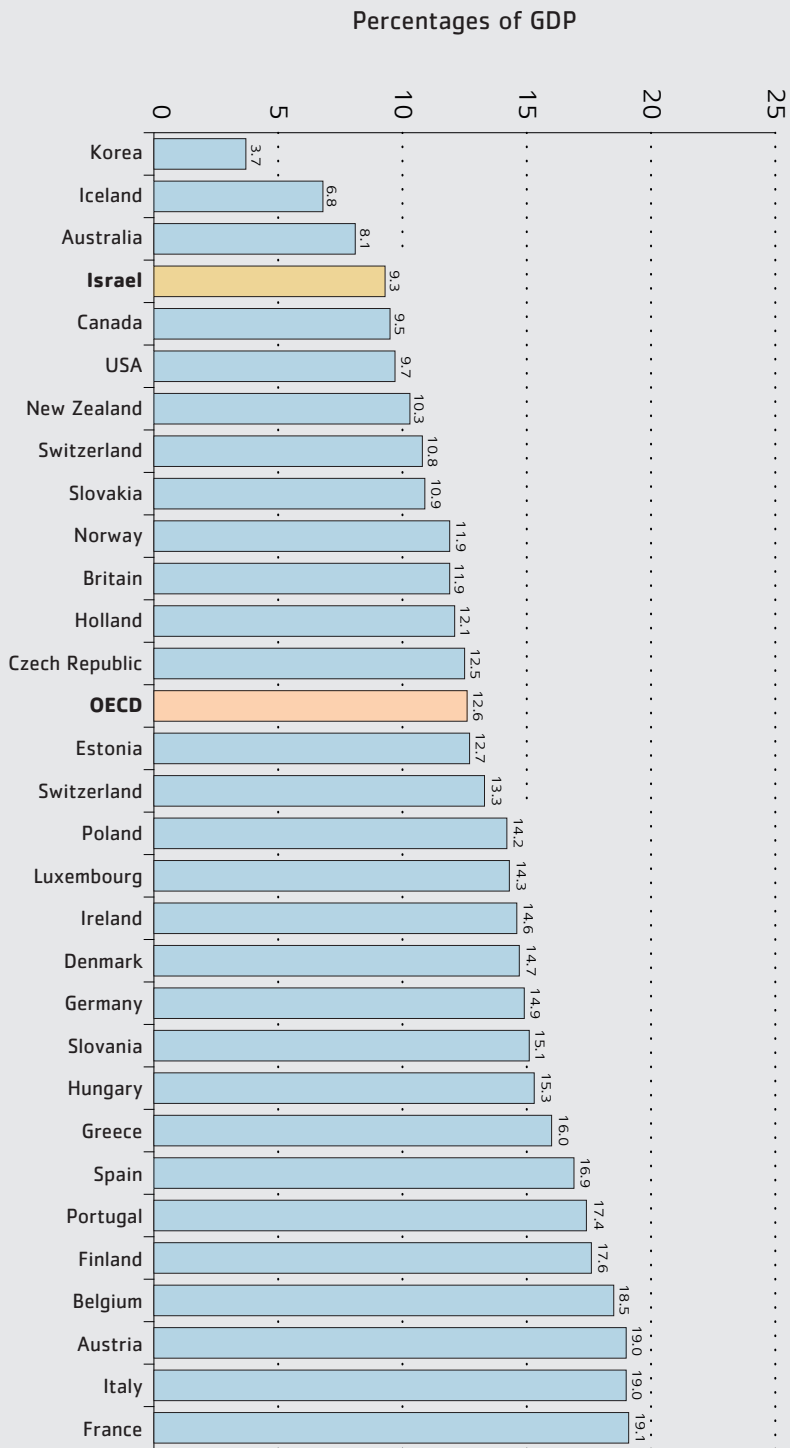
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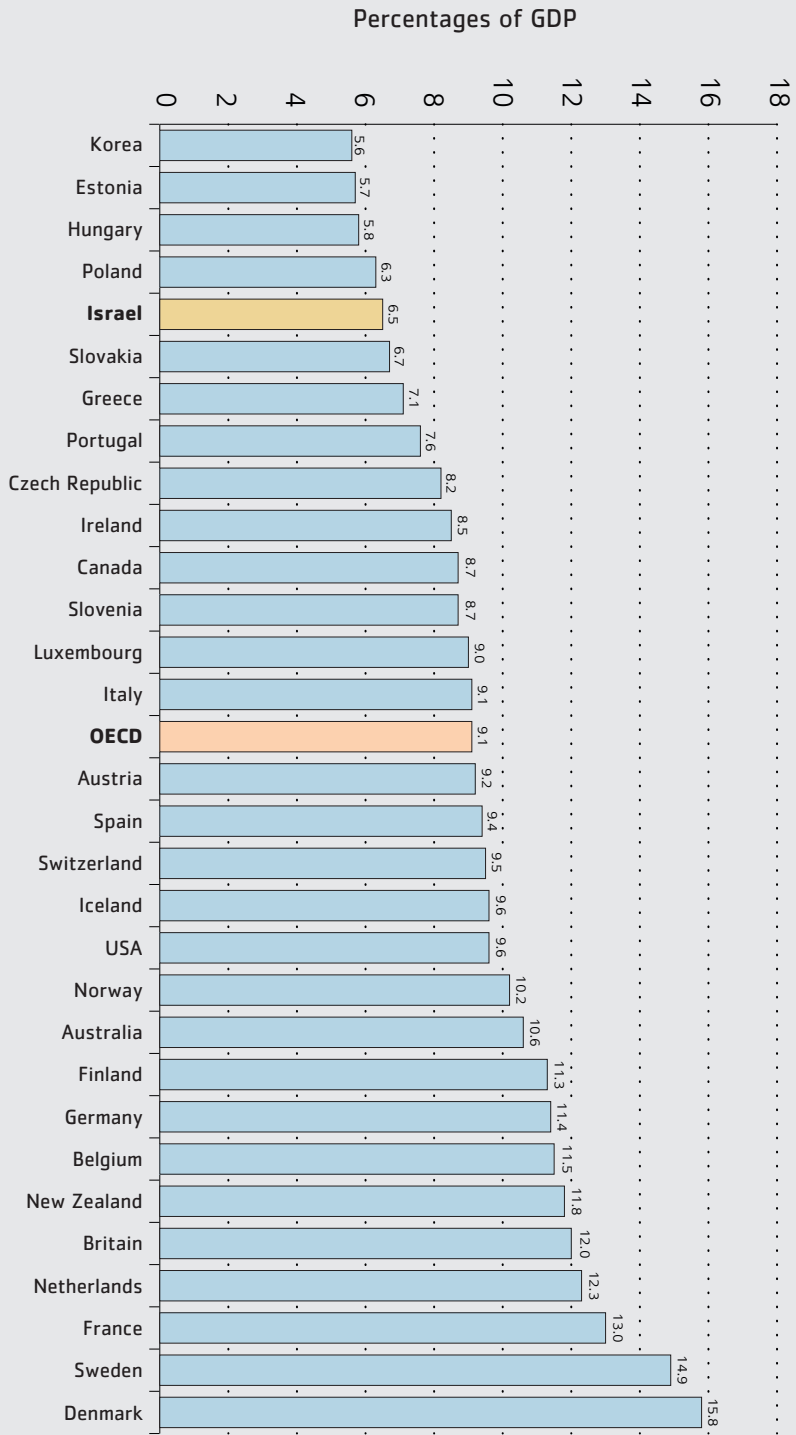


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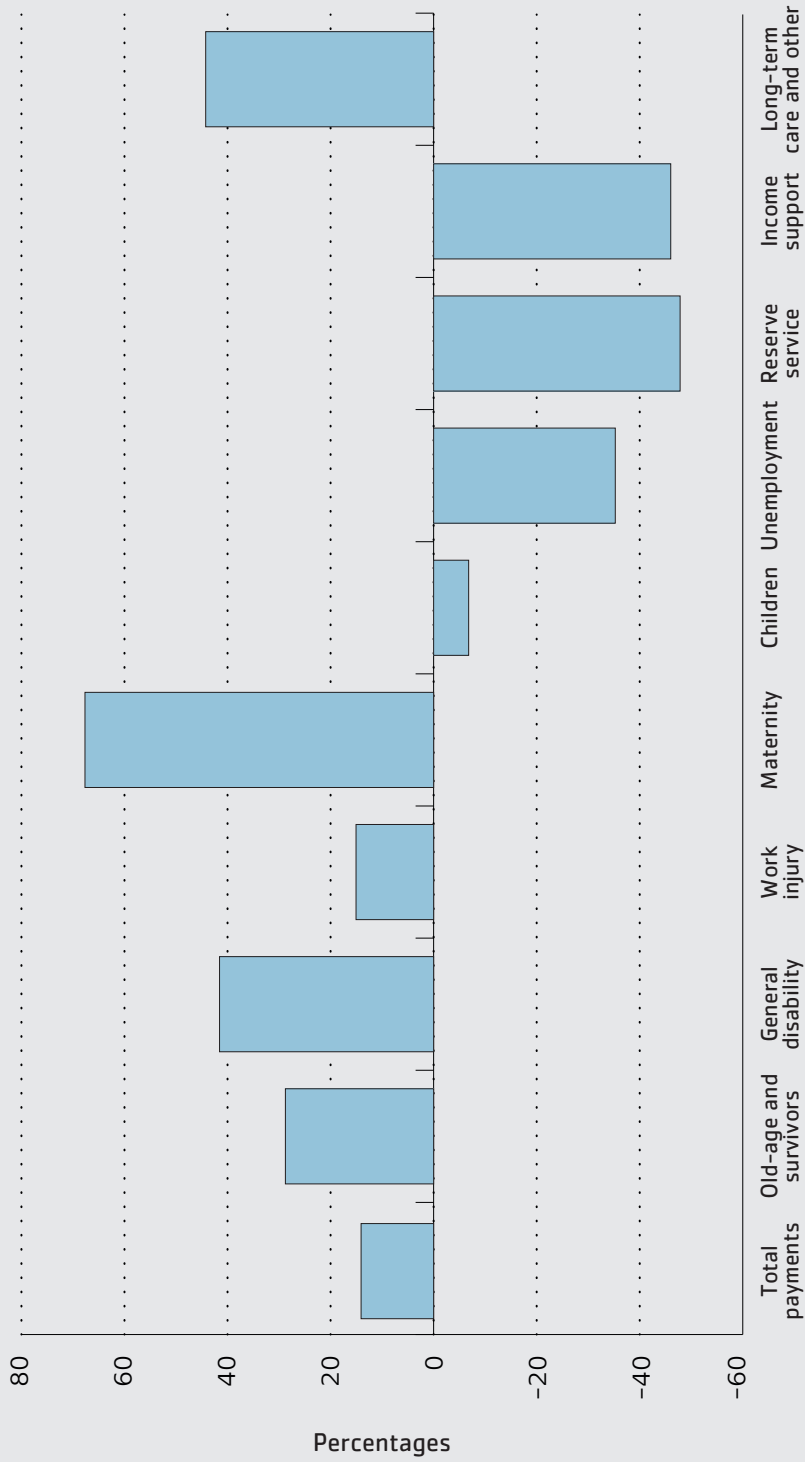
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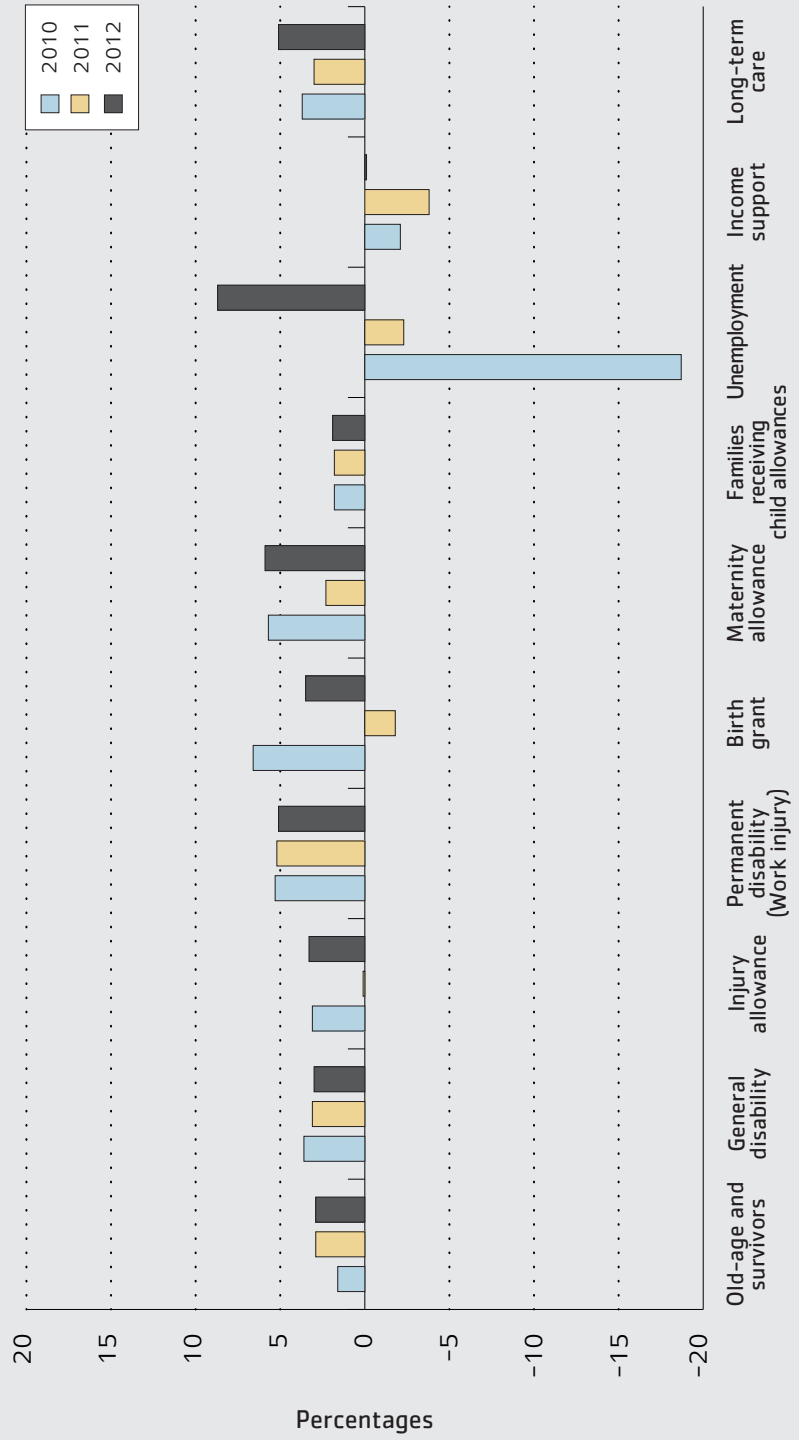


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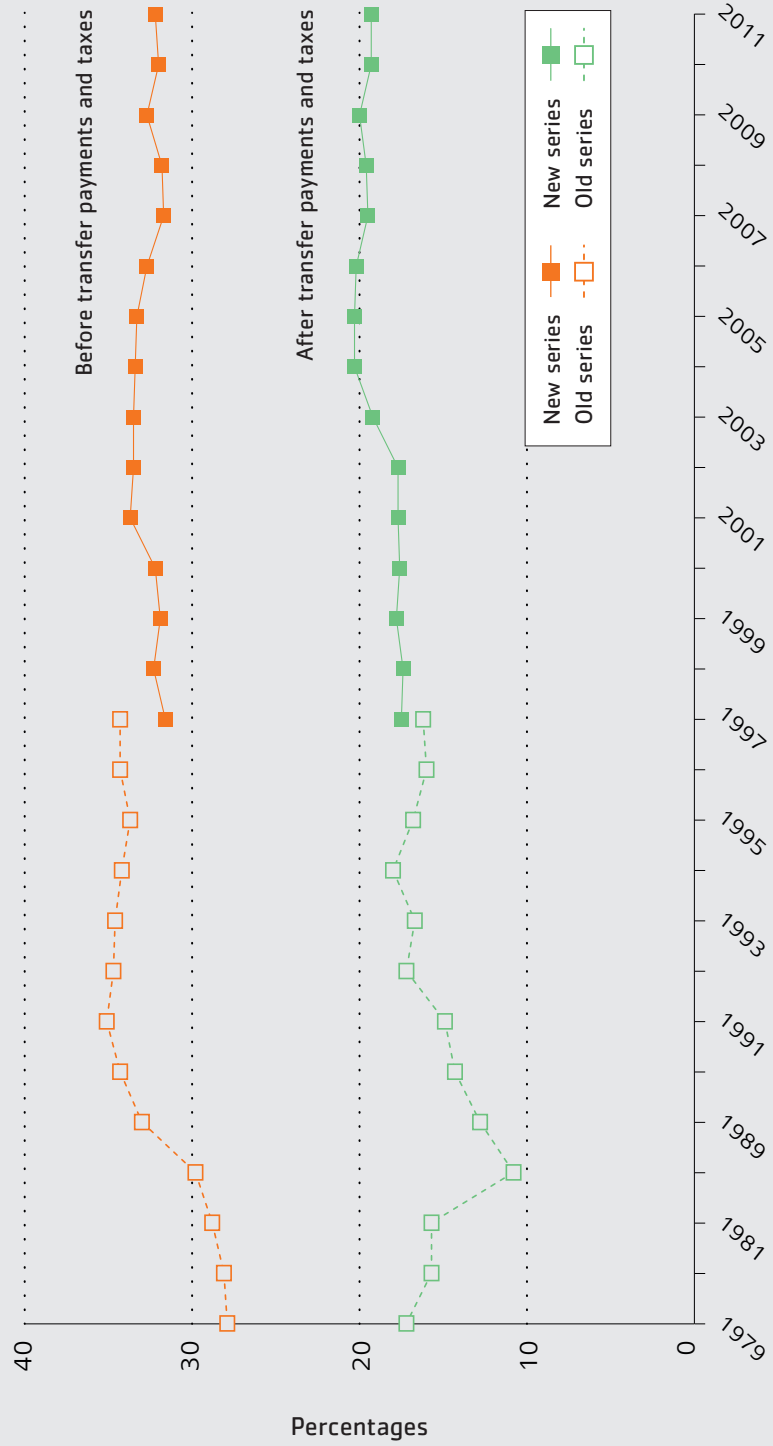
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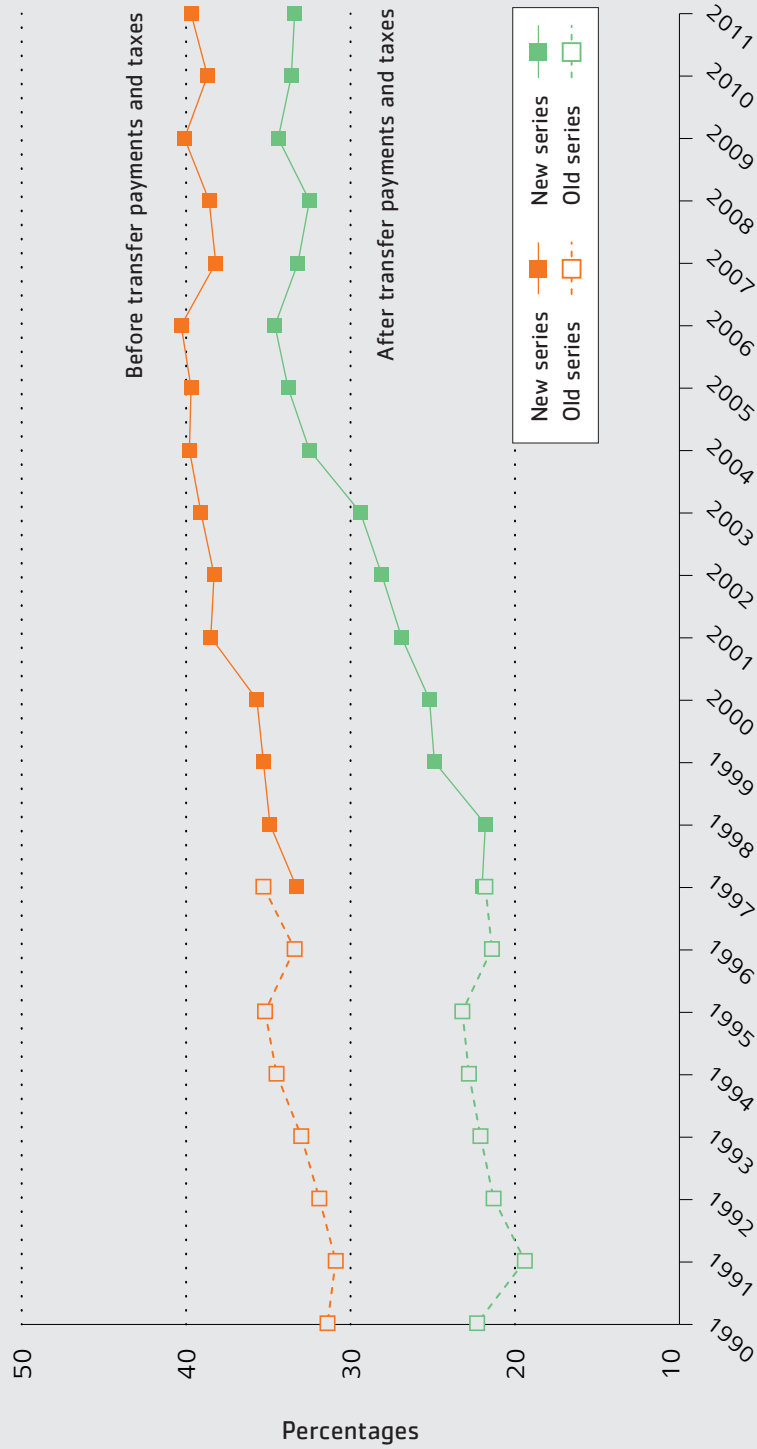
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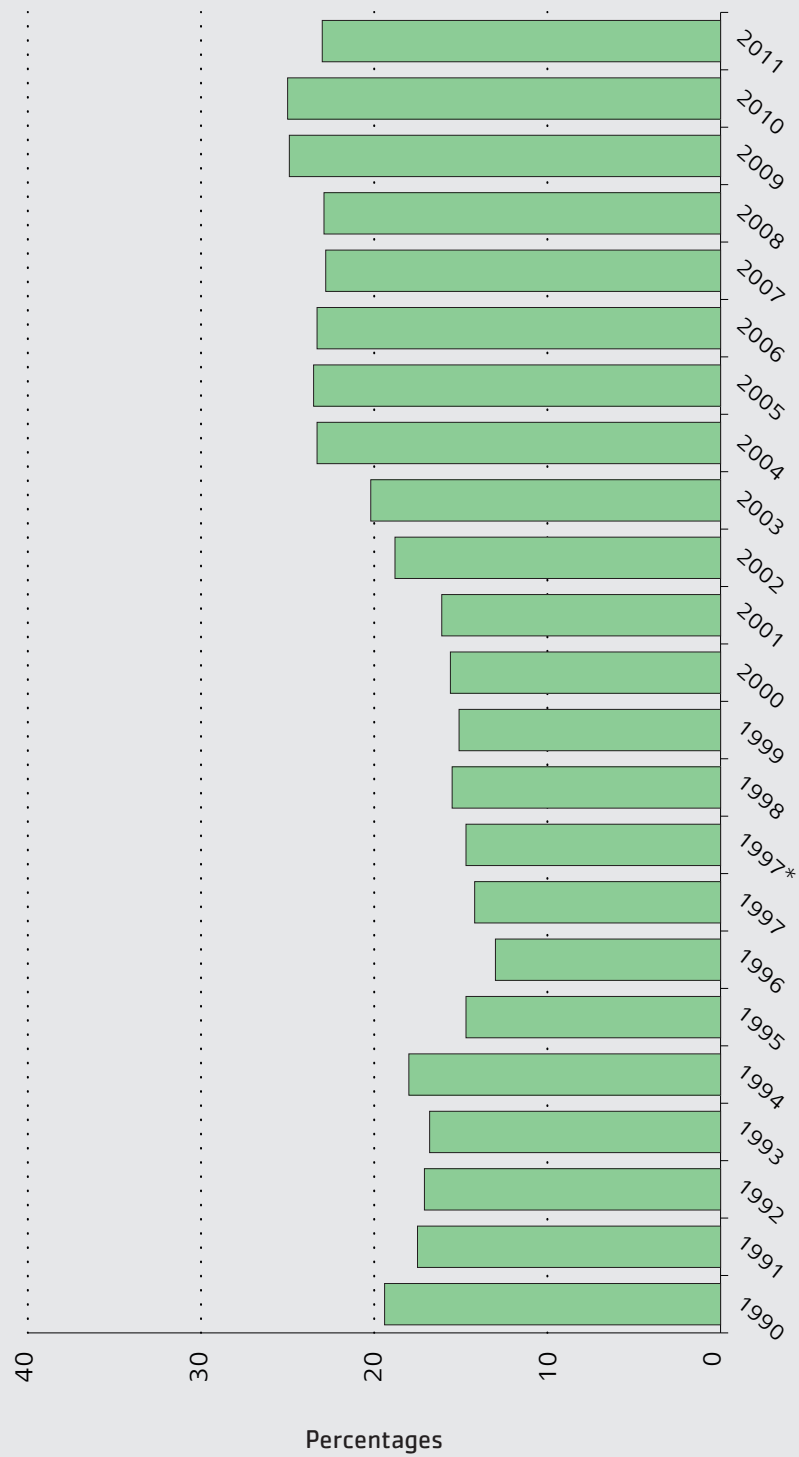
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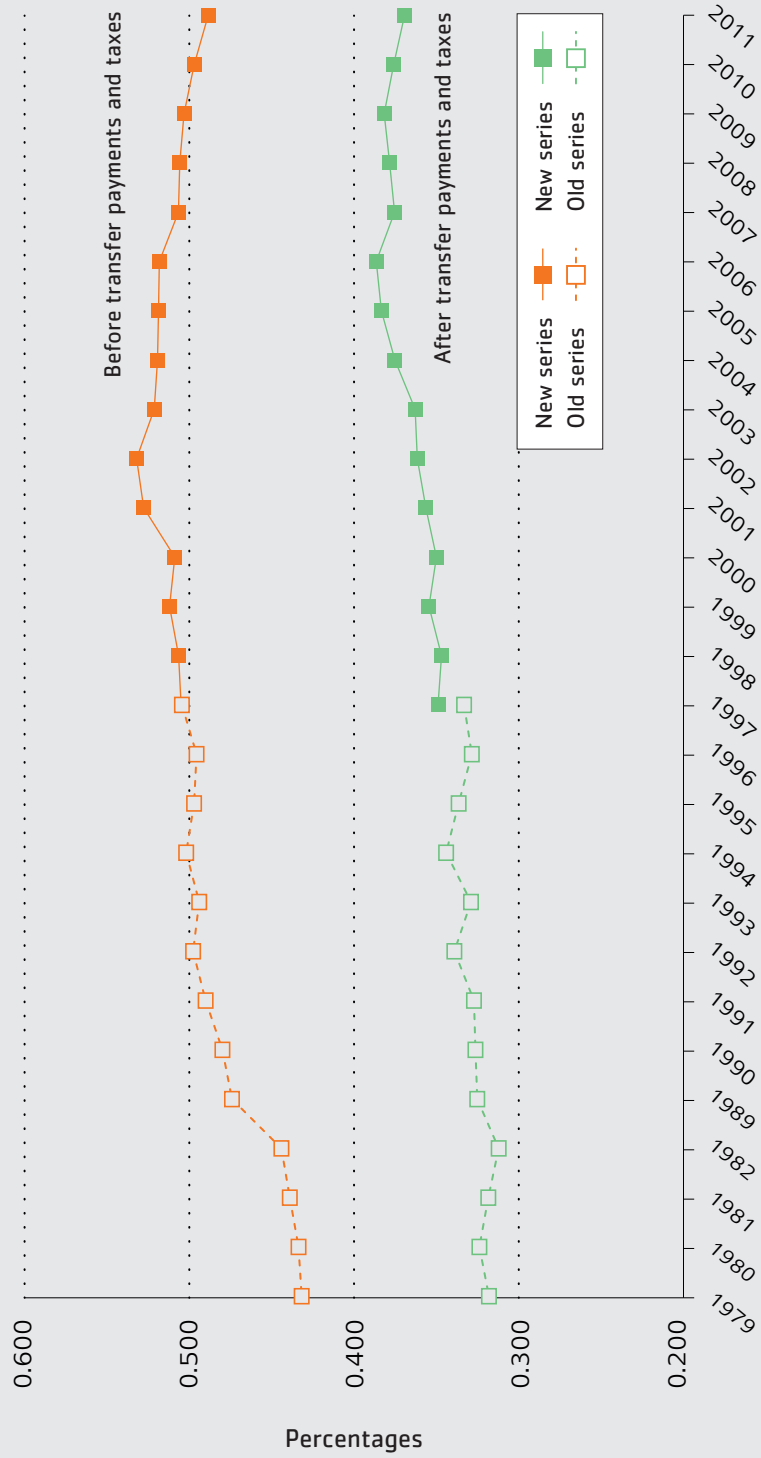


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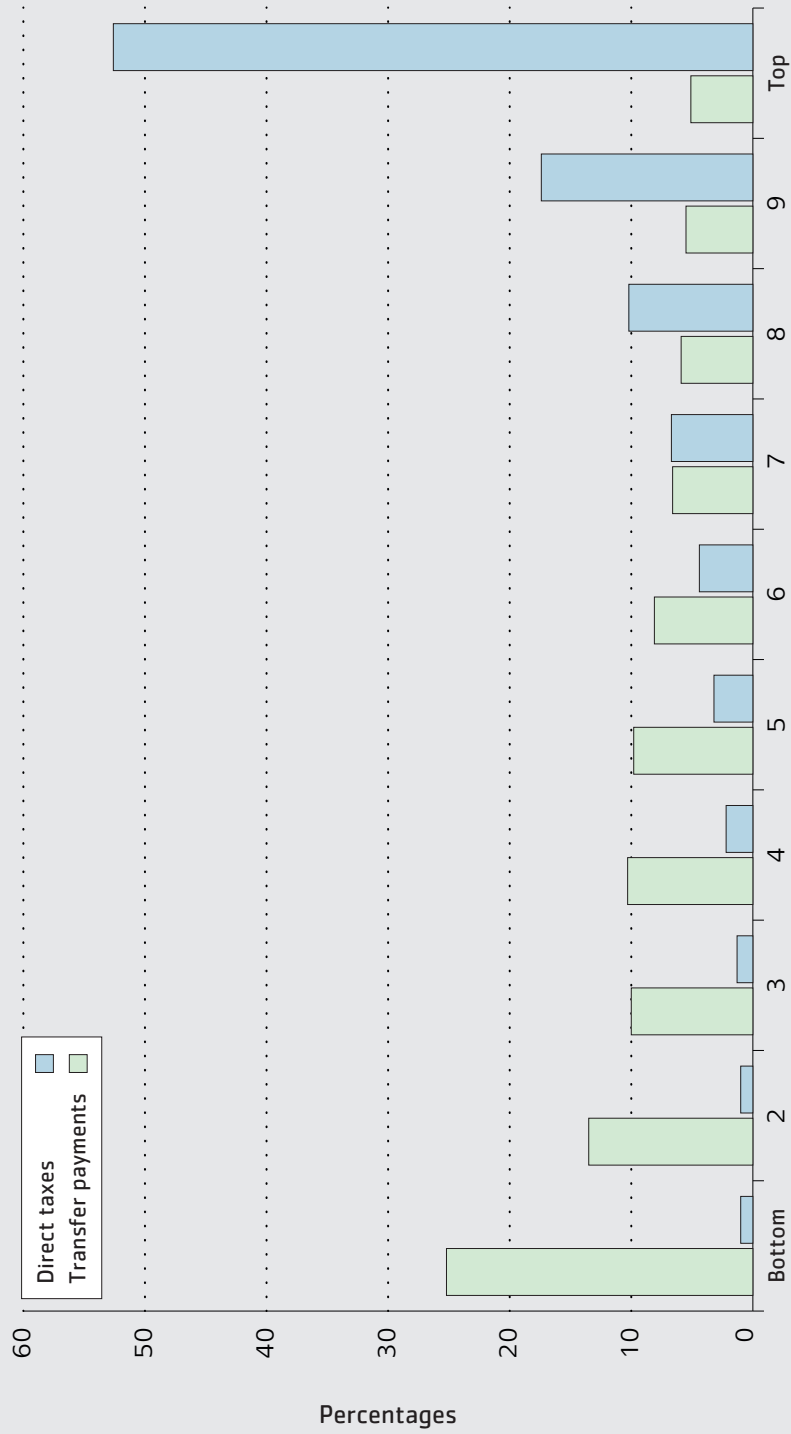


* From 1997, new series

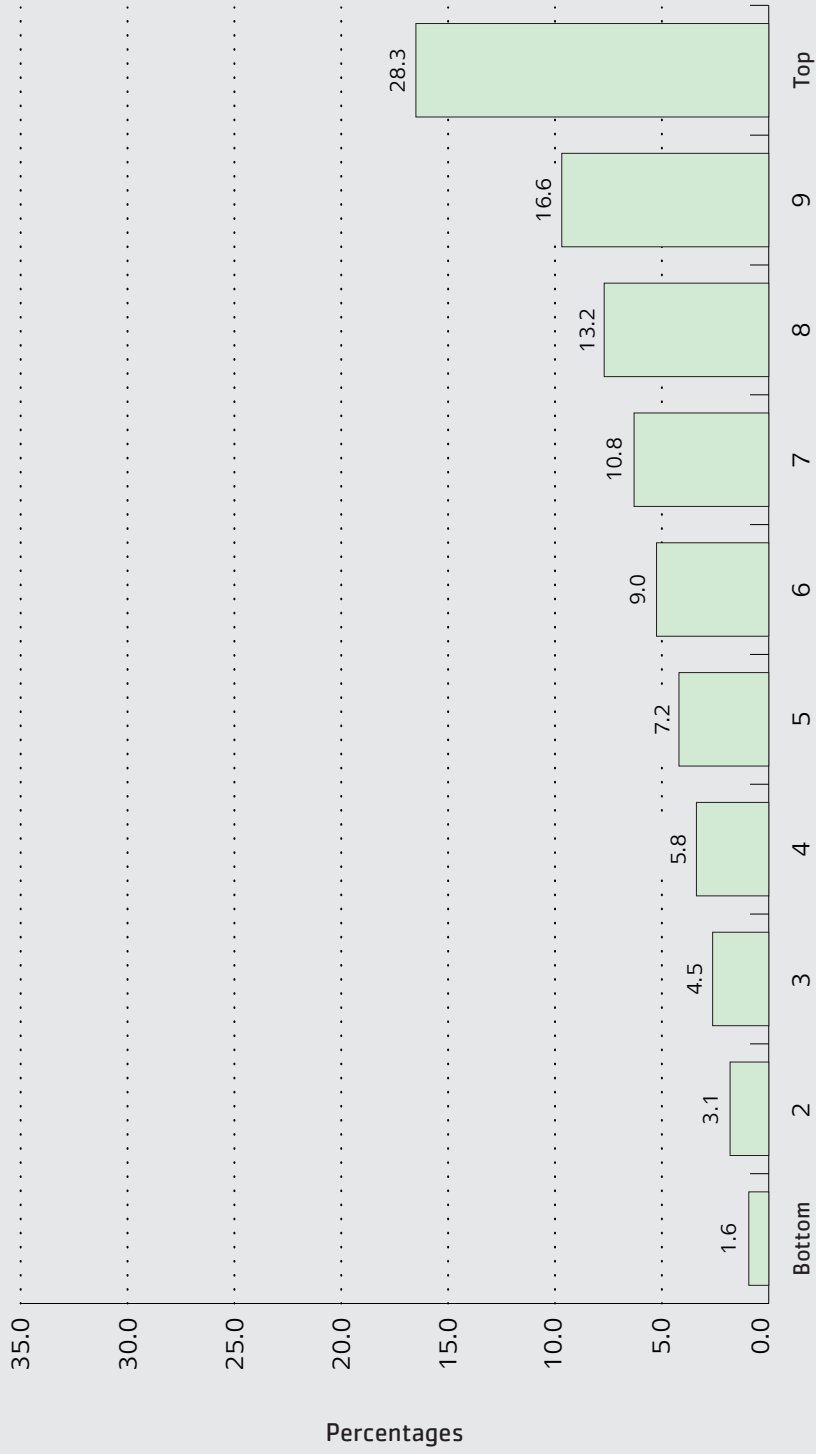
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Chapter 1 | Social Policy and Trends in
National Insurance

1. Introduction

The issue of the minimum income necessary for a decent living raises fundamental questions: what is that minimum and how should it be determined

The issue of the minimum income necessary for a decent living raises fundamental questions: what is that minimum and how should it be determined? Is it the responsibility of the government to provide the full minimum, and if not, what is the proper amount of cover that the public sector should provide to families in economic distress through various benefits and discounts?

Assistance can be provided in a variety of ways. The principal tool is the system of subsistence benefits plus universal benefits from the National Insurance Institute, while another tool is the provision of benefits through discounts granted by local governments, the Electric Corporation, the Ministry of Health, the water companies, public transport, universities and so on. The fact that these benefits are provided by a number of different bodies makes it difficult to collect information about them and to analyze their contribution to families in economic distress. It is important to emphasize that current assessments show that the share of this assistance is smaller than is generally believed, but in any event it is very important to estimate it. This issue arose about ten years ago following the deep cuts in the benefits system at that time, which led to a lawsuit to the Supreme Court. The verdict, discussed below, was given in December 2005.

In order to examine how far the assistance provided for the needy by the government and other central institutions actually covers the full minimum necessary for a decent living, it is first necessary to define some concepts. A **decent living** is a subjective concept difficult to quantify, while assistance is something concrete and easier to measure. However, the component of assistance through discounts on various expenses is harder to quantify than are benefits, partly because of the scarce information available regarding these discounts, and partly because of the differences between population groups and their access to benefits, for reasons of geography and economic status. The main organization with the ability to improve the situation regarding information is the Central Bureau of Statistics (CBS), but the statistics available to the CBS in this field are insufficient to provide an answer regarding state benefits to the population as a whole, including the lower deciles¹. In this chapter we shall try to formulate a reliable infrastructure on which to base the discussion of the minimum required for a decent living, and coverage of that minimum by the two elements of assistance described above.

The meaning given to the concept of **the minimum for a decent living** is the absence of poverty. The basic assumption is that anyone living above the **poverty line** can live decently. Since there are many ways to define poverty, the lines dividing poverty and non-poverty each express a particular choice. In Section 2 of this chapter we look at some measures of poverty that have been studied in Israel and that reflect different approaches

1 The most suitable tool for assessing these benefits is the survey of household expenses from the CBS, which has already begun the work of collecting data regarding benefits.

to such measurement, and clarify the link between measuring the minimum for decent living and the supports provided. For example, the addition of quasi-monetary benefits (such as discounts on local taxes) to income requires the calculation of a poverty line that takes such benefits into account.

Assistance from the State and its institutions includes subsistence benefits – income support, income supplement, disability pension and maintenance (alimony) payments – for those who entitled to them under the National Insurance Institute rules. This assistance also includes universal benefits – child allowances² and old age and survivors' pensions.

Subsistence benefits for people of working age are designed to encourage recipients to find work, by defining an amount of income from work that is not included in the calculation of eligibility for income support. This sum is called the **disregard** or income that is disregarded in any test of income. Working is also encouraged by making the offset rate for every earned shekel above the disregard less than 100%, so that income from work is increased by the gap between 100% and the offset rate (about 30%-40%). In this chapter, the degree to which the minimum income provided by the State meets the need for decent living is examined with the assumption that there is no income from work.

The other sections of this chapter, Sections 3-6, present a summary of the developments in the benefits and collection systems of the National Insurance Institute in the year under review, in terms of the scope of payments, recipients, levels of support, and more.

2. What is the Minimum Required for a Decent Living?

In the approach presented here, the concept of the minimum required for a decent living is derived from the standard of living. The definition of this ratio is similar to the question regarding the nature of poverty. The most striking advantages and disadvantages of the alternatives presented are summarized, to assist in the selection of the most suitable option for determining government policy in this matter.

Gross domestic product per head: One of the commonest measures of standard of living is GDP per head. This measure is becoming less accepted as an indicator of standard of living, since it ignores important aspects such as non-monetary income generated outside the market mechanism, like unpaid housework. For example, housewives raise and educate children, clean the home, care for elderly or disabled family members, etc. This is comprehensive and varied work that would cost a great deal to purchase on the labor market. Nevertheless, it is not included in the calculation of domestic product as

2 In the Economy Arrangements Law for 2013-2014 the government decided to introduce a means test so that people earning a high salary (over NIS 67,000 in 2013) would not be eligible for child allowances. This change is not yet expressed in the calculations presented here.

Assistance from the State and its institutions includes subsistence benefits – income support, income supplement, disability pension and maintenance (alimony) payments for those entitled – and universal benefits – child allowances and old age and survivors' pensions

part of the product per head. This concept also ignores aspects of quality of life that are affected in the process of creating the product. Just like manufacturers, the national accounting also disregards such external influences (externalities), for better or worse³. Another central difficulty in choosing the GDP to express standard of living is that apart from current consumption (private and public), it also includes capital investments whose economic yields will affect the future lives of families that do not yet exist, as well as of existing families.

Equivalence scale: Another difficulty is that GDP per head does not correctly express the standard of living of families, since family size differs from family to family and also changes over time – while family welfare does not generally change in linear fashion according to these differences and changes. It is generally assumed that the additional income required for a family to remain at the same standard of living, for example after the addition of a new member, declines with family size, though not necessarily linearly and continuously. This is largely due to the existence of fixed costs, where the average cost per head falls as new members join the household. Therefore the professional literature has defined the concept of the **standard individual** or the **equivalence scale**⁴.

Consumption per standard individual: A family's standard of living can be measured according to consumption per standard individual. This approach has to decide about the inclusion of parts of public consumption in the index, since they directly or indirectly affect the standard of living, but it ignores another important aspect of standard of living: savings. Savings improve the standard of living from the start, because they improve the family's ability to maintain its usual standard during periods of unexpected fluctuations in income, and consequently reduce the risk of a sudden drop in income, leading to greater economic security and feelings of wellbeing.

Net monetary income per standard individual: This definition focuses on a central resource that enables families to achieve a certain standard of living – income available for consumption and savings. This includes income from work, pensions, capital investments, support (NI benefits, help with rent, etc.) after deduction of taxes and payments for national and health insurance. The available monetary income per standard individual in the **middle family**, that is, the median family or individual⁵, in the

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- 3 Recently there have been attempts to define standard of living more fully, to give a better expression of quality of life; see the report of the committee known as Stiglitz, Sen and Fitoussi (2009), produced with the encouragement of the OECD.
- 4 Family costs do not necessarily increase linearly as family size increases, largely due to the existence of fixed costs, where the average cost per head falls as new members join the household. This relates to the definition of the standard individual or the equivalence scale
- 5 Median income is the income of a household for which half of all families have a higher or lower income per standard individual than this family. In the OECD, unlike the definition in Israel, the median income is calculated according to the median individual and not the median family.

opinion of many reflects the general standard of living⁶. In order to find the **minimum decent income**, i.e. the poverty line, **half** the median income per standard individual is the accepted option in many countries and international organizations, particularly the OECD. The USA, the UN and the World Bank use a more eclectic approach and also include the **absolute** minimal income, such as estimates (from 1959) of the minimal food expenditure ratio (USA), or a fixed daily amount, such as one dollar, two dollars, etc. (particularly with reference to developing countries). The European Union also refers to different percentages of the average income (mainly 40%, 50% and 60%) for assessing the minimal standard of living for a family or individual. For our purposes, the most widely accepted measure for assessing the minimum required for a decent living in Israel is the one used in the OECD – half the median monetary income.

Income from all sources per standard individual: This calculation can be improved in two ways: by adding the value of benefits or income in kind, or by deducting from income not only direct taxes and mandatory payments but also the costs of going out to work⁷. The most important benefit in kind in terms of value is the cost of rent saved when a family lives in its own home, after taking into account loans and mortgages on the home⁸. Other forms of income in kind are employer benefits, a long-term care benefit from the National Insurance Institute, State subsidiaries for education and transport, discounts on local taxes, water bills etc. Each shekel of income in kind is naturally dependent on actually using the specific product or service, and therefore it is worth less than the equivalent monetary income, which does not involve pre-dictated usage. Income from all sources equals the total amount of monetary income and income in kind less direct taxes and mandatory insurance payments. Table 1 clarifies the importance of income in kind, particularly for the lower deciles. Its **relative** scope declines in the higher deciles, although income in kind in the fifth decile, which includes the median, is still about 42% higher than around the poverty line (income in the second decile)⁹. Therefore,

.....

6 However, there are those who prefer average monetary income over the median. Unlike median income, average income is affected by extreme values.

7 The cost of going out to work has two components – transportation to and from the workplace, and the cost of childcare for couples or single mothers with young children. If the State pays part of this cost – for example, as determined by the Trachtenberg Committee regarding kindergarten for 3-5 year olds – this support should be set against the cost or added as a benefit. Gottlieb & Manor, 2005 and Gottlieb & Fruman, 2012, suggest also deducting from income essential health costs that are not included in the poverty line, since this expense, in the same way as tax payments, can be defined as obligatory and the money used is not available to finance a reasonable standard of living.

8 Living in one's own home: housing as part of the minimum for a decent living raises a complex issue. We must distinguish between families that own a residential apartment in which they live, and families that do not own an apartment. At present, a home owner living in his own apartment is in a better economic position in terms of the means test for a subsistence benefit, since the apartment is not considered as long as he lives in it. In other words, he is not credited with the income of essentially letting the apartment to himself. This subject will be developed in a separate publication.

9 $(5310-3432)/(2971-1648) = 1.42$.

median income increases significantly, so adding income in kind also significantly raises the poverty line with this definition. We also note that the average income in kind of the top decile is about 5 times higher than that of the lowest decile.

It is possible to base the criterion for the minimal standard of living on both these measures, needs and means

Combination of consumption and income: Unlike measures discussed so far, the measures of a minimal decent standard of living presented below are not based on one measure only (consumption or income). It is possible to base the criterion for the minimal standard of living on **both these measures**, or in other words, **needs and means**. The part relating to needs provides information about the nature of poverty, or **what is poverty**, while the means part provides information on the question of **who is poor**. All the definitions that take into account **the basic cost** of a family's consumption in order to find the minimum necessary for a decent living include a definition of a particular basic expenditure, and therefore answer the question of **what is poverty**. In the second stage they conduct a kind of "means test" for each family by setting the family income against its basic needs. The two measures can be calculated using only monetary expenditure and income, or including non-monetary expenditure and income. Below are two measures that meet these criteria and are differentiated in certain ways that will be specified.

- **The NRC approach:** This approach was developed by a professional committee of the US Congress – the National Research Council of the National Academy of Science. The calculation for Israel was made by Sabag-Endeweld and others¹⁰ (2004) in two versions, one that includes the benefit in kind of owning one's own home and the other than excludes this benefit. This method is presented at length in Chapter 2 Section 6 of this report and also in the article itself.

Table 1
Extent of Income in Kind Relative to Monetary Income (NIS), 2011

Decile	Available monetary income per standard individual	Available income from all sources (MBM/NRC) per standard individual	Gap (%)
Total	4,801	7,192	50
Lowest	965	2,040	111
2	1,648	2,971	80
3	2,179	3,654	68
35th percentile	2,593	4,230	63
4	2,740	4,383	60
5	3,432	5,310	55
6	4,173	6,235	49
7	4,960	7,408	49
8	5,970	8,776	47
9	7,490	10,838	45
Highest	13,208	18,628	41

Families were ranked by available income per standard individual; each decile includes 10% of the population.

10 The article was published in the NII's series of Working Papers.

Table 2
Breakdown of Poverty Line into Food, Clothing and Housing,
as per the NRC (NIS), 2011

Family composition	Food	Clothing	Housing	Other	2011 threshold expenditure
Single, no children	1,076	267	753	633	2,729
Single + 1 child	1,560	387	1,092	918	3,957
Couple, no children	1,748	434	1,223	1,028	4,434
Couple + 1 child	2,157	536	1,509	1,269	5,470
Couple + 2 children	2,534	629	1,773	1,491	6,428
Couple + 3 children	2,889	718	2,022	1,700	7,328
Couple + 4 children	3,226	801	2,258	1,898	8,183
Couple + 5 children	3,549	881	2,483	2,088	9,001
Single + 2 children	1,986	493	1,390	1,168	5,037

Source: Central Bureau of Statistics, processing by the Research & Planning Administration of expenditure survey, 2011.

- **The MBM/NRC approach:** This approach (Gottlieb & Manor, 2005; Gottlieb & Fruman, 2012)¹¹, which combines the US NRC approach (with some changes) and the Canadian MBM approach, has three main features: the expenditure on food is derived from expert calculations of nutrition; the expenditure on self-owned housing and the credited income derived from this are included on the expenditure side and the income side of the index; unusual health expenditure is subtracted from available income. This method is presented in detail in Chapter 3, Section 6 of this Report and in the working papers.

The NRC and the NRC/MBM approaches use a special weighting table that considers the expenditure of adults and of children differently.

The FES approach: This approach was developed by Martin Ravallion in the World Bank and implemented in Israel by Endeweld, Gottlieb and Fruman (in an unpublished article), and also found expression in an article by Gottlieb & Fruman (2011). It tries to overcome the arbitrary nature of the assumption of average expenditure according to the 30-35 percentiles for the purpose of determining the poverty line or the minimum for a decent living, since it is hard to give a rational explanation of why the line should be placed at half of median income or the average of the 30-35 percentiles of the expenditure on the basic basket. The FES approach quantifies the minimum expenditure apart from food by analyzing two situations:

- Assume that a family's available income is exactly sufficient to pay for the basic food basket. It is reasonable to assume that this family will not spend all its income on food products, but will save some money for non-food items that it

The NRC and the NRC/MBM approaches use a special weighting table that considers the expenditure of adults and of children differently

The FES approach tries to overcome the arbitrary nature of the assumption of average expenditure according to the 30-35 percentiles for the purpose of determining the poverty line or the minimum for a decent living

11 The article was published in the NII's series of research studies.

Table 3
Threshold Expenditure according to NRC/MBM, by Total Expenditure

Family composition		Food	Housing	Clothing	Health	Education, transport, personal items	Poverty line
Single, no children	NIS	620	1,446	134	236	480	2,916
	%	21.3	49.6	4.6	8.1	16.4	100.0
Single + 1 child	NIS	1,262	2,096	195	342	695	4,590
	%	27.5	45.7	4.2	7.4	15.1	100.0
Single + 2 children	NIS	1,825	2,668	248	435	885	6,062
	%	30.1	44.0	4.1	7.2	14.6	100.0
Couple, no children	NIS	1,253	2,348	218	383	779	4,982
	%	25.2	47.1	4.4	7.7	15.6	100.0
Couple + 1 child	NIS	1,679	2,897	269	473	961	6,279
	%	26.7	46.1	4.3	7.5	15.3	100.0
Couple + 2 children	NIS	2,298	3,405	317	555	1,129	7,704
	%	29.8	44.2	4.1	7.2	14.7	100.0
Couple + 3 children	NIS	2,903	3,882	361	633	1,288	9,066
	%	32.0	42.8	4.0	7.0	14.2	100.0
Couple + 4 children	NIS	3,515	4,334	403	707	1,438	10,397
	%	33.8	41.7	3.9	6.8	13.8	100.0
Couple + 5 children	NIS	4,157	4,768	443	778	1,582	11,727
	%	35.4	40.7	3.8	6.6	13.5	100.0

deems particularly essential. Such a family must relinquish some basic food expenditure to pay for these other items. The extent of its relinquishment reflects the importance of the non-food expenditure and therefore quantifies the size of essential expenditure on non-food items.

- Since consumption of non-food items according to the foregoing could be fairly serious, it is reasonable to suppose that the size of non-food expenditure will not be sufficient to satisfy all essential needs in this area. Therefore Ravallion asks another question: how much does a family spend on non-food items when we know that it spends the whole amount required to purchase the normative food basket.

The suitable basket of non-food items is therefore the amount that weights the response to both these situations.

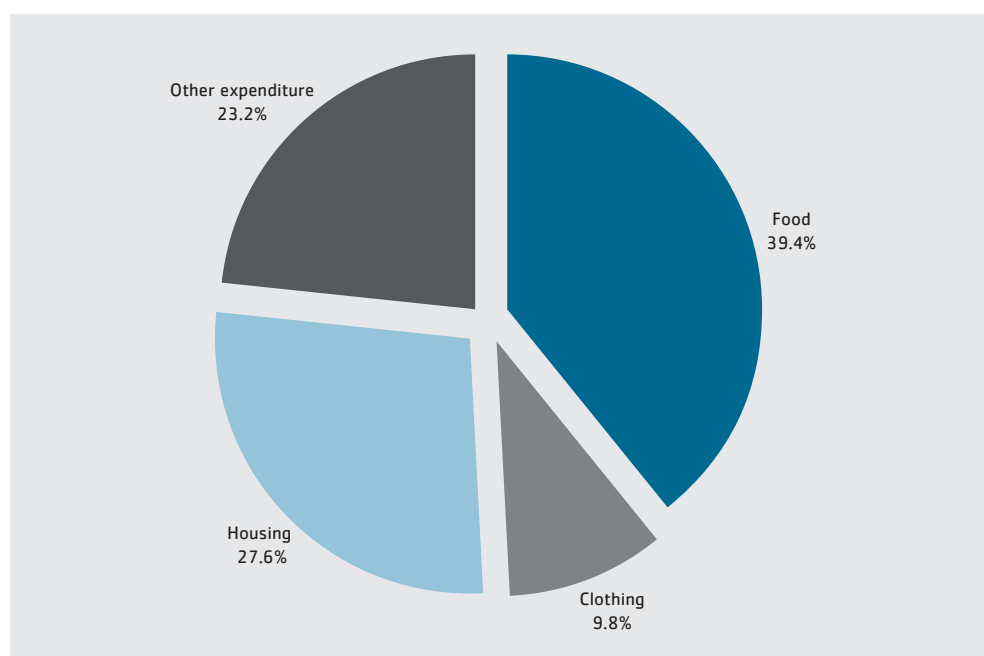
According to Table 4, the FES poverty line is considerably higher than the NRC line in the case of large families. For families with 2-3 people, the FES line is lower. This result is particularly interesting in view of the fact that the FES approach does not use a weightings table, since the normative food expenditure is determined by the family composition in terms of age and gender, and the basic non-food expenditure is determined by the ratio between total expenditure and normative expenditure on food.

Multi-dimensional approaches to the minimum for decent living: Criticism of the approaches presented above for measuring standard of living was expressed by

The FES poverty line is considerably higher than the NRC line in the case of large families. For families with 2-3 people, the FES line is lower

Amartya Sen (1985). His suggestion was to focus on realizing the individual's abilities, including the right to freedom and equality, at legal and material levels. The empirical implementation of this concept for measuring the accepted minimal standard of living

Graph 1
Threshold Expenses by Products, As Per the NRC Approach,
Monetary Version, 2011*



* Valid for all family compositions

Table 4
Minimum Decent Standard of Living by Various Poverty Lines,
for Different Family Compositions (NIS)

Composition of family	Total monetary income or expenditure, 2011 figures			Thereof:				Percentages:			
				Food		Non-Food		Food		Non-Food	
	Official poverty line	NRC	FES	NRC	FES	NRC	FES	NRC	FES	NRC	FES
Single, no children	2,501	2,729	1,844	1,076	657	1,653	1,186	36	39	61	64
Single + 1 child	4,001	3,957	3,681	1,560	1,312	2,397	2,368	36	39	61	64
Single + 2 children	5,301	5,037	5,572	1,986	1,987	3,051	3,585	36	39	61	64
Couple, no children	4,001	4,434	3,723	1,748	1,327	2,686	2,395	36	39	61	64
Couple + 1 child	5,301	5,470	5,017	2,157	1,789	3,313	3,228	36	39	61	64
Couple + 2 children	6,401	6,428	6,789	2,534	2,421	3,894	4,368	36	39	61	64
Couple + 3 children	7,502	7,328	8,646	2,889	3,083	4,439	5,563	36	39	61	64
Couple + 4 children	8,502	8,183	10,594	3,226	3,777	4,957	6,816	36	39	61	64
Couple + 5 children	9,502	9,001	12,341	3,549	4,401	5,452	7,941	36	39	61	64

has not yet crystallized into a system of easily quantifiable measurement and is still the subject of research (Kakwani & Silber, 2010).

To sum up, the main advantages and disadvantages of the various approaches are as follows: the striking advantage of the official approach based on monetary income is its simplicity and accessibility of the variable for poverty calculations and for international comparisons. Its disadvantage is the arbitrary use of half the median income. The sources of the NRC and the NRC/MBM approaches are fairly similar, and their advantage is that they stress the **composition** of the basic basket of expenses, such as housing, food and clothing. However, the basic basket is defined fairly arbitrarily, so that, for example, there are no solid arguments for the use of the average expenditure of the 30-35 percentiles. On the other hand, the FES approach has two striking advantages: there is no need for a weighting table (that is, a definition of a **standard individual**) and there is no need to consider the composition of the basic basket beyond the division between food and non-food, thus avoiding the tiring discussion as to whether this or that item of non-food consumption is part of the basic expenditure or not – a question that involves value-based issues which are by their nature subjective. So this approach respects the preferences of each family as to the composition of its non-food expenditure. The calculation of the basic basket is based on the principles for calculating expenditure on a suitable basket of food, which is in turn based on medical knowledge and therefore objective, and on an analysis of the ratio between the family's total expenditure and the normative expenditure on food¹². Compared to the arbitrary nature of other measures surveyed, the FES index is perceived as less arbitrary. The food component is based on medical research, and expenditure on non-food items is derived from two very logical reference points: the limited and extended minimal baskets are each determined as a result of revealed preference of households at the point where they have to decide between consumption of non-food items and food items. Drawing the poverty line over the revealed household preferences makes any arbitrary decision by the researcher superfluous.

Graph 2 illustrates the differences between the various approaches. If we regard the large complete right hand circle as all the indicators that use income from all sources (that is, including income in kind), then the smaller whole circle within it represents indicators based on monetary income. The larger left hand circle reflects variables relating to family expenditure from all sources (that is, including expenses in kind), and the smaller left hand circle expresses monetary expenditure only. The intersection between the two larger circles expresses the minimum required with information about income and expenditure – both including components in kind. Therefore these indicators of poverty are richer in information than others. The intersection of the two smaller circles also shows

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 12 For further details, see Ravallion (1994), Appendix 1. A Hebrew summary can be found in Gottlieb & Fruman (2011), p. 12-14.

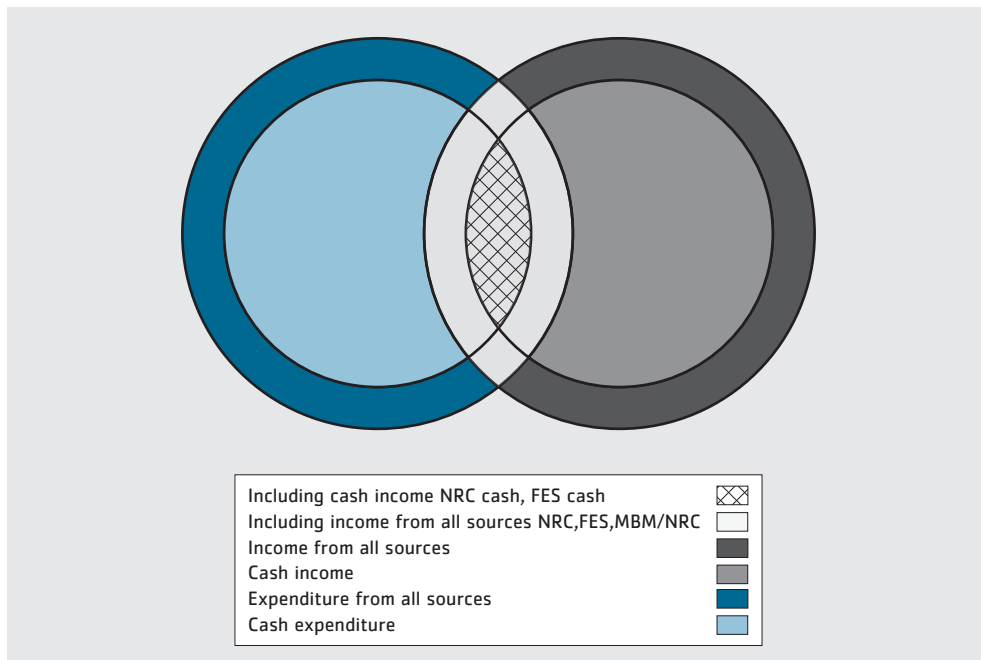
information from both worlds – expenditure and income – but only monetary. The graph depicts different sources for calculating poverty indicators: monetary and non-monetary income and expenses.

3. Cover of the Minimum Required for Decent Living Through State Benefits and Support

The State provides subsistence benefits and assistance by means of various discounts. In order to be able to examine the scope of State support with reference to the minimum required for decent living, it is important for the support to meet the definition of this minimum. For example, if the minimum includes only monetary income – like the official definition of poverty in which the measurement does not explicitly refer to expenditure – then we must refer only to monetary benefits and pensions: subsistence allowances, universal pensions (child allowances, old-age pensions) and monetary support (such as rent support). However, if the minimum is calculated according to family expenditure on basic consumption, the support counted must include, in addition to payments, also benefits in kind, such as reductions on local taxes, medicines and public transport, provided by the State and its institutions. In this case, the supports must be compared to the minimum for decent living that includes these components.

The State provides subsistence benefits and assistance by means of various discounts. In order to be able to examine the scope of State support with reference to the minimum required for decent living, it is important for the support to meet the definition of this minimum

Graph 2
Different Approaches to Assessing the Minimum Required for Decent Living



Formal reference to the issue of the required minimum can be found in High Court verdicts 366/03 and 888/03, which adopted a fairly limited definition. Paragraph 15 states:

“Human dignity includes... protection of the minimum for human existence... a person living on the streets, without housing, is a person whose human dignity is compromised; a person who is starving, is a person whose human dignity is compromised; a person who has no access to elementary medical treatment, is a person whose human dignity is compromised; a person who is forced to live in degrading material circumstances, is a person whose human dignity is compromised.”

From this quote it is possible to understand that a family is considered as having a housing solution even if the housing conditions are inhuman. Nor is there a demand for suitable nutrition to enable daily function, providing that the family is not “starving”. According to the Court verdict, it is sufficient for the family to have access to basic medical treatment only, and for its material circumstances not to be “degrading”. The words chosen by the Court stress the minimalist approach as a guideline. This is a strict approach when compared to definitions of poverty accepted in the West and described above. Paragraph 16 of the verdict slightly expands the definition of the minimum for decent living, although it is still restricted in terms of the basic expenses that it omits, such as expenditure on education, culture and transport. As for the outlay on food, the ruling focuses on the food required to maintain physical existence rather than daily function.

The following statement from the ruling leaves us with a sense that the State perceives its role in assuring the minimum for a decent living in a fairly restricted manner:

“... A person’s right to dignity is also the right to conduct his normal life as a human being, without being overcome by economic distress that causes him unbearable deprivation.”

According to this description, the State is not required to assist an individual living in conditions of considerable deprivation, unless such deprivation is “unbearable”.

This ruling describes housing as a central component of the minimum for decent living. Therefore, we need to check whether the family in distress owns its own house, or has received a discount on local taxes. On the other hand, if the minimum is defined using the official poverty line, which includes as stated only monetary income, non-monetary income such as income in-kind from owning one’s home is not included. In this case, expenditure such as the cost of local taxes is not to be included since the minimum is measured only by monetary income. If we want to consider non-monetary income, it must be expressed both in the minimum required and in the test of meeting that minimum. If we wish to consider expenditure, we must choose a definition of the minimum that takes account of benefits when assessing income, because the minimum for decent living (the official poverty line) does not include these components. The Supreme Court in this ruling refers to many benefits and services provided by the State:

“A range of means, both national and local, in primary and secondary legislation, in direct grants, in exemptions and subsidies, in general arrangements and individual plans. Among those listed by the Respondents, in addition to income support, assistance from the Ministry of Housing a financing private housing, public housing services provided by government housing companies, children’s allowances, national health insurance, free education, assistance provided by the welfare departments of local government, reductions in local taxes, subsidies for childcare, legal aid, assistance from those doing national service, government support for welfare projects, localized help for families in distress and for new immigrants”.

This approach is consistent with the Supreme Court’s determination that the minimum required for decent living affects various dimensions of life, such as housing, food and clothing.

Infrastructure of data for determining the minimum for decent living and assessing the extent of assistance

The ruling presented above indicates that the Court lacked a sufficient infrastructure of data to examine the issue of the minimum required for decent living in the cases brought before it. The Court decided that the burden of proof lay with the petitioners (“the families in distress”) and not with the respondents¹³ (“the State”), notwithstanding the fact that the task of planning support strategy should rest with the State. It is possible to suppose that if the respondents had shown data regarding associated benefits and income in kind, the Court would have agreed to consider this information. The ability to produce statistical data on populations in distress lies with government bodies such as the Central Bureau of Statistics and the National Insurance Institute.

In paragraph 22 of the ruling, the Court mentions the lack of an information infrastructure regarding the various benefits. In February 2008, a team led by the CBS prepared a report about developing additional indices of poverty, stressing the importance of adding relevant information about government supports and about adding additional poverty lines¹⁴.

Further to the efforts of the two committees for developing additional indices of poverty, the NII’s Research and Planning Administration this year set itself the goal of improving the infrastructure of information about covering the minimum for a decent living by means of subsistence payments, universal pensions and benefits. The harder it is for people in financial distress to exercise these rights, the more the actual level of cover falls short of the plan. Therefore it is important not only for the Government to have

.....

13 See para. 22 of the Ruling.

14 Report of the Team on Developing Additional Indices of Poverty (2008). During 2012 a continuation committee of the aforementioned company worked on preparing a report on the principles for including of benefits in kind given by the Government in the survey of expenditure.

Further to the efforts of the two committees for developing additional indices of poverty, the NII’s Research and Planning Administration this year set itself the goal of improving the infrastructure of information about covering the minimum for a decent living

an aid plan, but also for it to be accessible to those in need. The lower the chances for a family with housing problems to exercise the right to receive help, the greater the gap between the minimum required and the actual level of assistance. Thus under-utilization of assistance is an integral part of assessing the effectiveness of the support system. One of the central factors in under-utilization is bureaucratic, relating to the stigma and even the humiliation of completing forms and going through the whole process.

4. The Rate of Cover of the Minimum for a Decent Living According to Various Definitions of the Poverty Line

The model of the official poverty line as an index of the minimum for a decent living proposes comparing half the net monetary income of the median family to the amount of subsistence allowances and universal benefit paid by the National Insurance Institute. The relevant benefits are income supplement, child allowance, family increment or old-age and survivors' pension – each according to the characteristics of the family being examined. To these amounts are added rental assistance, since it is received as a monetary income in every way.

Therefore, according to this approach the rate of cover of the minimum for a decent living is determined by the following ratio:

$$\frac{\text{The relevant benefits + rental assistance}}{\text{Half the median net monetary income}}$$

The information about assistance with rent is also taken from the expenditure survey and at this stage has not been verified against administrative data from the Ministry of Housing¹⁵. As Table 5 indicates, in this approach there is a considerable gap between the minimum required and the monetary assistance given by the State to large families¹⁶. The largest gap to the detriment of benefit recipients is found in families headed by someone aged under 55 with numerous children. The larger the number of children, the smaller the rate of cover. Table 5 shows data only up to the fifth child, at which point cover reaches a low of 43%. According to the FES approach, the shortage is even more severe: the rate of cover is only 33% in families with 5 children, compared to a rate of 114% in the case of a single adult between the age of 55 and retirement (Table 6 and Graph 3). This means that there is a striking lack of balance among coverage rates according to family composition, where the higher rates are certainly reasonable and necessary, but the difficulty lies with the lower rates. After all, obviously in every society

There is a striking lack of balance among coverage rates according to family composition, where the higher rates are certainly reasonable and necessary, but the difficulty lies with the lower rates

15 However, according to initial checks the proportion of people benefiting from help from the Ministry of Housing is fairly small.

16 Although the cuts proposed in the 2013 Economy Arrangements Law are not part of this year's report, since they were not yet implemented at the time of writing, it is clear that they will significantly reduce the rate of cover of families with 2-4 children, while the allowance for families with 5 or more children will be even lower than before the cuts.

Table 5
Income Support and Relevant Universal Benefits Relative to the Minimum Necessary for a Decent Living
According to the Official Poverty Line, 2002 and 2011

Family composition	2002				2011						
	Total	Family poverty line	Child benefit	Family benefit as % of poverty line	Benefits			Initial estimate of other benefits	Official family poverty line	% cover by family benefits of poverty line	% cover by family benefits of official poverty line, inc. other benefits*
					Total benefits	Child allowance	Income support				
Individual up to age 55	1,368	1,714	80	2,032	0	1,632	400	2,501	65	70	
Individual from 55 to retirement age	1,710	1,714	-	2,040	0		400	2,501	82	70	
Individual from retirement age to 80	1,866	1,714	-	2,723	0		400	2,501	109	94	
Individual aged over 80	1,866	1,714	-	2,846	0		400	2,501	114	98	
Individual to age 55 + child	2,891	2,743	152	3,302	169	2,733	400	4,001	73	75	
Individual from 55 to retirement age + child	2,549	2,743	152	3,459	169	2,890	400	4,001	76	79	
Individual to 55 + 2 children	3,727	3,634	305	3,989	407	3,182	400	5,301	68	70	
Two adults to age 55	2,052	2,743	-	2,643		2,243	400	4,001	56	60	
Two adults from 55 to retirement age	2,565	2,743	-	3,459	0	3,059	400	4,001	76	79	
Two adults from retirement age to 80	2,800	2,743	-	4,441	0	4,041	400	4,001	101	101	
Two adults aged 80+	2,800	2,743	-	4,616	0	4,216	400	4,001	105	105	
Two adults to age 55 + 1 child	2,614	3,634	152	3,016	169	2,447	400	5,301	49	53	
Two adults from 55 to retirement age + 1 child	3,127	3,634	152	4,118	169	3,549	400	5,301	70	72	
Two adults to 55 + 2 children	3,177	4,389	305	3,540	407	2,733	400	6,401	49	52	
Two adults to 55 + 3 children	3,480	5,143	607	3,910	659	2,851	400	7,502	47	49	
Two adults to 55 + 4 children	4,093	5,829	1,221	4,280	911	2,969	400	8,502	46	48	
Two adults to 55 + 5 children	4,851	6,515	1,979	4,449	1,080	2,969	400	9,502	43	45	

* Not including health benefits.

Table 6

Rate of Cover Provided by Income Support and Child Allowance as Percentage of Poverty Line:
Official, NRC Monetary, FES Monetary, by Various Family Compositions, 2002 and 2011

Family composition	2002					2011					2011 coverage minus 2002		
	Benefits			Official index	FES monetary	Benefits			Official index	FES monetary	NRC monetary	Official index	FES monetary index
	Total	Old age and income support	Child allowance	Family benefit as % of poverty line		Total	Old age and income support	Child allowance	Family benefit as % of poverty line		Family benefit as % of poverty line		
Individual to age 55	1,368	1,368	-	80	94	1,632	1,632	-	65	81	60	-15	-13
Individual from 55 to retirement age	1,710	1,710	-	100	135	2,040	2,040	-	82	114	75	-18	-22
Single parent to age 55 + 1 child	2,891	2,739	152	105	108	2,902	2,733	169	73	79	58	-33	-29
Single parent from 55 to retirement age + 1 child	2,549	2,397	152	93		3,059	2,890	169	76		61	-16	-
Individual + child to age 55	2,036	1,884	152	74	76	2,616	2,447	169	65	71	52	-9	-5
Individual from 55 to retirement age + 1 child	2,891	2,739	152	195		3,467	3,298	169	87		69	-19	-
Single parent to age 55 + 2 children	3,727	3,423	305	103	101	3,589	3,182	407	68	64		-35	-37
Single parent from 55 to retirement age + 2 children	3,111	2,807	305	86		3,787	3,380	407	71			-14	-
Individual to age 55 + 2 children	2,599	2,294	305	71	70	3,140	2,733	407	59	56		-2	-14
Individual from 55 to retirement age + 2 children	3,723	3,423	305	103		4,521	4,114	407	85			-17	-
Two adults up to age 55	2,052	2,052	-	75	72	2,243	2,243	-	56	56	51	-19	-15
Two adults from 55 to retirement age	2,565	2,565	-	94	99	3,059	3,059	-	76	85	69	-17	-15
Two adults to age 55 + 1 child	2,614	2,462	152	72	71	2,616	2,447	169	49	53	48	-23	-18
Two adults from 55 to retirement age + 1 child	3,127	2,975	152	86		3,718	3,549	169	70		68	-16	-
Two adults to age 55 + 2 children	3,177	2,873	305	72	65	3,140	2,733	407	49	46	49	-23	-19
Two adults from 55 to retirement age + 2 children	3,690	3,385	305	84		4,445	4,036	407	69		69	-15	-
Two adults up to age 55 + 3 children	3,480	2,873	607	68	56	3,510	2,733	659	49	41	48	-21	-15
Two adults from 55 to retirement age + 3 children	3,993	3,385	607	78		4,815	4,038	659	64		66	-13	-
Two adults to age 55 + 4 children	4,093	2,873	1,221	70	54	3,880	2,733	911	46	37	47	-25	-18
Two adults from 55 to retirement age + 4 children	4,606	3,385	1,221	79		5,185	4,038	911	61		63	-18	-
Two adults to age 55 + 5 children	4,851	2,873	1,979	74	56	4,049	2,733	1,080	43	33	45	-32	-24
Two adults from 55 to retirement age + 5 children	5,364	3,385	1,979	82		5,354	4,038	1,080	56		59	-26	-

there are certain groups who are unable to take care of themselves, even after efforts to integrate them into the labor market. This means that these families, and particularly their children, are condemned to a life of poverty, in many cases severe poverty. It is also difficult to argue that this will motivate the adults in the family to find work, since if they have no chance of being accepted for work, this is not a realistic solution for escaping economic distress. It also seems likely that this situation will be perpetuated in the next generation, since economic distress affects the parents' ability to build human capital and therefore reduces the children's ability to develop their own future earning skills.

It is not possible in this chapter to provide an exhaustive discussion of the Court's determination, that not only pensions and allowances should be considered but also additional benefits, including monetary benefits, because such a discussion must be based on a detailed database of benefits, but our exploratory discussions with an expert in the Jerusalem Municipality who is familiar the scope of such benefits, raised the following points:

Until 1993 the local council determined discounts on local taxes, but in 1993 this authority passed to the Minister of the Interior. In fact, the Ministers tended to approve maximum discounts for recipients of NII subsistence benefits, IDF wounded, bereaved families and the elderly. These rules were fairly similar among the larger local authorities¹⁷. A calculation based on data obtained from the Jerusalem Collection Department showed that the average discount on local taxes was about NIS 2,600 per annum in 2012, that is, slightly more than NIS 200 per month. The discount was given to those who met the means test, old age pensioners and the disabled (recipients of income support are not automatically entitled to a discount if they are aged under 50).

It appears that the take-up rate was still far below 100%, and the total benefit, including also discounts on electricity and water bills, is no more than an average of about NIS 400 per family. In other words, benefits add about 2% to the rate of cover when taken into account¹⁸.

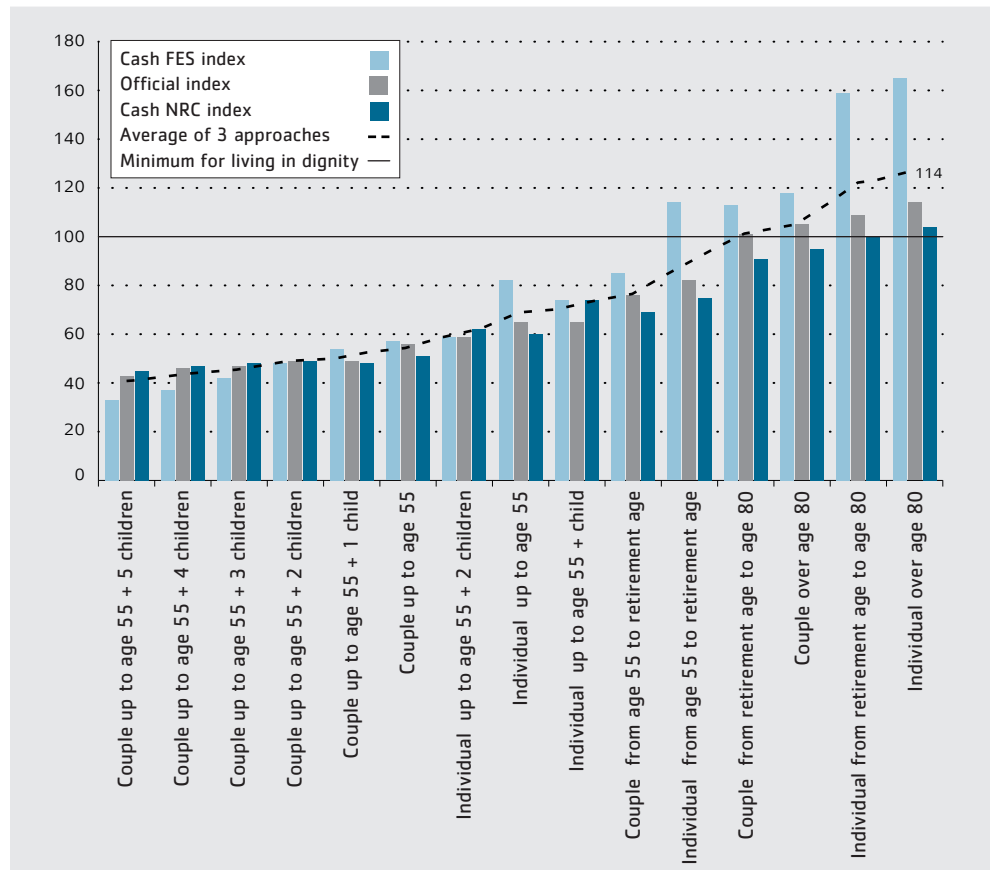
Graph 3 shows that these conclusions are fairly stable, and do not change significantly with the choice of a particular approach to defining the minimum for a decent living. The difference between the rates of cover according to family composition is similar in all three approaches. The differences are slightly bigger using the FES approach, and are slightly less using the NRC approach. The rates of cover according to the official approach are somewhere between the other two and therefore are the nearest to the average rates of cover.

It appears that the take-up rate was still far below 100%; benefits add about 2% to the rate of cover when taken into account

17 This information was obtained from a discussion between staff of the NII Research & Planning Administration and a senior official with many years of experience in this field in Jerusalem Municipality.

18 Later there will be an attempt to calculate more precise rates of cover once better quality data on this subject have been collected.

Graph 3
Rates of Cover of the Minimum for a Decent Living (%) by Family Composition, Based on Various Measures of Poverty (not including rent support), 2011



According to all the approaches shown here, the amounts of benefits should be increased, with the emphasis on large families where the head of the household is aged under 55, since the gap between government aid and the proper minimum in this group reaches 30% to 60%, depending on the family size, without referring to the even worse situation of families with more than 7 members (Graph 1).

Payments of benefits in money and in kind by the National Insurance Institute amounted to NIS 66.85 billion in 2012, compared to NIS 62.66 billion in 2011 – a real growth of 4.9%

5. Extent of Payments

Payments of benefits in money and in kind by the National Insurance Institute – whether or not based on collection from the public – amounted to NIS 66.85 billion in 2012, compared to NIS 62.66 billion in 2011. These amounts include other payments by the NII, mainly to government ministries, for the costs of developing services in the community, as well as administrative and operating costs of the range of areas comprising the National Insurance system (at total of NIS 1.3 billion). The real growth in NII

Table 7
Payments of Benefits and Collection from the Public
(without administrative costs) as a percentage of GDP, 1980-2012

Year	Payments of benefits		Collection	
	Total	From collection	Total*	NI contributions*
1980	6.09	4.98	6.77	5.15
1985	7.14	5.51	6.57	4.45
1990	8.36	7.04	7.21	5.28
1995	7.23	5.66	7.54	4.21
2000	7.65	6.09	6.00	4.08
2001	8.63	6.78	6.34	4.30
2002	8.65	6.71	6.35	4.32
2003	8.12	6.41	6.23	4.22
2004	7.35	5.88	6.04	4.05
2005	7.02	5.63	6.00	4.03
2006	6.87	5.53	5.80	3.87
2007	6.67	5.42	5.76	3.81
2008	6.73	5.49	5.84	3.83
2009	7.06	5.80	5.63	3.67
2010	7.12	5.92	5.85	3.85
2011	7.03	5.90	5.88	3.87
2012	7.06	5.97	5.68	3.72

* Including collection for the Sick Funds.

** Includes compensation from the Treasury for the reduction in employers' NI contributions.

payments reached 4.9% and is due to several factors: growth of 2%-9% in the number of recipients of all types of benefit, except for income support, and real growth deriving from the regular update of benefits: in January 2012 benefits were updated by 2.6% according to the rise in the index between November 2010 and November 2011 – higher than the average rate of increase in the index in 2012 which amounted to 1.7% (in other words, this year benefits increased by a real rate of about 0.8%); the increase of 3% in the number of people employed in the labor force, and the real growth of 1% in wages; and from changes in legislation.

In terms of percentages of the GDP, a more moderate increase was recorded, of 0.03% (Table 7). In the last four years, benefits have amounted to about 7% of the GDP, after reaching a record 8.7% in 2001-2002. In 2002, collection as a percentage of the GDP was more than half this percentage, and reached 3.72% after recording a drop of 0.15% compared to 2011.

Overall, in 2012 payments of contributory benefits under the National Insurance Law rose by 5.8% in real terms. Payments of benefits not based on collection – paid by virtue of State laws or agreements with the Treasury and fully financed by the Ministry of Finance, such as income support, mobility allowance, maintenance payments, old age and survivors' pensions for the non-insured (mainly new immigrants) and reserve duty payments – rose at a more moderate rate, of 0.8%. In 2012, these non-collection

In terms of percentages of the GDP, a more moderate increase was recorded, of 0.03%

payments, including administrative costs, amounted to NIS 10.5 billion, representing 15.7% of all benefit payments.

Old-age and survivors' pension payments rose by 3.6% in 2012, after an increase of 3.3% in 2011 and greater increases in 2009 and 2010

The figures in Table 8 show the main trends in benefit payments by insurance branch. Old-age and survivors' pension payments rose by 3.6% in 2012¹⁹, after an increase of 3.3% in 2011 and greater increases in 2009 and 2010. In 2008-2011 old age and survivors' pension payments were increased, mainly due to legislative changes in this branch: in April 2008, the basic pensions were increased from 16.2% to 16.5% of the basic amount²⁰, while pensioners aged 80 and over received a special increment equal to 1% of it. In August 2009, pursuant to the Economic Efficiency Law, old age and survivors' pensions were again increased, from 16.5% to 17%, and in January 2010 to 17.35%, as part of a process at the end of which, in January 2011, the basic pension was raised to 17.7% of the basic amount. It should be noted that the gradual and continuing growth in old age pensions from 16.2% to 17.7% of the basic amount was accompanied by a process of increasing income support according to age. The effect of this legislation was fully achieved in 2011, and therefore the increase in payments of benefits is explained by the rise in the number of recipients, combined with the real growth of the benefits, due to their update at a rate higher than the increase in the average price index in 2012 (2.6% compared to 1.7%; see Section 6 below).

Payments of child allowances rose by 3.2% from 2011 to 2012

Payments of child allowances rose by 3.2% from 2011 to 2012, due partly to the graduated increase in child allowances that began in July 2009, under the Economic Efficiency 2010-2011 Law. In this framework, the allowance for the second, third and fourth children in the family gradually increased, reaching the full increment of NIS 100 for each of these children in 2012. It should be noted that as part of the agreement, the increments were only nominal, and the allowance was not updated in line with changes in prices in this period, so in real terms the increase was eroded. The rise in child allowance payments was offset partially by the removal of "older" children (born before 2003) from the system, and their replacement with "new" children, for whom a uniform benefit is paid which is lower than that for "older" ones (a process that began in 2002).

Unemployment payments rose sharply by 11% in 2012, mainly due to the large rise in the number of recipients

Unemployment payments rose sharply by 11% in 2012 (following a drop of about 4% in the previous year), mainly due to the large rise in the number of recipients, as well as the increase in the wages of recipients. Payments for long-term care also rose sharply by 9.5% in 2012, mainly due to the increase in the number of people eligible for the benefit

19 There may be some difference in the rates of change of payments shown in this chapter compared to those shown in the chapters surveying the various payments, since the data on which the calculation in this chapter are based include administrative costs and may also include additional small components.

20 The basic amount is the amount by which most benefits have been calculated since 2006. The amount is updated on January 1 each year by the rate of the increase in the Consumer Price Index during the previous year. There are different tariffs of the basic amount for the purpose of updating various benefits. In 2012, the basic amount for most benefits was NIS 8,370.

Table 8
NI Benefit Payments (including administrative costs), 1995-2012

Year	Total	Old age & survivors**	General disability	Work & hostile action injuries	Maternity	Children	Unemploy-ment	Reserve duty	Income support***	Long term care & other
					NIS million (current prices)					
1995	21,188*	7,675	2,254	1,487	1,206	4,287	1,280	1,053*	1,149	798
2000	39,706	13,670	5,128	2,569	2,423	7,000	3,023	1,039	2,957	1,897
2005	43,305	16,457	7,792	3,192	2,857	4,548	2,044	713	2,859	2,842
2007	47,089	17,615	9,034	3,332	3,605	5,038	1,812	760	2,543	3,350
2008	49,920	18,655	9,599	3,506	4,146	5,188	1,896	841	2,518	3,572
2009	55,394	20,180	10,295	3,811	4,604	5,650	3,089	1,169	2,613	3,984
2010	59,137	22,023	11,130	3,986	5,033	6,279	2,606	1,028	2,659	4,394
2011	62,666	23,531	11,664	4,281	5,357	6,974	2,582	1,068	2,617	4,592
2012	66,850	24,804	12,534	4,601	5,779	7,319	2,914	1,148	2,635	5,116
					Real annual growth					
1995	10.1	8.6	16.1	14.6	20.8	4.5	16.2	2.9	13.7	13.5
2000	8.1	8.4	14.8	11.4	10.8	1.5	0.9-	7.4-	18.1	18.2
2005	0.1-	1.3	4.6	0.2	3.4	8.1-	6.9-	0.6-	6.0-	2.5
2007	2.4	0.8	7.1	0.2	15.6	0.5-	10.5-	12.1-	7.3-	13.3
2008	1.4	1.3	1.6	0.6	10.0	1.5-	0.0	5.8	5.3-	2.0
2009	7.4	4.7	3.8	5.2	7.5	5.4	57.7	34.5	0.4	7.9
2010	4.0	6.3	5.3	1.9	6.5	8.2	17.8-	14.4-	0.9-	7.4
2011	2.4	3.3	1.3	3.8	2.9	7.4	4.2-	0.4	4.9-	1.0
2012	4.9	3.6	5.7	5.7	6.1	3.2	11.0	5.7	-1.0	9.5
					Breakdown by insurance branch (percentages)					
1995	100.0	36.2	10.6	7.0	5.7	20.2	6.0	5.0	5.4	3.8
2000	100.0	34.4	12.9	6.5	6.1	17.6	7.6	2.6	7.4	4.8
2005	100.0	38.0	18.0	7.4	6.6	10.5	4.7	1.6	6.6	6.6
2007	100.0	37.4	19.2	7.1	7.7	10.7	3.8	1.6	5.4	7.1
2008	100.0	37.4	19.2	7.0	8.3	10.4	3.8	1.7	5.0	7.2
2009	100.0	36.4	18.6	6.9	8.3	10.2	5.6	2.1	4.7	7.2
2010	100.0	37.2	18.8	6.7	8.5	10.6	4.4	1.7	4.5	7.4
2011	100.0	37.6	18.6	6.8	8.5	11.1	4.1	1.7	4.2	7.3
2012	100.0	37.1	18.7	6.9	8.6	10.9	4.4	1.7	3.9	7.7

* The figures for 1995 do not include amounts transferred to the Ministry of Defense as debt repayment for the saving in the number of reserve duty days.

in general, and those eligible for the higher rate of benefit in particular. The gradual increase in the number of employers of Israeli workers who receive a weekly increment of hours (worth up to NIS 800 per month at the highest level) also contributed to the increase in total payments of this benefit. Thus, the number of eligible employers at the lowest level rose by about 3%, compared to a steep rise of about 16% at the highest level among employers of Israelis.

The increase of about 6% in maternity payments is mainly explained by the rise in the number of births. Payments for birth allowance and hospitalization grant each grew by about 7%. The rise in the birth allowance represents a continuation of the increase in the number of women eligible for the benefit and the rise in the average payment in recent years, in view of the increase in women's employment and their wages over the years. The increase in the hospitalization grant is mainly explained by the real growth in the size of the grant, by 4.5% in 2012.

The only benefit for which a decrease in payments was recorded in 2012, at the rate of one percent, was income support for people of working age, mainly due to the drop in the number of recipients, reflecting among other things, the ongoing expansion of the labor market in this year. Removal of the stipulation that ownership or regular use of a vehicle (that does not meet the terms of the law) denies the right to a benefit following a High Court decision on this subject in March 2012, should work towards increasing the number of recipients, but the change was introduced at the end of 2012, and awareness of the change is expected to increase gradually over time.

Table 8 also shows that the Old-age and Survivors' branch, the largest insurance branch, accounted for 37.1% of all benefits paid in 2012. Compared to the previous year, its share fell by 9.5%, in view of the higher increases in other pension payments. The General Disability branch accounted for 18.7% of all payments in 2012, similar to its share in the previous year. Children, the third largest branch, fell slightly from 11.1% in 2011 to 10.9% in 2012, while the Maternity branch remained almost stable at 8.6% of total benefit payments in 2012. Unemployment benefits rose from 4.1% to 4.4% from 2011 to 2012 as a result of the high increase in the number of recipients that year, while the Income Support branch continued the downward trend of previous years, reaching 3.9% of payments, about half its share in 2002, when it accounted for about 8% of all payments.

6. Level of Benefits

In January 2012 benefits were updated in line with the increase in the Consumer Price Index from November 2010 to November 2011, at a rate of 2.6%. This rate updated the basic amount²¹, which has been the basis for updating most benefits since 2006, pursuant

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21 See Note 18 of this chapter.

The only benefit for which a decrease of about one percent in payments was recorded, at the rate of one percent, was income support for people of working age, mainly due to the drop in the number of recipients

In January 2012 benefits were updated at a rate of 2.6%

Table 9
Guaranteed Minimum Income for Working-age Population
(fixed prices and percentage of average wage*), monthly average, 2000-2012

Year	Single individual				Single parent + 2 children (including child allowance)		Couple + 2 children (including child allowance)			
	Regular rate		Increased rate		2012 prices (NIS)	% of average wage	Regular rate		Increased rate	
	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage			2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage
The oldest person in the family is under the age of 55										
2000	1,651	18.7	2,065	23.4	4,557	51.6	3,913	44.3	4,533	51.3
2005	1,602	18.5	1,802	20.8	3,412	39.4	2,972	34.4	3,412	39.4
2006	1,611	18.4	1,813	20.7	3,489	39.8	3,047	34.8	3,489	39.8
2007	1,603	18.0	1,804	20.3	3,471	39.0	3,031	34.0	3,471	39.0
2008	1,641	18.6	1,846	20.9	3,540	40.0	3,089	34.9	3,540	40.0
2009	1,661	19.3	1,868	21.7	3,581	41.6	3,125	36.3	3,581	41.6
2010	1,678	19.3	1,888	21.8	3,635	41.9	3,174	36.6	3,635	41.9
2011	1,660	19.1	1,867	21.4	3,650	41.9	3,193	36.7	3,650	41.9
2012	1,674	19.0	1,883	21.3	3,694	41.8	3,234	36.6	3,694	41.8
At least one member of the family is aged 55 or older										
2000	2,065	23.4	2,065	23.4	4,557	51.6	4,533	51.3	4,533	51.3
2005	2,003	23.1	2,003	23.1	4,297	49.7	4,253	49.2	4,253	49.2
2006	2,014	23.0	2,014	23.0	4,412	50.3	4,335	49.5	4,335	49.5
2007	2,004	22.5	2,004	22.5	4,389	49.3	4,313	48.4	4,313	48.4
2008	2,052	23.2	2,052	23.2	4,479	50.6	4,402	49.8	4,402	49.8
2009	2,076	24.1	2,076	24.1	4,531	52.6	4,453	51.7	4,453	51.7
2010	2,098	24.2	2,098	24.2	4,595	53.0	4,517	52.1	4,517	52.1
2011	2,075	23.8	2,075	23.8	4,598	52.8	4,521	51.9	4,521	51.9
2012	2,093	23.7	2,093	23.7	4,651	52.7	4,573	51.8	4,573	51.8

* As measured by the Central Bureau of Statistics.

to the Economic Recovery Plan Law of June 2003. Until then, benefits were updated according to rises in the average wage. In the year under review, the average wage rose more or less at the same rate – 2.7% – so that in 2012 recipients of benefits neither gained nor lost as a result of the changeover to updates based on the CPI. However, cumulatively from 2002 to 2012 the average wage rose about 20% in nominal terms – about 2% less than the increase in the CPI during the same period. A continuation of this trend, that is, reduction of the return on work in real terms, as happened in this last decade, would in effect cancel out the expected erosion of benefits due to the change to updating according to the CPI rather than changes in wages.

Old-age pensions in 2012 were higher, following a process that ended in 2011 with the completion of the rise in the basic pension for a single person according to the plan outlined in the Economic Efficiency Law for 2009, reaching 17.7% of the basic amount

Old-age pensions in 2012 were higher, following a process that ended in 2011

Table 10
Old Age and Survivors' Pensions and Minimum Guaranteed Income for Elderly and Survivors (fixed prices and percentage of the average wage*), monthly average, 1975-2012

Year/ age	Basic old-age and survivors' pension				Minimum guaranteed income (including child allowance)			
	Single old person		Widow/er + 2 children		Single old person		Widow/er + 2 children	
	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage
1975	691	14.9	1,150	24.8				
1980	762	17.1	1,477	33.1				
1985	859	15.2	665	29.5				
1990	1,082	15.9	2,094	30.7				
1995	1,095	15.5	2,123	30.1				
2000	1,322	15.0	2,560	29.0	2,209	25.0	4,860	56.5
2005	1,315	15.2	2,610	30.2	2,392	27.6	5,000	58.5
2006	1,341	15.3	2,619	29.9	2,506	28.6	5,244	60.5
2007	1,353	15.2	2,624	29.5	2,547	28.6	5,293	60.1
2008	1,348	15.2	2,608	29.5	2,522	28.5	5,234	59.6
2008 80+	1,431	16.2	2,690	30.4	2,654	30.0		
2009, up to 70	1,387	16.1	2,680	31.1	2,581	30.0	5,343	62.3
70-79	1,387	16.1	2,680	31.1	2,614	30.3		
80+	1,470	17.1	2,763	32.1	2,770	32.1		
2010, up to 70	1,456	16.8	2,816	32.4	2,685	30.9	5,523	64.0
2011, up to 70	1,469	16.9	2,846	32.7	2,690	30.9	5,601	64.3
70-79	1,469	16.9	2,846	32.7	2,769	31.8		
80+	1,552	17.8	2,929	33.6	2,895	33.2		
2012, up to 70	1,481	16.8	2,871	32.5	2,714	30.7	5,639	64.1
70-79	1,481	16.8	2,871	32.5	2,794	31.6		
80+	1,565	17.7			2,920	33.1		

* As measured by the Central Bureau of Statistics.

for single pensioners up to the age of 80 (a 2% rise). Under the same plan, the pension for those aged over 80 was also increased, thus maintaining the 1% difference in favor of the older pensioners compared to those aged under 80, and the pensions for other family compositions, including old age and survivors' pensions including income support, were also increased accordingly.

Pensions as a percentage of the average wage as shown in Table 11 are lower than as a percentage of the basic amount, since the absolute value of the basic amount is lower than that of the average wage. Thus, for example, the pension for a single person in 2012 amounted to 16.8% of the average wage (compared to 17.7% of the basic amount). However, in view of the increase in the pension rates stated in terms of the basic amount

(from 16.0% to 17.7% over the years), pension rates as a percentage of the average wage increased above the rates that were specified in the law before the changeover to the basic amount. (For example, the single pension, which is 16% of the basic amount, is equal to 16.8% of the average wage.)

The minimum guaranteed income for the working-age population generally remained at the same level as in 2011 (Table 9). The benefit for a single mother up to age 55 with two children, for example, was 41.8% of the average wage in 2012 (compared to 41.9% in 2011). However, that is still much lower than its level in 2000, on the eve of the deep cuts in income support benefits under the 2002-2003 economic plan, when the benefit was 51.6% of the average wage. The benefit for an individual aged under 55 was 19% of the average wage, compared to a higher rate of 23.7% for those aged 55 and over – even higher than the rate in 2000 (23.4% of the average wage).

The average long-term care benefit paid to the elderly (which is translated into care hours) rose in real terms by 1.9% in 2012 compared to 2011. The average disability pension decreased in real terms from 31.7% of the average wage for a salaried employee in 2011 to 31.5% of the average wage in 2012, as part of the ongoing erosion partly due to the addition of the wage-earning disabled. The average attendance allowance remained at the 2011 level in real terms, while the benefit for disabled children rose by 3.4% in real terms, reaching 27.4% of the average in 2012, compared to 26.5% in the

The minimum guaranteed income for the working-age population generally remained at the same level as in 2011

Table 11
Pension Points and Child Allowances (fixed prices and percentage of the average monthly wage), monthly average, 1990-2011

Year	Value of pension point		Benefit for two children		Benefit for four children		Benefit for five children	
	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage
1990	226	3.2	452	6.3	1,745	24.4	2,476	34.7
1995	218	2.9	436	5.8	1,752	23.0	2,493	32.7
2000	223	2.5	444	5.0	1,791	20.3	2,549	28.8
2005	143	1.7	288	3.3	906	10.5	1,386	16.0
2006	174	2.0	348	4.0	943	10.8	1,328	15.2
2007	173	1.9	346	3.9	938	10.5	1,322	14.8
2008	170	1.9	340	3.8	918	10.4	1,295	14.6
2009	172	2.0	344	4.0	1,014	11.8	1,395	16.2
2010 - "old"	174	2.0	363	4.2	1,114	12.8	1,499	17.3
"new"	174	2.0	363	4.2	876	10.1	1,048	12.1
2011 - "old"	172	2.0	414	4.8	1,156	13.3	1,538	17.7
"new"	172	2.0	414	4.8	927	10.6	1,098	12.6
2012 - "old"	173	2.0	430	4.9	1,170	13.3	1,529	17.6
"new"	173	2.0	430	4.9	944	10.7	1,117	12.7

previous year. The average monthly mobility allowance also went up, by 1.8% in 2012, reaching 23.1% of the average wage.

The value of a child allowance point remained at 2% of the average wage for the fourth consecutive year

The value of a child allowance point remained at 2% of the average wage for the fourth consecutive year (Table 11). The table shows that the rate of increase in the child allowance varies between different types of families, as well as between “old” children and “new” children (born after June 2003). Thus, for example, for a family receiving a child allowance for two children, whether they are “older” or “newer,” the allowance went up in real terms by about 2% between 2011 and 2012 – on top of the higher increase of about 14% between 2010 and 2011. On the other hand, for a family of four “newer” children, the increase was more moderate (0.9%) from 2011 to 2012, after a rise of about 6% the previous year. It should be noted that in spite of the improvement in family benefits in recent years, child allowances are still lower than they were before the economic plan of 2002–2003. For example, a family with four (“new”) children receives an amount equal to 10.7% of the average wage, compared to almost double: 19.5% of the average wage in 2001. These gaps are even larger for families with five children.

In the branches of wage-replacement benefits the trends were upward ones. In the Work Injury branch, the average daily injury allowance for both salaried employees and the self-employed rose for the first time after several years of decreases in real terms, by 2.4% and 2.8% respectively compared to 2011. The average daily maternity allowance also increased, by 1.6% compared to 2011, although it remained at the same percentage of the average wage, while the hospitalization grant rose by 4.5%, and the supplement for a preterm infant rose by about 7%. The average unemployment benefit increased by 1.8%, and thus in 2012 reached the level of 52.1% of the average wage (compared to 51.2% the previous year). The daily unemployment benefit was about NIS 183 on average – a real increase of 2.8% compared to 2011.

7. Recipients of Benefits

The number of recipients of old age and survivors’ pensions rose by 2.9% and are 802,500 old people and survivors each month

The number of recipients of old age and survivors’ pensions rose by 2.9% in 2012. The NII paid benefits to an average of 802,500 old people and survivors each month (Table 12). This rate reflects an increase of 4.3% in the number of recipients of old age pensions under the law, which was offset by a decrease of 0.54% in the number of new immigrants receiving the pension and a decrease of 0.8% in recipients of survivors’ pensions, leaving a rise of 3.4%. In the Children branch, the number of families receiving child allowances rose by 1.8% for the third consecutive year, as a result of natural population growth. In 2012 child allowances were paid for about 2.5 million children living in over a million families.

Between 2011 and 2012 the number of recipients of unemployment benefit increased sharply by 7.7%

Between 2011 and 2012 the number of recipients of unemployment benefit increased sharply by 7.7%, notwithstanding the slight decrease in unemployment rates in the same period. However, in 2012 the number of people employed rose by about 3%, a figure

Table 12
Number of Benefit Recipients in the Main Insurance Branches (monthly average), 1990-2012

Year	Old-age & survivors*		General disability		Work Related		Maternity		Families receiving child allowance***	Unemployment benefit	Income support (for working-age population)	Long-term care
	General disability	Attendance allowance	Disabled child	Mobility	Injury**	Permanent disability	Grant	Maternity allowance*				
	Number of recipients (thousands)											
1990	442.6	73.5	5.8	11.4	56.7	11.8	107.7	43.7	532.5	50.6	30.8	25.0
1995	553.9	94.0	10.3	13.2	84.9	14.6	113.4	55.2	814.7	61.5	74.8	59.0
2001	677.0	142.4	16.4	19.3	69.1	20.8	127.2	71.2	928.2	104.7	141.8	105.4
2003	709.2	157.3	18.4	22.3	61.5	23.0	136.4	73.9	939.1	70.5	155.2	113.0
2005	719.9	170.9	21.0	24.9	63.9	25.2	148.4	77.0	956.3	58.8	139.9	115.0
2007	728.9	187.5	23.8	27.3	67.6	27.8	151.6	86.0	980.6	49.8	120.2	125.4
2008	735.8	195.0	25.3	28.9	69.7	29.2	152.0	93.6	994.8	48.0	111.8	131.1
2009	746.9	200.1	26.5	30.4	65.8	30.9	156.4	97.7	1,012.0	73.0	111.8	136.6
2010	758.5	207.2	27.9	31.6	67.6	32.3	166.7	103.3	1,030.1	57.7	109.4	141.4
2011	780.1	213.0	29.5	33.0	67.6	33.9	163.4	105.7	1,048.7	57.4	105.3	145.6
2012	802.5	217.6	32.1	34.1		35.7	169.2	112.0	1,068.1	62.4	103.8	152.8
	Annual growth (percentage)											
1990-1986	2.6	3.4	7.7	1.5	-0.1	3.6	0.5	0.5	-0.5	20.9	8.6	17.4
1995-1991	4.6	5.0	12.2	3.0	8.4	4.4	1.8	4.8	8.9	4.0	19.4	18.7
2000-1996	3.5	7.6	8.2	4.9	-2.1	6.3	3.1	5.0	2.3	8.5	11.4	10.2
2001	3.0	5.2	7.2	14.9	-9.3	5.1	-3.6	0.8	1.7	13.1	10.6	10.1
2003	2.4	4.5	5.1	6.7	-12.1	5.5	6.1	3.5	0.4	-27.4	2.6	0.7
2005	-0.3	5.2	7.2	5.9	-2.9	5.0	-	-0.6	1.1	0.7	-3.3	1.4
2007	0.2	5.2	7.2	4.7	5.2	5.1	2.5	4.1	1.3	-10.9	-7.7	4.3
2008	0.9	4.0	6.3	5.9	3.1	5.0	3.3	8.8	1.4	-3.6	-6.8	4.7
2009	1.5	2.6	4.7	5.2	-5.6	5.8	3.7	4.4	1.7	52.1	0.0	4.2
2010	1.5	3.5	5.3	3.9	2.8	4.5	6.6	5.7	1.8	-21.0	-2.1	3.5
2011	2.8	2.8	5.7	4.3	0.0	5.0	-1.8	2.3	1.8	-0.5	-3.7	3.0
2012	2.9	2.2	8.8	3.3		5.3	3.5	6.0	1.8	8.7	-1.4	4.9

* From 2010 recipients of old age and survivors' pensions who received a pension split into old-age and survivors' pensions are counted as one unit.

** The different number of recipients over the year.

*** The data for 1985 and 1990 include families where the allowances for the first and second child were returned to them by their employers. In 1993 the benefits again became universal.

**** When calculating the figure for 2004 onwards, a pension split between several recipients was credited to one recipient only. The number of recipients in 2004, when all recipients of the split pension were counted, was 145,600 on average per month.

that can explain some of the increase in recipients of the benefit. This rise came after a drop of about half a percent in the number of recipients of unemployment benefit in 2011, when the level of unemployment was similar to that of 2012. Before that, in 2003–2009 the number of recipients fell consistently, due to a combination of the overall economic situation and changes in terms of eligibility. Following the economic crisis and the increase in unemployment rates at the end of 2008, at the beginning of 2009 emergency legislation was introduced with aim of helping the unemployed who were not eligible for unemployment benefit under the National Insurance Law, by paying them a special benefit. As a result, there was a temporary increase in the number of recipients of more than 50%. This steep rise was partly offset by a drop of 21% in the number of recipients in 2010, when this temporary order expired.

In the second largest branch, General Disability, a rise of 2.2% over the previous year was recorded – the lowest rate of increase in the past decade

In the second largest branch, General Disability, a rise of 2.2% over the previous year was recorded – the lowest rate of increase in the past decade. Since the 1990s the average number of recipients has grown each year at rates of 3%–8%. Regarding benefits deriving from the general disability pension, growth has continued at a similar pace to previous years. The number of recipients of attendance allowance rose by 7.4% (compared to 6.4% in 2011); the number of recipients of mobility allowance rose by 3.3%, and the number of recipients of benefit for disabled child rose sharply by 8.8%, largely following the expansion of the conditions of entitlement to the benefit.

In the Work Injury branch, which is generally affected by overall rates of employment (that rose in 2012), the number of recipients increased by 3.2%, and the number of recipients of a permanent disability pension in this branch increased by 5.3% – similar to the annual rate in each year of the past decade. The number of recipients of both main benefits of the Maternity branch – maternity grant and maternity allowance – rose by 3.5% and 6.0%, respectively. In the long-term care branch the number of recipients increased by 4.9%.

In 2012 the downward trend in the number of recipients of income support continued – falling by a further 1.4% after consecutive decreases in their number in nearly every year since 2003. Cumulatively, the number of working-age recipients of income support of declined by about a quarter since the start of the last decade. In 2010 the program for integrating benefit recipients into work (the Mehalev – Wisconsin program, later called Lights to Employment) was discontinued, but the number of families receiving income support, which is also affected by rates of employment and unemployment in the economy as a whole, continued to fall after the program closed.

8. Collection of Insurance Contributions from the Public and Sources of Funding Benefits

Payments of benefits from the National Insurance Institute are funded from four sources: collection of insurance contributions (directly from the public and indemnification from

the government in respect of the reduction in national insurance contributions from employers and the self-employed); government participation in funding contributory benefits; government participation in funding non-contributor benefits; and interest received on the investment of monetary surpluses, mainly in government bonds. In addition to national insurance contributions, the NII also collects health insurance payments and transfers them to the sick funds.

The Economy Arrangements Law for 2011–2012 introduced a number of amendments: (1) the ceiling for national and health insurance payments was raised to 9 times the basic amount, from 1.1.2011; (2) In 2012 the ceiling was supposed to rise to 8 times the basic amount, but in the wake of the Trachtenberg Law, passed following the social protests, the ceiling for payments returned to 5 times the basic amount from 1.1.2012; (3) The regular (full) rates of insurance contributions from employers were increased by 0.47% (from 5.43% to 5.9%), from 1.4.2011. These steps increased the amounts collected by the NII but not the share of the State Treasury, and therefore participation in the Children branch was 200.5% from 1.4.2011 (204.5% in 2012).

In August 2012 the Deficit Reduction Law was passed, which gradually increased the regular (full) rates of insurance contributions from employers from 2013 onwards, and from 1.6.2012 restored the Treasury's participation in collection for the Children branch to 210% – the rate that prevailed in 2009. Before that, the Economic Efficiency Law for 2009–2010 raised the reduced rate of employer contributions from 3.45% to 3.85% (which effectively restored the situation prevailing in 2008) by the end of February 2011, and also doubled the ceiling for national and health insurance from 5 times the basic amount to 10 times by the end of 2010, without a comparable rise in the ceiling of the basis for calculating wage-replacement benefits. These two moves did not increase the total NII collection as expected, since the additional amounts collected and the additional allocations pursuant to Section 32 were transferred in their entirety to the Treasury, through the reduction of Finance Ministry participation in collection for the Children branch (from 210% to 207.5% in 2009, to 169% in 2010, and to 208% in 2011).

a. Collection of insurance contributions from the public

The NII's receipts from the collection of national and health insurance contributions rose in real terms by 1.6% in 2012 (compared to 3.7% in 2011). Receipts from both sources rose by 1.2% and 2.3% respectively. The drop in the rate of growth of collection for both types of insurance contributions was mainly due to the lowering of the ceiling back to 5 times the basic amount in 2012. In 2012 total receipts from collection amounted to NIS 52.8 billion: NIS 32.2 billion for national insurance and NIS 18.1 billion for the health system (Table 13). The amounts collected from the public were augmented by some NIS 2.4 billion from the Treasury, as indemnification for the reduction in NII contributions by employers and the self-employed (according to Section 32c1 of the law).

Payments of benefits from the National Insurance Institute are funded from four sources: collection of insurance contributions, government participation in funding contributory benefits; government participation in funding non-contributor benefits; and interest received on the investment of monetary surpluses

The NII's receipts from the collection of national and health insurance contributions rose in real terms by 1.6% in 2012. Receipts from both sources rose by 1.2% and 2.3% respectively

Table 13
Collection for National and Health Insurance
(current prices, NIS million), 2008-2012

	2008	2009	2010	2011	2012
Total receipts of insurance contributions	42,402	43,224	47,626	51,150	52,763
Total collection from the public	40,452	41,228	45,392	48,719	50,324
For branches of national insurance	25,877	26,233	29,102	31,305	32,206
For the health system	14,575	14,995	16,290	17,414	18,118
Indemnification from the Treasury	1,950	1,996	2,234	2,431	2,439
Indicators of development of collection from the public					
Real percentage change					
Total collection from the public	2.0	-1.4	7.2	3.7	1.6
For branches of national insurance	1.2	-1.9	8.0	4.0	1.2
For the health system	3.6	-0.4	5.8	3.3	2.3
As a percentage of GDP					
Total collection from the public	5.6	5.4	5.6	5.6	5.4
For branches of national insurance	3.6	3.4	3.6	3.6	3.5
For the health system	2.0	2.0	2.0	2.0	1.9
As a percentage of direct individual taxes					
Total collection from the public	42.3	45.2	47.8	48.0	49.6
For branches of national insurance	27.1	29.8	30.7	30.9	31.7
For the health system	15.2	16.4	17.1	17.1	17.9
As a percentage of direct taxes					
Total collection from the public	32.4	35.4	35.7	35.3	35.2
For branches of national insurance	20.7	22.5	22.9	22.7	22.5
For the health system	11.7	12.9	12.8	12.6	12.7

Collection from the public fell slightly as a percentage of GDP in comparison to the previous year, and amounted to 5.4% in 2012, compared to 5.6% in 2011

Collection from the public fell slightly as a percentage of GDP in comparison to the previous year, and amounted to 5.4% in 2012, compared to 5.6% in 2011. In each of the years shown in the table, collection as a percentage of GDP ranged between these two values. This is lower than the rate prevailing at the beginning of the decade: in 2003 collection from the public amounted to 6.3% of GDP. Money for the health service in terms of GDP fell slightly, from 2.0% in each of the years prior to 2012 to 1.9% in the year under review. The share of collection from the public of all direct taxes for individuals continued to rise gradually, from 42.3% in 2008 to 49.6% in 2012. This trend has continued since 2003 as a combined result of tax reductions in the framework of the income tax reform implemented from that year onwards, and changes in legislation to increase collection for National Insurance (raising the ceiling and the rate of contributions from employers).

Direct collection from employees grew by 1.3% in real terms

Changes in the rate of growth of collection are different for contributions paid from salaried employees (that is, from employers) and those paid from non-employees. In 2012 direct collection from employees grew by 1.3% in real terms, compared to a growth

of 4.7% in 2011. Direct collection from employees and their employers was affected by both the reviewed changes in legislation and by changes in the labor market: the average wage for an employee rose in nominal terms by 2.7% in 2012 (compared to a rise of 4.1% in 2011). The number of posts rose by 2.6% in 2012 (compared to a rise of 3.6% in 2011).

Table 14
Sources of Funding for National Insurance Branches, 1995–2012

Year	Total receipts*	Collection of NI contributions**	Government participation***	Government funding of benefits	Interest receipts
NIS Million, Current Prices					
1995	23,581	12,171	4,222	4,650	2,504
2000	41,207	20,751	8,336	8,148	3,907
2005	49,705	24,299	11,700	8,616	4,850
2006	52,344	25,234	12,600	8,982	5,290
2007	54,974	26,284	13,888	8,906	5,600
2008	58,525	27,827	14,938	9,245	6,150
2009	60,934	28,229	15,657	9,939	6,666
2010	63,821	31,289	15,014	10,032	7,000
2011	68,976	33,736	17,304	10,203	7,304
2012	71,397.9	34,569	18,206	10,454	7,693
Real Annual Growth (percentages)					
2000	7.6	9.8	1.6	10.8	3.6
2005	3.2	4.2	5.0	-0.5	3.7
2006	3.1	1.7	5.5	2.1	6.8
2007	4.5	3.6	9.6	-1.4	5.3
2008	1.8	1.2	2.8	-0.7	5.0
2009	0.8	-1.8	1.5	4.1	4.9
2010	2.0	7.9	-6.6	-1.7	2.3
2011	4.5	4.2	11.4	-1.7	0.9
2012	1.8	0.7	3.4	0.7	3.6
Distribution (percentages)					
1995	100.0	51.6	17.9	19.7	10.6
2000	100.0	50.4	20.2	19.8	9.5
2005	100.0	48.9	23.5	17.3	9.8
2006	100.0	48.2	24.1	17.2	10.1
2007	100.0	47.8	25.3	16.2	10.2
2008	100.0	47.5	25.5	15.8	10.5
2009	100.0	46.3	25.7	16.3	10.9
2010	100.0	49.0	23.5	15.7	11.0
2011	100.0	48.9	25.1	14.8	10.6
2012	100.0	48.4	25.5	14.6	10.8

* Including third party compensation.
 ** Including Treasury indemnification.
 *** Pursuant to Section 32(a) of the Law.

By contrast, direct collection from non-salaried insured fell by 0.4% in real terms in 2012, compared to a drop of 1.1% in 2011. In all, collection for National Insurance in 2012 accounted for about 35% of the total collection of direct taxes in Israel, of which 63% were for national insurance and 37% for health insurance.

b. Sources of funding benefits

Table 14 shows that total receipts of the NII to fund the various national insurance branches rose by 1.8% in real terms in 2012, totalling NIS 71.4 billion in current prices. Participation by the government under Section 32 of the Law increased by 3.4% in 2012. Interest payments, which account for about a tenth of total NII receipts, also rose at a similar rate (3.6%). The two other elements in the table – collection from the public (including Treasury indemnification) and Government funding of benefits by the Treasury – each increased at the rate of 0.7%.

Since 2002, receipts have increased by about 20% in real terms

In the last decade, since 2002, receipts have increased by about 20% in real terms, mainly because collection of national insurance contributions increased at a slightly higher rate. Government participation and interest receipts rose at almost double this rate, while the government share of funding for benefits decreased by about 20%, so that the cumulative increase from combining all elements of government participation was more moderate than the increase in collection from the public (and of course than that of interest receipts). This trend led to some increase in the share of NI contributions out of total receipts, from 47.5% in 2002 to 48.4% in 2012. However, an examination of a longer period shows that the share of receipts from the public decreased from a high rate of half total receipts in 1995 and at the start of the decade, to a lower rate. This is an indication of erosion in the independence of the National Insurance Institute.

9. Surpluses/ Deficits and Capital Reserves

Disregarding the income from interest on investments, the NII's budgetary deficit rose from about NIS 1 billion in 2011 to about NIS 3 billion in 2012, thus returning to its 2010 level. The last year when there was a budgetary surplus was 2008. The increase in the deficit in 2012 was due to the increased deficit in all the deficit-based branches, which is the majority, particularly Old-age and Survivors, General Disability and Long-term Care, and the drop in the surplus of the Children branch.

Table 15 shows that including interest receipts on past surpluses improves the financial situation of the NI branches; the deficit becomes a surplus of NIS 4.5 billion, compared to NIS 6.3 billion in the previous year. However, all the branches that are in deficit without including interest on investments remain so even when the interest is included.

Disregarding the income from interest on investments, the NII's budgetary deficit rose from about NIS 1 billion in 2011 to about NIS 3 billion in 2012, thus returning to its 2010 level

Table 15
Surpluses/ Deficits in National Insurance Institute Branches
over Investments (NIS million, current prices), 2008-2012

Insurance branch	Without interest					Including interest				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Total	2,454	-1,253.5	-3006.1	-994.2	-3,145	8,604	5,412	3,999	6,310	4,548
Old age & survivors	-406	-1,571.4	-1,365.4	-2004.8	-2,862	1,964	941	1,243	692	-107
General disability	-2,934	-3,294.3	-3,445.4	-3,606.4	-4,168	-2,394	-2,846.4	-3,118.5	-3,407	-4,096
Work-related injury	-1,142	-1,568	-1,460.7	-1,252.2	-1,341	-902	-1,364.2	-1,304.4	-1,140	-1,266
Maternity	-1,608	-2,006.7	-2,181.7	-2,226	-2,579	-1,558	-2,023.5	-2,296.7	-2,226.3	-2,613
Children	11,960	11,970	10,075	12,641	13,076	14,660	15,315	14,059	16,752	17,738
Unemployment	-1,357	-2,468.5	-1,944	-1,881.7	-2,188	-1,356	-2,468.5	-1,981.9	-1,881.7	-2,188
Long-term care	-2,164	-2,382.3	-2,719.5	-2,786.2	-3,182	-2,064	-2,373.8	-2,813.3	-2,786.2	-3,228
Other	107	68	37	123	99	257	233	212	307	307

Chapter 2

Dimensions of Poverty and Social Gaps

1. Introduction

This chapter presents a survey of the socioeconomic situation in Israel with the emphasis on poverty and inequality in 2012 or 2011, according to available data. For the various dimensions shown, there is a comparison with previous years (Israel) as well as an international comparison.

Measuring poverty in Israel, as in most Western countries and international organizations, is based on the relative approach, whereby poverty is seen as a phenomenon of distress that should be evaluated relative to the characteristic standard of living in a given society. A family is defined as being poor if its standard of living, as reflected by its disposable income per standard person, drops to below half of the median disposable income. The findings presented in the reports on poverty and social gaps and in this chapter of the Survey – which are the result of data analysis by the National Insurance Institute’s Research and Planning Administration – are based on the annual income and expenditure surveys published regularly by the Central Bureau of Statistics (CBS)¹. This year there is also a summary of the findings of dimensions of poverty and poverty lines obtained by three alternative poverty indices that are regularly calculated by the Research and Planning Administration and which refer also to expenditure and not just to income.

The chapter opens with Israel’s ranking in terms of public expenditure on welfare, and includes findings and selected analyses relating to the dimensions of poverty and inequality² in Israel as compared to the OECD (Section 2 below). Later on we present the main findings on poverty and standard of living according to the survey methods used in Israel (Section 3), and a survey of trends among different population groups. The chapter continues with findings relating primarily to inequality of income distribution (Section 5). Finally (Section 6), as mentioned above there is for the first time a brief review of three additional measures of poverty developed by the Research and Planning Administration, and general findings on poverty revealed by these measures.

In this chapter there are three boxes: (1) **Weighting Scale** – presents a study to be published shortly on the Weighting Scale in Israel. (2) **Survey of Nutrition Security 2011** – presenting additional data to what has already been published regarding the national survey of nutritional security carried out by the Research and Planning Administration in 2011. (3) **Purchasing Power of the Minimum Wage in Israel from an International Perspective** – data about the minimum wage in Israel in international terms. There are two appendices to this Chapter: one contains a detailed description of the poverty measuring method and sources of data, and the other contains tables of poverty and inequality to supplement the findings on these subjects.

1 Details and more information about the method of measurement and sources of data can be found in the appendix on Measuring Poverty and Sources of Data in this publication.

2 Growing unequal? Income distribution and poverty in OECD countries. (2008) OECD.

2. The Social Situation in Israel in an International Comparison

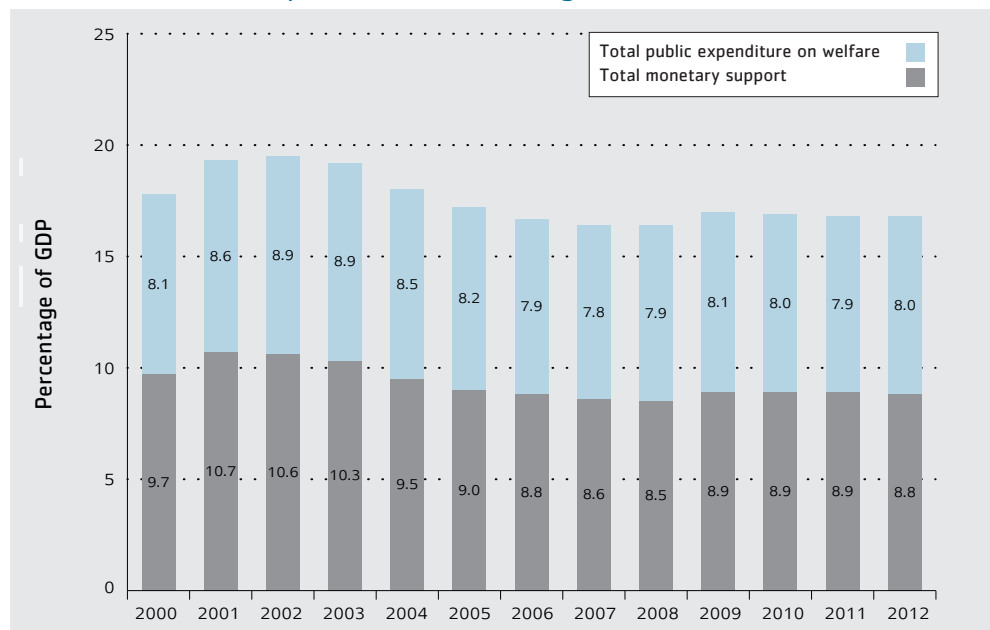
In 2012, public welfare expenditure constituted about 17 percentage points of the GDP, while more than half the expenditure – approximately 52% – was earmarked for monetary support and the remainder for support “in kind”, mainly in the field of health

In 2012, public welfare expenditure constituted about 17 percentage points of the GDP, while more than half the expenditure – approximately 52% – was earmarked for monetary support and the remainder for support “in kind”; that is, support through services provided for citizens, in this case mainly in the field of health. This ratio has remained constant since 2011, continuing the stabilizing trend that began in 2009 (Table 1).

Dividing this expenditure into its different components (Graph 1) shows that both monetary and in-kind expenditure remained stable. However, one can see that the expenditure on working-age people decreased, while the expenditure on the elderly increased from 2009 (although in 2012 there was a slight decline in support for the elderly). The rate of increase in spending on the elderly was higher than the rate of decrease in spending on the working-age population, which is to be expected, given the relatively high increase in old-age and survivors’ pensions in recent years.

To broaden the survey of poverty in Israel, below we give data on poverty in various segments compared to selected OECD countries, based on the calculation method used to measure poverty in that organization³. The data was calculated using the figures for

Graph 1
Public Welfare Expenditure as Percentage of GDP, Israel, 2000–2012



3 Measuring poverty in OECD countries, as in Israel, is based on a poverty line calculated as half the median available income per standard individual, except that the mechanism for calculating income per standard individual – the weighting scale – differs in the two approaches, so that according to the OECD approach, the size advantage of the household is larger.

Table 1
Public Welfare Expenditure, 2000-2012

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total public welfare expenditure	17.77	19.31	19.56	19.25	17.96	17.23	16.71	16.41	16.38	16.97	16.97	16.82	16.77
Total monetary support	9.68	10.69	10.62	10.33	9.46	9.02	8.77	8.57	8.50	8.87	8.94	8.87	8.78
Support for working-age population	5.14	5.67	5.61	5.15	4.54	4.28	4.15	4.00	4.05	4.24	4.19	4.12	4.06
National Insurance Institute	4.15	4.69	4.63	4.23	3.69	3.48	3.39	3.27	3.32	3.49	3.47	3.43	3.42
War and hostilities	0.47	0.53	0.54	0.55	0.53	0.50	0.49	0.48	0.46	0.50	0.47	0.45	0.40
Other*	0.51	0.46	0.44	0.37	0.32	0.29	0.27	0.25	0.26	0.25	0.25	0.24	0.23
Support for the elderly	4.55	5.01	5.00	5.18	4.92	4.75	4.63	4.57	4.45	4.63	4.75	4.75	4.72
National Insurance Institute	2.62	2.90	2.85	2.84	2.74	2.66	2.61	2.49	2.48	2.57	2.66	2.66	2.62
Pension for State employees	1.51	1.65	1.70	1.87	1.79	1.73	1.72	1.78	1.68	1.79	1.83	1.85	1.88
Other**	0.41	0.45	0.45	0.47	0.40	0.35	0.31	0.29	0.29	0.27	0.26	0.24	0.23
Total in-kind support	8.09	8.63	8.94	8.92	8.50	8.21	7.94	7.84	7.88	8.10	8.03	7.95	7.99
Health and long-term care	5.91	6.33	6.43	6.39	6.24	6.14	5.91	5.82	5.94	5.98	6.03	5.96	6.04
Other***	2.18	2.30	2.50	2.54	2.26	2.07	2.02	2.02	1.95	2.11	2.00	1.99	1.95

Source: Figures from the NII and the CBS, processed by the Research and Planning Administration according to the OECD classification rules.

* Including support for discharged soldiers, immigrant absorption basket, and monetary support to help with rent.

** Including support for victims of the Nazis and monetary support to help with rent.

*** Including in-kind support from the National Insurance Institute, local authorities, national institutions, government non-profit organizations and the Ministry of Labor and Welfare.

The incidence of poverty ranges from 5.5% in the Czech Republic to 21.0% in Mexico, and the average for all the countries is 11.1%.

The incidence of poverty in Israel in 2011 was one of the highest – 20.6%

the end of the first decade of the century, and it is updated in nearly all the countries up to 2008. The figures for Israel given here are for 2008 and 2011.

The incidence of poverty ranges from 5.5% in the Czech Republic to 21.0% in Mexico, and the average for all the countries is 11.1%. The incidence of poverty in Israel in 2011 was one of the highest – 20.6% (Graph 2a). The Gini Inequality Index ranges from 0.236 in Slovenia, where it is an indication of the lowest inequality, to 0.494 in Chile, where it indicates the highest inequality. In Israel in 2011 the Gini Index was estimated at 0.368, a slight improvement compared to 2008, but still one of the highest among OECD countries (Graph 2b).

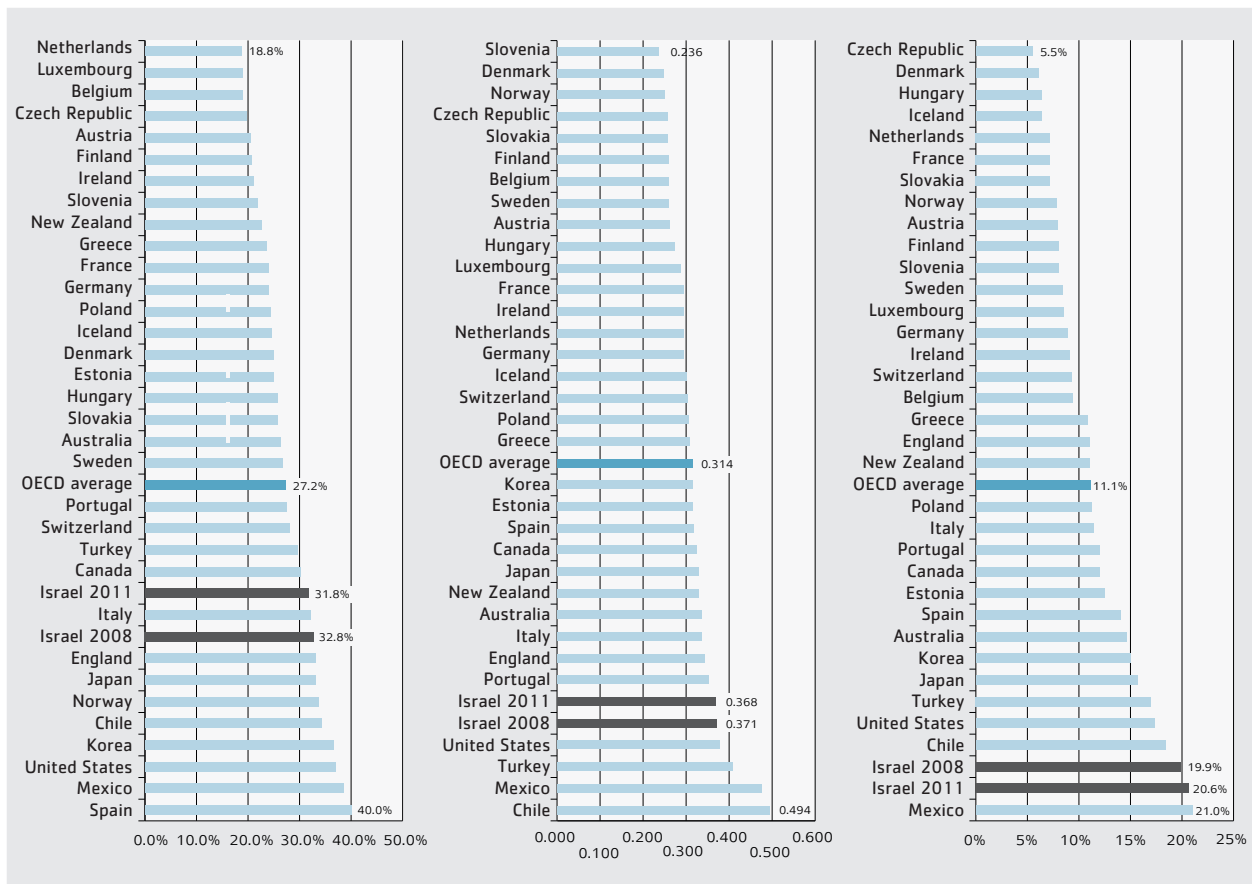
Graph 2

Indicators of Poverty and Inequality in the General Population in Israel, compared to OECD Countries

2a: Incidence of Poverty in OECD countries *

2b: Gini Index of inequality in OECD countries

2c: Ratio of gap in incomes in OECD countries



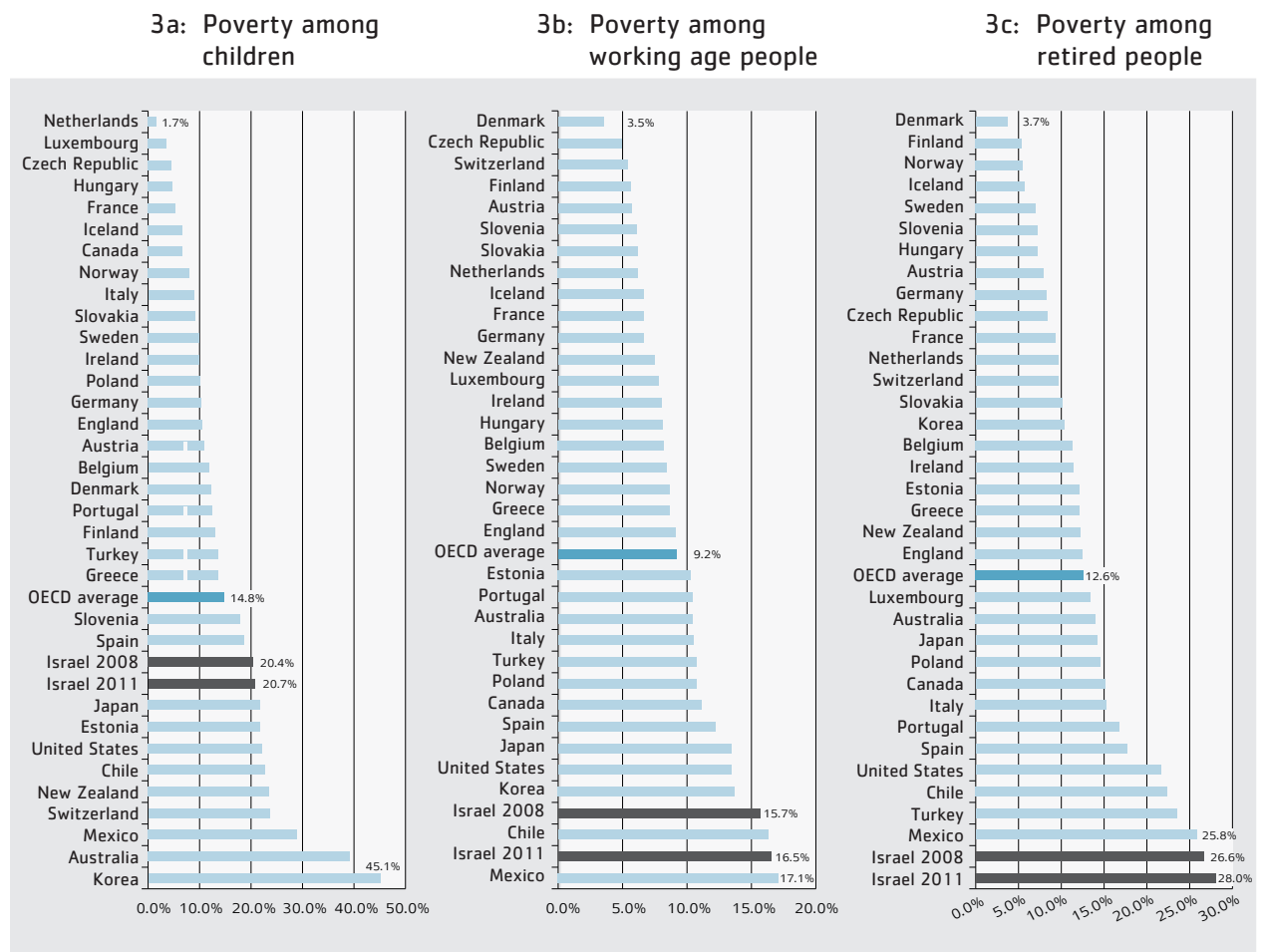
* Based on 2008 data for all countries except Denmark, Hungary and Turkey, whose figures are correct for 2007, and Chile and Japan, whose figures are correct for 2009 and 2006, respectively. This applies to the whole chapter.

One can explain the distance of Israel from the bottom of the list that presents the Gini Index as presented in Graph 2B as follows: the depth of poverty among the poor in Israel is not one of the highest (as opposed to the incidence of poverty, which is among the highest). A comparison of the income gap ratio among the poor in the various countries (Graph 2B) reflects the average distance of the income from the poverty line for all individuals defined as poor, and it constitutes an indicator of the severity of the poor persons' situation. This measure ranges between 18.8% in the Netherlands, in which the depth of poverty among the poor is the lowest, to 40.0% in Spain, where the depth of poverty is the highest. The poverty depth measure in Israel was 31.8% in 2011; this is a slight improvement relative to 2008. The significance of this is that the distance of the income of an average poor person in Israel from the poverty line is 31.8%, or 68.2% of the

The depth of poverty among the poor in Israel is not one of the highest

The depth of poverty ranges between 18.8% in the Netherlands to 40.0% in Spain, where the depth of poverty is the highest

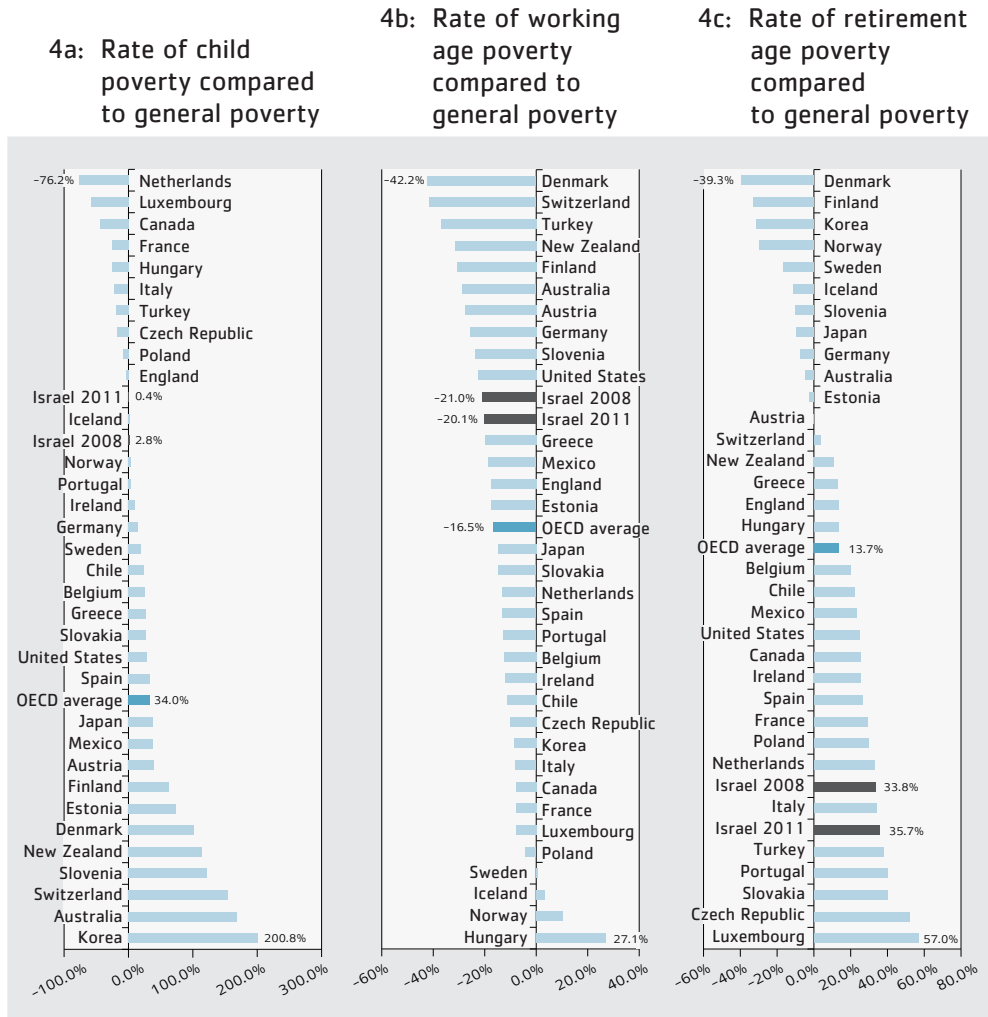
Graph 3
Incidence of Poverty Among Various Population Groups, Israel Compared to OECD Countries



poverty line. The three parts of Graph 3 present the incidence of poverty among children, persons of working age (age 18 to 65) and persons of retirement age (age 66 and over). It can be seen that the incidence of poverty among children in Israel is the highest of all the OECD countries, and that its level in 2011 was 28.0%.

It is clear that there is a wide variance among countries in the incidence of poverty at retirement age – from 1.7% in Holland to 45.1% in Korea – and there are significant gaps in the way countries deal with the scope of poverty in this age group. There are countries where the incidence of general poverty is low alongside a high incidence of poverty at retirement age. In Israel the situation is different: the incidence of poverty at retirement age is similar to the incidence of general poverty.

Graph 4
Ratios between the Incidence of Poverty in Various Population Groups and the Incidence of Poverty in the General Population, Israel compared to OECD Countries



It appears that in Israel, tackling the problem of poverty among the retired population group is relatively effective, and that poverty among children is a significant factor in the high incidence of general poverty. This fact indicates the need to tackle poverty among children and the working-age population.

A further comparison of poverty indices between countries, dealing with the ratio between the incidence of poverty in various groups and the incidence of overall poverty in each country is shown in Graphs 4a, 4b and 4c: incidence of child poverty, of working-age people and of retirement-age people, respectively, as a percentage of the incidence of poverty in the general population. This comparison does not refer to the absolute incidence of poverty but rather to the differences between groups. For example, Graph 4a shows that among children in Denmark, the incidence of child poverty is 39.3% lower than in the general population, while among children in Luxemburg it is 57.0% higher than in the general population.

The graphs show that in OECD countries, the incidence of childhood poverty is 13.7% higher than in the general population. In Israel this gap is much wider: the incidence of childhood poverty is 35.7% higher than in the general population. The ratio between the incidence of poverty in retirement and that in the general population in OECD countries is significantly large, with 34.0% higher incidence of poverty in retirement age. By contrast, this ratio for data in Israel is lower than among the OECD countries.

In Israel, poverty among children is a significant factor in the high incidence of general poverty

In OECD countries, the incidence of childhood poverty is 13.7% higher than in the general population. In Israel this gap is 35.7%

3. The main findings

In 2011 the economic recovery continued in Israel after the crisis of 2008-2009. The growth of the Israeli economy reached 4.6% in 2011 – a slight decrease over 2010, and the rate of unemployment fell from 8.3% in 2010 to 7% in 2011 (Table 2). This was also expressed by a rise in the standard of living: in 2011 there was a small increase of 0.2% in the median available income per standard person (Table 3), following the growth in 2009, indicating a rise in the standard of living of families (Table 3). The minimum wage remained 45.7% of the average wage, while real wages rose by 2.2%.

An examination of poverty data as a percentage of the average wage in 2010 and 2011 shows that there is no real difference between these years: in both years the poverty line for a family of 4 people, for example, was about 74% of the average wage, but for a family with 7 to 9 members the average salary of one earner in the household would not be enough to save them from poverty, and they would have to increase their earnings by 10% to 30%, respectively (Table 4)⁴.

The SEN index reflects the combined effect of the incidence of poverty index, the poverty gap index and the position of the poor individual on the poverty rating, that is, the

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4 This calculation does not take into account allocations and direct taxation: the former increase the available income and the latter reduces it.

Table 2
Economic Indicators that Affect the Dimensions of Poverty (percentages), 2006-2012

Influencing factor	2006	2007	2008	2009	2010	2011	2012
Rate of growth of domestic product	5.8	5.9	4.1	1.1	5.0	4.6	2.2
Rate of change in level of prices in each surveyed period compared to the previous one	2.1	0.5	4.6	3.3	2.7	2.0	3.2
Real rate of change in average wage	1.3	1.8	-0.4	-2.5	0.8	2.2	-0.8
Rate of unemployment	10.5	9.1	7.6	9.4	8.3	7.0	6.9
Rate of recipients of unemployment benefit among those unemployed	17.4	17.3	19.6	23.2	20.7	23.5	25.0
Minimum wage as a percentage of the average wage	46.2	47.5	46.8	47.3	45.8	45.7	45.7

Table 3
Average and Medium Income Per Standard Person After Transfer Payments and Direct Taxes and the Poverty Line (NIS), 2009-2011

Income per standard person	2009	2010	2011	Real rate of growth	
				From 2009 to 2010	From 2010 to 2011
Average	4,404	4,665	4,805	3.1	-0.4
Median	3,629	3,861	4,001	3.6	0.2
Poverty line	1,815	1,931	2,000	3.6	0.2

Table 4
Number of Standard Persons and Poverty Line Per Family* by Number of Family Members , 2010-2011

Number of family members	Number of Standard persons in family	Family poverty line in 2010		Family poverty line in 2011	
		Total (NIS per month)	Percent of average wage	Total (NIS per month)	Percent of average wage
1	1.25	2,413	28.9	2,501	28.7
2	2	3,861	46.2	4,001	46.0
3	2.65	5,116	61.2	5,301	60.9
4	3.2	6,178	73.9	6,401	73.6
5	3.75	7,240	86.6	7,502	86.2
6	4.25	8,205	98.1	8,502	97.7
7	4.75	9,170	109.7	9,502	109.2
8	5.2	10,039	120.1	10,402	119.5
**9	5.6	10,811	129.3	11,202	128.7

* The average wage calculated for 2010 and 2011 is the weighted average of the average wage for a salaried post (Israeli workers) in the appropriate period for each survey.

** The weight of each additional person is 0.40. For example, in a family with 10 people there are 6 standard people.

Box 1 The Israeli Weighting Scale – Renewed Examination

The Israeli Weighting Scale that is used to compare the standard of living of families of different sizes in Israel was calculated as an Engel Scale by the National Insurance Institute (1971) based on data from the 1968/69 expenditure survey. Following a check made about twenty years ago it emerged that the patterns consumption by which the scale was calculated were still valid, or had not changed sufficiently to justify its replacement. A new study by the Research & Planning Administration to be published shortly looked at this subject again, to see if, more than 30 years after it was defined, the Weighting Scale used in research in the field of poverty, standard of living and welfare, was still sufficiently valid. The study also looked at a scale based only on food expenditure.

In the estimated Engel-type table, the basket of products examined is a basket of food items, but it also looks at other baskets such as clothing and footwear, housing and general consumption. For example, if we compare the 2011 scale for three components of consumption to the official scale used in Israel and the Weighting Scale used in the OECD, we find that when the scale is estimated using the same method as in the past, then even after three decades the changes are only slight. In other words, the ratio of food consumption between families of different sizes remains the same (see columns 2 and 3 in Table 1). Columns 4-6 of Table 1 contain estimates of the values of the Weighting Scale based on other calculation methods: column 4 refers to

The Israeli Weighting Scale that is used to compare the standard of living of families of different sizes in Israel was calculated as an Engel Scale by the National Insurance Institute (1971) based on data from the 1968/69 expenditure survey

Table 1
Weighting Scale according to Various Baskets of Consumption, 2011

No. of people (1)	Official table (2)	Estimated weighting scale 2011			Table used in OECD* (6)
		By basket of food items (3)	By basket of food, clothing and housing (4)	By basket of total consumption (5)	
1	1.25	1.22	1.61	1.39	1.41
2	2.00	2.00	2.00	2.00	2.00
3	2.65	2.67	2.27	2.47	2.45
4	3.20	3.28	2.48	2.87	2.83
5	3.75	3.85	2.66	3.23	3.16
6	4.25	4.38	2.82	3.55	3.46
7	4.75	4.89	2.96	3.85	3.74
8	5.20	5.38	3.09	4.13	4.00
9	5.60	5.78	3.49	4.53	4.24
10	6.00	6.18	3.89	4.93	4.47
11	6.40	6.58	4.29	5.33	4.69
12	6.80	6.98	4.69	5.73	4.90

* The table used in the OECD is the root of the number of people, but the Table shows the Weighting Scale after standardization of persons, so that two standard persons are shown as two family members.

the Weighting Scale derived from a basket of products containing also clothing and housing, including the expense attributed to an owner-occupied apartment (and not just food products); column 5 estimates the scale derived from a basket referring to the total expenditure of a household on all the products and services consumed. Each of these calculation methods yields a different Weighting Scale, where the benefits of size are greater than in the existing Weighting Scale. The values of the scale are closer to the values of the fairly arbitrary scale used by the countries of the Organization for Economic Cooperation and Development (OECD) and other international organizations, where the number of standard persons is defined as the root of the number of family members.

The incidence of poverty based on a weighting scale according to general consumption is very similar to the incidence according to the OECD over the years

Table 2 shows the incidence of poverty of families over the years according to the different scales of weights that were examined. It can be seen that the incidence of poverty based on a weighting scale according to general consumption is very similar to the incidence according to the OECD over the years, and as expected, the incidence of poverty according to the scale based on food consumption only is very similar to the incidence according to the official scale used in Israel. The incidence of poverty according to the scale based on consumption of food, clothing and housing is in some years similar to the results obtained by the existing scale, and in other years it is closer to the results obtained according to the OECD scale. This fluctuation is due inter alia to the fact that the expenditure attributed to owner-occupied housing has undergone changes over the years that have reduced or increased its relative importance with respect to different populations.

To sum up, if we use the same method of estimating there appears to be no justification for changing the existing weighting scale. An examination of the value of

Table 2
Incidence of Poverty in Families* According to Different Scales of Weights, 1968, 1986/7 and 1998-2011

Consumption basket used to calculate weighting scale	1968	1986/7	1998	1999	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Food	17.0	11.8	17.7	18.6	17.8	19.6	20.6	19.9	19.3	19.8	19.5	20.4	20.6	19.5
Food, clothing and housing	17.3	14.0	17.4	17.1	17.2	19.0	20.2	20.1	19.5	19.4	19.8	20.8	20.4	20.3
Total consumption	17.3	12.9	17.1	17.3	17.8	19.0	20.1	19.6	19.4	19.0	19.8	20.1	20.3	20.0
OECD	17.3	13.8	17.2	17.0	17.5	18.7	20.0	19.7	19.2	18.9	19.6	19.7	20.1	20.1
Official table	17.2	11.8	17.7	18.6	18.3	19.6	20.3	20.4	19.8	19.8	19.6	20.3	20.7	19.5

* Source: Surveys of household expenditure by the CBS in the years indicated.

changing the weighting scale raises some questions, such as: are there any advantages to an estimate that does not deal only with expenditure on food but also with other items of consumption; is it correct to relate to all items of consumption (including “luxury items”) or only to basic items; how important is it to base the weighting scale on clear and stable expenditure such as food compared to changing expenditure according to methods of estimating and availability of data, such as the expenditure attributed to owner-occupied housing; and others.

The SEN index reflects the combined effect of the incidence of poverty index, the poverty gap index and the position of the poor individual on the poverty rating, that is, the inequality of distribution of income among the poor. The SEN index of available income, which fell by about 2% from 2009 to 2010, continued to fall by about 1% in 2011.

An examination of the dimensions of poverty according to selected indices shows a trend towards a high level of stabilization in Israel and a return to the rates of 2007-2008 (19.9%), after a temporary increase in 2009 following the recession. The proportion of families whose available income fell below the poverty line remained almost unchanged in 2011 at 19.9%, and the proportion of people and children living in these families rose slightly, from 24.4% to 24.8% and from 35.3% to 35.6% respectively (Table 5).

The incidence of poverty measured by available income is the result of transfer payments and direct taxation that “correct” economic income, which is defined as the income from work and capital before taxes. Transfer payments, of which the main ones are NII benefits, increase the family income, while direct taxation reduces it. The smaller the amount of direct taxation paid by a poor family, the greater its available income and its chances of emerging from poverty. Table 5 shows the drop achieved in each of the years shown, when taking account of transfer payments only, and when adding the direct taxes to the government’s policy measures. In some of the indices greater improvement is achieved following policy measures (the FGT indices, SEN index and Gini index for distribution of income among the poor all fall to half or less of their value), and in the indices of the incidence of poverty, particularly poverty of children, the improvement gained is more moderate.

It is possible to see that the improvement obtained without considering direct taxes is higher than that obtained when they are considered, since while it is true that direct taxes work towards reducing inequalities of income, they are not effective at reducing poverty since they reduce the available income of the poor. It should be noted that most poor people do not reach the income tax threshold and therefore pay no income tax, so the effect of taxation on their income is seen only in their health tax payments and national insurance contributions.

Table 5
Dimensions of Poverty in the General Population
by Selected Indices, 2009-2011

Poverty Index	Before transfer payments and direct taxation	After transfer payments only	After transfer payments and direct taxation
2009			
Incidence of poverty (%)			
Families	33.2	17.9	20.5
Individuals	33.9	22.4	25.0
Children	41.9	33.3	36.3
Income gap ratio of the poor (%)*	60.3	35.2	35.5
FGT index*	0.1636	0.0410	0.0467
SEN index*	0.270	0.109	0.123
Gini index of inequality in the income distribution of the poor*	0.4922	0.2089	0.2134
2010			
Incidence of poverty (%)			
Families	32.6	17.5	19.8
Individuals	32.8	22.0	24.4
Children	40.4	32.8	35.3
Income gap ratio of the poor (%)*	60.0	35.3	35.8
FGT index*	0.1561	0.0399	0.0456
SEN index*	0.260	0.107	0.120
Gini index of inequality in the income distribution of the poor*	0.4838	0.2059	0.2111
2011			
Incidence of poverty (%)			
Families	32.8	17.3	19.9
Individuals	33.7	22.2	24.8
Children	41.9	32.9	35.6
Income gap ratio of the poor (%)*	58.3	34.2	34.7
FGT index*	0.1538	0.0381	0.0438
SEN index*	0.262	0.105	0.199
Gini index of inequality in the income distribution of the poor*	0.4640	0.1978	0.2030

* The weight given to each family when calculating the index is equal to the number of people in the family.

While the incidence of poverty remains high, the depth and severity of poverty fell in 2011: the poverty gap, which reflects the depth of poverty of families (that is, the average distance of their income from the poverty line), which was 35.8% in 2010, fell slightly to 34.7%

While the incidence of poverty remains high, the depth and severity of poverty fell in 2011: the poverty gap, which reflects the depth of poverty of families (that is, the average distance of their income from the poverty line), which was 35.8% in 2010, fell slightly to

34.7%. The FGT index, which reflects the severity of poverty and combines the effect of the incidence of poverty with depth of poverty by giving higher weighting to those who are poorer, fell between these two years, as did the SEN index. This finding is explained inter alia by the fact of working families joining the poor population in the upper part of its distribution of incomes. All the indices surveyed above – incidence, depth and severity of poverty – show a high level of stabilization since 2008. The Gini index of inequality of available income of poor people (Table 5) fell by about 4.0% from 2010 to 2011, after an additional drop of 1% in 2010, and the Gini index of economic income also continued to fall in 2011 (by approximately 4%).

Table 6
The Effect of Transfer Payments and Direct Taxation on
Dimensions of Poverty in the General Population by Selected
Poverty Indices, 2009–2011

	Percentage drop due to transfer payments only			Percentage drop due to transfer payments and direct taxation		
	2009	2010	2011	2009	2010	2011
Incidence of poverty (%)						
Families	46.1	46.3	47.2	38.4	39.2	39.3
Individuals	33.9	32.8	34.1	26.2	25.6	26.4
Children	20.4	18.9	21.5	13.4	12.6	15.1
Income gap ratio of the poor (%)*	41.5	41.2	41.4	41.1	40.2	40.5
FGT index*	74.9	74.4	75.2	71.4	70.8	71.5

* The weight given to each family when calculating the index is equal to the number of people in the family.

inequality of distribution of income among the poor. The SEN index of available income, which fell by about 2% from 2009 to 2010, continued to fall by about 1% in 2011.

Transfer payments and direct taxes during the 2011 survey period rescued 39% of poor families from the cycle of poverty, similarly to the case in the two preceding years (Table 6). For comparison purposes, in 2002 about half of poor families were rescued from poverty following government intervention. The contribution of direct taxation and transfer payments systems to rescuing individuals from poverty rose slightly in 2011 compared to 2010, but still remains at about 26%. For children this contribution rose slightly in the three years: about 15% of poor children were rescued from poverty as a result of government intervention in 2011, compared to 13% in 2009 and 2010. In 2002 the proportion of children rescued from poverty as a result of government intervention was approximately 25%.

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4. Dimensions of Poverty by Population Group and Composition of the Poor Population

Various population groups are differentiated in terms of the trends and changes they exhibit in the dimensions of poverty in the years reviewed (Tables 7-11). Table 7 shows the incidence of poverty by economic income and available income in the various groups, and Tables 8 and 9 show the proportion of these groups in the poor population as a whole in 2010 and 2011 respectively. Table 10 presents the values of the income gap ratio by population group, and Table 11 shows the rates of reduction in dimensions of poverty as a result of transfer payments and direct taxes.

The trend of stabilization compared to 2010 was not shared by all population groups; some groups reduced their rates of poverty, but in others poverty increased.

The incidence of poverty among working families rose when measured by economic income – from 19.4% to 20.0% – and when measured by available income – from 13.2% to 13.8%. This increase occurred notwithstanding the recovery of the labor market in 2011 which was seen in the growth of the number of employed people. The incidence of poverty among working families, which has risen gradually over the last two decades, is more than twice as high as in the 1980s, when going to work was almost a guaranteed protection against poverty. The increase in the incidence of poverty is seen both in the families of salaried employees and in those of the self employed, but was higher among families headed by a self employed person – where the incidence of poverty rose by almost one percentage point (from 13.1% in 2010 to 14% in 2011). At the same time, in those years the contribution of government measures to rescuing working families from poverty fell from 31.9% to 31.3%, and the measures of poverty depth and severity in working families also fell. A consistent explanation for this finding is that working families have joined the upper levels of income distribution in the poor population. The proportion of working families among all poor families also increased, from 50.6% in 2010 to 52.9% in 2011. It should be noted that among families of working age only, the proportion of working families rose from 62.4% in 2010 to 64.8% in 2011; in other words, almost 2/3 of poor families of working age are working families.

After a slight improvement in the incidence of poverty among Arab families in 2010 and stabilization at a high level, it rose slightly, from 53.2% in 2010 to 53.5% in 2011. On the other hand, the incidence of poverty by economic income fell slightly, from 60.7% to 60.4%. The contribution of government policy to reducing the poverty among Arabs fell from 12.3% in 2010 to 11.5% in 2011, and both the depth and severity of poverty rose (poverty severity rose at the high rate of 5%). The worsening situation of the Arabs is also expressed by the rise of their proportion in the poor population, from 37.8% in 2010 to 38.9% in 2011. The concentration index presented in Table 7 shows that the situation of Arab families is also worse than that of the population as a whole, and that their incidence of poverty is 2.7 times higher than in the general population.

After a slight improvement in the incidence of poverty among Arab families in 2010 and stabilization at a high level, it rose slightly, from 53.2% in 2010 to 53.5% in 2011

In 2011, the incidence of poverty among the elderly continued to fall, albeit at a more moderate rate, and was 19.4%, compared to 19.6% in 2010. The last wave of the falling trend in poverty among the elderly began in 2008, largely due to the gradual and ongoing improvement in old-age pensions in recent years and to the rise of the retirement age, which increased the work income of the elderly. The direct contribution of government policy to reducing poverty among elderly families remained unchanged (64.4%). The situation of old people who remained under the poverty line was also practically unchanged; the depth of poverty remained at 26.8% in 2011, almost the same as in 2010 (26.6%), mainly because of the decline in poverty among large families in those years, from 69.5% in 2010 to 67.4% in 2011, which offset the increase in the rate of poverty among families with 1-3 children (from 20.1% in 2010 to 20.4% in 2011), and among single parent families (from 30.5% to 30.8%). The situation of poor families with 5 or more children also improved and measures of the depth and severity of poverty declined in those two years. Despite the increase in poverty among families with 1-3 children, the situation of poor families in this group improved, as can be seen in the drop in measures of the depth and severity of poverty, by 5%-6%. Notwithstanding the relative improvement in the situation of large families, the index of concentration shows that the incidence of poverty among families with 4 or more children is 3 times that among the population as a whole.

The incidence of poverty among single-parent families rose slightly, from 30.5% in 2010 to 30.8% in 2011. It is possible to see that the incidence of poverty by economic income also rose, but the contribution of transfer payments and mandatory payments to reducing poverty in this group remained unchanged. Although the depth of poverty fell from 37.1% to 36.3%, the severity of poverty (FGT index) rose slightly between the two years; that is, there was a deterioration among the poorest families in this group.

The incidence of poverty among immigrants continued to fall – from 17.4% in 2009 to 16.7% in 2010, and to 16.3% in 2011 – and over the years its level became considerably lower than that of the general population. An “immigrant” is anyone who arrived in Israel from 1990, but there is a significant difference between the situation of immigrants who arrived in the 1990s and that of those who arrived from 2000 onwards, both because of the positive effect of their time in Israel and because of differences in their characteristics – geographic origin and age. The first group were mainly older immigrants from the former Soviet Union, while the second group apparently includes a considerable element of foreign workers.

In 2011, in the background of a recovery in employment, the proportion of the population consisting of families of working age who were not working fell. This was a long-term trend that was breached only once, in 2009. However, the incidence of poverty among such families (including the families of the unemployed) continued to increase in 2011, from 70.1% in 2010 to 70.7% in 2011. In the last decade, and more precisely

In 2011, the incidence of poverty among the elderly continued to fall, albeit at a more moderate rate, and was 19.4%, compared to 19.6% in 2010

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Table 7
Incidence of Poverty in Specific Population Groups, 2010 and 2011

Population group (families)	2010			2011		
	Economic income	Available income	Concentration index*	Economic income	Available income	Concentration index*
Total population	32.6	19.8	1.00	32.8	19.9	1.00
Jews	28.0	14.3	0.72	28.1	14.2	0.71
Arabs	60.7	53.2	2.69	60.4	53.5	2.68
Elderly	54.8	19.6	0.99	54.4	19.4	0.97
Immigrants	39.5	16.7	0.84	40.4	16.3	0.82
Ultra Orthodox	67.2	55.0	2.78	66.9	54.3	
Families with children - total	32.0	26.6	1.34	32.9	26.8	1.34
1-3 children	25.6	20.1	1.01	26.4	20.4	1.03
4 or more children	62.4	57.2	2.89	63.8	56.7	2.85
5 or more children	75.7	69.5	3.51	75.4	67.4	3.38
Single-parent families	46.9	30.5	1.54	47.5	30.8	1.55
Employment situation of head of household						
Working	19.4	13.2	0.67	20.0	13.8	0.69
Wage earning	20.0	13.3	0.67	20.6	13.7	0.69
Self employed	15.5	13.1	0.66	16.0	14.0	0.70
Not working, of working age	90.6	70.1	3.54	90.4	70.7	3.55
One wage earner	37.8	25.6	1.29	37.8	25.9	1.30
2 or more wage earners	4.9	3.5	0.17	6.6	4.6	0.23
Age of head of household						
Up to 30	37.7	26.8	1.35	36.2	25.4	1.28
31-45	26.9	21.0	1.06	27.9	21.7	1.09
46 to pension age	21.6	14.8	0.75	21.5	15.1	0.76
Of legal pension age	57.8	19.9	1.00	58.1	19.8	1.00
Education of head of household						
Up to 8 years of school	69.7	42.6	2.15	71.3	44.2	2.22
9-12 years of school	36.3	23.9	1.21	36.1	23.6	1.18
13 and more years of school	21.7	11.8	0.59	22.4	12.2	0.61

* The concentration index is the ratio between the incidence of poverty of a group and the incidence of poverty of the whole population (by available income) and reflects the degree of “closeness” of a particular group to the general population in terms of incidence of poverty.

** Tables showing data on Jews: the Jewish population also includes non-Jews who are not Arabs.

The contribution of transfer payments to reducing poverty continued to fall: from 22.6% in 2010 to 21.8% in 2011

since 1999, the already high incidence of poverty among these families continued to rise: from 64.5% to 71% as stated. The contribution of transfer payments to reducing poverty continued to fall: from 22.6% in 2010 to 21.8% in 2011. However, the situation of poor families in this group improved. The depth of poverty fell by about 2% and the severity of poverty fell by about 4%. The severity of poverty in 2011 was more than 6 times that among all the poor because of the fairly low incidence of subsistence benefits and their low level compared to the minimum required for subsistence, as expressed by the poverty line.

Table 8
The Proportion of Specific Groups in the Total Population
and in the Poor Population (percentages), 2010

Population group (families)	Total population		Poor Population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	People	Families	People	Families	People
Jews	85.9	79.8	73.8	61.9	62.2	53.2
Arabs	14.1	20.2	26.2	38.1	37.8	46.8
Elderly	20.4	10.4	34.3	16.6	20.1	9.2
Immigrants	18.2	15.5	22.1	16.1	15.3	11.5
Families with children - total	45.2	65.7	44.4	71.3	60.6	82.1
1-3 children	37.3	48.5	29.3	37.6	37.8	40.7
4 or more children	7.9	17.2	15.1	33.7	22.8	41.4
5 or more children	3.7	9.2	8.5	21.3	12.9	26.2
Single-parent families	5.7	6.2	8.3	9.1	8.8	8.4
Employment situation of head of household						
Working	75.8	84.2	45.2	61.2	50.6	63.3
Wage earning	65.8	72.9	40.4	54.6	44.0	55.8
Self employed	10.0	11.4	4.8	6.6	6.6	7.5
Not working, of working age	8.5	8.3	23.6	23.9	30.0	27.9
One wage earner	33.4	32.0	38.7	50.2	43.2	52.5
2 or more wage earners	42.4	52.3	6.4	11.0	7.4	10.8
Age of head of household						
Up to 30	16.1	16.0	18.6	21.1	21.7	21.4
31-45	34.9	43.2	28.8	42.6	37.0	48.2
46 to pension age	30.9	31.9	20.4	21.1	23.0	22.3
Of legal pension age	18.1	8.9	32.2	15.2	18.2	8.1
Education of head of the household						
Up to 8 years of school	11.2	9.5	23.9	20.0	24.0	20.6
9-12 years of school	38.0	41.0	42.3	47.8	45.8	50.3
13 and more years of school	50.9	49.4	33.8	32.2	30.2	29.1

* The weight given to each family when calculating the index equals the number of persons it contains.

An examination of the ratio of the income gap among the poor by economic and available income shows that the average distance of a poor family from the poverty line is about one third (Table 10). As with the figures for the incidence of poverty, the poverty gap among families whose head is of working age and not working is the highest. The effect of government policy – transfer payments and direct taxes – on the incidence of poverty and on its depth (Table 11) shows that from 2009 to 2011 their contribution to reducing the incidence of poverty increased. However, with respect to their contribution to reducing the depth of poverty, it can be seen that after the fall in their contribution from 2009 to 2010 there is a slight rise, although not to the 2009 level. A possible

As with the figures for the incidence of poverty, the poverty gap among families whose head is of working age and not working is the highest

Table 9
The Proportion of Specific Groups in the Total Population
and in the Poor Population (percentages), 2011

Population group (families)	Total population		Poor Population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	People	Families	People	Families	People
Jews	85.5	79.5	73.3	61.5	61.1	52.0
Arabs	14.5	20.5	26.7	38.5	38.9	48.0
Elderly	20.8	10.6	34.6	15.9	20.3	8.5
Immigrants	19.3	16.2	23.8	16.7	15.9	11.3
Families with children - total	45.3	66.0	45.5	72.8	60.9	82.9
1-3 children	37.4	48.6	30.1	38.8	38.4	41.9
4 or more children	7.9	17.4	15.4	34.0	22.5	41.0
5 or more children	3.7	9.3	8.4	21.2	12.4	25.7
Single-parent families	5.5	6.1	8.0	9.3	8.5	8.6
Employment situation of head of household						
Working	76.5	84.8	46.7	63.5	52.9	66.0
Wage earning	66.6	73.5	41.9	56.8	45.9	57.7
Self employed	9.9	11.3	4.8	6.8	7.0	8.4
Not working, of working age	7.9	8.0	21.8	22.4	28.1	26.2
One wage earner	32.9	31.3	38.0	48.8	42.8	51.6
2 or more wage earners	43.6	53.5	8.7	14.7	10.1	14.5
Age of head of household						
Up to 30	16.2	16.3	17.9	20.6	20.7	20.7
31-45	34.4	42.8	29.3	43.8	37.5	49.5
46 to pension age	31.1	32.0	20.4	20.9	23.6	22.5
Of legal pension age	18.3	8.9	32.4	14.6	18.2	7.3
Education of head of the household						
Up to 8 years of school	10.7	9.2	23.2	19.3	23.6	20.1
9-12 years of school	37.7	40.3	41.5	45.8	44.7	48.2
13 and more years of school	51.6	50.6	35.3	35.0	31.7	31.7

* The weight given to each family when calculating the index equals the number of persons it contains.

explanation for this is that in recent years the government was particularly generous with the elderly, many of whom are close to the poverty line, and therefore a tiny benefit can raise some of them above the poverty line, but it does not help to reduce the depth of poverty of families. And indeed, this development is striking among the elderly, for whom the contribution of government measures rose by about 2 percentage points from 2009 to 2011, but fell by about 4 percentage points in the same period with respect to reducing the depth of poverty.

Table 10
Ratio of Income Gap of Poor* in Specific Population Groups, 2010 and 2011

Population group (families)	2010			2011		
	Economic income	Available income	Concentration index**	Economic income	Available income	Concentration index**
Total population	60.0	35.8	1.00	58.3	34.7	1.00
Jews	62.2	34.6	0.97	60.1	31.8	0.92
Arabs	56.3	37.2	1.04	55.4	37.8	1.09
Elderly	80.0	26.7	0.74	79.5	26.8	0.77
Immigrants	67.1	29.0	0.81	65.3	28.4	0.82
Families with children - total	55.6	36.7	1.02	53.8	35.8	1.03
1-3 children	53.3	35.5	0.99	50.3	33.5	0.96
4 or more children	58.3	37.9	1.06	57.7	38.3	1.10
5 or more children	60.4	38.9	1.09	59.5	38.8	1.12
Single-parent families	65.9	37.1	1.04	62.6	36.3	1.05
Employment situation of head of household						
Working	40.2	29.5	0.82	39.6	28.7	0.83
Wage earning	40.0	28.8	0.80	39.8	28.3	0.82
Self employed	42.0	34.8	0.97	37.7	31.0	0.90
Not working, of working age	95.5	53.1	1.48	95.6	52.1	1.50
One wage earner	43.1	30.8	0.86	43.5	30.9	0.89
2 or more wage earners	27.4	23.1	0.64	26.4	20.8	0.60
Age of head of household						
Up to 30	55.1	37.0	1.03	54.6	35.6	1.03
31-45	54.1	35.9	1.00	52.6	35.1	1.01
46 to pension age	61.8	38.5	1.07	58.7	36.1	1.04
Of legal pension age	80.5	25.3	0.70	80.2	24.7	0.71
Education of head of the household						
Up to 8 years of school	71.0	40.1	1.12	71.2	39.9	1.15
9-12 years of school	55.2	35.1	0.98	53.8	33.5	0.97
13 and more years of school	60.2	34.1	0.95	57.1	33.2	0.96

* The weight given to each family in calculating the index is the number of persons in the family.

** The concentration index shows the ratio of gaps, and indicates the ratio between the depth of poverty in a specific group and its depth in the general population.

One of the ways of defining severe poverty is to examine households whose income is far below the official poverty line of 50% of the median financial available income per standard person. For example, it is usual to refer to households whose income is lower than 40% of the median income as households living in severe poverty⁵, and by the same logic, it is possible to refer to households whose income is above the official poverty line but below the threshold of 60% of the median income as households living at risk

5 A more widely accepted approach among poverty researchers is to define severe poverty using the FGT index, which usually expresses the square of income gaps as described elsewhere in this chapter. The approach in this table is much easier to understand.

Table 11
Effect of Transfer Payments and Direct Taxes on Dimensions of Poverty in Specific Population Groups, 2009-2011

Population group (families)	Percentage drop due to Transfer Payments and Direct Taxes					
	Incidence of Poverty			Gap Ratio of Income of the Poorz		
	2009	2010	2011	2009	2010	2011
Total population	38.4	39.2	39.3	41.1	40.2	40.5
Jews	47.4	48.7	49.4	47.2	44.4	47.1
Arabs	11.4	12.3	11.5	31.6	33.8	31.8
Elderly	63.1	64.3	64.4	69.2	66.7	66.3
Immigrants	56.7	57.8	59.6	59.5	56.8	56.6
Families with children - total	17.9	17.0	18.7	35.3	34.0	33.4
1-3 children	22.5	21.5	22.5	34.9	33.4	33.5
4 or more children	8.6	8.3	11.2	36.2	34.9	33.7
5 or more children	8.5	8.2	10.7	37.8	35.5	34.9
Single-parent families	34.5	35.1	35.2	44.4	43.7	42.0
Employment situation of head of household						
Working	31.6	31.9	31.3	28.1	26.7	27.5
Wage earning	33.2	33.8	33.4	29.2	28.2	28.8
Self employed	17.3	15.5	12.6	19.9	17.1	17.7
Not working, of working age	23.3	22.6	21.8	44.7	44.4	45.4
One wage earner	31.4	32.2	31.6	30.4	28.5	29.1
2 or more wage earners	32.7	30.0	29.9	15.5	15.6	21.2
Age of head of household						
Up to 30	30.7	28.8	29.8	34.5	32.9	34.8
31-45	19.6	21.8	22.3	35.3	33.7	33.2
46 to pension age	35.0	31.5	29.6	38.7	37.7	38.5
Of legal pension age	64.1	65.6	65.9	71.5	68.6	69.2
Education of head of the household						
Up to 8 years of school	38.3	38.9	38.0	44.3	43.5	44.0
9-12 years of school	34.5	34.1	34.6	36.6	36.3	37.8
13 and more years of school	43.1	45.7	45.5	45.0	43.4	41.9

The percentage of the population living in severe poverty is about 17% on average, while in large families – most of which are ultra Orthodox and Arab families – this figure climbs above 40%

of poverty⁶. The percentage of the population living in severe poverty is about 17% on average, while in large families – most (approximately 2/3) of which are ultra Orthodox and Arab families – this figure climbs above 40% (Table 12).

About 80% of the individuals in poor families with five or more children, about 80% of the individuals in families headed by someone of working age who does not work, and more than 60% of individuals in poor working families, are living in severe poverty. By comparison, in certain groups the rates are far lower – about half of the poor elderly and families headed by someone of retirement age, and 45% of households with two earners are living in severe poverty (Table 12).

6 The figure of 60% was defined by the European Union as the official poverty line for the risk of living in poverty. See: Poverty and Social Exclusion, at: [/http://ec.europa.eu/social](http://ec.europa.eu/social).

Table 12
Incidence of Poverty, Severe Poverty and Risk of Poverty among Various Population Groups, 2011

Population group	Living in severe poverty – less than 40% of median income	Living in moderate poverty – 40%-50% of median income	Living below the official poverty line of 50%	Living above the official poverty line at risk of poverty
Total population	16.8	8.0	24.8	6.3
Jews	9.9	6.3	16.2	5.6
Arabs	43.7	14.3	58.0	9.3
Elderly	9.8	10.0	19.8	9.1
Immigrants	9.4	7.9	17.3	8.1
Ultra Orthodox*	44.0	15.4	59.4	10.8
Families with children				
Total	22.1	9.1	31.2	6.8
1-3 children	13.9	7.5	21.4	6.2
4 or more children	45.1	13.6	58.6	8.6
5 or more children	54.0	14.2	68.2	8.9
Single-parent families	24.5	10.4	34.9	8.7
Employment situation of head of household				
Working	12.0	7.3	19.3	5.9
Wage earning	12.1	7.3	19.5	6.0
Self employed	11.2	7.2	18.5	5.5
Not working, of working age	71.8	9.7	81.5	5.2
One wage earner	27.4	13.6	40.9	8.9
2 or more wage earners	3.0	3.7	6.7	4.2
Age of head of household				
Up to 30	20.9	10.7	31.6	7.8
31-45	20.4	8.2	28.7	6.2
46 to pension age	12.1	5.4	17.4	4.6
Of legal pension age	9.3	11.0	20.3	10.4
Education of head of the household				
Up to 8 years of school	40.6	13.9	54.5	9.0
9-12 years of school	19.9	9.8	29.7	7.1
13 and more years of school	10.2	5.4	15.6	5.2

* Ultra Orthodox defined according to the approach in the study by Gottlieb-Kushnir in 2009.

About 80% of the individuals in poor families with five or more children, about 80% of the individuals in families headed by someone of working age who does not work, and more than 60% of individuals in poor working families, are living in severe poverty

Box 2

Survey of Food Security, 2011

The survey of food security, which was first carried out by the Research and Planning Administration of the National Insurance Institute, was conducted by telephone during 2011, and covered approximately 5,600 representative families from all over the country¹. This box presents additional data to the published data – data considered

1 Endeweld M., Barkali N., Fruman A., Gealia A. and Gottlieb D. (2012), Food Security 2011 – Survey and Main Findings.

of interest to the public and not published – regarding rates of food security by town and the degree to which families living in food insecurity make use of various types of assistance.

According to the survey, 81.3% of residents of Israel live in food security and 18.7% live in food insecurity – and more than half of the latter in **significant food insecurity**. About 60% of families living in food insecurity are helped to various degrees by aid agencies, mostly organizations, to improve their food security. The findings show a high correlation between rates of insecurity and rates of poverty calculated in the **Report on Poverty and Social Gaps** for various population groups. The data also show that food insecurity is prominent in large families (with 4 or more children), in Arab families and in single families, where the rate of insecurity is close to half in each of these groups. However, in ultra-Orthodox Jewish families the level of food insecurity is low compared to their economic situation – most, about $\frac{3}{4}$, live with food security. The level of insecurity among the elderly is also quite low: 11.2%.

About 10% of the families in Jerusalem, Ashdod, Ashkelon and Beer Sheba are in a situation of mild food insecurity (Table 1), but when we examine the rate of families in significant food insecurity, in Jerusalem it is double (20%), in Ashdod and Beer Sheba it is lower, and in Ashkelon even less than 5%. In Netanya, the rate of mild food insecurity is about 5%, but the rate of significant insecurity is high compared to other towns: about 10%.

Table 1
Rates of Food Insecurity by Selected Towns

Place	Food security	Mild Food insecurity	Significant Food insecurity
Ashdod	83.9	9.7	6.3
Jerusalem	69.0	11.2	19.9
Haifa	87.8	5.5	6.8
Tel Aviv-Jaffa	87.7	4.1	8.3
Bat Yam	84.3	7.9	7.7
Holon	86.0	5.6	8.3
Ashkelon	85.7	10.0	4.3
Netanya	84.7	5.1	10.2
Petach Tikva	84.8	7.9	7.4
Rishon Letzion	87.2	7.0	5.7
Ramat Gan	86.5	5.2	8.3
Beer Sheba	83.3	9.6	7.1

Table 2
Rate of Families with Food Security and Light and Severe Food Insecurity Seeking Help from Aid Organizations or Family Members, by Population Group

Population Group	Food security		Moderate or severe Food insecurity	
	Help from family or organizations	Intensive help from family or organizations	Help from family or organizations	Intensive help from family or organizations
Total population	17.1	13.5	60.5	52.8
Jews	16.6	13.2	62.3	53.6
Ultra Orthodox	31.1	23.2	82.6	64.7
Non Ultra Orthodox Jews	15.9	12.7	60.0	52.4
Arabs	21.8	16.7	58.1	52.0
Immigrants since 1990	16.7	12.7	54.3	46.6
Elderly*	15.0	12.4	52.7	45.6
Single-parent families	25.5	19.3	66.5	60.9
Age of head of household				
Up to 30	21.1	16.9	68.2	58.5
31-45	17.4	13.4	63.2	54.9
46 to retirement	12.7	9.4	57.9	51.3
65+	16.9	14.6	44.1	38.8
Families with children	16.6	12.2	62.1	53.4
1-2 children	15.8	11.7	59.5	50.6
1-3 children	15.4	11.4	58.5	50.1
4 or more children	27.0	19.4	70.7	61.3
5 or more children	30.7	22.2	74.8	64.2
Both parents	16.1	11.8	60.9	51.7
Education of head of household				
Up to 8 years of school	27.3	24.6	57.1	50.8
9-12 years of school	17.2	12.7	59.5	52.0
13 or more years of school	15.1	12.0	65.8	56.2
Employment situation of head of household				
Working	15.0	11.5	59.7	50.8
Working age, not working	31.3	25.8	79.0	69.5
One earner	21.0	16.6	60.2	53.2
Two or more earners	11.0	8.1	58.8	46.7
Receiving NI benefits	19.3	15.8	56.7	49.9
Receiving income supplement	28.1	22.0	63.3	58.1
Receiving disability benefit	22.6	17.1	63.7	53.9
Areas				
Jerusalem	20.2	17.5	63.7	53.8
North	19.5	15.0	56.2	51.6
Haifa	17.0	13.8	55.6	47.1
Center	15.6	12.5	65.3	57.7
Tel Aviv	16.1	12.3	58.0	51.0
South	16.1	12.6	63.1	55.0

* 60 for a woman, 65 for a man.

On the other hand, in Haifa, Tel Aviv, Holon and Ramat Gan the rate of families in a situation of mild or significant insecurity is low compared to the other places: about 5% and 7%-8% respectively.

The findings regarding the degree to which families turn to aid organizations or family members during the year show that there are families that sought no help at all, or only for a month or two over the year, while there are families that sought help for several months or almost all the year, and they are included in the category of intensive help (Table 2).

We can see that Arabs in a situation of mild food insecurity used aid agencies less frequently than do Jews, while ultra Orthodox sought aid at a rate of more than 30%, and some 2/3 of them were helped at an intensive level. 66% of single-parent families received light help, and about 61% of them received intensive help. Families with four or five children or more sought help more than did families with three or less children, and the rate of families with one earner who sought help was higher than that of families with two earners. About 63% of families on income support sought light help and 58% were helped intensively. In Jerusalem and in the central and southern regions, the rate of families receiving help was higher than in Haifa, Tel Aviv and the northern region.

We can also see that young people (up to the age of 45) sought more help from aid agencies than did older people and retirees: the rate of young families seeking help was over 60% while among those aged 65 and over the rate was only 44%.

5. Inequality in the Distribution of Income and the Effect of Policy Measures

The progressive structure of transfer payments and direct taxes reduces income gaps in the population. The rate of transfer payments relative to economic income decreases as economic income rises, while the rate of direct taxes increases with economic income. The more progressive the transfer payments and the direct taxes, the greater the share of income in the lower income deciles after transfer payments and direct taxes, and the smaller the share of the higher income deciles.

In the period 2004-2011, economic income rose at a rate of 10.3% and available income rose at a higher rate: 15.5% (Table 13). The increase in economic income is the result of increasing employment and the real growth in wages in the years 2003-2007, which ended in 2008. The greater increase of available income compared to economic income was the outcome of two changes with cumulative effect in the same direction: on one hand, transfer payments rose at a real rate of about 2%, and on the other hand direct taxes fell, following the tax reform, by about 16%. Since on average any reduction in taxation has more of an effect on available income than do transfer payments, the result is that available income rose at a higher rate than did economic income in the period 2004-2011.

In the period 2004-2011, economic income rose at a rate of 10.3% and available income rose at a higher rate: 15.5%

Table 13
Average Income, Benefits and Taxes per Family (NIS Per Month, 2011 Prices), 2004-2011

	2004	2005	2006	2007	2008	2009	2010	2011	2011 vs 2004
Economic income	11,520	11,880	12,350	12,980	12,820	12,510	12,960	12,710	10.3
Total transfer payments	1,890	1,880	1,900	1,870	1,830	1,940	1,930	1,930	2.1
NI benefits	1,410	1,380	1,390	1,370	1,350	1,430	1,460	1,460	3.5
Direct taxes	2,700	2,640	2,620	2,840	2,600	2,360	2,460	2,280	-15.6
Available income	10,700	11,120	11,630	12,010	12,040	12,090	12,440	12,360	15.5

In 2011 there was a rise in transfer payments relative to economic income – from 14.9% in 2010 to 15.2% in 2011 – although the rate of transfer payments in 2011 relative to economic income was still lower than in 2009 (Table 14). However, there was a significant drop in direct taxes: from about 20% in the three previous years to about 18% of total economic income in 2011. The second decile shows the largest drop in transfer payments as part of economic income, while the fourth decile (representing the lower middle class) shows the largest increase in transfer payments and the largest decrease in direct taxes as a percentage of total economic income. In the remaining deciles of the middle class (3-8) there is a decrease in both transfer payments and direct taxes as part of total economic income; this characterizes all the years from 2003 (except for 2007) and is due to the reduction in tax rates as part of the multi-year reform of income tax. It is interesting to see that in both the top two deciles there is an almost identical increase in transfer payments and decrease in direct taxes as part of total economic income.

In 2011 there was a rise in transfer payments relative to economic income – from 14.9% in 2010 to 15.2% in 2011 – although the rate of transfer payments in 2011 relative to economic income was still lower than in 2009

Table 14
The Rate of Transfer Payments and Direct Taxes Relative to Average Economic Income in Each Decile*, Total Population (percentages), 2009-2011

Decile	Transfer payments			Direct taxes		
	2009	2010	2011	2009	2010	2011
Bottom	--**	--**	--**	--**	--**	--**
2	204.2	157.1	133.2	16.1	14.5	12.7
3	55.8	52.3	51.6	8.8	8.8	8.6
4	34.4	34.6	38.0	9.0	9.3	8.5
5	22.9	23.4	22.2	9.7	9.6	9.1
6	15.3	14.9	14.7	10.8	10.3	10.4
7	9.8	9.5	9.8	12.2	12.3	11.5
8	6.6	6.7	6.5	14.5	14.6	14.1
9	4.8	4.7	4.9	18.9	18.6	17.9
Top	2.6	2.1	2.2	27.4	28.0	26.5
Total	15.5	14.9	15.2	18.9	18.9	18.0

* In order to determine deciles, the families were ranked by economic income per standard person; each decile contains 10% of individuals in the population.

** This ratio cannot be calculated, since families in the lowest decile have hardly any economic income and their only source of income is transfer payments.

Table 15
The Share of Each Decile* in the General Population in Total Transfer Payments and Direct Taxes (percentages), 2009-2011

Decile	Transfer payments			Direct taxes		
	2009	2010	2011	2009	2010	2011
Bottom	24.8	25.2	26.7	1.0	1.0	1.1
2	14.8	13.5	12.1	1.0	1.0	1.0
3	10.0	10.0	9.7	1.3	1.3	1.4
4	9.5	10.3	10.9	2.0	2.2	2.1
5	9.0	9.8	9.0	3.1	3.2	3.1
6	8.0	8.1	8.0	4.6	4.4	4.8
7	6.6	6.6	6.8	6.8	6.7	6.8
8	5.7	5.9	5.9	10.3	10.2	10.7
9	5.6	5.5	5.8	18.3	17.4	18.1
Top	6.0	5.1	5.0	51.6	52.6	51.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

* In order to determine deciles, the families were ranked by economic income per standard person; each decline contains 10% of individuals in the population.

Table 16
The Effect of Transfer Payments and Direct Taxes on Inequality of Income Distribution in the General Population (percentages), 2009-2011

*Decile	**(%) Share of each decile in total income								
	Before transfer payments and taxes			After transfer payments			After transfer payments and taxes		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Bottom	0.0	0.0	0.0	1.6	1.6	1.7	1.8	1.8	1.9
2	1.3	1.4	1.6	3.0	3.0	3.1	3.4	3.4	3.4
3	3.0	3.1	3.1	4.1	4.1	4.2	4.5	4.6	4.6
4	4.5	4.7	4.7	5.3	5.4	5.5	5.9	6.0	6.1
5	6.3	6.4	6.4	6.8	6.9	6.9	7.4	7.6	7.5
6	8.3	8.4	8.5	8.4	8.5	8.6	9.1	9.2	9.2
7	10.7	10.6	10.8	10.4	10.3	10.5	11.0	11.0	11.0
8	13.6	13.4	13.7	12.8	12.7	13.0	13.2	13.1	13.3
9	18.2	17.8	18.2	16.8	16.5	16.8	16.4	16.3	16.5
Top	34.1	34.1	33.0	30.8	30.8	29.8	27.4	27.1	26.5
Ratio between income of the top and bottom quintiles	41.6	36.4	33.0	10.4	10.2	9.6	8.5	8.3	8.0

* Families in each column were ranked by the appropriate income per standard person; each decile contains 10% of individuals in the population.

** In terms of income per standard individual.

Table 17
Gini Index of Inequality in Distribution of Incomes in the Population, 1999-2011

Year	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	% decrease due to transfer payments and taxes
2011	0.4973	0.4179	0.3794	23.7
2010	0.5045	0.4260	0.3841	23.9
2009	0.5099	0.4293	0.3892	23.7
2008	0.5118	0.4318	0.3853	24.7
2007	0.5134	0.4323	0.3831	25.4
2006	0.5237	0.4379	0.3923	25.1
2005	0.5225	0.4343	0.3878	25.8
2004	0.5234	0.4300	0.3799	27.4
2003	0.5265	0.4241	0.3685	30.0
2002	0.5368	0.4309	0.3677	31.5
1999	0.5167	0.4214	0.3593	30.5
Change in COL Index (%)				
2011 versus 2010	-1.4	-1.9	-1.2	
2011 versus 2002	-7.4	-3.0	3.2	
2011 versus 1999	-3.8	-0.8	5.6	

In the rating of deciles by economic income, the lowest six deciles receive higher transfer payments than their total payments in direct taxes (Table 15). In the seventh decile, equality is achieved, and starting from the eighth decile the ratio is reversed: the top decile pays more than half of taxes and receives only about 5% of transfer payments. The patterns of distribution of various types of income in the overall population in 2009-2011⁷ (Table 16) shows that in the two years compared, 2010 and 2011, there were no real changes in the distribution of available income between the deciles, except for the top decile, whose share of income fell slightly. The ratio between the income of the lowest quintile and the highest quintile fell slightly from 2009 to 2011, as expressed in the decrease in the Gini index of inequality of available income distribution between these years.

The contribution of transfer payments and direct taxes to reducing inequality due to the distribution of economic income fell slightly – from 23.9% in 2010 to 23.7% in 2011 – and returned to its 2009 level. It decreased by about 8 percentage points relative to 2002, when it was 31.5% (Table 17).

In the rating of deciles by economic income, the lowest six deciles receive higher transfer payments than their total payments in direct taxes. In the seventh decile, equality is achieved, and starting from the eighth decile the ratio is reversed

7 The data on inequality in the distribution of income among the working population are presented in Tables 18-19 of the Appendix Poverty and Inequality Tables.

6. Poverty According to Expenditure

Since the early 1970s poverty in Israel has been defined using the relative approach, which is accepted by most researchers and social policy makers in the west. According to this approach, poverty is a phenomenon of relative distress, and a family is considered poor when its living conditions are significantly worse than those typical of society as a whole based on its income, and not when it is unable to purchase a basic basket of products necessary for survival.

For this edition of the Survey, this chapter presents findings from indices of poverty other than the existing official index. These indices were developed in the Research and Planning Administration and they take into account expenditure as well as income. First we shall look at the method of calculating each index, while referring the reader to the full text (if any), and then we shall present the comparative findings.

a. Poverty index by expenditure, adjusted to the recommendations of the NRC (National Research Council)

In the 1990s a semi-relative approach to measuring poverty was developed in the USA, which defined a threshold expenditure on a **basic basket of products** (in this aspect, the approach is absolute), but the value of the basket was calculated as a percentage of the median expenditure on consumption of basic products. This method was recommended as a substitute for the official index of poverty in the US, and it was developed by a committee of experts from universities in the USA and Britain (NRC - National Research Council) following an initiative of the Economic Committee of the Congress, in order to study in depth the official measurement of poverty in the US, and to propose an alternative approach. The principles were finalized after years of comprehensive, in-depth theoretical and empirical research. The committee recommended basing the basket of products on actual consumption habits, as reflected in household expenditure surveys.

In a study published by the National Insurance Institute in 2004⁸, an attempt was made to measure poverty in Israel using the NRC approach, based mainly on a calculation of the **threshold expenditure of a representative family** (consisting of two adults and two children), calculated using consumption data of the population itself, as reflected in CBS expenditure surveys. The basket that serves as the basis for calculating the threshold expenditure includes products and services in the areas of food, clothing and footwear and housing, plus other essential products. **The threshold expenditure** is adjusted for other family types using a weighting scale which takes in account the family composition in terms of the number of adults and children in the family. The income compared to the threshold expenditure is the income available to the household (gross income from

In a study published by the National Insurance Institute in 2004⁸, an attempt was made to measure poverty in Israel using the NRC approach, based mainly on a calculation of the threshold expenditure of a representative family, calculated using consumption data of the population itself

8 M. Sabag- Endeweld and L. Achdut (2004), Developing an experimental index of poverty in Israel according to expenditure, Research & Planning Administration, National Insurance Institute.

all sources less direct taxes). Another element added to income is **income in kind** if the family receives public housing and pays reduced rent compared to market rents⁹. A poor family is one without available income to finance the purchase of this basket.

The study presented two alternatives for calculating threshold expenditure and the income compared to it for each type of family. The difference between them lies in the definition of housing expenditure: in the first option, housing expenditure is obtained from the total current payments on housing (loans and mortgages, rent etc.), and in the second option, it is calculated according to rent for people living in rented accommodation and according to the rent credited to the apartment for those who own their own housing. In the second option, a family living in its own house is compensated in terms of income. The element added to their income is the difference between the rent credited to the apartment and the total current expenditure on housing¹⁰.

b. The market basket measure (MBM/ NRC)

A few years after the study based on the NRC, another study was published¹¹, combining the Canadian approach of the basket of essential products with the American approach in the NRC index. The MBM/NRC (Market Basket Measure) as calculated for the Israeli economy is located on a continuum between the two extremes of an absolute and a relative index. It belongs to the group of poverty indices in which the poverty line is derived from an adequate standard of consumption of a basket of products reflecting a reasonable estimate of an adequate minimum required to live. Linking it to the minimum required for living enables the use of its poverty line to estimate the extent to which subsistence benefits (income support and income supplement), which are the last safety net for those who are unable to support themselves and their families, meet the needs for living. A major difference between the NRC index and the MBM index lies in their reference to food: in the expenditure-based index of poverty, the NRC described above, food expenditure is determined by patterns of consumption of the families themselves, while in the MBM index the basket of food is determined normatively and not actually – according to nutritional principles adjusted for the household composition in terms of gender and age. Another difference is that the second approach deducts essential health expenses from income.

Another study combined the Canadian approach of the basket of essential products with the American approach in the NRC index. This approach is located on a continuum between the two extremes of an absolute and a relative index

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- 9 In addition to direct taxes, on the recommendations of the American committee, expenditure on transport for work purposes and on nursery school and child carer fees for working families are also deducted from income.
 - 10 In both options the calculation of income compared to threshold expenditure also takes account of the benefit embodied in public housing services. A family living in public housing (from one of the housing companies - Amidar, Amigur etc.) has their income increased by the difference between the rent on the free market and the rent that they actually pay.
 - 11 D. Gottlieb and A. Fruman (2011). **Measurement of Poverty According to the Adequate Consumption Basket in Israel 1997-2009**, Research and Planning Administration, National Insurance Institute.

The current adequate consumption index is composed of the consumption of food and non-food items. The food basket is based on nutritional principles and the gender and age composition of the household, while the non-food items for the poverty line are determined according to the average consumption by the 30-35 percentiles of these products: housing, clothing and footwear. Various personal expenses and expenditure on transport are added using a small multiplier. The current poverty line also includes an average of individual health expenditure which, at least partly, is not covered by health insurance. The weighting scale (which takes account of size advantages in family expenses) gives extra weight to adults over children. The income compared to expenditure includes elements not included in available monetary income, such as the credited income for owner-occupied housing and a reduction in expenditure for going out to work.

c. The FES index¹²

In the FES method, a unique poverty line is defined for each household according to the characteristics of the individuals comprising it

In the third method of estimating, the FES, a unique poverty line is defined for each household according to the characteristics of the individuals comprising it. A basket of **basic food** is adjusted to each household, defining the minimum essential monetary expenditure on food according to the definitions of Nitzan-Klusky (2003), adjusted for price levels. This method takes into account the fact that households have other essential expenses in addition to food, and the definition of the minimum household expenditure takes into account both food and other items. For that purpose, the model assumes that household expenditure on food rises with income and that the marginal expenditure on food falls with income. Thus, as income grows, expenditure on food grows such that its proportion out of total expenditure decreases and the proportion of other items increases.

With this method, for each household two levels of minimum income are indicated and their arithmetical average defines the poverty line

With this method, for each household two levels of minimum income are indicated and their arithmetical average defines the poverty line according to the FES: (a) income in which the household divides its expenses so that food expenditure equals the minimum expenditure on food defined for it; (b) income equal to the monetary cost of the minimum food consumption defined for that household plus the monetary cost of non-food items, that it would consume if its income were equal to the monetary cost of the minimum basket of food defined for it.

The different estimates in this method are made twice: once using the monetary income of the household, and the second time including income in kind. According to the data currently available, the current main source of income in kind is the result of owning one's housing.

d. Poverty findings according to the three approaches

Table 18 presents the incidence of poverty and threshold expenditure for the three methods of estimation based on family composition in 2010 and 2011. It shows that

12 The research is being prepared and is expected to be published shortly.

according to the NRC, the incidence of poverty that takes account of credited rent (Option B) is lower than the incidence when current payments are taken into account (Option A) for all types of family (except a couple with two children). For example, the incidence of poverty among individuals without children is more than 22% while under Option B it is only 14%. It is also possible to see that in both options, the incidence of poverty rises as the family size increases: for children with five children it reaches about 62% in the first option, and about 60% in the second option, compared to about 18% and 16.5% respectively for couples with one child.

According to the FES method, the incidence of poverty when taking income in kind into account is higher than the incidence based on monetary income, for nearly every family composition. For example, the incidence of poverty among single parent families with two children based on monetary income is 33.6%, compared to 42% based on income in kind. In this method, too, the larger the family, the greater the incidence of poverty.

According to the MBM method, the incidence of poverty among couples with four children is double and more that of couples with one child, and four times the incidence among couples with two children (which is less than 10%). About 75% of couples with five children are unable to finance the threshold expenditure.

Box 3

Purchasing Power of the Minimum Wage in Israel from an International Perspective

In this box we present a comparison of OECD countries with Israel on the subject of the minimum wage and its development over the years. Graph 1 shows the purchasing power of the minimum wage in OECD member countries in dollars (in terms of PPP1 in 2011 values).

(1) PPP (Purchasing Power Parity) – variables for the value of purchasing power representing the ratios between different countries, adjusting the exchange rates between countries so that purchasing power is the same in all of them.

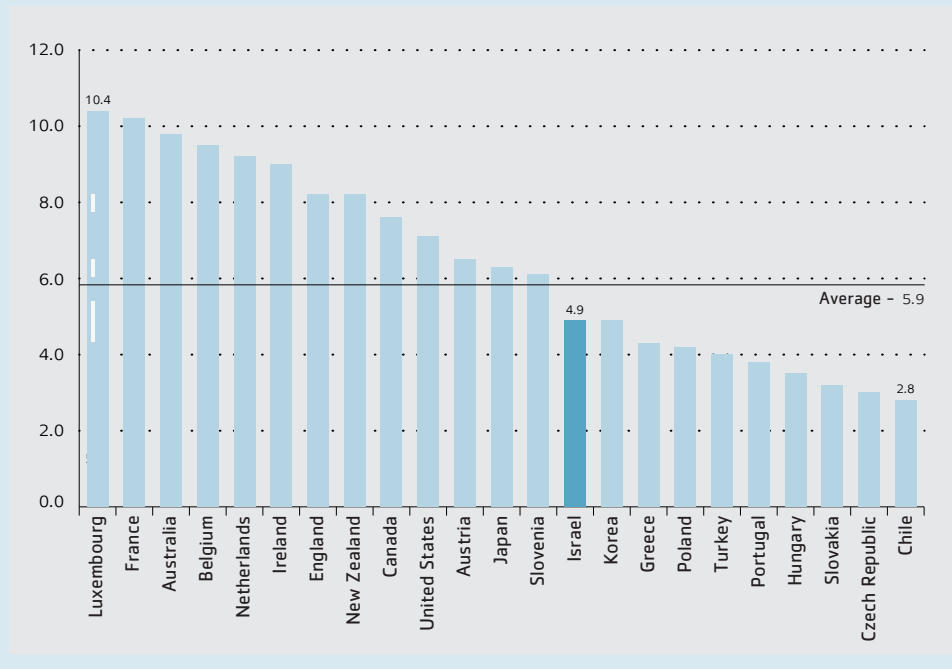
The purchasing power of the hourly minimum wage in OECD countries varies widely, from \$2.8 in Estonia to \$10.4 in Luxemburg. The leader Luxemburg is followed by France, Australia, Belgium, Holland and Ireland with the highest purchasing power for the minimum wage in effect in those countries. Israel is placed 14 out of the 23 countries compared. In 2012 the average wage was NIS 22.3, equivalent in purchasing power to \$4.9. The purchasing power of the minimum wage in Israel is 17% lower than the purchasing power of the average minimum wage in OECD countries: \$5.9.

Graph 2 shows the development of the purchasing power of the minimum hourly wage over the period 2000–2011 in Israel and in the United States, and the average for the OECD countries in the sample (in terms of PPP and 2011 prices).

Throughout the whole of the last decade, the purchasing power of the minimum wage in Israel was lower than the OECD average, and compared to the early 2000s, the gap between them more than doubled, to \$1.2. Not only that: in the average for OECD countries there is a clear trend of a continual rise in the purchasing power of the minimum wage, from \$5.1 in 2000 to \$6.1 in 2012 – an average annual increase of 1.6%. Since all purchasing power figures have been adjusted to 2011 prices, the growth over the years is real.

In the USA, the minimum wage was eroded in the first seven years of the decade by \$1, which is about 15%, but in the following years this trend was reversed, and the wage was gradually amended to the level of \$7.5 (\$7.25 in current prices) in 2010, and in the following years it was eroded by not being updated. It appears that there is growing recognition in the USA of the important role of the minimum wage: a decision is now taking shape on a further increase to \$9 per hour, and automatic linkage to the COL index, which does not depend on the legislation.

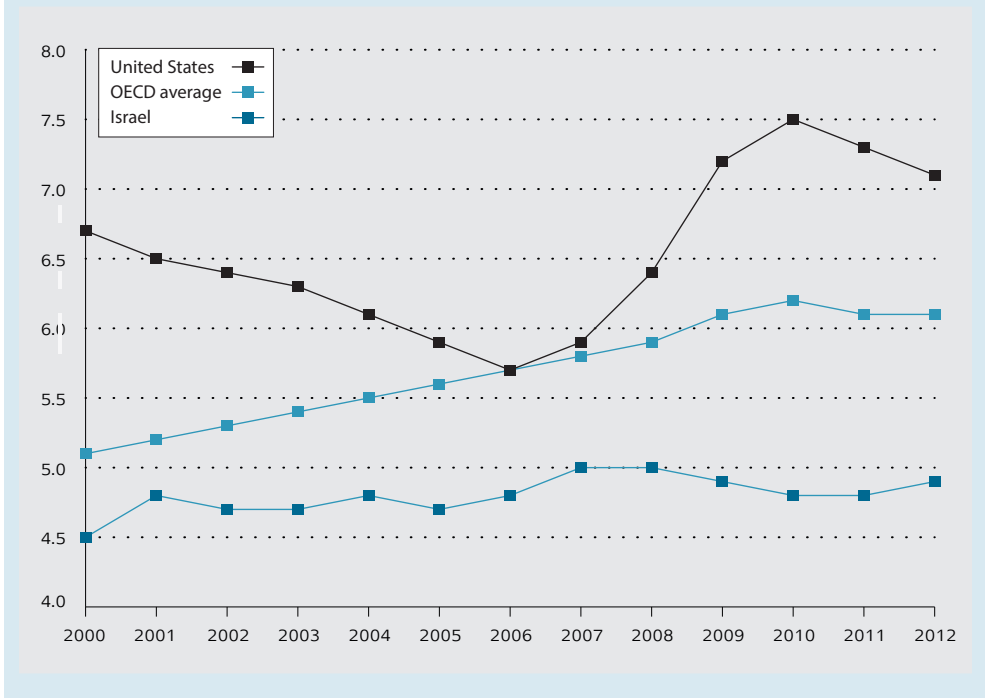
Graph 1
Purchasing Power (PPP) of the Minimum Hourly Wage
in OECD Countries (USD), 2012



The trend in the purchasing power of the minimum wage in Israel is less clear and intentional. Although it was increased over the years, it in fact remained at the same level and was not adjusted to the rise in living standards.

The trend in the purchasing power of the minimum wage in Israel is less clear and intentional. Although it was increased over the years several times due to government decisions or agreements with the Federation of Labor (Histadrut) and employers, it in fact remained at the same level and was not adjusted to the rise in living standards. It appears that in order to improve the earning power of low earners in Israel, and thus to reduce the dimensions of poverty and social gaps, there must be more consistent and transparent policy on this issue.

Graph 2
Purchasing Power (PPP) of the Minimum Hourly Wage (NIS of 2011), 2000-2012



Chapter 3 | **Benefits: Activities and Trends**

1. Income Support (Including Maintenance Payments)

A. General

In 2012, the number of families receiving an income support benefit continued to decline, reaching 103,800 families on average per month, compared with 105,300 families in 2011 – a decrease of 1.4%

In 2012, the number of families receiving an income support benefit continued to decline, reaching 103,800 families on average per month, compared with 105,300 families in 2011 – a decrease of 1.4%. The downtrend began after the second quarter of 2003 (when the number of families receiving income support reached a record 159,000) and persisted until 2009, when the level stabilized at its 2008 level. The decrease began anew in 2010, and in 2012 there were signs that the decrease was slowing down.

B. Highlights of the Income Support Law in its 2003 format

Since 2003, the Income Support Law has retained two benefit rates for the long term – the regular rate and the increased rate – but prescribes, in effect, three levels of benefit for the transitional period¹. The law differentiates between eligible persons aged 55 and over², and those under 55. The benefit and the means tests for those aged 55 and over remained unchanged for all family compositions, and they are eligible for the benefit at the increased rate (as had been the case before January 2003), whether they are newly eligible persons or previously eligible persons³. The distinction between newly eligible persons and previously eligible persons is relevant only for persons under the age of 55: in this age group, all newly eligible persons and all persons previously eligible for the regular rate are paid a benefit at the regular (now reduced) rate, and all those previously eligible for the increased rate are paid a benefit at the reduced increased rate. The significance of these revisions is that in the course of the years – by the end of the transitional period – all those under the age of 55 may be eligible for a benefit only at the reduced regular rate.

Since January 2003, the Employment Service has no longer been allowed to classify a claimant for income support benefit as being either temporarily or permanently unemployable. The Income Support Law, in its new format, defines all those who are not required to report to the Employment Service. The most significant legislative amendment concerns mothers of small children: prior to the legislative amendments, these mothers had been exempt from an employment test if their youngest child was under age seven; since the amendments, they are exempt only until their youngest child turns two. The situation for widows regarding the employment test was equated with that of mothers

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- 1 The revisions in the level of benefits and in the means test are presented in detail in the NII Annual Survey for 2002-2003.
 - 2 The rates of the income support benefit for recipients of old-age and survivors' pensions have remained unchanged. Those eligible for benefits from the Work Injury Insurance branch will be eligible for an income support benefit at the same level as that of survivors from the Old-Age and Survivors' Insurance branch, regardless of age.
 - 3 A previously eligible person is anyone who began receiving a benefit prior to January 1, 2003, including anyone whose benefit payment had been discontinued for a period not exceeding six months.

with small children: up until January 2003, widows with children under the age of 18 had been exempt from reporting to the Employment Service, regardless of the precise age of their (minor) children. No amendments were made regarding women eligible for maintenance (alimony) payments, who continue to be exempt from the employment test.

The Integration of Benefit Recipients in the Labor Market Law (Temporary Order) was approved in 2004 and, in August 2005, the responsibility for conducting employment tests in the pilot regions was transferred from the Employment Service to private employment centers. Participants in the program were recipients of an income support benefit on the grounds of lacking work or earning low wages. The program ended in April 2010, and the responsibility for conducting employment tests returned to the Employment Service.

Since January 2007, ownership of a car no longer automatically disqualifies claimants for an income support benefit (in the past, ownership of a car was allowed only in instances of special need, such as a medical need), if the car has an engine capacity of up to 1300 cc and at least seven years have elapsed since its year of manufacture, or up to 1600 cc and 12 years since its year of manufacture. Furthermore, a car owner will be eligible for an income support benefit only if the benefit claimant (or spouse) has income from work that exceeds 25% of the average wage (17% of the average wage, in the case of a retirement-age claimant). The law applies also to persons who have been dismissed from work.

Since January 2007, ownership of a car no longer automatically disqualifies claimants for an income support benefit

In addition, eligibility requirements were somewhat relaxed for eligible retirement-age persons (or their spouses) who travel abroad, whereby travel abroad up to three times a year, not exceeding a total of 72 days, will not cause their benefit to be revoked. Travel abroad a fourth time or exceeding the limit of 72 days will result in the suspension of eligibility for all periods of absence from Israel during that calendar year. Prior to the amendment, travel abroad more than once during a calendar year revoked one's eligibility.

In July 2008, an additional amendment was passed whereby a single parent shall receive an income support benefit, notwithstanding his studies at an institution of higher education or in a course whose duration exceeds 12 months. The objective of this amendment is to help single parents acquire a suitable education enabling them to integrate into the work force or to earn a higher wage. Eligibility for the benefit under this amendment is conditional on meeting the following criteria: single parent, meeting the other conditions of entitlement to a benefit; the income support benefit had been paid for 16 out of the 20 months preceding the first month of studies at the institution; the curriculum does not award a master's or doctoral degree; the duration of the benefit payments in respect of the period of studies shall not exceed 36 months; and for the unemployed – the studies are held in the evening.

During 2011, an amendment was implemented concerning the compensation payments made to the evacuees of Gush Katif (Gaza) and northern Samaria for the

“disengagement”. A distinction was made between those who received the compensation as a one-time payment and those who chose to receive the compensation in monthly payments (156 equal payments).

Following a High Court of Justice ruling in August 2012, the criterion that ownership or regular use of a car whose engine size and year of manufacture did not allow receiving income support benefit was revoked, and an alternative arrangement was stipulated, whereby a monthly income would be credited for a car whose value did not exceed NIS 40,000. Owners of cars worth more than this amount (excluding those for medical needs or a mobility vehicle) would not be entitled to a benefit or income supplement. The credited amount would reduce the benefit or income supplement by a rate of 3% of the value of the car above the value not taken into account. The value of the car not taken into account is higher for people in work (whose income from work is more than 17% of the average wage): NIS 17,000 compared to NIS 9,000.

In 2012 an amendment was introduced in the Law under which the value of income from an asset would be calculated according to the type of asset, taking into account its value and a suitable rate of return based on market conditions

In 2012 another important amendment was introduced in the Income Support Law regarding the attribution of income from an asset. Under this amendment, the value of income from an asset would be calculated according to the type of asset (financial or real estate), taking into account its value and a suitable rate of return based on market conditions, plus an additional gradual attribution of income, family composition and the claimant’s age. The rate of return for a financial asset was determined according to the average rate for short term loans in the last 12 months as published by the Bank of Israel. The yield for real estate: agricultural land 0%, residential property 3% and commercial property 5%. The rates of the additional supplement brackets, which range from 1.5% to 5%, are published in the Income Support Regulations. In addition, a mechanism was defined for annual updates of the rates of return used to calculate the attributed income.

A further change in the Income Support Law is the payment of the income support benefit to women in shelters for victims of domestic violence. These women became entitled to the benefit on the predefined conditions, providing they were receiving this benefit in the month prior to moving to the shelter.

C. Recipients of Income Support Benefit

1. Developments in the number of recipients

The period from June 2003 to December 2008 was characterized by a steady downtrend in the number of recipients of the income support benefit. This trend began when stringent legislation was implemented in June 2003, under which the benefits of some 5,000 families were revoked and the obligation of meeting an employment test as a precondition for eligibility for a benefit was expanded to additional population groups. This downtrend persisted, due to the ongoing impact of the reduction of the maximum income qualifying for an income support benefit and due to improvement in the employment situation in Israel from 2004 until the second half of 2008. The operation

of employment centers within the framework of the Mehalev program (“From Income Support to Self Sufficiency”) in August 2005 and the Orot program (“Prospects for Employment”) in August 2007 accelerated the downtrend. In 2009 there was a reversal of the trend: the number of families receiving a benefit rose at the beginning of the year and stabilized at a higher level during the second half of the year, apparently due to the state of the economy that year. On the other hand, since 2010 the number of recipients of the benefit has decreased – a trend that apparently reflects the recovery of the Israeli economy. In 2012 there were signs of a slowdown in the downward trend.

The implementation of the 2003 Economic Arrangements Law led to a decrease in the number of recipients, from a record high of some 159,000 (on average per month) at the beginning of 2003 to 145,300 during the first half of 2004. The persistent impact of the legislation, coupled with the improvement in the domestic employment situation, led to an additional – albeit more moderate – decrease in the number of recipients to approximately 142,000 during the second quarter of 2005. The launch of the Mehalev program (in August 2005) reinforced the downtrend, and the number of recipients dropped to about 130,300 families on average per month in 2006, and continued to fall to 111,800 in 2008 (Table 1). In 2009, the average number of recipient families per month remained the same as in 2008, despite the rise in the number of eligible families at the beginning of the year. During 2010, 2011 and 2012, the average number of families receiving income support decreased by 2.1%, 3.8% and 1.4% respectively (Table 1). The quarterly figures (Graph 1) show that in the third and fourth quarters of 2012 there was a measured increase in the average number of recipients of the benefit each month. Table 1 and Graph 1 clearly illustrate the developments over the years.

Furthermore, in 2009, alongside the steady although slowing downtrend in the number of new immigrant families (defined by the benefit claimant), for the first time since 2004 there was an increase in the number of veterans – long-standing resident families (defined by the benefit claimants) receiving benefits. In 2010, the trend reversed once again: the number of veteran recipients decreased, and there were signs of a quickening drop in the number of new immigrant family recipients compared with 2009. In 2011, the downtrend in the number of families receiving income support continued among both veteran and immigrant families. While in 2010 the decrease in the number of immigrant families constituted 85% of the total drop in the number of recipient families, in 2011 they contributed only 60% to the total drop. In other words, the drop in the number of families receiving income support in 2010 and 2011 stemmed primarily from the drop in immigrant families receiving the benefit. On the other hand, in 2012 there was a moderate rise (0.6%) in the number of veteran families receiving the benefit. Therefore the downtrend in the total average number of families eligible for income support was due to the drop in the number of immigrant families, which was moderated by the rise in the number of veteran families and a slowdown in the rate of decrease among immigrant families.

Table 1
Average Number of Families Receiving Income Support Benefit per Month, by Length of Time in Israel,* 2005–2012

Period	Total		Veterans		New immigrants	
	Number	Rate of change	Number	Rate of change	Number	Rate of change
2005	139,940	-3.3	93,037	-1.2	46,903	-7.2
**1-7/2005	142,321	-2.1	94,302	0.2	48,019	-6.3
**8-12/2005	136,606	-5.0	91,267	-3.1	45,339	-8.4
2006	130,337	-6.9	88,144	-5.3	42,193	-10.0
**1-7/2006	132,380	-7.5	89,084	-5.9	43,296	-10.9
**8-12/2006	127,477	-7.2	86,829	-5.1	40,648	-11.5
2007	120,218	-7.8	82,488	-6.4	37,730	-10.6
**1-7/2007	122,748	-7.3	83,931	-5.8	38,817	-10.3
**8-12/2007	116,677	-8.5	80,469	-7.3	36,208	-10.9
2008	111,808	-7.0	78,011	-5.4	33,798	-10.4
**1-7/2008	113,073	-7.9	78,454	-6.5	34,619	-10.8
**8-12/2008	110,037	-5.7	77,390	-3.8	32,647	-9.8
2009	111,765	-0.04	79,461	1.9	32,304	-4.4
2010	109,407	-2.11	79,102	-0.5	30,304	-6.2
2011	105,292	-3.8	77,443	-2.1	27,849	-8.1
2012	103,766	-1.4	77,945	0.6	25,821	-7.3

* Length of time in Israel determined by the claimant for the benefit.

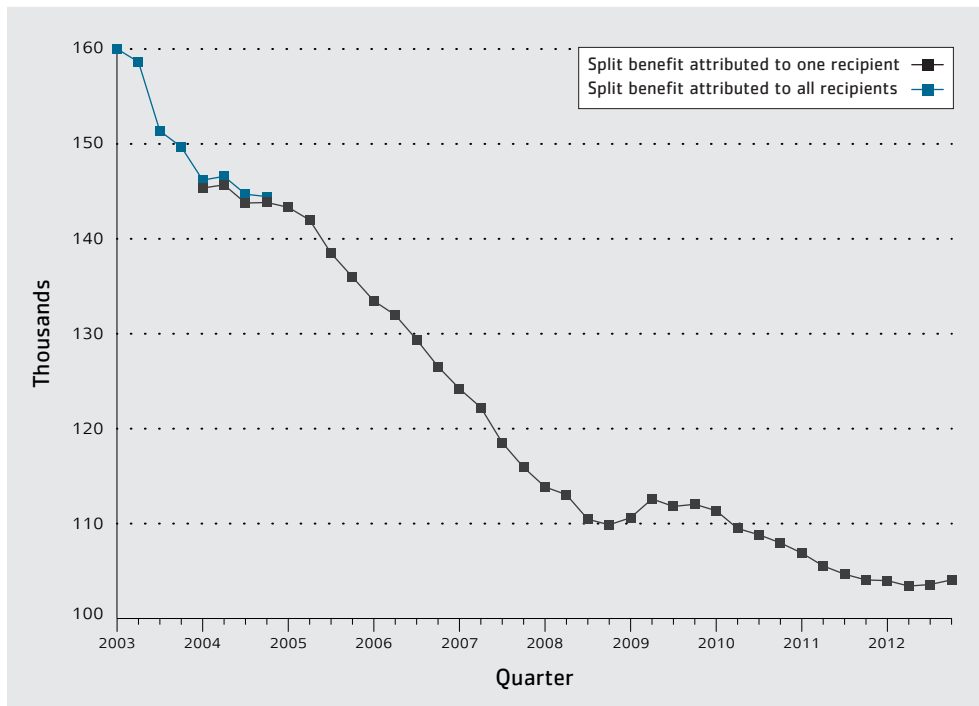
** Compared to the same period in the previous year.

2. Family composition and length of time in Israel

The decrease emerging in the number of benefit recipients since mid-2003 – the time of the far-reaching revision of the scope of income support and the eligibility criteria – was accompanied by a change in the recipients' family composition. The legislative amendments pertaining to the level of benefit, means test and employment test, which continued to play a role between 2004 and 2007, did not have a uniform impact on the various population groups. Beyond the impact of the legislative amendments, it is possible that not all recipients enjoyed more employment opportunities as a result of the economic growth in Israel during that period, and these differences could have also affected the type of populations receiving income support. To illustrate the changes in the makeup of the recipient population, data is presented from the beginning of 2003 (prior to the legislative changes) until 2008 (which encompasses the full operation of the "Prospects for Employment" program), and for 2010–2012⁴.

4 For details regarding the changes in the family composition of benefit recipients between 2004 and 2007, see the NII Annual Survey for 2008.

Graph 1
Families Who Received Income Support Benefit by
Quarter (thousands), 2003-2012



* A split benefit is attributed to more than one member of the same family.

The data presented in Table 2 indicate two main developments: the decrease in the number of recipients of income support benefit following the cuts in 2003 occurred among single-parent families and couples with children, while the number of single persons receiving the benefit rose. These developments reflected the changes in the composition of the population of benefit recipients: the proportion of single-parent families among all recipients dropped to 24.8% in 2010 (compared with 33.2% at the beginning of 2003) and continued to decline slowly in 2011 (24.6%) and in 2012 (24.3%), while the proportion of couples with children fell slightly – from 24.4% in 2003 to 21% in 2010 and to 21.2% in 2012.

At the same time, the proportion of single persons rose significantly, from 36.5% in 2003 to 46.3% in 2009, and continued to rise slowly to 46.7% in 2012. The relatively small proportion of childless couples rose moderately, from 5.9% in 2003 to 7.8% in 2012. The data therefore indicate a sharp drop in the percentage and number of recipient families with children from 2003 to mid-2005, and a more moderate decline until 2012. As already mentioned, in 2012 we are seeing an increase in the proportion of veteran families and a continued decline in the proportion of immigrant families. Among the

Following the cuts in 2003 the number of benefit recipients among single-parent families and couples with children decreased, while the number of single persons receiving the benefit rose

The percentage and number of recipient families with children dropped sharply from 2003 to mid-2005 and more moderately until 2012

veteran families there is a decrease in the proportion of couples with children, while among immigrants there is an increase in the rate of single persons. These changes in family composition are expressed by a slight drop in the number of families with children among all benefit recipients.

Table 2
Families Receiving Income Support Benefit, by Family Composition
and Length of Time in Israel, 2003, 2008, 2010-2012

Family composition	Numbers			Percentages		
	Total	Veterans	Immigrants	Total	Veterans	Immigrants
Average January-March 2003						
Total	160,006	102,194	57,812	100.0	100.0	100.0
Single person without children	58,331	38,000	20,331	36.5	37.2	35.2
Single person with children	53,191	25,662	27,529	33.2	25.1	47.6
Couple without children	9,468	5,070	4,398	5.9	4.7	7.6
Couple with children	39,016	33,462	5,554	24.4	32.7	9.6
Average 2008						
Total	111,808	78,011	33,798	100.0	100.0	100.0
Single person without children	50,683	33,843	16,840	45.3	43.4	49.8
Single person with children	29,401	17,024	12,377	26.3	21.8	36.6
Couple without children	8,145	5,179	2,967	7.3	6.6	8.8
Couple with children	23,579	21,965	1,614	21.1	28.2	4.8
Average 2010						
Total	109,407	79,103	30,304	100.0	100.0	100.0
Single person without children	50,904	35,155	15,749	46.5	44.4	52.0
Single person with children	27,101	16,766	10,335	24.8	21.2	34.1
Couple without children	8,390	5,602	2,788	7.7	7.1	9.2
Couple with children	23,012	21,580	1,432	21.0	27.3	4.7
Average 2011						
Total	105,292	77,443	27,849	100.0	100.0	100.0
Single person without children	49,064	34,535	14,529	46.6	44.6	52.2
Single person with children	25,888	16,473	9,416	24.6	21.3	33.8
Couple without children	8,159	5,541	2,619	7.7	7.2	9.4
Couple with children	22,179	20,895	1,285	21.1	27.0	4.6
Average 2012						
Total	103,766	77,945	25,821	100	100	100
Single person without children	48,487	34,879	13,607	46.7	44.7	52.7
Single person with children	25,245	16,615	8,630	24.3	21.3	33.4
Couple without children	8,065	5,666	2,399	7.8	7.3	9.3
Couple with children	21,969	20,785	1,184	21.2	26.7	4.6

3. Grounds for eligibility

Further to the trends that emerged since 2003, there was a steady increase in the percentage of the unemployed among all benefit recipients until 2010 and a renewed increase in 2012, alongside a steady decrease in the percentage of mothers of small children and of persons aged 55 or more who are deemed unemployable (Table 3). The data show that in 2011 and 2012, the average percentage of recipients whose eligibility was contingent upon an employment test (unemployed and low wage) dropped slightly, to 79.8% of all recipients in 2012, compared with 80.1% in 2010. The rate of benefit recipients on the grounds of low pay (13.4%) fell compared with 2011 but was similar to the rate in 2010, while the rate of recipients on the grounds of lack of work (66.4%) rose by comparison with 2011 but fell by comparison with 2010. Most of the recipients, some 80%, still required the employment test.

In addition to these striking trends, we also witnessed a decrease in the percentage of benefit recipients on the grounds of training and employment assessment until 2010: from 2.5% during the first half of 2005 to 0.9% in 2010. In 2011, however, this percentage returned to its 2009 level of 1.1% of all benefit recipients, then fell again in 2012 (0.7%).

4. Earnings of benefit recipients

The downtrend which characterized the number of benefit recipients from 2004 to 2008 was accompanied by a slight uptrend in the proportion of working families: from 25.5% to 28.6% (Table 4). In 2009, this proportion dropped to 27.9% and rose again in 2010 to 28.4%, and in 2011 to 28.8%. In 2012 this figure fell again, to 27.9%. Most of the rise occurred in 2006 and 2007, from 26.6% to 28.1% (although the number of working families decreased). The data on wage levels show that in 2006 the percentage of families

The downtrend which characterized the number of benefit recipients from 2004 to 2008 was accompanied by a slight uptrend in the proportion of working families: from 25.5% to 28.6%

Table 3
Recipients of Income Support Benefit and Their Spouses,
by Grounds for Eligibility, 2008–2012

Grounds	Average 2008		Average 2009		Average 2010		Average 2011		Average 2012	
	Number	%	Number	%	Number	%	Number	%	Number	%
Total	143,640	100.0	143,553	100.0	140,808	100.0	135,631	100.0	133,800	100.0
Unemployed*	90,970	63.4	93,381	65.1	94,222	66.9	88,615	65.3	88,843	66.4
In training or assessment	1,636	1.1	1,612	1.1	1,202	0.9	1,455	1.1	984	0.7
Mehalev/ Orot	5,526	3.8	4,652	3.2						
Low pay	16,723	11.6	16,583	11.6	18,650	13.2	19,782	14.6	17,952	13.4
Addicts	3,619	2.5	3,502	2.4	3,447	2.4	3,321	2.4	3,182	2.4
Unemployable (aged 55+)	5,778	3.7	2,473	1.7	1,639	1.2	1,183	0.9	765	0.6
Mother/ father	12,682	8.2	11,289	7.9	10,976	7.8	10,386	7.7	10,221	7.6

* In 2010 recipients who received the benefit for participation in the Mehalev program in the first four months of the year were attached to the group eligible on grounds of unemployment.

earning low wages (up to NIS 2,000) remained stable relative to 2005 (prior to the implementation of the Mehalev program), and that since 2007 this percentage has been dropping. In 2012, the earnings from work of 55.6% of the families did not exceed NIS 2,000, compared with 65.3% in 2006.

As noted, in 2012 the proportion of working families fell to its 2009 level, and the proportion of families earning up to NIS 2,000 also decreased. In other words, a smaller percentage of families receiving income support benefit have earnings from work but their wage level has slightly improved, although it is still low. Only 9.7% of the families earn more than NIS 3,500 per month from work. It should be remembered that a significant number of people eligible for benefit leave the income support system at this level of income.

Pursuant to a legislative amendment of August 2012, owners of a vehicle worth up to NIS 40,000 (see Section b.1) can receive an income support benefit. At the beginning of 2012, before implementation of the law, there were about 370 recipients of the benefit who had a car. Approximately 740 other families had a car for medical reasons (including a vehicle for a disabled child and a mobility vehicle), and about 35 families had a vehicle for a limited transitional period, such as following dismissal from work.

At the end of the year, in December 2012, about 1,400 families of income support recipients had a vehicle – about 530 for medical needs and about 40 during a limited transitional period. Until the amendment to the law, a motorcycle was not deemed a motorized vehicle, but was recognized as such after the amendment. Part of the rise in the number of vehicle owners is due to the registration of motorcycle owners who meet the criteria, some of whom were eligible for the benefit even before the change.

Additional benefits for which families are eligible also constitute a source of income and are taken into account for the means test. In 2012, a monthly average of 5.7% of the recipients of income support benefit were eligible for other benefits from the NII compared to 5.4% in 2011. The average monthly income per family from NII benefits (excluding wage-replacing benefits, which are classified as earnings from work) was NIS 1,709 (in 2011 it was about NIS 1,700) and reached as high as NIS 6,706. About 770 families (0.7% of all recipient families) also had earnings from work, as well as additional NII benefits. The total income from both of these sources was about NIS 2,972 per family on average.

Another possible source of income is interest on financial assets, such as bank savings. In December 2012, approximately 23,700 families, constituting 22.7% of all families receiving income support, had financial assets, with the average asset value per family being NIS 16,580. This sum is below the maximum value of financial assets that may be held without being attributed to income, which would reduce the level of benefit. Only about 2,20 families, constituting 2.1% of all recipient families owned an asset that caused their benefit to be reduced. The average value of financial assets in families whose benefit level was reduced was approximately NIS 43,500.

Table 4
Families Who Received Income Support Benefit With Earnings from Work,
by Family Composition and Level of Earnings, 2005, 2008, 2010-2012

Family composition	Total		Earnings level (NIS)					
	Numbers	% of all families	1-1,000	1,000-1,500	1,500-2,000	2,000-3,000	3,000-3,500	3,500+
Average January-July 2005								
Total	37,240	26.2	22.5	21.9	21.1	19.2	7.8	7.5
Single person without children	9,261	15.2	44.9	28.0	19.0	8.0	0.1	0.0
Single person with children	17,313	43.7	15.5	20.0	21.8	22.7	9.5	10.5
Couple without children	2,327	25.1	30.3	35.3	15.8	14.2	3.2	1.2
Couple with children	8,340	25.7	10.1	15.6	23.4	25.6	14.2	11.2
Average 2008								
Total	31,993	28.6	18.9	21.7	22.0	23.7	5.6	8.2
Single person without children	9,383	18.5	35.3	32.0	20.2	12.4	0.0	0.0
Single person with children	13,505	45.9	12.1	15.7	21.4	29.6	8.1	13.1
Couple without children	2,182	26.8	21.4	36.3	20.1	15.3	3.7	3.1
Couple with children	6,923	29.4	9.1	14.7	26.1	30.0	8.6	11.5
Average 2010								
Total	31,055	28.4	16.4	22.4	21.4	25.8	5.3	8.6
Single person without children	9,658	19.0	28.9	34.4	20.2	16.3	0.1	0.1
Single person with children	11,820	43.6	11.2	15.2	19.8	31.1	8.3	14.5
Couple without children	2,240	26.7	17.6	33.1	22.5	18.0	4.4	4.4
Couple with children	7,337	31.9	8.0	15.1	25.5	32.1	7.7	11.6
Average 2011								
Total	30,297	28.8	14.4	23.0	21.2	26.7	5.6	9.1
Single person without children	9,494	19.3	25.4	36.3	19.6	18.1	0.5	0.1
Single person with children	11,060	42.7	10.0	15.0	19.1	31.9	8.4	15.6
Couple without children	2,196	26.9	15.8	31.9	21.7	20.5	4.9	5.2
Couple with children	7,547	34.0	6.7	15.4	26.0	31.8	8.1	12.0
Average 2012								
Total	28,971	27.9	13.1	22.5	20.0	28.8	5.9	9.7
Single person without children	9,228	19.0	21.6	36.6	20.2	20.6	0.9	0.1
Single person with children	10,386	41.1	9.9	14.0	17.2	33.2	9.0	16.8
Couple without children	2,079	25.8	14.6	29.1	22.5	22.6	5.1	6.2
Couple with children	7,279	33.1	6.4	15.0	23.1	34.7	8.0	12.7

About 8,900 families had income from work of about NIS 2,130 as a monthly average and financial assets with an average value of about NIS 14,400, slightly under the general average

About 8,900 families had earnings from work as well as from financial assets. These families had an average monthly income from work of about NIS 2,130 and financial assets with an average value of about NIS 14,400, which is slightly under the general average. Similarly to income credited from financial assets, income from real estate assets is also credited. About 3,150 recipient families owned real-estate assets, constituting 3% of all families receiving benefit. The average value of these real estate assets was about NIS 101,900, but about half of the families owned real-estate valued at under NIS 76,050. Only 125 families had earnings from work, owned real estate and held a financial asset.

5. Composition of benefit recipients by level of benefit

Following legislation introduced in 2002-2003, there was a considerable change in the composition of recipients by level of benefit. The proportion of families receiving benefit at the regular rate rose from 36% in 2004 to 41.5% in 2012

Following legislation introduced in the period 2002-2003 regarding the different levels of the benefit, there was a considerable change in the composition of recipients at three levels of benefit. The proportion of families receiving benefit at the regular rate rose from 36% in 2004 to 41.5% in 2012, the proportion of families receiving the increased rate for those aged under 55 (“previously eligible”) fell from 22% to 5.6%, and the proportion of families receiving the increased rate for those aged 55 and over rose from 21% to 30.3% in 2011 and in 2012 fell to 29.2%. An analysis of the benefit rates by family composition shows that the proportion of single individuals receiving the regular rate of benefit rose, while the proportion of single parent families fell, as would be expected from the data presented in previous sections (Table 5). The proportion of families receiving the increased rate for those aged 55 and over increased from 2005 to 2011, and last year fell, mainly as a result of the decline in the number of couples without children aged 55 and over.

Table 5
Families Receiving Income Support (percentages),
by Family Composition and Rate of Benefit, 2007-2012

Family composition	December					
	2007	2008	2009	2010	2011	2012
Single person on benefit at regular rate	24.9	25.3	26.3	26.7	26.7	27.0
Single person at increased rate (for those aged 55 or less, “previously eligible”)	5.9	5.1	4.2	3.5	3.0	2.7
Single person at increased rate (aged 55+)	16.0	16.9	17.7	18.2	18.7	18.7
Single parent (aged 55 or less)	23.3	22.7	21.5	21.4	21.1	20.8
Couple at increased rate (aged 55+)	5.9	6.1	6.5	6.6	7.7	6.7
Couple with children at regular rate	11.6	12.1	12.8	13.3	13.8	14.5
Couple with children at increased rate (for those aged 55 or less, “previously eligible”)	5.9	5.1	4.3	3.7	3.3	2.9
Couple with children at increased rate (aged 55+)	3.7	3.9	3.9	3.8	3.9	3.8
Other	2.7	2.8	2.8	2.8	1.8	2.9

D. Payments

1. Level of benefit

In 2012 the level of benefit rose in real prices by about 0.8% but fell in terms of the average wage by about 0.5% (Table 6). The real rise in benefits was due to the fact that in January they were updated by 2.6% (based on the increase in the Cost of Living Index during 2011: November 2011 compared to November 2010), while the average Prices Index for 2012 (compared to the average Prices Index in 2011) rose by about 1.71%. The decrease in the benefit in terms of the average wage derived from the increase of 2.69% in the average wage compared with the rate by which benefits were updated: 2.6%. Child allowances paid to families with children increases their income from the National Insurance Institute. Moreover, families with 3 and 4 children are entitled to a supplement paid together with the child allowance and further increasing their income. For example, a single parent under the age of 55 with three children who under the Income Support Law should receive 39% of the basic amount – which is 37% of the average national wage – actually received 46.5% of the average wage together with the child allowance and supplement for families with 3 children.

In 2012 the level of benefit rose in real prices by about 0.8% but fell in terms of the average wage by about 0.5%

Table 6
Income Support Benefit in Fixed Prices and as a Percentage of Average National Wage*, 2007-2012

Year	Single person				Single parent with two children		Couple with two children			
	Regular rate		Increased rate		2012 prices (NIS)	% of average wage	Regular rate		Increased rate	
	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage			2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage
2007**	1,603	18.0	1,804	20.3	3,126	35.1	2,686	30.2	3,126	35.1
2007***	2,004	22.5	2,004	22.5	4,044	45.4	3,968	44.5	3,968	44.5
2008**	1,614	18.6	1,846	20.9	3,201	36.2	2,750	31.1	3,201	36.2
2008***	2,052	23.2	2,052	23.2	4,139	46.8	4,062	45.9	4,062	45.9
2009**	1,661	19.3	1,868	21.7	3,237	37.6	2,781	32.3	3,237	37.6
2009***	2,076	24.1	2,076	24.1	4,187	48.6	4,109	47.7	4,109	47.7
2010**	1,678	19.3	1,888	21.8	3,272	37.7	2,811	32.4	3,272	37.7
2010***	2,098	24.2	2,098	24.2	4,232	48.8	4,154	47.9	4,154	47.9
2011**	1,660	19.1	1,867	21.4	3,236	37.2	2,780	31.9	3,236	37.2
2011***	2,075	23.8	2,075	23.8	4,184	48.0	4,107	47.2	4,107	47.2
2012**	1,674	19.0	1,883	21.3	3,264	37.0	2,804	31.7	3,264	37.0
2012***	2,093	23.7	2,093	23.7	4,221	47.8	4,143	46.9	4,143	46.9

* As measured by the Central Bureau of Statistics

** The oldest person in the family has not yet reached the age of 55

*** At least one member of the family is aged 55 or over.

Table 7
Payment of Income Support Benefits
(without administrative costs, NIS million), 2007-2012

Year	Current prices	2012 prices
2007	2,419	2,777
2008	2,392	2,670
2009	2,482	2,682
2010	2,527	2,659
2011	2,477	2,520
2012	2,493	2,493

2. Scope of payments

In 2012, payments of income support reached NIS 2.49 billion – a decrease of 1.1% compared to the previous year. In spite of the update of benefits in January, there was a drop in the extent of payments due to the decrease in the number of recipients (1.4%) and the lower increase in the average benefit (of 0.8% in 2012 compared with 2011).

E. Women Receiving Maintenance (Alimony) Payments

The Maintenance (Guarantee of Payment) Law guarantees a payment to divorced or separated women, common-law wives or women who have remarried, in instances when the court has awarded them maintenance payments but the individuals ordered to make the payments fail to do so. The amount of the payment is the sum specified in the court ruling or the sum prescribed in the Maintenance Law regulations, whichever is lower. When the maintenance payments awarded by court are higher than the payment prescribed in the regulations, the sum prescribed in the regulations is paid, subject to a means test. The rate of the maintenance payments prescribed in the regulations is equal to the rate of the income support benefit for single parent families. The NII is responsible for collecting the maintenance payments awarded by court ruling through execution proceedings instituted against the debtor. Therefore, a woman is eligible for maintenance payments from the NII only if she herself does not institute proceedings to enforce the court ruling, or if she discontinues such proceedings prior to submitting an application to the NII. If the NII collects a sum from the debtor that is higher than the sum the NII has paid to the woman, she is entitled to receive the difference.

The amendments to the means test instituted under the Income Support Law in 2003 affected this population as well, and in 2012 there was a continuation of the downtrend in the number of women receiving maintenance payments from the NII which began in 2005 – by approximately 4% each year until 2008. During the next three years, the decreases were more moderate: 2.6% in 2009, 1.2% in 2010 and 2.9% in 2011. In 2012 the decrease rose again to almost 4%. In all, in 2012 maintenance payments were paid to an average of about 18,700 women each month. In addition, as noted later, the number of women receiving both maintenance payments and income support benefit continued to decline.

Table 8
Recipients of Maintenance Payments,
by Marital Status (numbers and percentages), 2007-2012

Year	Total		Marital status			
	Number	Percent	Married to debtor	Divorced	Remarried	Other
2007	21,771	100.0	13.8	72.1	8.2	5.9
2008	20,784	100.0	14.0	71.4	8.4	6.2
2009	20,253	100.0	13.7	70.6	8.7	7.0
2010	20,012	100.0	13.8	69.4	8.7	8.1
2011	19,438	100.0	13.7	68.7	8.7	8.9
2012	18,745	100.0	13.2	68.2	9.2	9.4

The demographic characteristics of the women who received maintenance payments in 2012 were similar to those in previous years: approximately 68% of the women were divorced, 13% were separated from their spouses but still married to them, 9% had remarried, and the remainder, about 10%, were common-law wives. It should be noted that a slight downtrend is evident in the ratio of divorcées to total recipients of maintenance payments – from 72.8% in 2005 to 68.2% in 2012 – and a parallel increase in the ratio of unmarried women to total recipients – from 5% in 2005 to 9.4% in 2012. In 2012, the majority of women who received maintenance payments (approximately 80%) had one or two children (compared with 63% of all families with children in the population), while only about 8% had four or more children (compared with 17% of all families with children in the population).

The percentage of women who received maintenance payments under a court ruling and their employment characteristics were affected by the legislative amendment in 2003, but remained unchanged from 2004 to 2012. 74% of the women received maintenance payments under a court ruling, while the rest received payments under the regulations: 5% received the full rate specified in the regulations while about 21% received a reduced payment due to earnings from work. The average amount paid to women was approximately 21% of the average national wage (NIS 1,820 per month), but there was a significant gap between the amount received by women under a court ruling and the amount received under the regulations. In 2012, the average amount paid under a court ruling was only 20% of the average wage, while under the regulations it was 36% for women receiving the full rate and approximately 19% for women receiving a reduced rate (Table 10). Maintenance payments as a percentage of the average wage rose – an increase that might be explained by the fact that maintenance payments (updated in accordance with the Cost of Living Index) went up by more than the average wage, which has remained more or less the same over the past decade.

In 2012, approximately 45% of the women receiving maintenance payments were working (compared with 75% of all women in the population who are married with children), but their economic situation was poor. For most of them, the amount awarded by the court was so low that a means test was unnecessary (since a court ruling takes

The demographic characteristics of the women who received maintenance payments in 2012 were similar to those in previous years: approximately 68% of the women were divorced, 13% were separated from their spouses but still married to them, 9% had remarried, and the remainder, about 10%, were common-law wives

In 2012, approximately 45% of the women receiving maintenance payments were working, but their economic situation was poor

Table 9
Recipients of Maintenance Payments,
by Type of Payment (numbers and percentages), 2007-2012

Year	Total		Type of payment (percentages)		
	Number	Percent	Under the regulations		By court ruling
			Full	Reduced	
2007	21,771	100.0	6.3	22.7	71.0
2008	20,784	100.0	6.2	23.5	70.3
2009	20,253	100.0	5.7	22.0	72.3
2010	20,012	100.0	4.9	21.6	73.5
2011	19,438	100.0	5.2	21.7	73.1
2012	18,745	100.0	4.9	20.9	74.2

Table 10
Average Amount of Maintenance Payments
as Percentage of the National Minimum Wage,
by Type of Payment and Whether Working, 2007-2012

Year	Total	Type of payment			Work	
		Under the regulations		By court ruling	Working	Not working
		Full	Reduced			
2007	19.1	35.0	17.2	18.3	15.2	22.6
2008	19.3	34.6	17.6	18.6	15.3	22.9
2009	20.3	36.2	18.6	19.6	16.2	23.8
2010	20.4	35.9	18.7	19.9	16.3	23.9
2011	20.6	35.8	18.8	20.1	16.5	24.2
2012	20.7	35.6	18.9	20.2	16.6	24.1

into account the woman's income from work). The average maintenance payment that working women received was 17% of the average national wage. Even after adding their earnings from work, their aggregate income was less than half of the average national wage – only 30% more than the maintenance payments to women who received the full payment under the regulations.

The Maintenance Law per se does not guarantee a minimum income to all women who need it

These figures show that the Maintenance Law per se does not guarantee a minimum income to all women who need it. Therefore, women to whom the courts have awarded low maintenance payments and who have no other income, or whose income from other sources is very low, are eligible for an income supplement from the NII under the Income Support Law, as long as they meet all other eligibility criteria specified under this law. Indeed, in 2012, an average of 3,910 women who received monthly maintenance payments also received an income supplement under the Income Support Law, compared with 6,892 in 2006. In 2006, these women constituted approximately 30% of all women receiving maintenance payments, but by 2011, this percentage had fallen to approximately 21%.

2. Old-age and Survivors' Insurance

A. General

Old-age and survivors' pensions constitute the first tier of the pension system in Israel and ensure a basic income for an elderly insured person and for his survivors after his death. Pensions from work constitute the second tier of the pension system, and, in conjunction with the old-age and survivors' pension, they are intended to ensure that the retired and the elderly have a reasonable minimum standard of living (see chapter 4 [2], Old-Age and Survivors' Insurance, NII Annual Survey for 2007).

An old-age pension is paid to every insured on a universal basis, with no means test (from either work or capital) at the age of eligibility (absolute age), and upon reaching retirement age (the conditional age) if the insured passes the means test. Up until June 2004, the retirement age was 60-64 for women and 65-69 for men. In mid- 2004, the Retirement Age Law came into effect, which gradually raised the eligibility age for an old-age pension for both men and women: the retirement age for men to receive an old-age pension was raised from 65 to 67, and therefore, their eligibility during the 67-to-69 age bracket was made conditional on a means test. The (absolute) eligibility age for men was not changed. The (conditional) retirement age for women was raised from 60 to 64 in two stages: initially to 62 and, according to the Retirement Age Law introduced in 2004, after a hiatus of 3 years, it was supposed to rise to 64, but in 2011 the Knesset decided to postpone the further rise in the retirement age for women for five years. The gradual process of increasing the retirement age for women from 62 to 64 will resume in 2017 after a hiatus of eight years. The (absolute) eligibility age for women was gradually raised in the Retirement Age Law from 65 to 70. In 2012, after a hiatus of three years, during which this age was 67, the eligibility age rose to 67 years and four months.

Increments for a spouse and dependent children are added to the basic old-age pension (according to criteria set forth in the law, such as the means test), as well as a seniority increment and a pension-deferral increment. Additionally, since April 2008, a special increment has been paid to insured persons upon reaching the age of 80. The **seniority increment** is payable to anyone who has been insured for more than ten years, and its rate is 2% of the pension for every year of insurance beyond the first ten years, up to a maximum of 50%. The **pension-deferral increment** is granted to anyone who defers taking his pension during the age bracket when receipt of a pension is contingent upon a means test of income from work or from capital (from the conditional age to the absolute age), due to having earnings from work. This increment is at the rate of 5% of the pension for each year of pension deferral. The rate of the **special increment for insured persons who have reached the age of 80** is 1% of the "basic amount."¹

An old-age pension is paid to every insured on a universal basis, with no means test (from either work or capital) at the age of eligibility (absolute age), and upon reaching retirement age (the conditional age) if the insured passes the means test

1 See Note 3, Chap. 1.

A **survivors pension** is paid to the survivors of an insured after his/her death. A seniority increment is added to the basic pension, and an increment for children who are defined as dependent, and, since April 2008, an increment has also been added for a survivor who has reached the age of 80, as stated above. A widower is defined as being eligible for a survivors' pension as long as he still has dependent children, or if he meets the means test, as required by law.

An **income supplement for the elderly and for survivors** is paid to recipients of old-age or survivors' pensions who have little or no income, up to the amount of the pension specified in the Income Support Law for this population, and in accordance with the rules prescribed in this law.

Pensions not prescribed under the National Insurance Law – The NII pays special pensions to the elderly and to survivors who are not eligible for a pension under the National Insurance Law. These special pensions are fully funded by the government.

Individuals who are eligible for these pensions are primarily new immigrants who were above the retirement age (according to the Retirement Age Law) on the day they immigrated to Israel and, consequently, are not insured under the National Insurance Law. The rates of basic pension paid to them are identical to the pension rates under the law, with eligibility usually conditional upon a means test. No seniority or pension deferral increments are added to these pensions; however, since April 2008, an increment has been paid to eligible new immigrants who reached the age of 80, as stated above. The maximum income supplement for recipients of these pensions is the same as that paid to pension recipients according to the law. Any changes in the eligibility age for a pension under the law also apply to recipients of pensions that are not prescribed by the law.

Counseling Service for the Elderly – Since the early 1970s, a Counseling Service for the Elderly has been operating within the framework of the NII, with elderly people volunteering to help their peers. As one of the NII's activities in the community, the counseling service supplements the activities of the funds for the development of services for diverse populations in Israeli society². In 2012, an average of approximately 4,400 volunteers took part in the counseling service each month and there were about 370,000 home visits. The service handled approximately 153,000 requests for counseling.

Death grant – is paid for a deceased who was eligible for an old-age or survivors' pension (under the National Insurance Law) and who is survived by a spouse, or, in the absence of a surviving spouse, by a child, as defined in the National Insurance Law.

Burial expenses – Every person who dies in Israel is entitled to be interred at no cost. The NII pays the burial expenses to a duly licensed burial society to cover the funeral expenses for every deceased who is interred in Israel. Population groups who

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 2 A description of the Counseling Service for the Elderly, its objectives and varied activities, is given in the NII Annual Survey for 2005.

customarily bury their dead without using burial societies may receive these funeral expenses personally. The tariff for funeral expenses is categorized according to the age of the deceased and the size of the community in which the burial society operates. In certain instances, the burial society is permitted to collect a fee for an interment (pre-purchase of a burial plot, purchase of a plot for a deceased in a particular location, and burial in a closed cemetery). If the number of paid interments exceeds the ratio specified in the regulations, the burial society is eligible for reduced payments. In 2012, burial expenses were paid for approximately 41,000 interments.

B. Legislative amendments

1. Legislative amendments to the rates of old-age and survivors' pensions

Pensions under the National Insurance Law – The Economic Efficiency Law for 2009 prescribed that the basic old-age and survivors' pensions would be gradually increased until 2011 at the rate of approximately 7.3%. The pensions were increased at a rate that maintained the difference (1% of the basic amount) between the pensions of those under the age of 80 and those aged 80 and above.

In August 2009, the pension for an individual was 17% of the basic amount; in January 2010, it was increased to 17.35% and, in January 2011, to 17.7% of the basic amount. The pensions for all other family compositions increased accordingly.

This increase in the pension rate is in addition to the increases in the pension rates in recent years. In July 2006, the pension was increased from 16% of the basic amount to 16.2%; in April 2008, from 16.2% to 16.5%, with a further increment of 1% of the basic amount for those aged 80 and above. In 2009, the rate of the increase in the old-age and survivors' pensions totaled approximately 3%, in January 2010 it was approximately 2.1%, and in January 2011, the increase to 7.3% was completed.

Old-age and survivors' pensions, including income supplements, also rose in line with the increase in the basic pension. Additionally, an age bracket (70-79) was added in August 2009, and those in this age bracket were paid an increment of approximately NIS 120 for an individual or approximately NIS 180 for those with dependents (this increment also includes the increase in the basic pension). Those aged 80 and above were paid an increment of NIS 75 for an individual, or NIS 107 for a person in this age bracket who has dependents. In 2010 and 2011, the rate of the pension including the income supplement rose according to the increase in the basic pension.

From January 2010, the pension for an individual eligible for income supplement was 29.9% of the basic amount for those under 70, 30.7% for those in the 70-79 age bracket, and 32.1% for those in the 80-and-above age bracket. As of January 2011, these rates were increased to 30.3%, 31.2% and 32.6% of the basic amount, respectively.

It should be noted that the increase in the rates of the old-age and survivors' pension, including income supplement, is in addition to increases in this pension in recent years.

The increase in the rates of the old-age and survivors' pension, including income supplement, is in addition to increases in this pension in recent years

The pension for an individual, which was 25% of the basic amount, increased to 28.8% in April 2008

The pension for an individual, which was 25% of the basic amount until June 2005, increased to 27.3% in July 2005, to 28.5% in July 2006 and to 28.8% in April 2008. The rate for individuals in the 80-and-above age bracket was 30.8% of the basic amount until August 2009.

2. Legislative amendments to the eligibility criteria

The period for retroactive payment for those claiming old-age pensions after the eligibility age was extended: It is possible to receive retroactive payment up to a maximum of 48 months from the eligibility age, including up to 12 months after the retirement age. This amendment applies to claims submitted on or after February 1, 2008.

Payment of income supplement to women in shelters for victims of domestic violence: Women in shelters for victims of domestic violence will be eligible for payment of the income supplement according to predefined conditions and on condition that they received income supplement in the month prior to their move to the shelter.

The provision that ownership or regular use of a vehicle cancels the right to income support has been revoked and an alternative arrangement defined: Monthly income will be credited to a vehicle worth no more than NIS 40,000. Owners of a vehicle worth more than this amount will not be entitled to a pension supplement or an income supplement (excluding owners of vehicles for medical needs or mobility vehicles). The attributed income will reduce the increment for income supplement. The attributed income is 3% of the value of the vehicle above the value not taken into account. The vehicle value not taken into account is higher for one who works (whose income from work is more than 17% of the average wage): NIS 17,000 instead of NIS 9,000.

Amendment to the Income Supplement Law regarding attribution of income from property: The value of income from property will be according to the type of property (financial or real estate), taking into account a property value with a rate of yield according to market conditions, with an additional graduated increment, the composition of the family and the age of the claimant. The rate of yield of a financial asset has been determined according to the short-term loan rate for 12 months published by the Bank of Israel. The yield for real estate: agricultural land 0%; residential property 3% and commercial property 5%. The additional incremental bands ranging from 1.5% to 5% are specified in the Regulations. In addition, a mechanism for annual update of the rate of yield has been defined, for calculation of the value of the attributed income.

The conditions for payment of old-age pensions to all housewives have been extended: Since 1996, a housewife (a married woman whose spouse is insured and who does not work and is not self-employed) and a widow receiving a survivor's pension or a dependent's pension, who does not work and is not self-employed (a pensioned widow), who were born on or after 1931 and were residents of Israel during the 5 years prior to reaching eligibility age, have been eligible for an old-age pension at the eligibility age. From January 2013, housewives and pensioned widows who were born before 1931 may also be eligible for an old-age pension on the same conditions.

Old-age Pension for Housewives and Pensioned Widows

In early 1996, Amendment no. 7 to the National Insurance Law came into effect, which stipulated that a housewife or a widow receiving a survivor's pension or a dependent's pension (on account of an insured person who died due to a work accident) and who does not work and is not self employed, will be eligible for an old-age pension in her own right. Eligibility for the pension will apply to women born after 31.12.1930 (who were aged 65 or less when the law was introduced) on condition that they were residents of Israel for at least 5 years before the eligibility age.

A "housewife" for the purposes of the old-age pension is a married woman, excluding a "chained wife" (aguna), whose husband is insured with old-age and survivors pension under the National Insurance Law and who complies with the following conditions: she does not work and is not self employed and has not accumulated sufficient years of insurance as an insured worker to give eligibility for an old-age pension. Also eligible are widows who are eligible for a survivor's pension or a dependent's pension and who comply with the aforesaid conditions (**hereinafter: "pensioned widow"**).

The old-age pension to which housewives and widows are eligible as aforesaid is the basic pension with no increments (seniority increment, pension deferral increment, dependents' increment). The husbands of housewives are not eligible for survivor's pension after their death, but are eligible for a death grant, and their children are eligible for survivors' pension.

Housewives and pensioned widows who are eligible for survivors' pension are not eligible for a combination of old-age pension and half the survivors' pension after the death of their spouse, unlike other recipients of old-age and survivors' pensions, but can choose the higher pension of the two.

Over the years many laws have been proposed to extend the eligibility for old-age pensions to older housewives and pensioned widows. In the 17th Knesset two bills were tabled to extend the application of the Amendment, and there were three more bills in the 18th Knesset. In 2012, the application of Amendment 7 was extended, so that eligibility for a pension would apply to all housewives and pensioned widows, including those who reached the eligibility age before the amendment came into force, namely women born before 1931. The Amendment (no. 138) that was implemented on January 1, 2013, extends eligibility to women aged 82 and over.

The amendment was intended to extend the rights of housewives and widows, but eligibility for the old-age pension could affect eligibility for the income supplement, paid to those whose income from work, pension or other source is lower than the minimum income level necessary for survival, as defined in the law. The supplement entitles its recipients to various benefits, including discounts on medications, reduced health insurance payments, and discounts on municipal taxes and electricity.

Over the years many laws have been proposed to extend the eligibility for old-age pensions to older housewives and pensioned widows

The income supplement is paid to a family and determined by the income of both spouses. The old-age pension is deemed income for the purpose of the means test, and therefore its payment could lead to a cessation of eligibility for income supplement by increasing the level of family income. Before the amendment, the husband was eligible for an old-age pension including an increment for his spouse, but after the amendment, each spouse will be eligible for the old-age pension in his or her own right (Table 2). Removing eligibility for the income supplement could lead to a loss of eligibility for some of the associated benefits, and thus reduce the family's available income. Therefore the amendment states that couples who were eligible for associated benefits as recipients of income supplement will continue to be eligible for such benefits even if they are no longer eligible for the supplement.

The survivors' pension is paid to eligible widows according to the years of seniority accumulated by the couple plus a supplement for their dependent children (as defined in the law). Therefore most of them are eligible for a survivors' pension that is greater than the amount of old-age pension to which they are eligible under the amendment. We assume that in view of these facts, most of them will choose the survivors' pension paid to them on account of their husband, and not the old-age pension due to them in their own right.

Below are examples of the amounts of old-age pension paid to housewives and widows who were eligible for survivors' pension before and after the amendment to the law (2013 prices, Tables 1-4).

The Amendment adds for the families of housewives who are not eligible for income supplement (Table 1) an amount of NIS 172-832 per month, depending on

Table 1
Housewives: Old-age Pension* Without Income Supplement (NIS)

Pension components	Pension without seniority and deferral supplements		Pension with seniority and deferral supplements	
	Before 1996	After the 2012 amendment	Before 1996	After the 2012 amendment
Old-age pension for spouse aged 80 and over	1,587	1,587	1,587	1,587
Increment for spouse	755	0	755	0
Seniority increment (50%) and pension deferral increment (25%)	0	0	2,049	1,389
Old-age pension for housewife with supplement for those aged 80 and over	N/A	1,587	N/A	1,587
Total for the couple	2,342	3,174	4,391	4,563

* Amount of pension in 2013.

the supplements to which their husbands are entitled (excluding income supplement for the disabled). The smaller the amount of the supplements for the husband, the larger the family increment deriving from the amendment.

The families of housewives whose husbands receive the maximum seniority supplement and pension deferral supplement of 20% (Table 2) are not entitled to an income supplement after the amendment, but can retain the eligibility for associated benefits.

Regarding a widow who is eligible for a survivors' pension and is not eligible for income supplement (Table 3) – her choice will be affected by the supplements for which she was eligible on account of her husband. The larger the amount of seniority supplement, the greater the gap between the survivors' pension and the old-age pension. It must also be remembered that a widow with children who chooses the old-age pension will not be eligible for the children's supplement to which she would perhaps have been eligible with survivors' pension.

A widow who receives a survivors' pension and is eligible for income supplement (Table 4) will not lose her eligibility for income supplement if she chooses the old-age pension, even if her husband was eligible for the maximum seniority supplement.

To sum up, Amendment 138 that was introduced at the beginning of 2013 extends the eligibility for old-age pension to all housewives and pensioned widows irrespective of their year of birth. The amendment is intended to benefit those born before 1931, and therefore those who were eligible for income supplement before the amendment retain their eligibility for the associated benefits, even if their income increases following the old-age pension and they are no longer eligible for the income supplement. Thus the amendment ensures that the family's available income is retained and not eroded.

Amendment 138 introduced at the beginning of 2013 extends the eligibility for old-age pension to all housewives and pensioned widows irrespective of their year of birth

Table 2
Housewives: Old-age Pension* with Income Supplement (NIS)

Pension components	Pension without seniority and deferral supplements		Pension with seniority and deferral supplements	
	Before 1996	After the 2012 amendment	Before 1996	After the 2012 amendment
Old-age pension with supplement for spouse aged 80 and over	1,587	1,587	1,587	1,587
Increment for spouse	755	0	755	0
Seniority increment (50%) and pension deferral increment (20%)	0	0	1,874	1,270
Old-age pension for housewife with supplement for those aged 80 and over	N/A	1,587	N/A	1,587
Income supplement	2,044	1,212	170	Ineligible
Total for the couple	4,386	4,386	4,386	4,444

* Amount of pension in 2013

Table 3
Widows: Survivors' Pension* Without Income Supplement (NIS)

Pension components	Pension without seniority supplement		Pension with seniority supplement	
	Before 1996	After the 2012 amendment	Before 1996	After the 2012 amendment
Survivors' pension with supplement for widows aged 80 and over	1,587	0	1,587	0
Seniority increment (50%)	0	0	794	0
Old-age pension for housewife with supplement for those aged 80 and over	N/A	1,587	N/A	1,587
Total for the individual	1,587	1,587	2,381	1,587

* Amount of pension in 2013

Table 4
Widows: Survivors' Pension* With Income Supplement (NIS)

Pension components	Pension without seniority supplement		Pension with seniority supplement	
	Before 1996	After the 2012 amendment	Before 1996	After the 2012 amendment
Survivors' pension with supplement for widows aged 80 and over	1,587	0	1,587	0
Seniority increment (50%)	0	0	794	0
Old-age pension for housewife with supplement for those aged 80 and over	N/A	1,587	N/A	1,587
Income supplement	1,374	1,374	581	1,374
Total for the individual	2,961	2,961	2,961	2,961

* Amount of pension in 2013

C. Pension recipients

1. Recipients of old-age and survivors' pensions

In 2012, the NII paid old-age pensions under the National Insurance Law and special old-age benefits to approximately 701,000 elderly persons, and survivors' pensions to approximately 101,000 survivors on average per month. The recipients of old-age pensions included approximately 96,200 elderly persons who received a full old-age pension and half of the survivors' pension (see clause 3 hereunder), and approximately 42,200 disabled elderly persons who received a disability pension supplement (clause 4 hereunder). The number of recipients of an old-age pension under the National Insurance Law increased in 2012 by approximately 4.3%, while the number of recipients of a survivors' pension only (under the National Insurance Law) declined by 0.7%.

The number of recipients of benefits not under the National Insurance Law continued to decline in 2012 at the rate of 5.4%, after a decline of 5.0% in 2011 and 4.8% in 2010. The ratio of recipients of the special benefits to all recipients of old-age and survivors' pensions increased from 8.4% in 1990 to 18.7% in 1996. As of 1997, this rate gradually decreased to 7.7% in 2012. This development continues the downward trend in the pace of growth of this population since the second half of the 1990s. These trends are the result of the decrease in the number of elderly immigrants arriving in Israel and of the mortality rate among elderly new immigrants, which are expected to continue declining with the size of this population as time passes. The total number of recipients of old-age pensions, both under the National Insurance Law and not under the law, increased in 2012 by 3.4%, while the total number of recipients of old-age and survivors' pensions increased by 2.9%. These rates of growth are identical to those of the previous year.

The number of recipients of benefits not under the National Insurance Law continued to decline in 2012 at the rate of 5.4%, after a decline of 5.0% in 2011 and 4.8% in 2010

Table 1
Recipients of Old-Age and Survivors' Pensions, by Pension Category and Legal Basis (monthly average), 2009-2011

	Number of recipients (average)			Annual rate of growth	
	2010	2011	2012	2011	2012
Total	758,490	758,490	780,107	2.1	2.9
Old-age					
Total	656,034	678,134	701,289	3.4	3.4
Under the NI Law	587,949	613,476	640,110	4.3	4.3
Not under the NI Law	68,085	64,658	61,178	5.0	-5.4
Survivors					
Total	102,456	101,973	101,202	0.5	-0.8
Under the NI Law	102,026	101,590	101,842	0.4	-0.7
Not under the NI Law	431	383	360	11.1	-6.0

2. Recipients of old-age and survivors' pensions plus income supplement

Recipients of old-age and survivors' pensions who have extremely little or no additional sources of income are eligible to receive a supplement to their pension by virtue of the Income Support Law. The number of recipients of an income supplement between the years 1990-2001 increased steadily as many new immigrants joined the system, but since 2008 it has gradually declined (Graph 1), primarily as a result of the decline in the number of new immigrants receiving special benefits.

The number of recipients of income supplement decreased slightly in 2012 – 186,800 recipients on average per month versus 187,300 recipients in 2011 – and thus fell below its 1996 level. Their ratio relative to all pension recipients also decreased slightly, from 24% in 2011 to 23.3% in 2012.

Table 2 presents the percentage of recipients of income supplement in December 2012, by category of pension and number of dependents (which determines the pension rate).

The number of recipients of income supplement decreased slightly in 2012 – 186,800 recipients on average per month versus 187,300 recipients in 2011

Graph 1
Recipients of Old-Age and Survivors' Pensions
plus Income Supplement (thousands, monthly average), 1990-2012*



* Until 2009, recipients of split pensions were counted as a separate unit and since 2010, as a single unit. In order to enable a comparison over time, the data for 2009 are shown in both forms (2009 – as a separate unit, 2009.b. as a single unit).

The percentage of recipients of income supplement among all recipients of an old-age pension under the law fell slightly to 15.7% while among recipients of survivors' pension under the law it remained at its 2011 level of 27.8%

The percentage of persons who were eligible for income supplement among all recipients of old-age and survivors' pensions reached 23.0% in December 2012, compared with 23.7% in December 2011. The percentage of recipients of income supplement among all recipients of an old-age pension under the law fell slightly to 15.7% while among recipients of survivors' pension under the law it remained at its 2011 level of 27.8%.

As expected, the percentage of recipients of income supplement was highest among recipients of old-age and survivors' benefits not under the National Insurance Law, most of whom were new immigrants: 94.1% of these recipients of old-age benefit and 66.4% of these recipients of a survivors' benefit in December 2012 were eligible for income supplement. Since the payment of old-age and survivors' benefits not under the National Insurance Law is conditional upon a means test, it is not surprising that the percentage of persons eligible for income supplement among the immigrants is very high. Notwithstanding their high rate among the recipients of special benefits, there are signs of a decline in the ratio of recipients of income supplement even among these benefit recipients. In December 2011 they represented 94.4% of recipients of special old-age benefits and 69.1% of recipients of special survivors' benefits.

It should be noted that, between 2000 and 2006, there was a decrease in the percentage of recipients of an income supplement among recipients of old-age pensions under the National Insurance Law (Table 3). The increase in the rate of the pension including income supplement in recent years payable to the various age brackets (clause B above) contributed to the rise in the percentage of those eligible for this pension from 2006 to

Table 2
Recipients of Old-age and Survivors' Pensions by Category of Pensions and Number of Dependents*, December 2012

Type of pension	Total	Without dependents	One dependent	Two dependents	3 or more dependents
Old-age and survivors – total	813,947	689,669	67,078	6,079	4,570
% receiving income supplement	23.0	21.1	38.9	21.8	21.0
Old-age pension under NI Law	653,648	606,398	43,964	2,104	1,182
% receiving income supplement	15.7	13.8	39.6	34.5	50.4
Old-age pension not under NI Law	59,641	48,594	10,709	182	156
% receiving income supplement	94.1	94.7	91.8	90.7	94.2
Survivors' pension under NI Law	100,319	85,654	7,990	3,790	3,085
% receiving income supplement	27.8	30.2	14.7	14.7	10.5
Survivors' pension not under NI Law	339	277	32	14	16
% receiving income supplement	66.4	67.2	65.6	57.1	62.5

* Including spouse or partner – for Old-age, and children – for Survivors.

Table 3
Recipients of the Old-age Pension under the National Insurance Law with Income Supplement (monthly average), 2004-2012

Year	Recipients of old-age pension under the National Insurance Law		Percentage of recipients of income supplement
	Total	thereof: recipients of income supplement	
2004	527,363	81,271	15.4
2005	528,273	81,288	15.4
2006	539,265	84,127	15.6
2007	544,630	85,817	15.8
2008	555,508	88,011	15.8
2009*	570,854	91,139	16.0
2009**	568,424	90,288	15.9
2010	587,949	94,438	16.1
2011	613,476	97,598	15.9
2012	640,110	100,884	15.8

* Recipients of split pensions counted as a separate unit.

** Recipients of split pensions counted as one unit.

2010, and subsequently there was a decrease. The cumulative data indicate that, in years when the rate of the pension increased, the rise in the number of persons eligible for it is striking (for example, in 2006, 2008, 2009 and 2010).

3. Recipients of an old-age pension and half of a survivors' pension

Some recipients of old-age and survivors' pensions receive both an old-age pension and a survivors' pension (hereinafter: “**both pensions**”). The old-age pension is payable by virtue of the insured's own old-age insurance, while the survivors' pension is payable by virtue

of the spouse's insurance for survivors. Anyone who is eligible for both pensions receives the entire old-age pension for which he is eligible, as well as half of the survivors' pension for which he is eligible, irrespective of the primary type of eligibility. Only recipients of a pension **under the Law** are eligible for both pensions. Recipients of a benefit **not under the Law** receive their pension by virtue of an agreement, and not by virtue of insurance rights in the old-age and survivors' insurance branch.

In December 2012, 97,680 widows and widowers, 94.3% of them women, were eligible for both pensions, representing 14.9% of all recipients of old-age pension under the NI Law

In December 2012, 97,680 widows and widowers, 94.3% of them women, were eligible for both pensions (Table 4), representing 14.9% of all recipients of old-age pension under the NI Law. The high percentage of women among the recipients of both pensions is not surprising, for a number of reasons. (a) The percentage of insured men is higher than the percentage of insured women: only women who are insured because they are working can vest their spouses a survivors' pension (housewives cannot vest insurance to their spouses at all), while all men vest eligibility for insurance to their spouses. (b) The right to a survivors' pension for a widower without children is contingent upon a means test. (c) Women usually marry men who are older than they are, and women's life expectancy is higher than that of men. Therefore, the situation where women are eligible for both pensions is more prevalent.

The rate of increase in recipients of half the survivors' pension is lower than the rate of increase in all recipients of old-age pension under the law (3.2% and 4.3% annually, respectively). In December 2012, the average total of both pensions was NIS 3,034 approximately, one third of which is the survivors' pension. The average total of both pensions for which men are eligible is higher than that of women, because men's old-age pensions are usually higher, due to their higher seniority and pension-deferral increments.

As expected, the percentage of recipients of income supplement among recipients of both pensions is not high – only 7.6% – since the total of both pensions is itself usually higher than the total pension plus an income supplement. The ratio of male recipients of an income supplement is nearly double that of women, because widowers (without minor children) must pass the means test in order to be eligible for the survivors' pension, while widows are exempted from the means test. Since only widowers who meet the criteria of the means test are eligible to receive a survivors' pension, the economic situation of

Table 4
Characteristics of Recipients of Old-age Pension
and Half the Survivors' Pension by Gender, December 2012

	Total	Men	Women
Number of recipients	97,680	5,592	92,088
Percentage receiving income supplement	7.6	12.9	7.3
Average pension (NIS)	3,033.8	3,121.8	3,028.4
thereof: half survivors' pension (NIS)	1,035.7	888.5	1,044.6
Average age	78	79.6	77.9

widowers who are receiving a survivors' pension tends to be worse than the economic situation of widows, who are not obligated to pass the means test as a precondition for receiving a survivors' pension. Moreover, women are usually eligible for a higher survivors' pension than are men (NIS 1,044.6 compared to NIS 888.5), because their husbands usually accumulated more years of seniority.

The average age of recipients of both pensions is higher than the age of all persons eligible for an old-age pension under the law. The average age of men is 79.6, compared to 76.4 among all recipients of an old-age pension under the law, and among women it is 76.4, compared to 72.5, respectively.

4. Recipients of an old-age pension for the disabled

The National Insurance disability pension is paid to a disabled person until he reaches retirement age; subsequently, he is paid an old-age pension. As a result of the legislative amendments that were passed in 2002 to improve the disability pension system, the old-age pension paid to an elderly disabled person who reached retirement age after January 1, 2002 is the same as his disability pension, including **the additional monthly pension** (see the chapter on disability) which was paid to him prior to his reaching retirement age. The additional monthly pension is paid to a disabled person whose medical disability is at least 50% and whose earning incapacity is at least 75%, and, in most cases, in December 2012, this supplement ranged between NIS 244 and NIS 360 per month, depending upon the percentage of medical disability. During the transition to an old-age pension, the disabled elderly person receives, in fact, a sum that supplements his disability pension and the additional monthly pension, if he is so eligible, in addition to his old-age pension.

In December 2012, approximately 45,000 elderly disabled persons (49% of them women) received an old-age pension with a disability supplement or an additional monthly pension (or both), an increase of 12.9% compared to December 2011 (higher than the rate of increase in 2011) (Table 5). Approximately 85% of the elderly disabled persons also received an additional monthly pension. The average old-age pension for an elderly disabled person amounted to approximately NIS 2,763 in December 2012, and approximately one-fifth thereof constituted a supplement to the disability pension,

In December 2012, approximately 45,000 elderly disabled persons (49% of them women) received an old-age pension with a disability supplement or an additional monthly pension (or both), an increase of 12.9% compared to December 2011

Table 5
Characteristics of Recipients of Old-age Pension for the Disabled
by Gender, December 2012

	Total	Men	Women
Total recipients	44,859	23,050	21,809
thereof: recipients of additional monthly pension	38,826	20,066	18,760
Average pension (NIS)	2,763.4	2,806.5	2,718.7
thereof: supplement for disability + additional monthly pension (NIS)	524.7	438.3	613.9
Average age	68.9	71.5	66.2

including an additional monthly pension. 23.3% of the recipients of a disability supplement or an additional monthly disability pension were also eligible for income supplement, with a similar proportion of eligible men and women : 22.7% and 24% respectively.

5. Recipients of a seniority increment

A seniority increment to the old-age pension is granted to elderly persons who have been insured under national insurance for more than ten years. This increment is at the

Table 6
Recipients of the Old-age Pension Under the NI Law,
by Percentage Receiving Seniority Increment and Pension Deferral Increment
and the Average Rate of the Increment, 2008-2012 (December)

Year	Percentage of all recipients receiving increment			Average increment for all recipients of the pension		
	Total	Men	Women	Total	Men	Women
Seniority Increment						
2008*	80.4	92.9	71.5	29.4	41.0	21.3
2008**	83.7	94.4	77.7	29.9	39.3	24.6
2009*	80.1	93.1	72.6	29.7	41.2	21.8
2009**	88.4	96.8	83.2	32.9	43.1	26.6
2009*, ***	80.9	93.1	72.6	29.6	41.2	21.8
2009**, ***	88.4	96.8	83.2	32.9	43.1	26.6
2010*	81.5	93.4	73.8	29.9	41.5	22.5
2010**	87.7	97.6	82.0	33.3	44.7	26.7
2011*	82.2	93.7	74.8	30.3	41.7	23.0
2011**	89.2	98.2	83.6	34.2	44.6	27.7
2012*	83.0	94.0	76.0	30.7	42.0	23.7
2012**	90.9	98.2	85.9	35.0	44.0	28.7
Pension Deferral Increment						
2008*	80.4	92.9	71.5	29.4	41.0	21.3
2008**	12.8	18.5	9.6	2.5	3.6	1.9
2009*	13.5	14.8	12.7	2.3	2.5	2.2
2009**	13.8	19.2	10.5	2.5	3.3	2.0
2009*, ***	13.6	14.9	12.7	2.3	2.5	2.2
2009**, ***	13.8	19.3	10.5	2.5	3.2	2.0
2010*	13.4	14.7	12.5	2.3	2.5	2.2
2010**	10.0	11.9	8.9	1.9	1.9	1.9
2011*	13.2	14.5	12.5	2.3	2.4	2.2
2011**	11.4	11.1	11.6	2.0	1.4	2.4
2012*	13.1	14.2	12.5	2.3	2.3	2.2
2012**	11.1	10.4	11.6	1.8	1.2	2.2

* All recipients.

** Newly eligible

*** Up to 2009 recipients of split pensions were counted as a separate unit, and from 2010

rate of 2% of the basic old-age pension for every year of insurance beyond the first ten years of insurance, up to a maximum of 50% of the pension. Table 6 shows that, in 2012, the percentage of women and men who were paid a seniority increment continued to grow and reached 76% and 94% respectively. The average seniority increment paid to a recipient of a pension under the National Insurance Law also rose, from 30.3% of the basic pension in 2011, to 30.7% in 2012 (the average rate of seniority increment payable to those eligible for this increment is 37%). In other words, the percentage of recipients of a seniority increment rose, and the average number of years for which the increment is paid also increased. The average increment received by men was nearly double the average increment received by women – 42% compared with only 23.7%, respectively (the average rate of the seniority increment payable to those eligible for this increment is 44.6% and 31.2% respectively.)

The percentage of recipients of a seniority increment among newly eligible persons remained at the 2011 level for men, 98.2%, while the rising trend for women continued in 2012, reaching 85.9%. These percentages were higher than the percentages of men and women who received this increment in the total population of recipients. In 2012, the average seniority increment paid to newly eligible persons rose for women but fell for men, but the gap between the genders in respect of this increment remained wide: 44% for men and 28.7% for women. With the increase in participation of women in the labor force and the increase in the number of years they work, it is expected that the percentage of women receiving a seniority increment will increase, particularly the maximum seniority increment, and that their average seniority increment will increase.

Recipients of a survivors' pension are granted the seniority increment for which the deceased had been eligible. The majority of recipients of a survivors' pension (eligible for only survivors pension and eligible for half the survivors pension), 86.3%, are eligible for this increment, and, as expected, the percentage of women receiving the seniority increment accumulated by their deceased husbands is higher than the percentage of men receiving this increment – 87.4% compared with 70.5%, respectively. Furthermore, the average seniority increment for which women are eligible is higher than for men: women receive an average increment of 28.5%, while men are eligible for only 22.9%. The average increment among all recipients of a survivors' benefit is 30.2%, which represents a supplement for 15.1 years beyond the first ten years of insurance.

6. Recipients of a pension-deferral increment

The old-age pension for the age bracket between the retirement age and the absolute age of entitlement is conditional upon a means test. An individual whose income from work does not exceed 57% of the average wage is eligible for the full pension (for a couple – 76% of the average wage). Income from capital at various levels is also taken into account for the means test (as specified in the Law and the Regulations). For every additional shekel, 60 agorot are deducted from the pension (reduced pension) until the pension is

eliminated. An individual whose income is higher than this is not eligible for a pension and will receive a pension-deferral increment at the rate of 5% of the basic pension for each year of deferral. Anyone eligible for a reduced pension may opt not to receive the pension and thus be eligible for a pension-deferral increment. This increment is less significant than the seniority increment, both in terms of the number of recipients and in terms of its rate.

In 2012, the percentage of men who received a pension-deferral increment continued to decline slowly, to 14.2%

In 2012, the percentage of men who received a pension-deferral increment continued to decline slowly, to 14.2%. Part of the explanation lies in the deferral of the retirement age, thus reducing the potential number of years for accrual. The average increment paid to pension recipients decreased slightly for men, to 2.3%. The percentage of women who received this increment remained the same as in 2010 at 12.5%. The average increment paid to a woman also remained the same as in previous years, at 2.2%. In fact, the average increment paid to women has remained unchanged since 2003. The average increment for those who received this increment was 17.1%, representing an average retirement deferral of 3.4 years.

The percentage of newly eligible men and women showed a decrease in both respects: the rate of eligibility for the increment (total and men only; among women the percentage was unchanged), and in the average increment paid to recipients. The rate of those eligible for the increment fell from 11.4% the previous year to 11.1%, and the rate of increment paid fell to 1.8%. The rate of increment paid to all the newly eligible for pension deferral in 2012 was lower than the increment paid to all recipients: 1.8% compared to 2.3% respectively, and this also applies to the rate of eligibility for this increment: 11.1% compared to 13.1%. It appears that the new retirees are less likely than their predecessors to defer their retirement. A similar trend was also observed in 2010 and 2011, and it will be interesting to see if this trend continues.

However, men who joined this year and had deferred their retirement are eligible for an average increment of 11.9% – they postponed their retirement by an average of 2.4 years, that is almost the full deferral period of three years. Among women, the maximum deferral period is longer (see details below), and new joiners who deferred their retirement were eligible for an increment of 18.8%; in other words, for 3.8 years.

As a result of the Retirement Age Law, the rate of the increment among women is expected to grow. For the next 5 years the retirement age for women will remain 62, while the age of eligibility will continue to rise gradually, reaching 70 in the year 2020. Consequently, the number of years for which women can be eligible for the pension deferral increment will gradually increase from 5 to 8, thereafter returning to 6 years when the process of raising the retirement age is complete. On the other hand, the number of years by which a man can defer his pension is only 3, and therefore the gap between men and women in the rate of this increment among pension recipients is expected to close, and the average increment for women may even be higher than the average for men (as was already observed in the last two years among men and women joining the system.)

D. Payments

1. Pension rates

In 2012, the basic old-age and survivors' pensions (for an individual up to age 80 with no income supplement) rose relative to 2011 at the rate of 0.8% in real terms. The real increase in the pensions derives from an update of the pensions at the rate of 2.6% in January 2011, higher than the rise of 1.7% in the average price index in 2012. Old-age and survivors' pensions with income supplement also rose in 2012 at a real rate of 0.9%. The basic pension as a percentage of the average wage declined from 16.9% to 16.8% for an individual up to the age of 80.

In 2012, the basic old-age and survivors' pensions rose relative to 2011 at the rate of 0.8% in real terms, due to an update of the pensions at the rate of 2.6%

Table 7
Basic Old-age and Survivors' Pensions by Selected Family Compositions, 2008-2012

Year	Single individual		Elderly person with dependent spouse		Widow + 2 children*	
	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage	2012 prices (NIS)	% of average wage
For those under 80 years of age						
2008	1,348	15.2	2,025	22.9	2,608	29.5
2009	1,387	16.1	2,083	24.2	2,680	31.1
2010	1,456	16.8	2,187	25.2	2,815	32.4
2011	1,469	16.9	2,207	25.4	2,846	32.7
2012	1,481	16.8	2,226	25.2	2,871	32.6
For those aged 80 and over						
2008	1,431	23.8	2,107	23.8		
2009	1,471	25.1	2,166	25.1		
2010	1,539	26.2	2,269	26.2		
2011	1,552	26.3	2,290	26.3		
2012	1,565	26.2	2,310	26.2		

* Not including child allowance.

2. Volume of payments

In 2012, the total payments of the old-age and survivors' insurance branch (excluding administrative expenses) increased at constant prices at the rate of 3.8%. Pension payments under the National Insurance Law rose at the rate of 4.9% in real terms, and pension payments not under the National Insurance Law decreased at the rate of 2.2% in real terms. The ratio of pension payments not under the law (which also include payments of income supplements to pension recipients under the National Insurance Law) to all payments of old-age and survivors' pensions was 15.6% in 2012. The total payments of National Insurance pensions (excluding administrative expenses) increased in 2012 by 5% in real terms, which was higher than the rate of the increase in payments made by the old-age and survivors' insurance branch. Therefore, the share of payments of the Old-age and Survivors' insurance branch in the total volume of payments by the NII in 2012 decreased to 37.5%, compared with 37.9% in the previous year.

In 2012, the total payments of the old-age and survivors' insurance branch (excluding administrative expenses) increased at constant prices at the rate of 3.8%.

Table 8
Pension Payments in the Old-age and Survivors Branch
(without administrative expenses; NIS million), 2008-2012

Type of benefit	2008	2009	2010	2011	2012
In current prices					
Total payments	18,391	19,931	21,782	23,238	24,524
Under the NI Law	14,837	16,284	17,946	19,383	20,689
Not under the NI Law	3,554	3,647	3,837	3,855	3,855
In 2012 prices					
Total payments	18,705	20,271	22,154	23,635	24,524
Under the NI Law	15,090	16,562	18,252	19,714	20,689
Not under the NI Law	3,615	3,709	3,903	3,921	3,835

3. Long-Term Care Insurance

A. General

A long-term care insurance program within the scope of the National Insurance Law was approved by the Knesset in 1980 and came into effect in April 1988. The purpose of Long-term Care insurance is to help the elderly to continue living within the community for as long as possible, by providing personal care to those needing assistance with daily activities or supervision, and thus, help families who are caring for them. The law applies to everyone insured under Old-age and Survivors' insurance, to housewives (married women who do not work outside the home) and to new immigrants who are not insured under Old-age and Survivors' insurance. Every elderly person residing in Israel with impaired physical and/or cognitive functioning and who passes the means test and the test of dependence on others in performing activities of daily living is eligible for the benefit, provided that he is living in the community (in his home, in the home of a family member or in an "assisted living" residence). Anyone residing in a long-term care (nursing) institution or in a nursing ward in a senior-citizens residence is not eligible for this benefit.

The ADL (Activities of Daily Living) dependence test evaluates the extent of a person's dependence on assistance from others to perform basic activities of daily living: bathing, dressing, mobility (moving about the home, or frequent falls), continence/incontinence and eating (including the ability to heat up food and beverages). The ADL dependence test also evaluates the need for supervision due to impaired cognitive capabilities, deteriorating mental health or a need for supervision due to a physical/medical condition. Professional evaluators, including nurses, occupational therapists and physiotherapists who undergo appropriate training, perform the ADL dependence test. A person aged 90 or over may have the ADL evaluation done by a physician specializing in geriatrics in a hospital, clinic or public institution, and from May 2012 – this also applies to those aged 80-89 under a pilot program being tried for a year in three local NII branches. For the means test, whose rules are defined in the regulations, only the income of the elderly person and his spouse are examined¹.

In January 2007, three levels of long-term care benefits were defined, corresponding to three levels of dependency: 91% of the full disability individual pension, a level that funds 9.75 hours of home care per week; 150% of the full disability individual pension, funding 16 hours of home care per week; and 168% of the full disability individual pension, which funds 18 hours of home care per week. A person is eligible for a full long-term care benefit according to the determined level of dependence if his or her income does not

1 The law differentiates between those who receive the benefit in cash as part of the pilot and those who receive the benefit in cash because there is no way to provide them with services in kind. For the former, the means test is identical to the one conducted for those getting the benefit in kind. For the latter, as a condition for receiving the benefit in cash, the income of the family member caring for the elderly person and living with him is also examined.

exceed the average wage (NIS 8,619 in 2012), and for half the benefit if the individual's income is above the average wage but no more than 1.5 times the average wage. If the person's income exceeds 1.5 times the average wage, then he or she is not eligible for a benefit. A couple is eligible for a full benefit if their combined income does not exceed 1.5 times the average wage; and for half the benefit if their combined income is over 1.5 times the average wage but does not exceed 2.25 times the average wage. A couple whose income exceeds 2.25 times the average wage is not eligible for a long-term care benefit. When both spouses are filing a claim for this benefit, their combined income is divided in half and the means test is performed for each of them separately as if they were single individuals. In January 2012, the long-term care benefit was updated by 2.6% in accordance with the price rises in 2011, and in January 2013 – by 1.4%, in accordance with the price rises during 2012.

The long-term care benefit is not paid in cash, but rather in the form of services provided by private organizations and paid for by the NII

The long-term care benefit is not paid in cash, but rather in the form of services provided by private organizations and paid for by the NII (in-kind benefits). The basket of long-term care services covered by the benefit includes personal care or supervision in the person's home, transportation and care at a seniors' day-care center, absorbent products, laundry services and medical-distress transmitters. A cash benefit is granted to those for whom services are not available locally or cannot be provided at the times specified in the law, and to those eligible under the pilot program operated at a number of local NII branches.

In March 2008, the NII initiated a pilot program providing a cash benefit

In March 2008, the NII initiated a pilot program providing a cash benefit in towns covered by the NII local branches of Ashkelon, Bnei Brak, Nahariya and Ramat Gan. In May 2010, the program was expanded to Ashdod, Tiberias and Jerusalem, and in June 2011 also to Holon and Netanya. Under this program, elderly persons residing in these towns can opt for a long-term care benefit in cash provided that they are eligible for the benefit at the rate of 150% or 168% of the full individual disability pension (or to half of the benefit, following the means test) and provided that they are receiving long-term care services from a caregiver who is not a family member for at least 12 hours a day, six days a week. One may choose to switch to a benefit in cash or to return to a benefit in kind at any time. The pilot program is being accompanied by a study that examines the characteristics of those who opt for the benefit in cash, and that reviews the quality of the long-term care provided to recipients of the benefit in cash compared to that provided to recipients of the benefit in kind.

The accompanying study examines the characteristics of those who opt for the benefit in cash

A recipient of a long-term care benefit at one of the two higher levels who employs an Israeli caregiver only (in the scope of long-term care insurance or in any other framework), is eligible for additional weekly care hours. One who is extensively dependent on assistance from others – i.e., is eligible for a benefit at the rate of 150% of the full individual disability pension – may receive an additional three weekly care hours. One who is totally dependent on assistance from others – and therefore is eligible for a

benefit at the rate of 168% of the full individual disability pension – may receive for an additional four weekly care hours. One who is eligible for half the benefit as a result of the means test may receive half the additional hours according to the dependence level determined for him².

The law prescribes that the Minister of Welfare and Social Services must appoint local professional committees whose members include a social worker at the local authority, a nurse from a sick fund and a representative of the NII. These local committees are charged with formulating a plan for caring for elderly persons eligible for the benefit: what services should be provided and who will provide them. The committees must also ensure that these services are indeed being provided, or alternatively, to expressly determine that no services are available for a particular elderly person. The committees are authorized to refuse requests to receive the long-term care benefit in cash in the scope of the pilot program, if they believe that the elderly person and his family are not capable of using this cash for its intended purposes. The committees are also authorized to determine whether the personal caregiver is suitable and whether the long-term care services that the elderly person is receiving are adequate. Moreover, the committees are empowered to revoke the payment of a cash benefit and to obligate the person to receive the benefit in kind.

B. Legislative and Administrative Changes

Pursuant to the National Insurance Law (Amendment 132 – Temporary Provision), 5772-2012, a pilot program was introduced under which persons aged 80-89 may choose a geriatrician to assess their dependence as a condition of eligibility for the long-term care benefit³. The dependence test must be done at the claimant's home and not in the physician's clinic, in the course of physician's work at a public medical institution. Claimants are not required to pay for the assessment, apart from a small fee as under the rules of the National Health Law. They may also choose to have the assessment done by NII assessors, as in the past.

This pilot program will be in force for one year, from May 1st 2012 to April 30th 2013, and it is operating in towns covered by the Tiberias, Jerusalem and Petach Tikva local NII branches.

Following the dispersion of the 18th Knesset and the elections to the 19th Knesset, and pursuant to Section 38 of the Basic Law: The Knesset, the pilot program offering the benefit in cash in nine local NII branches was extended to the end of April 2013.

.....

- 2 From March to September 2009, this addition was paid according to an agreement with the Finance Ministry and funded by it. Since October 2009, according to the Economic Efficiency Law for 2009-2010, the addition is paid according to the National Insurance Law and funded by the NII.
- 3 Pursuant to Section 224(c)(2) of the National Insurance Law (Combined Version), 5755-1995, since August 2008 those aged 90 and over can choose a geriatrician to assess their dependence instead of an NII evaluator.

The “short-term fast track” for functional assessment: from May 2012 functional assessment may be based on medical documents for persons who, due to a sudden medical incident, become dependent on others for basic ADL for up to two months. To be eligible for this track, the individual must be receiving the long-term care benefit for the first time, be suffering from a temporary failing, and not have suffered any permanent mental, intellectual or cognitive damage, and the treating physician must confirm that the condition is a temporary one (is not expected to last more than two months). The rate of this benefit is 91% of the full individual disability pension (or half of this, depending on the means test).

C. Claims for Benefit

The number of claims for long-term care benefits rose by 1.7% compared with 2011, reaching approximately 80,900 claims. In 2012, 40.5% of claims were first-time claims and 59.5% were repeat claims

The number of claims for long-term care benefits in 2012 rose by 1.7% compared with 2011, reaching approximately 80,900 claims⁴. In 2012, 40.5% of claims were first-time claims (compared to 39% in 2011) and 59.5% were repeat claims (compared to 61% in 2011). The number of first-time claims in 2012 rose by 5.5% compared to 2011, and the number of repeat claims fell by 1% (Table 1). 55.1% of the first-time claims in 2012 were approved (compared to 52.1% in 2011), and 44.9% were rejected (compared to 47.9% in 2011). However, 41.4% of repeat claims in 2012 were approved (compared to 40.4% in 2011) and 58.6% were rejected (compared to 59.6% in 2011). In all, 46.9% of claims for long-term care benefit were approved in 2012 (compared to 45% in 2011), and 53.1% were rejected (compared to 53.1% in 2011). There is thus a clear increase in the rate of approved claims.

Table 1
Claims, Approved Claims, First-Time Claims and Repeat Claims*
(numbers and percentages), 2008-2012

Year	Total claims (numbers)	Annual rate of increase	Percentage of claims approved	Percentage of first time claims approved~	Percentage of repeat claims	Percentage of repeat claims approved
2008	74,085	-1.7	47.4	54.3	59.3	42.7
2009	77,003	3.9	46.0	52.7	59.4	41.3
2010	77,926	1.2	44.1	51.6	59.9	39.1
2011	79,542	2.1	45.0	52.1	61.0	40.4
2012	80,885	1.7	46.9	55.1	59.5	41.4

* (1) The calculation does not include claims submitted by people who subsequently died or whose eligibility was suspended. (2) The results of claims in the first eligibility decision are shown. (3) Claims include claims still being handled in 2012. The percentage of approved claims, the percentage of approved first claims, the percentage of repeat claims and the percentage of approved repeat claims only include claims for which handling was completed in 2012.

4 Including claims still being handled.

The percentage of “void claims” (claims for which a score of 0 or 0.5 was obtained in the ADL dependence tests⁵ and no eligibility for supervision was determined) was 35.3% in 2012 compared to 34% in 2011. and the percentage of applicants who received 2.5 points –the threshold score conferring eligibility for a benefit – fell from 17.7% in 2011 to 16.8% in 2012⁶.

The percentage of “void claims” was 35.3% in 2012 compared to 34% in 2011

D. Entitlement to Benefit

1. General

The number of persons entitled to a long-term care benefit continued to rise in 2012, reaching a monthly average of 152,700 persons – an increase of 5.4% (Table 2). The number of entitled persons almost quadrupled from 1991 to 2011, despite the higher entitlement age. This is an extremely high rate of growth, significantly higher than the increase in the number of elderly persons during that period. One possible explanation for this is that more entitled people are claiming the benefit because awareness of it has risen over the years. During 2009, the entitlement age for women was raised to 62, and this will remain in effect until the end of 2016. The process of raising the entitlement age for men to age 67 was completed in 2009. In 2012, as in 2011, the eligibility age for men and women did not change during the entire year. The proportion of elderly persons

The number of persons entitled to a long-term care benefit continued to rise in 2012, reaching a monthly average of 152,700 persons – an increase of 5.4%

Table 2
Persons Entitled to Long-Term Care Benefit,
Elderly persons in Israel and Coverage Rates, 2008-2012

Year	Entitled to benefit*		Elderly Persons in Israel**		Rate of cover***
	Numbers (thousands)	Annual rate of increase	Numbers (thousands)	Annual rate of increase	
2008	131.5	4.5	859.1	2.8	15.3
2009	136.6	4.0	788.4	4.7	17.3
2010	141.4	3.4	812.7	3.1	17.4
2011	145.6	2.7	840.3	3.4	17.3
2012	152.7	5.4	868.9****	3.4	17.6

* Monthly average.

** Until 2008 – the average population of men aged 65 and over, and women aged 60 and over, according to figures from the Central Bureau of Statistics. The figures for 2009-2010 refer to men aged 67 and over and women aged 62 and over.

*** The number of those eligible for the benefit as a percentage of the number of elderly; from mid-2004, the retirement age rose gradually from 65 to 67 for men and from 60 to 62 for women. Therefore, by 2008, the number of elderly persons according to the former retirement age was larger and the rate of cover was lower. From 2009, the rate refers to the same age brackets for numbers of elderly and numbers of those eligible for the benefit.

**** The figure for 2012 is an estimate.

5 See the Annual Survey for 2011, page 125.

6 The threshold for entry to the long-term care system is 2.5 points in the functional assessment for someone who is not single (“lone individual”) or 2 points in the functional assessment plus 0.5 points for a lone individual.

entitled to long-term care benefit rose significantly, from approximately 6% of the total elderly population during the initial years after implementation of the law to 17.6% in 2012 (estimated). This proportion was calculated using an estimate of the number of elderly persons who have reached the entitlement ages for the benefit (62 for women and 67 for men).

2. Characteristics of eligible persons

Seven out of every 10 entitled persons are women, and that the ratio of entitled women to all entitled persons fell slightly compared to 2011

An examination of the demographic characteristics of entitled persons in 2012 shows that seven out of every 10 entitled persons are women, and that the ratio of entitled women to all entitled persons fell slightly compared to 2011. In terms of distribution by age, almost 40% are aged 85 or over, and nearly two-thirds (66%) are aged 80 or over. As in 2011, in 2012, the increase in the number of eligible persons was mainly among those aged 85 or over, whose share rose from 38.6% of all recipients to 39.4%, while the proportion of eligible persons aged 84 or under is steadily decreasing.

The aging trend among the recipients of long-term care benefit continues

The aging trend among the recipients of long-term care benefit continues: for example, in 2001, persons aged 85 and over constituted less than one third (32.1%) of those entitled, while those aged 80 and over constituted less than three-fifths (55.2%) of all entitled persons. The aging trend derives, in part, from the raising of the retirement age: the number of women in the 60-64 age bracket who are entitled to the benefit is decreasing, as is the number of both men and women in the 65-69 age bracket, due to the raising of the retirement age for men.

In terms of family composition, the data remained stable in 2012 compared to 2011: nearly half of those entitled are living alone

In terms of family composition⁷, the data remained stable in 2012 compared to 2011: nearly half of those entitled are living alone, two out of every five are living with a spouse, and one out of seven is living with someone else, usually a son or daughter. The figures relating to number of years in Israel have also remained stable in these two years: one out of every four entitled persons immigrated to Israel after 1989, while one out of every eight entitled persons immigrated after 1999. Entitled persons who immigrated to Israel after 1989 as a proportion of all entitled persons increased from 24.9% in 2011 to 25.1% in 2012, while the proportion of those who immigrated after 1999 rose from 3.1% to 3.3% in these two years.

The aging trend in the population of entitled persons has led to an increase in the rate of recipients of high levels of benefit

The aging trend in the population of entitled persons has led to changes in the composition of those entitled by benefit level in 2012 compared with 2011; namely, an increase in the rate of recipients of high levels of benefit: the proportion of persons receiving a benefit at the rate of 91% of a full individual disability pension (the lowest level) decreased from 55.0% to 54.0%; the proportion of those receiving 150% (high level) rose from 25.0% to 25.1%; and the proportion of those receiving 168% (the highest level) rose from 20.0% to 20.9% between those two years (Table 3).

7 In the data for 2011 there is a change in the definitions "Living with a Spouse" and "Living with Children or Others". The definition "Living with a Spouse" now includes those who live with a spouse and with other people.

Table 3
Entitlement to Long-Term Care Benefit by Demographic Characteristics and Benefit Level (monthly averages), 2012

Characteristics	Numbers	Percentages
Total	152,712	100.0
Sex		
Men	44,388	29.1
Women	108,324	70.9
Age		
Up to 64*	1,150	0.8
65-69	6,035	3.9
70-74	15,864	10.4
75-79	28,868	18.9
80-84	40,693	26.6
85+	60,102	39.4
Family composition		
Living alone	70,981	46.5
Living with spouse	60,702	39.7
Living with son/daughter or others	21,029	13.8
Length of time in Israel		
Veterans	114,344	74.9
Immigrants** – total	38,368	25.1
Thereof: immigrated in 2000 or later	5,005	3.3
Level of benefit		
Low level (91%)	82,478	54.0
High level (150%)	38,306	25.1
Very high level (168%)	31,928	20.9
Eligible for an extra 3 hours	22,403	58.5***
Eligible for an extra 4 hours	14,171	44.4***

* This age group covers only women.

** People who immigrated to Israel from 1990 onwards.

*** Those eligible for extra hours as a percentage of all eligible persons at the same level of benefit.

The proportion of those entitled to a benefit at the highest level has been steadily increasing – from 17.6% in 2008 to 20.9% in 2012 – and this group has the highest growth rate. Compared with 2011, the number of benefit recipients at the lowest level in 2012 increased by 3.2%, at the high level by 5.8%, and at the highest level, the number of benefit recipients has increased by 11.8% compared with 2011

In March 2009, extra care hours were added for those who employ an Israeli caregiver only. The monthly average number of recipients of additional hours for the employment of Israeli caregivers at the upper benefit levels increased in 2012 compared to 2011; approximately 2,400 persons were entitled to additional hours at the high benefit level and approximately 2,000 persons at the highest level. The main

The proportion of those entitled to a benefit at the highest level has been steadily increasing and this group has the highest growth rate

factor affecting the growth in the number of Israeli care workers employed is the relative shortage of foreign care workers; from June 2010 the Government imposed quotas in the carer industry⁸. Apparently the additional hours are encouraging the employment of Israeli carers, although the effect is very limited⁹

In 2011 the Organization of Economic Cooperation and Development (OECD) published figures from 2008 on the rate of eligibility for long term care services in the community and in publicly funded institutions in half the organization's member countries¹⁰. Israel was not included in the data, but on the basis of National Insurance data from 2008, Israel is in first place, alone or with other countries, in the four groups that were examined: women aged 65-79, men aged 65-79, women aged 80 and over, and men aged 80 and over (Box 1). Regarding Israel, only the rate of eligibility for the long term benefit was examined, but if we take into account elderly persons in publicly subsidized institutions or those who receive the equivalent of the benefit¹¹, the rates of eligibility are even higher than those presented there

Box 1

Entitlement to Long Term Care Benefit for the Elderly – Israel and OECD Countries

From time to time allegations are heard according to which a fairly high proportion of elderly people claiming long-term care benefit are found to be ineligible under the means test and the functional dependence tests of the Long Term Care Insurance scheme. Data from the National Insurance Institute indicate that about half of claims submitted each year are rejected because the claimants were not found to be dependent to a degree that would grant them eligibility for the benefit¹. A few claims were rejected because the income of the claimants was higher than the top threshold that grants eligibility to half the benefit, according to dependence level².

Israel was one of the first countries to introduce a social security scheme for Long-term Care Insurance. The equivalent insurance schemes in other countries are differentiated by their principles: the population potentially eligible for the benefits

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- 1 See various Annual Surveys from the National Insurance Institute.
 - 2 About 2% of the claims for long-term care benefit each year are rejected due to the high income of the claimant and his/her spouse.

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- 8 If 1% or more of the foreign care workers in Israel with permits are not employed during the year, no permits are issued to bring in more foreign care workers. Private employment bureaus that received a permit to bring care workers to Israel are permitted to increase the number of foreign workers by 10% each year, if their placement rate is no lower than the threshold determined in the procedures of the Immigration & Population Authority of the Ministry of the Interior (97%).
 - 9 Regarding the effect of additional hours in encouraging the employment of Israeli carers, see the chapter on Long Term Care Insurance in the Annual Survey for 2010.
 - 10 Colombo, F. et al. (2011), Help wanted? Providing and paying for long-term care. Paris: OECD Publishing, p. 41.

(the elderly or the general population); methods of payment (in kind or in cash); the services included in the benefit and how they are provided (for example, is it possible to pay for care given by a relative); and methods of assessing dependence³. Because of these and other differences involved in international comparisons – such as the use of different definitions – a comparison of care insurance schemes or care services in the community provided for the elderly population is not an easy task.

One of the important indices – though certainly not the only one – in the comparison concerns the degree of public support for the care needs of the elderly, that is the rate of elderly persons eligible for public funding to pay for some of their care needs. It must be stressed that the declared aim of the care insurance program in Israel is not to fund the entire cost of care, but rather to relieve the physical, mental and financial burden on the old person and his/her family, involved in the purchase of formal care services (provided for payment).

The Organization for Economic Cooperation and Development (OECD) segmented the elderly by sex and age and presented the differences between women and men related to life expectancy and family ties in old age, and particularly on the effect of age on the chances of being dependent on paid-for care.

Data on the rate of the elderly who are eligible for public subsidies for care services in Israel and in 17 of the OECD countries⁴ in 2007 or 2008 (Table 1), show that Israel is ranked first in all the categories, and in some of the categories it shares first place with one or more countries. A possible conclusion is that the conditions of eligibility for long term care benefit in Israel permit a considerable number of the elderly to be included.

It should be noted that the data on Israel (Table 1) concerns only entitlement to the benefit. If we include those entitled to the attendance allowance and to equivalent benefits (from the Ministry of Defense) as well as those in public care institutions, then the rate in Israel would be even higher. In all, about a fifth of the elderly in Israel receive public subsidies for their care in the community or in an institution.

3 See surveys of long-term care systems in various European countries (the ANCIEN Project: Assessing Needs of Care in European Nations): <http://ancien-longtermcare.eu>

4 The source of data on Israel is The NII data on the monthly average number of persons eligible for long term care benefit in 2008 as a proportion of the relevant population, monthly average in 2008 according to NII data. This table was published in Asiskovitch, S. (2013). The long-term care insurance program in Israel: Solidarity with the elderly in a changing society, Israel Journal of Health Policy Research, 2:3.
Colombo, F. et al. (2011), Help wanted? Providing and paying for long-term care. Paris: OECD Publishing.
Asiskovitch, S. (2013). The long-term care insurance program in Israel: Solidarity with the elderly in a changing society, Israel Journal of Health Policy Research, 2:3.

One of the important indices in the comparison between countries concerns the rate of elderly persons eligible for public funding to pay for some of their care needs

Data on the rate of the elderly who are eligible for public subsidies for care services show that Israel is ranked first in all the categories

Table 1
People Eligible for Publicly Funded Care Services in Various Countries
by Age and Sex as a Proportion of the Potential Population

Country	Year	Women		Men	
		Aged 65-79	Aged 80+	Aged 65-79	Aged 80+
Poland	2008	0	2	1	3
South Korea	2008	2	10	1	6
Canada	2007	1	11	1	7
Slovenia	2008	2	14	2	7
Ireland	2008	1	14	1	9
Hungary	2008	8	17	6	12
Sweden	2008	2	18	2	11
Iceland	2008	2	19	2	13
Switzerland	2008	2	21	1	11
Holland	2007	3	23	2	13
Germany	2008	5	33	5	20
Finland	2008	6	34	5	23
Luxemburg	2007	6	35	5	23
Australia	2007	6	36	3	20
Czech Republic	2008	7	40	5	24
New Zealand	2008	10	44	5	27
Norway	2008	8	46	6	32
Israel (men and women aged 65+)	2008	13	47	6	32
Israel's ranking		1	1	1-4	1-2
Israel (women aged 62+ and men aged 67+)	2008	10	47	7	32
Israel's ranking		1-2	1	1	1-2

* The figures are rounded.

** The figures for all countries except Israel refer to care services in the community and in institutions. The figures for Israel refer only to people eligible for a long term care benefit in the community.

*** The figures for Israel refer to the monthly average of the number of people entitled to the care benefit as a percentage of the monthly average number of old people according to CBS data.

The decrease in the rate of entitlement among the younger elderly, both men and women, reflects the sharp increase in the number of elderly people and their relative proportion, which began in recent years, and may also indicate an improvement in their health condition

Figures on the rates of elderly in Israel according to sex and age who were entitled to the long-term care benefit in 2008 and 2011 show that in this period there was an increase in the rate of entitled persons aged over 80, both men and women, as a proportion of the total population aged 80+ (Table 2). On the other hand, the proportion of younger entitled persons fell during this period. These trends are an expression of an aging population entitled to the benefit – as shown by the Annual Surveys of the NII over the last decade. In addition, the decrease in the rate of entitlement among the younger elderly (aged under 79), both men and women, reflects the sharp increase in the number of elderly people and their relative proportion, which began in recent years, and may also indicate an improvement in their health condition.

Table 2
Rates of Elderly by Sex and Age Eligible
for Care Benefit*, 2008-2011 (percentages)

Year	Women		Men	
	Aged 62-79	Aged 80 and over	Aged 67-79	Aged 80 and over
2008	10.4	46.9	7.2	32.3
2011	9.0	49.1	6.6	33.6
	Aged 65-79	Aged 80 and over	Aged 65-79	Aged 80 and over
2008	12.7	46.9	6.1	32.3
2011	11.6	49.1	5.3	33.6

The rate of elderly people receiving public subsidy is affected by various factors, such as the composition and characteristics of the population, availability and extent of public resources, and legal arrangements regarding eligibility and benefits. For example, although most countries examine the degree of dependence on others for performing basic daily activities (ADL) according to different versions of the same dependence tests (Barthel, Katz or FIM), they independently determine the threshold for eligibility and for moving between different benefit levels. Moreover, there are countries such as Germany and Belgium where the dependence tests also cover daily activities that are not basic (instrumentality – IADL), such as the ability to manage a household. Also, in the different countries there are different rules regarding the number of benefits and their size, and other rules such as the need to prove dependence on others for a specific period (for example, Germany).

Two of the main characteristics of the long-term care benefit system in Israel are the small number of benefit levels and the relatively low level of the benefit for the most dependent. Until 2007 there were only two levels of benefit, and since 2007 – three levels. This number is small compared to other countries. In Austria, for example, there are seven levels, and in Japan and Spain – six levels. Compared to other countries, such as Germany, the benefit in Israel for people with fairly few care needs is generous, while the higher benefit levels are less generous: the benefit in Israel covers 25%-56% of care needs for people with low levels of dependence, compared to 37% in Germany; 27%-45% of the needs of people with moderate levels of dependence compared to 45% in Germany; and 23%-35% of the needs of people with high levels of dependence, compared to 38% in Germany⁵. The NII is aware of the characteristics

Two of the main characteristics of the long-term care benefit system in Israel are the small number of benefit levels and the relatively low level of the benefit for the most dependent

5 Coverage rates in Israel were calculated according to: Reis, A., Allocation of Care Resources – Absence of balance in the allocation of care resources compared to the need of help from others. National Insurance Institute, Long Term Care Division, Position Paper, May 5th 2008. For Germany, see: Muiser, J., & Carrin, G. (2007). Financing long-term care programmes in health systems; with a situation assessment in selected high-, middle-, and low-income countries. Geneva: WHO, 2007.

of its long-term care benefit compared to OECD countries, and of the need to adjust them to the changing needs of the elderly, taking into account significant changes in Israeli society, as well as the extent of the possibility of meeting these needs from other sources, such as the family, and is promotes proposals for a reform of the structure of the long-term care benefits⁶.

6 See: National Insurance Institute, Annual Survey 2011, Jerusalem, October 2012, 128-132.

C. Payment in cash – the pilot program

At the end of 2012, individuals eligible for the long-term care benefit in towns covered by nine local NII branches were offered the option of a benefit in cash. The number of recipients of the cash benefit in this arrangement was 1,250 in December 2012, compared to 1,144 in December 2011 – an increase of 9.3%. Table 4 shows the changes in the number of recipients of the cash benefit by local NII branch in 2012 compared to 2011.

In three local NII branches – Ashkelon, Ashdod and Bnei Brak – the number of recipients of the benefit in cash declined, while in the other six branches, in the center and north of the country, the number increased. In Holon and Netanya, which joined the pilot program in the late third stage, the rate of increase was higher than in the other branches. The lower rates of increase in branches that joined the program at an earlier stage show that over time, the proportion of persons choosing the benefit in cash stabilizes relative to the total number of potentially eligible individuals in each region.

It is possible to point to gaps in the rates of eligibility for the benefit in cash by date of joining the program. In the four local NII branches that joined in March 2008 (Ashkelon, Bnei Brak, Nahariya and Ramat Gan), the rate of recipients in cash was 7.7%

In three local NII branches – Ashkelon, Ashdod and Bnei Brak – the number of recipients of the benefit in cash declined, while in the other six branches the number increased

Table 4
Recipients of Care Benefit in Cash, by Local NII Branch and Date of Joining, December 2012 and December 2011

Local NII branch	Date joined pilot	Potentially eligible			December 2012		December 2011		Change in no. of recipients in 2012 in %
		December		Change in %	Number	% of potential	Number	% of potential	
		2012	2011						
Ashdod	May 2010	2,319	2,298	0.9	69	3.0	76	3.3	-9.2
Ashkelon	March 2008	2,040	1,864	9.4	125	6.1	146	7.8	-14.4
Bnei Brak	March 2008	1,067	1,004	6.3	48	4.5	49	4.9	-2.0
Holon	June 2011	3,699	3,644	1.5	94	2.5	67	1.8	40.3
Tiberias	May 2010	1,578	1,504	4.9	42	2.7	37	2.5	13.5
Jerusalem	May 2010	6,539	5,987	9.2	243	3.7	217	3.6	12.0
Nahariya	March 2008	1,642	1,502	9.3	39	2.4	36	2.4	8.3
Netanya	June 2011	4,067	3,807	6.8	87	2.1	50	1.3	74.0
Ramat Gan	March 2008	4,517	4,410	2.4	503	11.1	466	10.6	7.9

in December 2012 (compared to 7.9% at the end of 2011). The number of recipients at the end of 2012 grew by 18 since December 2011, but their proportion among all potentially eligible persons fell slightly. In the three branches that joined in May 2010 (Ashdod, Tiberias and Jerusalem), the rate of recipients in cash was 3.4% in December 2012 (similar to December 2011), and the number of recipients grew by 24. In the two branches that joined the program in June 2011, 2.3% of eligible persons received the benefit in cash in December 2012 (compared to 1.6% in December 2011), and their number grew by 64%.

As time passes and it appears that the rate of uptake is stabilizing in the branches, it is possible to define an overall uptake rate for all branches: about 4.6%. However, it should be emphasized that since the program began at various points of time in different branches and has therefore lasted for different periods, the overall eligibility rate – that is, the proportion of potentially eligible individuals who choose a benefit in cash at any point in time – is a problematic figure.

Among the branches that joined the program at the same point in time, it is possible to distinguish differences in the rates of choosing the benefit in cash. Possible reasons for this are differences in the availability of foreign care workers (almost all eligible persons who receive the benefit in cash employ non-Israeli carers), particularly in outlying areas compared to the center of the country, and cultural and socio-economic differences between regions and between towns in the same regions in their willingness to employ foreign carers or their economic ability to do so.

In December 2012, 1,220 out of 1,250 entitled persons (97.6%) had a permit to employ a foreign carer, compared to 1,120 out of 1,144 (97.9%) in December 2011. The rate of eligible individuals receiving the benefit in cash out of holders of a permit to employ a foreign carer in December 2012 was 9.6%; in branches that joined the program in March 2008 – 14.7%; in branches that joined in May 2010 – 8.2%; and in branches that joined in June 2011 – 4.6%.

In December 2012, 1,220 out of 1,250 entitled persons had a permit to employ a foreign carer, compared to 1,120 out of 1,144 in December 2011

E. Organizations Supplying Care Services and the Services Supplied

The services provided in the framework of Long-term Care Insurance are supplied by official organizations recognized by the Ministry of Welfare and Social Services as authorized service providers according to a contract drawn up between them and the NII. In recent years the NII has published a number of tenders to establish a pool of suppliers of care services for eligible persons, but each time the agencies and non-profit associations filed petitions against the published tenders and they were not implemented, partly due to intense pressure from the service providers, who preferred to operate under previous arrangements where they were not selected by a tender process. At the end of 2009 the results of a new tender were published along with the names of the agencies entitled to provide long-term care services.

Table 5
Number of Hours of Personal Care Provided
by Type of Service Provider (monthly average), 2012

Type of service provider	Number of hours (thousands)	Percentages
Total	8,802	100.0
Private organizations	5,882	72.8
Non-profit public organizations	2,200	27.2

At the end of 2012 there were 112 suppliers of care services: 46 non-profit organizations and 66 private agencies. The average monthly number of personal care hours rose by 4.8% – from 7.409 million in 2009 to 7.767 million in 2012

The supplier of long term care services may be a non-profit public organization, such as Matav (Association of Home Carers) or a seniors' day care center, or it may be a private organization operating as a business. At the end of 2012 there were 112 suppliers of care services: 46 non-profit organizations and 66 private agencies. Table 5 shows the breakdown of the average monthly number of personal care hours in the home provided in 2012 by type of service provider. In all, in 2012 service providers provided on average 7,767,000 hours per month of personal care in the homes of people entitled to the benefit – about 5,628,000 hours from private organizations (72.5%) and about 2,139,000 hours from public organizations (27.5%).

The average monthly total number of hours of care increased by 4.8% in 2012: from 7,409,000 in 2011 to 7,767,000 in 2012. The proportion of hours provided by private companies grew by 5.4% – from 5,342,000 in 2011 to 5,628,000 in 2012 – while the proportion provided by non-profit organizations grew by 3.5%: from 2,067,000 in 2011 to 2,139,000 in 2012. The share of private companies of the total hours provided grew from 72.1% in 2011 to 72.5% in 2012.

The overwhelming majority (98.2%) of recipients of care services¹² in December 2012 received personal care at home from a local carer or a foreign carer, 21.8% received absorbent products, and 12.1% received a distress transmitter (Table 6)¹³. 68.8% of those

Table 6
Recipients of Long Term Care Services by Type of Service, December 2012

Type of service	Number of recipients	Percentage of recipients	
		Out of all benefit recipients	As a sole item among all recipients of this service
Total	215,221	-	-
Personal care at home	151,324	98.2	68.8
Personal care at a day center	11,136	7.2	9.0
Absorbent products	33,616	21.8	0.3
Distress transmitter	18,659	12.1	0.4
Laundry services	486	0.3	0.8

* A person entitled to the benefit can receive more than one type of service, therefore the total of all recipients of long term care services in the Table is greater than the number of benefit recipients (excluding those refusing the services) in December 2012 – 154,049.

receiving personal care at home received it as the sole item from the basket of services. Only 9% of those receiving care at a day care center received it as the sole item, while the rest combined it with other services. It must be remembered that anyone entitled to a benefit can receive more than one service, and therefore the total of all recipients of care services is greater than the number of people entitled to the benefit.

Introducing the long-term care program under the National Insurance Law in 1988 encouraged the creation of a long-term care industry, according to the definition of Prof. Hillel Schmid¹⁴. In addition to care companies, an important element of this industry are the care workers, both Israeli and foreign. Israeli men and women account for about 2/3 of home care providers. The Israeli carers have quite clear characteristics: (1) they are nearly all women (more than 90%); (2) they are fairly old, and their average age is gradually rising; (3) many of them are new immigrants who arrived in the 1990s or afterwards. These characteristics and their possible implications for the future of Long-term Care Insurance are shown in Box 2.

Box 2

Israeli Carers in Long Term Care Insurance – Numbers and Demographic Features¹

Long-term care at home is the most widespread service in the basket of services in the care benefit – nearly everyone eligible for the benefit receives this service, and more than 2/3 receive this service only (Table 5 in this chapter). The care is given by Israeli or foreign carers, and the common assumption is that half or more of the carers are foreign². In fact the reality is different: about 2/3 of carers are Israelis, and

Long-term care at home is the most widespread service in the basket of services in the care benefit – nearly everyone eligible for the benefit receives this service

Table 1
Entitlement to Care Benefit by Benefit Level, and Holders of Permits to Employ a Foreign Carer, December 2012

Benefit level	Total entitled		Have permit to employ foreign carer		No permit to employ foreign carer	
	Numbers	Percentages	Numbers	Percentages	Numbers	Percentages
Total	155,131	100.0	36,554	23.6	118,577	76.4
45.5%	4,675	100.0	603	12.9	4,072	87.1
91%	78,438	100.0	2,022	2.6	76,416	97.4
75%	2,664	100.0	1,578	59.2	1,086	40.8
150%	36,367	100.0	14,198	39.0	22,169	61.0
84%	2,550	100.0	1,744	68.4	806	31.6
168%	30,437	100.0	16,409	53.9	14,028	46.1

1 Gabriella Heilbrun participated in the preparation of this box.

2 See for example: Colombo, F., at al. (2011). Help wanted? Providing and paying for long-term care, Paris, OECD, p. 174.

In December 2012, 73,186 Israeli carers⁵ looked after 115,008 persons who were entitled to the long-term care benefit. On average, each carer looked after two people for 79.7 hours a month

more than $\frac{3}{4}$ of eligible persons receive services from Israeli carers. The proportion of Israeli carers out of the total depends on the benefit level (which in turn is a function of the dependence level³, expressing the extent of the need for care) and is influenced by the economic ability of the eligible person and his family: the rate of Israeli carers rises as the level of benefit declines, and is higher among recipients of full benefits compared to recipients of half the benefit⁴ – evidence of the link between economic ability and the resources required to employ foreign carers (Table 1).

In December 2012, 73,186 Israeli carers⁵ looked after 115,008 persons who were entitled to the long-term care benefit⁶. On average, each carer looked after two people for 79.7 hours a month (median: 74.5 hours per month)⁷. Almost half the carers looked after only one eligible individual, while about a tenth looked after four or more people (Table 2)

In December 2012 the overwhelming majority of Israeli carers were women: 67,779 out of 73,186 – 92.6%. The average age of the carers (both men and women) was 48.2. Various studies conducted by different methods of collecting data show a rise in the average age since the 1990s⁸. The average age of female carers

Table 2
Israeli Carers by the Number of Eligible Persons Cared For By Them, December 2012

Number cared for	Carers	
	Number	Percentage of all carers
Total	73,186	100.0
1	36,130	49.4
3-2	28,570	39.0
6-4	7,690	10.5
7 or more	796	1.1

3 Persons entitled to the benefit at the level of 150% and 168% are eligible for a permit, while those receiving the benefit at the level of 91% are eligible for a permit for a foreign carer if they received a score of 4.5-5.5 points in the dependence test.

4 45.5%, 75% and 84% are half the benefits at the levels of 91%, 150% and 168% respectively, based on the means test used in care insurance.

5 The figure includes Israeli carers for whom payment for their work in December 2012 was transferred by the NII to the care agencies employing them.

6 Does not include persons receiving the benefit in cash under the pilot program or otherwise (due to a lack of available services), or persons not receiving care at home as part of the care benefit.

7 The care agencies move carers between patients if the recipient asks to replace his/ her carer or when a replacement carer is needed. Sometimes an Israeli carer looks after someone who for part of the month was looked after by a foreign carer, when at the start or end of the month.

8 Schmid, H. & Borowski, A. (2000), Selected issues in the supply of home care services for the elderly, marking ten years since the introduction of the Long-Term Care Insurance Law, Social Security 57: 59-81; Asiskovitch, S. (2013). The Long-Term Care Insurance Program in Israel : .Solidarity with the Elderly in a Changing Society. Israel Journal of Health Policy Research. 2:3.

Table 3
Carers by Age and Sex, December 2012

Age group	Numbers			Percentages		
	Women	Men	Total	Women	Men	Total
Total	67,779	5,407	73,186	100.0	100.0	100.0
Up to 24	5,797	610	6,407	8.6	11.3	8.8
25-34	7,493	622	8,115	11.1	11.5	11.1
35-44	11,673	554	12,227	17.2	10.2	16.7
45-54	15,905	855	16,760	23.5	15.8	22.9
55-64	19,750	1,550	21,300	29.1	28.7	29.1
65 and over	7,161	1,216	8,377	10.6	22.5	11.4

was 48.1 and of male carers: 50.1. The age of carers ranges from 17 (22 carers) to .81 (2 carers), but most (more than 60%) are aged 45 or over (Table 3)

Most carers (both men and women) immigrated to Israel after 1990 (Table 4): about 42.7%. The average age of carers born in Israel or who immigrated before 1990 is lower than the average age of those who immigrated after 1990 (Table 5). In addition, the average age of carers who immigrated during 1990-1999 is higher than the average age of those who immigrated in 2000 and thereafter; this is further evidence of the rise in the average age of carers over the years

Table 4
**Carers by Date of Immigration to Israel and Sex (numbers),
 December 2012**

Date of immigration	Total	Women	Men
Total	73,186	67,779	5,407
Born in Israel or immigrated before 1990	41,927	39,054	2,873
Immigrated in the period 1990-1999	23,815	21,861	1,954
Immigrated in the period 2000-2009	6,479	5,988	491
Immigrated since 2010	965	876	89

Table 5
**Average Age of Carers by Sex and Date of Immigration to Israel,
 December 2012**

Date of immigration	Total	Women	Men
Total	48.2	48.1	50.1
Born in Israel or immigrated before 1990	44.6	44.6	44.3
Immigrated in the period 1990-1999	53.6	53.3	57.1
Immigrated in the period 2000-2009	52.0	51.6	56.6
Immigrated since 2010	46	46.0	49.4

About 12.5% of carers of working age, both men and women, receive income supplement – three times as high as the proportion of the whole population of working age

About 12.5% of carers of working age, both men and women, receive income supplement – three times as high as the proportion of the whole population of working age. About 52.9% of those who are over retirement age receive additional income supplement (in their own right, as dependents of a spouse who receives an old-age pension with income supplement, or as women who are not defined as dependent on a spouse for the purpose of receiving an old-age pension, but their spouse receives an old-age pension with income supplement) – more than double the proportion of the general population above retirement age. In all, 19.9% of carers receive income supplement or additional income supplement

Long-term care providers are one of the weakest groups in Israeli society. Their employment is characterized by its temporary nature, with part-time positions and quite low pay. Over the years the NII has been aware of their low status compared to their employers, the care agencies, and has worked to secure a lower threshold for their working conditions and pay. Since 1995, the NII has worked to publish tenders to select care agencies that will ensure proper working conditions, pay and social rights⁹. After lengthy legal struggles, the tender in 2008 for the first time enshrined the rights of carers to the minimum wage (plus 4%) and social conditions (sick days, vacation days, recuperation days, gifts on holidays, and payment of travel expenses, as well as contributions to severance pay and provident funds)¹⁰

To sum up, the discussion in this box raises an important issue that must be addressed – the rise of the average age of Israeli carers. The part played by older carers, some over retirement age, is not discounted. As the number of elderly people eligible for care benefit rises, and bearing in mind the government policy not to increase the number of foreign carers¹¹, the question of the availability of Israeli carers arises in view of their demographic characteristics, especially the increase in their average age.

9 For the chain of events, see: Administrative Petition 1003/09 et al. Association of Providers of Care Services in Israel et al. v. the National Insurance Institute (not yet published: Ruling given on February 4, 2009).

10 National Insurance Institute, Tender no. m(2038) 2008 for the creation of a pool of care services providers for the care of the elderly in their homes for those eligible for a long term care benefit.

11 See procedures of the Immigration & Population Authority in the Interior Ministry regarding the increase of the number of permits issued to employ foreign carers since mid-2010.

F. Volume of Payments

Concurrent with the direct payments of benefits, the National Insurance Law mandates that payments be made for additional items associated with long-term care insurance. 15% of annual receipts are allocated to the Health Ministry and to the Welfare and Social Services Ministry to fund the growing number of persons hospitalized in institutions. In fact, the Health Ministry usually utilizes its entire allocation, while the Ministry of

Welfare and Social Services utilizes only a portion thereof. Funds are also allocated to the Fund for the Development of Community and Institutional Services for the Elderly.

In 2012, the total volume of payments transferred to fund Long-term Care Insurance under the National Insurance Law reached approximately NIS 4.678 billion (at 2011 prices): about NIS 4.46 billion for the provision of services to those entitled, and the balance for developing services in institutions and in the community and for conducting ADL tests (Table 7). The sum of NIS 92.6 million was transferred to the Ministry of Health and to the Ministry of Welfare and Social Services to help cover expenses of the growing number of those hospitalized in long-term-care institutions. Additionally, the sum of NIS 97.7 million was transferred to the Ministry of Welfare and Social Services, to the sick funds and to assessors, for preparing treatment plans for eligible persons and for conducting ADL tests.

In 2012, the volume of payments under Long-term Care insurance increased by 9.2% at constant prices (2012 prices). Benefit payments increased by 9.7% as a result of an increase in the number of persons eligible for the benefit, particularly those eligible for the highest level of benefit. The average level of the benefit¹⁵ in constant prices rose in 2012 by 1.9% in real terms.

Table 7
Total Payments Under Long Term Care Insurance by Type of Payment
(NIS million, 2012 prices), 2008-2012

Year	Total	Long-term care benefit	Transfer to external entities*	Service development	Hospitalized in institutions	On account of agreements with the Finance Ministry
2008	3,684.1	3,483.2	88.3	23.1	87.0	2.5
2009	3,975.3	3,689.8	87.6	23.6	85.2	89.2
2010	4,204.8	3,975.2	89.6	46.1	90.4	3.6
2011	4,284.9	4,064.2	91.6	30.9	95.7	2.5
2012	4,678.9	4,460.0	97.7	25.8	92.6	2.8

* Transferred to the Ministry of Welfare and Social Services and to Clalit Health Services for including care programs for the eligible, and transfers for performing dependence tests.

In 2012, the total volume of payments transferred to fund Long-term Care Insurance under the National Insurance Law reached approximately NIS 4.678 billion: about NIS 4.46 billion for the provision of services to those entitled, and the balance for developing services in institutions and in the community and for conducting ADL tests

In 2012, the volume of payments under Long-term Care insurance increased by 9.2% at constant prices. Benefit payments increased by 9.7% as a result of an increase in the number of persons eligible for the benefit, particularly those eligible for the highest level of benefit

4. Children Insurance

A. General

Child allowance – The child allowance is paid monthly to every family with children in Israel to help defray the expenses of raising children. The Children Insurance Law came into effect in 1959 and prescribed a fixed payment to families with many children. Over the years, the child allowances have been subject to frequent revisions, which were intended to respond to changes in fiscal policy in Israel. The revisions in the child allowances focused, inter alia, on the amounts and the eligibility criteria for receiving the allowance.

In 2012, child allowances rose relative to their level in 2011, for two reasons: (a) The allowance was updated by 2.4%, in line with the rise in the Consumer Price Index over the previous year. (b) In April 2012, the allowance for the second, third and fourth child was increased by NIS 7 compared to the previous year – as the last stage in the plan approved under the Economic Arrangements Law for 2009 – 2010.

In July 2009, within the scope of the Economic Arrangements Law for 2009 – 2010 and further to the coalition agreements, the decision was made to gradually raise the child allowances. The allowance for the second, third and fourth children in a family gradually increased so that in 2012, an increment of NIS 100 was paid for each of these

In 2012, child allowances rose relative to their level in 2011, for two reasons: (a) The allowance was updated by 2.4%, in line with the rise in the Consumer Price Index. (b) In April 2012, it increased as the last stage in the plan approved under the Economic Arrangements Law for 2009 – 2010

Table 1
Child Allowances under the Economy Arrangements Law
and the Child's Position in the Family, 2009-2010¹

Position in family	June 2009	After Stage A: 7/2009 to 6/2010	Stage B: 7/2010 to 3/2011	Stage C: 4/2011 to 3/2012	From 4/2012
Size of allowance (NIS)					
Fourth child - new	159	252	252	252	259
Fourth child - old	353	446	446	446	453
Third child - new	159	219	252	252	259
Third child - old	191	251	284	284	291
Second child	159	159	195	252	259
Increment compared to the allowance in June 2009					
Fourth child - new		93	93	93	100
Fourth child - old		93	93	93	100
Third child - new		60	93	93	100
Third child - old		60	93	93	100
Second child		0	36	93	100
Estimate of the annual cost of the increments in NIS compared to 2008 (cumulative cost)		240,000,000	700,000,000	1,280,000,000	1,500,000,000

1 No changes were made in the allowances paid for the first child in families or for children subsequent to the fourth children in families.

children. However, this increment was based on the allowance actually paid in June 2009; i.e., the child allowance for the second child to the fourth child in the family was not updated during 2010 and 2011 according to the index, as was customary every January, and therefore, the increment was nominal and was eroded over the years.

No changes were made to the allowances paid for the first child or for any child beyond the fourth.

During Stage A, beginning in July 2009, the fourth child received an increment of NIS 93, while the third child received an increment of NIS 60. The second child received an increment of NIS 36 only in Stage B, as of July 2010 (Table 1). The cost of this plan was estimated at about NIS 700 million in 2010 compared to the expenditure in 2008. The cumulative cost of the plan will about NIS 1,500 million in 2012.

Study grant – In addition to the child allowances paid to every family with children, a study grant is paid to single-parent families and to families with four or more children who receive a subsistence allowance. The grant is paid for children between the ages of 6 and 14, and its purpose is to help families purchase school supplies prior to the start of the school year. In 2012, approximately 148,000 children received a study grant. The cost of the grant in 2012 totaled approximately NIS 187 million.

Family increment – In July 2004, families with three or more children who received income support or a maintenance payment from the NII began receiving a family increment. The family increment is paid only for the third and fourth child. The increment was raised from NIS 118 per month for one child in January 2011 to NIS 121 per month in January 2012 – in other words, by about 0.8% in real terms. The objective of this increment is to compensate families for the double cuts in both child allowances and income support benefit resulting from the economic plan of 2003. In 2012, the increment was paid to approximately 24,000 families (for 39,000 third and fourth children in those families) for an aggregate total of approximately NIS 56 million, compared with NIS 55 million in 2011.

B. Allowance Recipients

1. Recipients of child allowances

In 2012, the number of families receiving child allowances amounted to about 1.1 million on average per month – an increase of about 1.9% over 2011 (Table 2), and the number of children for whom allowances were paid rose to about 2.6 million on average per month – an increase of about 2.15 compared to 2011 (Table 3). The number of families who received an allowance for one child grew by 0.8% over 2011, reaching about 334,000, and for two or more children the growth was 2.3%. At the same time, the proportion of families with three and four children increased while that of other family compositions decreased.

In 2012, the number of families receiving child allowances amounted to about 1.1 million on average per month – an increase of about 1.9% over 2011. The number of families who received an allowance for one child grew by 0.8% over 2011, reaching about 334,000, and for two or more children the growth was 2.3%

Table 2
Families Receiving Child Allowance by Number of Children in Family
(monthly average), 2008-2012

Year	Total families	Number of children in family					
		1	2	3	4	5	6+
Numbers (thousands)							
2008	994.8	322.9	307.5	194.4	86.2	40.3	43.5
2009	1,012.0	326.7	311.9	200.6	88.2	40.7	44.0
2010	1,030.0	329,8	316,5	207,3	90,7	41,4	44,5
2011	1,048.7	331.5	322.3	214.2	93.2	42.2	45.2
2012	1,068.1	334.3	328.4	220.7	95.7	42.7	46.2
Percentages							
2008	100.0	32.5	30.9	19.5	8.7	4.1	4.4
2009	100.0	32.3	30.8	19.8	8.7	4.0	4.3
2010	100.0	32.0	30.7	20.1	8.8	4.0	4.3
2011	100.0	31.6	30.7	20.4	8.9	4.0	4.3
2012	100.0	31.3	30.7	20.7	9.0	4.0	4.3

Table 3
Children Receiving Child Allowance by their Position in the Family
(monthly average), 2008-2012

Year	Total families	Child's position in family					
		First	Second	Third	Fourth	Fifth	Sixth+
Numbers (thousands)							
2008	2,372.5	994.8	671.8	364.4	170.0	83.8	87.8
2009	2,417.0	1,012.0	685.3	373.5	172.9	84.6	88.4
2010	2,466.0	1,030.0	700,2	383,8	176,5	85,9	89,1
2011	2,519.1	1,048.7	717.1	394.8	180.6	87.4	90.4
2012	2,572.9	1,068.1	733.8	405.4	184.6	88.9	92.1
Percentages							
2008	100.0	41.9	28.3	15.4	7.2	3.5	3.7
2009	100.0	41.9	28.4	15.5	7.2	3.5	3.7
2010	100.0	41.8	28.4	15.6	7.2	3.5	3.6
2011	100.0	41.7	28.5	15.7	7.2	3.4	3.6
2012	100.0	41.5	28.5	15.8	7.2	3.5	3.6

The Interval Between Births Among Non-Ultra Orthodox (Haredi) Jewish Women, Arab Women and Ultra Orthodox (Haredi) Women

Is the time between one birth and the next dependent on factors such as the serial order of the birth, total fertility (the total number of births for a woman over her

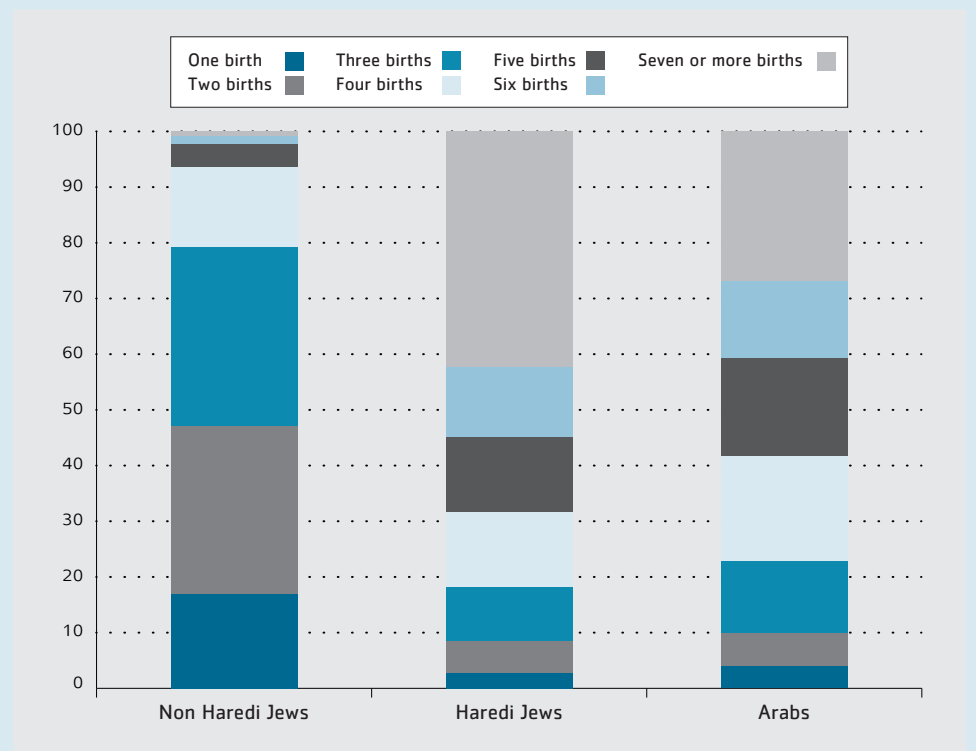
lifetime) or the type of population (non-Haredi and Haredi Jewish women and Arab women)?

On order to answer these questions, we studied women who were past the age of fertility – women who in 2009 were aged 50-60. In all some 370,000 women were studied, of whom 83% were non-Haredi Jews, 12% were Arabs and 5% were Haredi Jews.

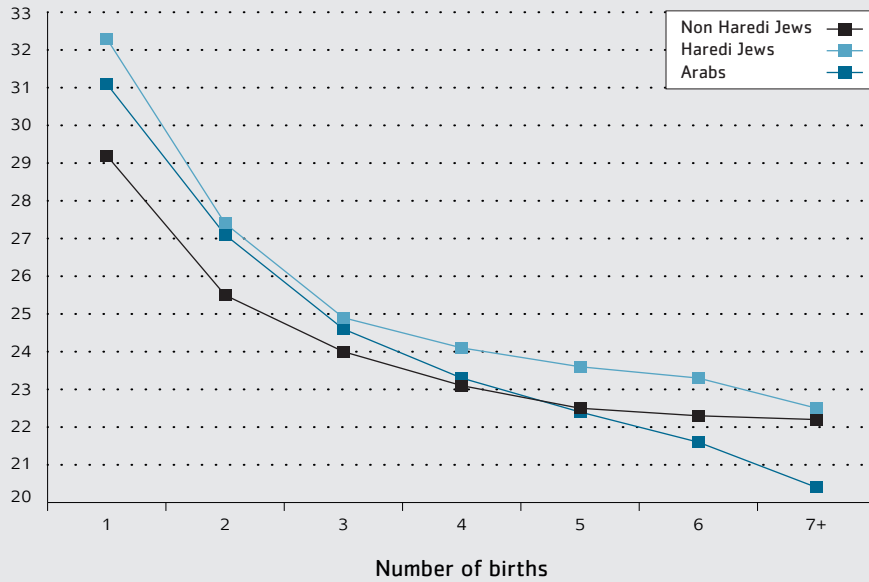
The average number of births per woman was particularly high among the Haredi Jews: 6.4 children, compared to 5.3 for the Arabs and 2.7 for the non-Haredi Jews (Graph 1).

In addition, a correlation was found between the number of children and the age of the woman at the first and last births: the greater the number of children, the earlier the woman began giving birth and the later she ended (Graphs 2 and 3). This means that there are no real differences in the intervals between successive births, and indeed from the fourth birth onwards, no real differences were found (Graph 4).

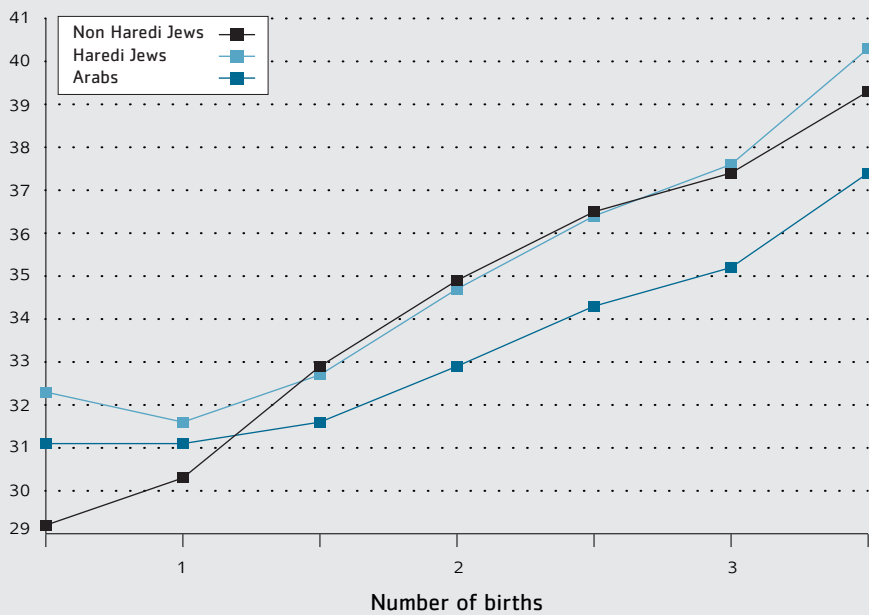
Graph 1
Women by Number of Births and Type of Population



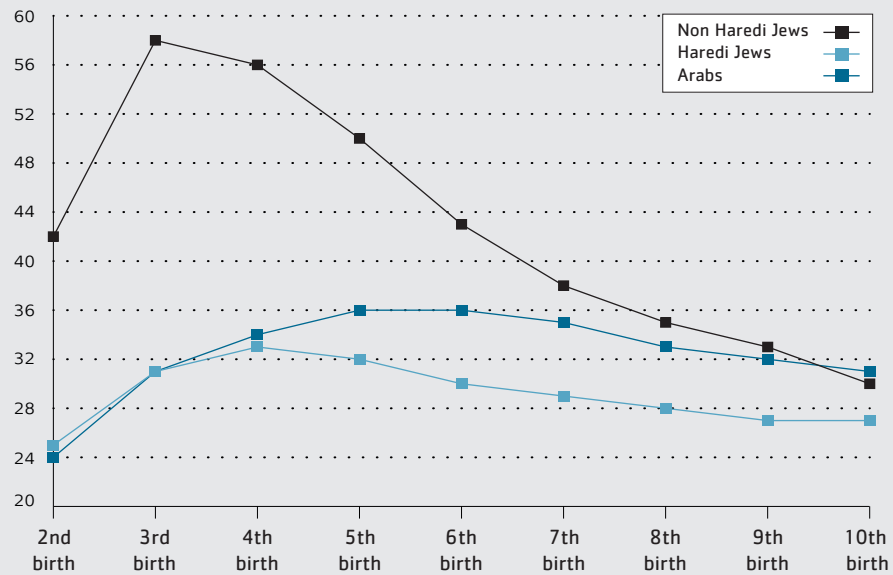
Graph 2
Average Age of Women when First Giving Birth, by Number of Births and Type of Population



Graph 3
Average Age of Women at their Last Birth, by Number of Births and Type of Population



Graph 4
Average Number of Months Between Current Birth and Previous Birth, by Serial Number of Current Birth and Type of Population



Breakdown of Women by Number of Months Between Current Birth and Previous Birth, by Serial Number of Current Birth and Type of Population

Interval between successive births (in months)	Non-Ultra Orthodox Jewish Women		
	Second birth	Third birth	Fourth and subsequent births
Non-Ultra Orthodox Jewish Women			
Total	100.0	100.0	100.0
Up to 12	5.3	3.2	3.7
13-24	25.1	13.7	19.2
25-36	23.4	13.2	16.4
37-48	18.1	13.9	14.2
49 and over	28.2	-	46.5
Ultra Orthodox Jewish Women			
Total	100.0	100.0	100.0
Up to 12	12.6	7.9	4.7
13-24	52.5	44.7	46.0
25-36	18.9	19.9	24.5
37-48	7.8	10.9	11.5
49 and over	8.2	16.6	-
Non Jewish Women			
Total	100.0	100.0	100.0
Up to 12	14.3	8.3	6.3
13-24	53.8	45.1	40.0
25-36	17.2	20.3	21.9
37-48	7.0	10.8	10.8
49 and over	7.7	15.6	21.1

The breakdown of births in percentages by the period of time between births (the following table) shows that the rate of Haredi and Arab women with less than a year between births was 12.6% and 14.3% respectively, compared to the much lower rate, 5.3%, among non-Haredi Jewish women.

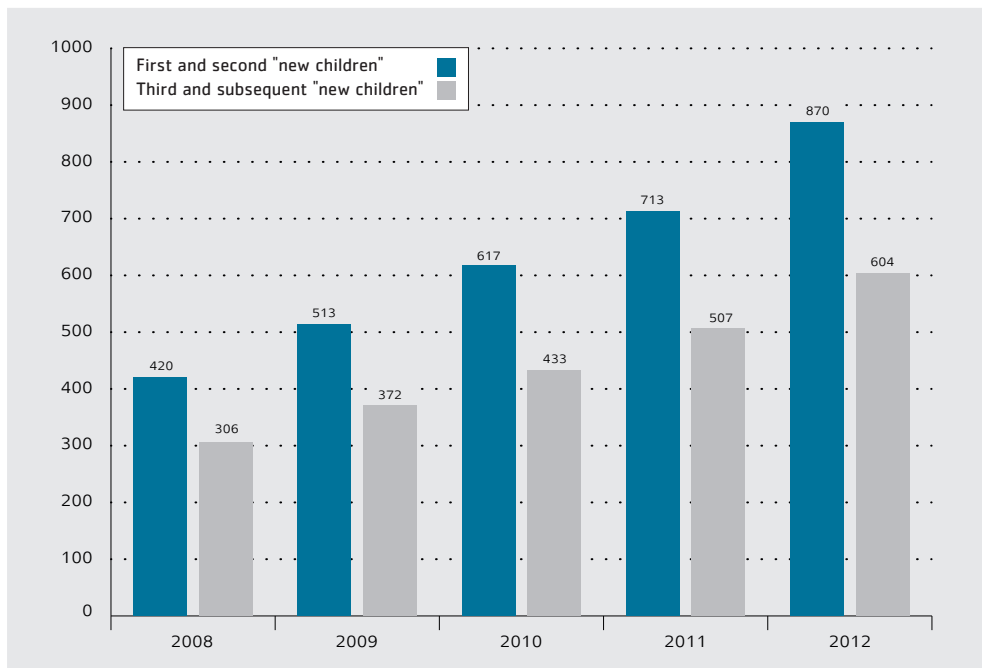
2. The “new children”

Subsequent to the legislative amendments during 2003 and 2004, a category of new children was defined: children born on June 2003 or thereafter. Up until June 2009, these children received an allowance equivalent that received for the first two children in the family, regardless of their position in the family¹. This policy naturally led to disparity in the level of allowances among families of equal size.

The total number of “new children” in December 2012 was approximately 1.5 million – 57% of the 2.6 million children for whom an allowance was paid at that time. As expected, the ratio of new children to total children for whom an allowance was paid has been steadily increasing over the years and should encompass all children by the end of

The total number of “new children” (born on or after June 2013) in December 2012 was approximately 1.5 million – 57% of the 2.6 million children for whom an allowance was paid at that time

Graph 1
Cumulative Number of “New Children”
by Order of Birth in Family (thousands), 2008-2012



1 NIS 144 from August 2003 to January 2004, NIS 120 from February 2004 to December 2005, NIS 148 in 2006 and 2007, NIS 152 in 2008, NIS 159 in 2009, NIS 165 in 2010, NIS 169 in 2011 and NIS 173 in 2012.

the next decade. Approximately 41% (some 572,000) are the third or subsequent child in the family, and are, in effect, those children whose allowances had been adversely affected in the past when allowances for all children were equated, and who benefitted from the amendment in the framework of the Economy Arrangements Law of 2009-2010 (Graph 1).

3. Recipients of study grant

Since 1992, study grants have been paid within the scope of Children insurance to single-parent families for children aged 6 to 14. Since August 1998, the grant has also been paid to families with four or more children who are receiving one of the following subsistence allowances from the NII: income support benefit, maintenance (alimony) pay, disability pension, an old-age pension or a survivors' pension. The grant is a one-time payment paid just prior to the start of the school year and its purpose is to help eligible families to purchase school supplies. The amount of the grant for children aged 6 to 11 is 18% of the basic amount (NIS 1,507 in 2012) and for children aged 12 –14 : 10% of the basic amount (NIS 837).

In 2012, the NII paid study grants to approximately 84,000 families, of whom approximately 60,000 were single-parent families, and the rest were families with four or more children who are receiving subsistence allowances. The grant was paid for approximately 148,000 children, compared with 147,000 children in 2011, an increase of approximately 0.7% between the two years. Approximately 59% of all children who received the study grant (about 87,000 children) received the increased grant.

C. Payments

1. Level of the child allowance

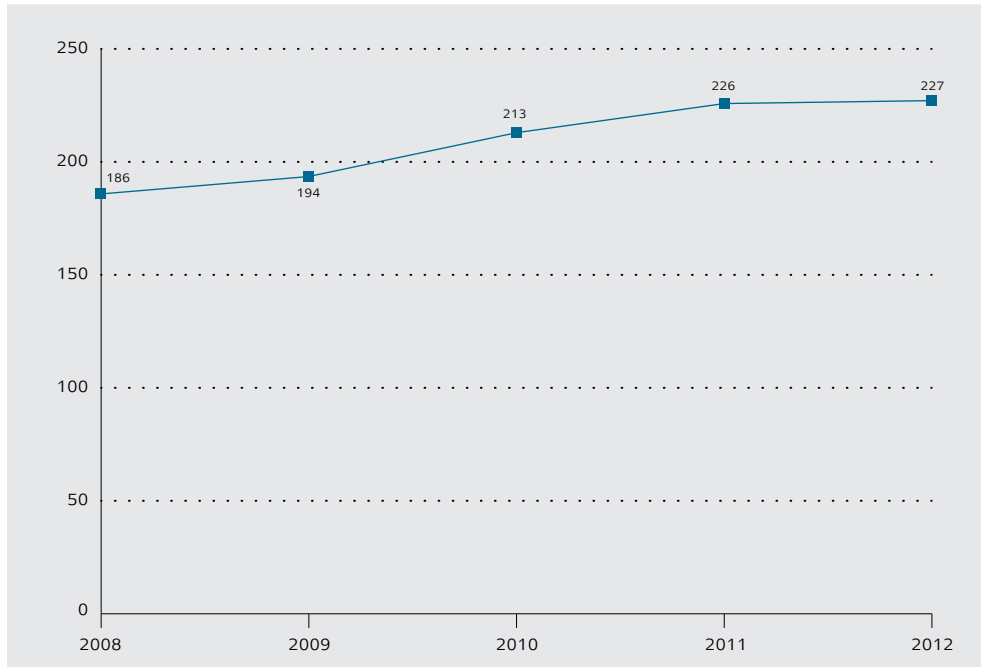
Since January 2006, the child allowance has been calculated according to the “basic amount,” which is updated according to the rise in the Consumer Price Index. Accordingly, between 2011 and 2012, the child allowances for the firstborn child increased from NIS 169 to NIS 173, and for the second child – from NIS 195 to NIS 252. The child allowances for the third and subsequent child remained unchanged at their nominal values. The average allowance per child² rose by approximately 0.6% in real terms compared to 2011 (Graph 2).

The amendment to the Economy Arrangements Law of 2009 affected “old children” (Graph 3): the allowances for second, third and to a lesser extent, fourth children once again increased. For example, the average family allowance for a family with five children increased in 2009 by about 7.8% in real terms, and continued to rise – by 7.4% in 2010, by 1.7% in 2011 and by 1% in 2012. In 2012 the average family allowance for a family with five children amounted to NIS 1,554 per month. The allowance is still lower by 3.6% in real terms than level in 2002.

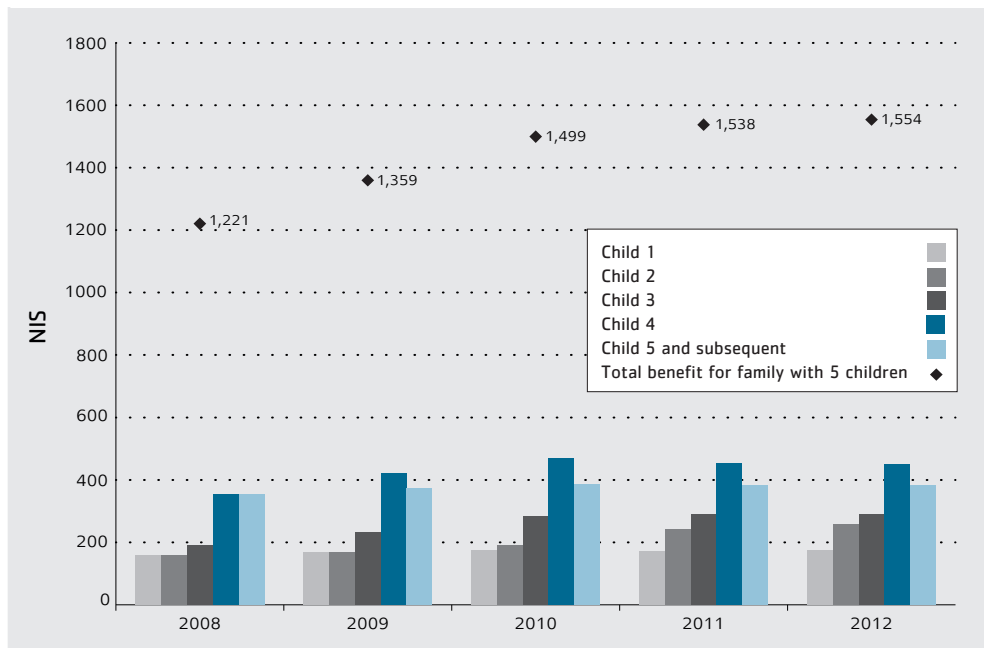
In 2012, the NII paid study grants to approximately 84,000 families, of whom approximately 60,000 were single-parent families, and the rest were families with four or more children who are receiving subsistence allowances

Between 2011 and 2012, the child allowances for the firstborn child increased from NIS 169 to NIS 173, and for the second child – from NIS 195 to NIS 252. The average allowance per child rose by approximately 0.6% in real terms compared to 2011

Graph 2
Average Monthly Allowance Per Child (NIS, 2012 prices), 2008-2012

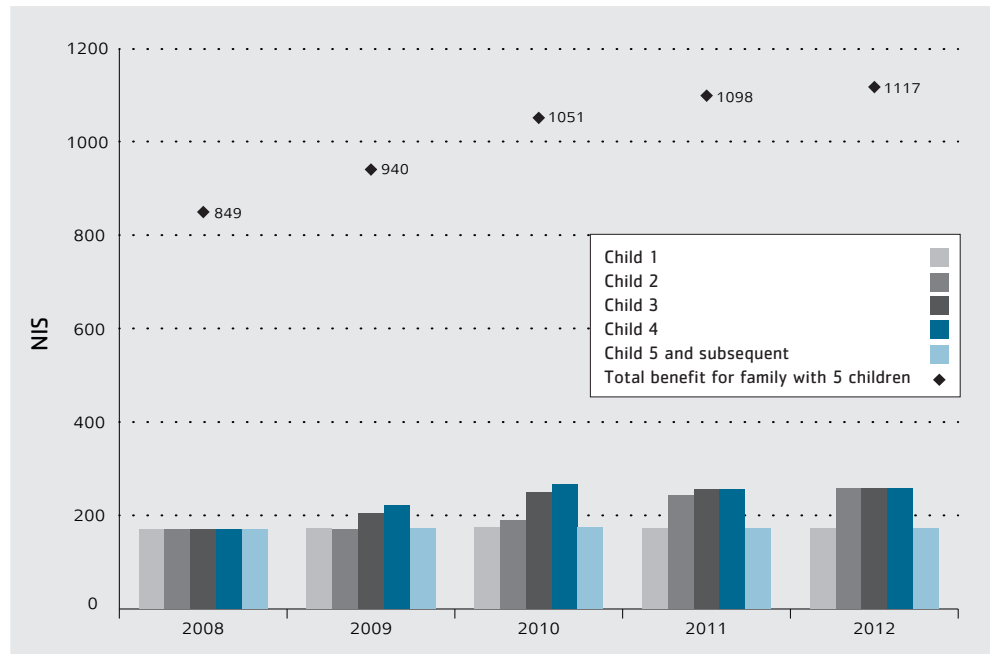


Graph 3
Monthly Allowances for Children Born Before 1.6.2003 by Position in Family Order, and Total Allowance for a Family with Five Children (NIS, 2012 prices), 2008-2012



The amendment to the law affected the “new children” as well (Graph 4): the allowances for second, third and fourth children once again increased. For example, the average family allowance for a family with five children increased in 2009 by about 10.7% in real terms, and continued to rise: by 11.8% in 2010, by 4.5% in 2011 and by 1.7% in 2012. In 2012 the average family allowance for a family with five children amounted to NIS 1,117 per month. Notwithstanding the gradual increase in child allowances in recent years following the Arrangements Law of 2009-2010, the child allowance for families with “new” children is considerably lower than for families with “old” children. For example, the family allowance for a family with five “new” children is about 28% lower in real terms than the allowance paid to a similar family in 2002.

Graph 4
Monthly Allowances for Children Born After June 1, 2003
by Position in Family Order, and Total Allowance for a Family with Five
Children (NIS, 2012 prices), 2008-2012



2. Volume of payments

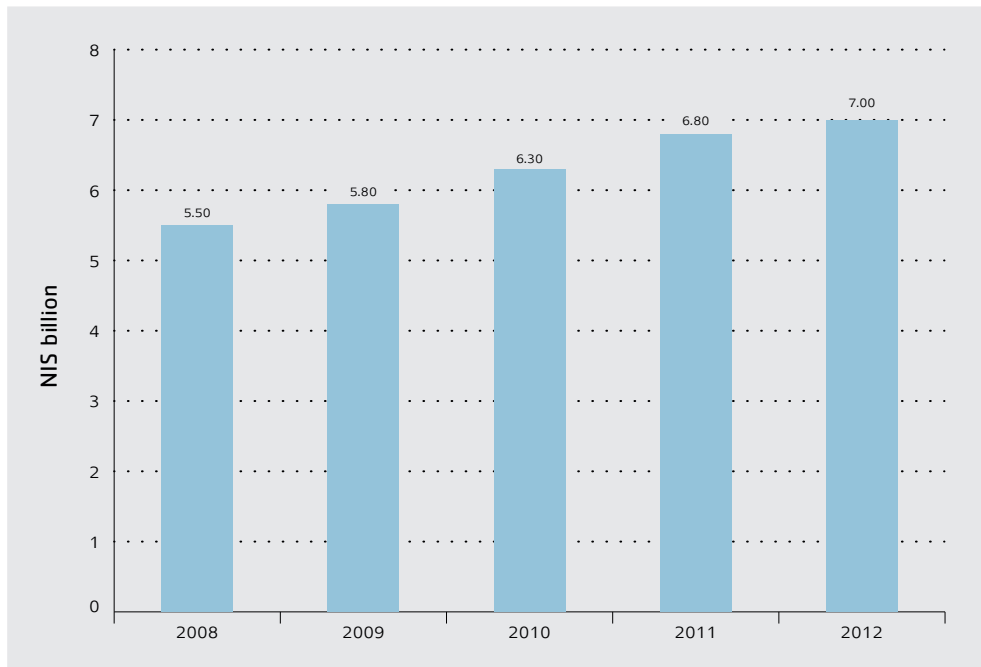
In 2012, child allowance payments rose by approximately 2.7% in real terms compared with 2011 (Table 4). On the one hand, this rise is comprised of a moderate increase in the number of children for whom the allowance is paid and from the increase in the rate of the allowance for the second, third and fourth child, and, on the other hand, a decrease in the number of children for whom a high level of allowance was paid since they were born prior to June 2003.

Child allowance payments rose by approximately 2.7% in real terms compared with 2011

Table 4
Changes in Child Allowance Payments (NIS million, current and fixed prices), 2008-2012

Year	Total amount		Child allowance		Study grant	
	Current prices	2012 prices	Current prices	2012 prices	Current prices	2012 prices
2008	5,062.2	5651.2	4,896.7	5466.5	165.5	184.8
2009	5,537.3	5983.1	5,365.9	5797.8	171.4	185.2
2010	6,164.5	6486.3	5,984.5	6296.9	180.0	189.4
2011	6,892.0	7009.0	6,711.0	6825.8	181.0	184.1
2012	7,197.4	7,197.4	7,010.8	7,010.8	186.6	186.6

Graph 5
Payments for Child Allowances (NIS billion, 2012 prices), 2008-2012



The changes in the volume of child allowance payments are reflected also in the proportion of payments of the Children insurance branch out of all NII payments, which continued to increase: from approximately 11.2% in 2011 to 11.8% in 2012. It should be noted that 2010 was the first year in the last decade in which payments for child allowances increased (Table 4).

The proportion of payments of the Children insurance branch out of all NII payments continued to increase: from approximately 11.2% in 2011 to 11.8% in 2012

5. Maternity Insurance

A. The Benefits

Maternity insurance came into effect on April 1, 1954 and was among the first five insurance branches covered by the National Insurance Law. Maternity insurance grants women giving birth in Israel the following benefits:

Hospitalization grant – This grant is intended to fund the hospitalization and delivery-room expenses of women giving birth and their newborn children, and is paid directly to the hospital. Since December 1993, an increased hospitalization grant has been paid in the case of premature births. During the first two years after the enactment of the National Health Insurance Law (in January 1995), the hospitalization of women giving birth and their infants, including premature infants, was included in the basket of health services prescribed by the law. The NII funded childbirth hospitalization from the sums collected for the Maternity insurance branch, which were transferred to the Ministry of Health. Since January 1997, the hospitalization grant is again being paid directly to the hospitals. If a woman gives birth while she is abroad, the hospitalization grant is paid directly to the mother after submission of a claim.

The amount of the hospitalization grant varies as follows:

1. Every January, the amount is updated according to the formula prescribed in the law: the payment for normal deliveries and an additional payment for premature deliveries is equal to the total sum that would have been paid for these deliveries had there been no difference in the amounts of the grant between normal and premature deliveries.
2. Whenever the Ministry of Health changes the daily price of general hospitalization, the amount of the hospitalization grant changes at the same rate.
3. In recent years, pursuant to a government decision under the Economy Arrangements Law, the government has updated the amount of the hospitalization grant: in April 2005, the grant for a premature birth was increased by about 50%; in January 2007, the grant was increased for all births by 12.1%; in August 2009, it was increased again by about 10%; and in April 2012 by a further 0.2%. Government intervention in determining the amount of the hospitalization grant is, in effect, a means of injecting funds to hospitals via the NII.

Expenses of transportation to a hospital – The NII participates in the expenses of transporting a woman in labor to a hospital. In 2008, the eligibility criteria for transportation to a hospital were made less stringent. Previously, a woman in labor had been eligible for transportation only if she lived a great distance from a hospital. Since March 16, 2008, every woman in labor is eligible for transportation to the hospital nearest to her place of residence.

Birth grant – This grant is designated for the purchase of a layette for the newborn and is paid directly to mothers. Until July 2002, the rate of the birth grant was uniform, irrespective of the number of previous births, and was 20% of the statutory average wage.

Maternity insurance was among the first five insurance branches covered by the National Insurance Law

In August 2003, the rate of the grant was revised for the second and subsequent births and was set at 6% of the average wage. In January 2004, the rate of the birth grant was increased for the second child only, to 9% of the average wage. When two or more children are born in a single delivery, the birth grant is higher: for twins, the amount is equivalent to the average wage, and for each additional infant – another 50% of the average wage. Since January 2006, the amount of the birth grant has been calculated according to the basic amount-1.

Maternity allowance – This benefit is intended to compensate working mothers for their loss of earnings during the maternity leave that they are obligated to take under the Employment of Women Law. Eligible for a maternity allowance are all working mothers – employees, the self-employed and those in vocational training – for whom insurance contributions have been paid during the period prior to the birth, for the periods prescribed in the law (“the qualifying period”). The maternity allowance is paid for seven or 14 weeks, depending on the qualifying period that the woman has accumulated (prior to an amendment to the law in May 2007, the maternity allowance had been paid for six or 12 weeks). Since November 1994, the maternity allowance per day replaces the full wage or the average earnings per day of the mother during the three months before she stopped working (at or before the birth), but does not exceed a maximum amount prescribed in the law. Income tax and national insurance and health insurance contributions are deducted from the maternity allowance at source.

Pregnant women may begin receiving the maternity allowance before their estimated delivery date, but for no more than half of their period of entitlement to the allowance. Under certain circumstances, the maternity leave may be extended for a maximum of four weeks. Since 1998, men who share the maternity leave with their spouses can receive a maternity allowance, provided that the mother has returned to work.

Foreign workers are also eligible for a maternity allowance. The 2003 Economy Arrangements Law prescribed that foreign workers who are staying in Israel without a legal permit are not eligible for a birth grant or for a maternity allowance.

Childbirth allowance – This allowance is paid to women who in one delivery give birth to three or more infants who remain alive for the period prescribed by law, and it is intended to assist her with expenses. The allowance is paid monthly for 20 months. The amount of the allowance is derived from the basic amount and gradually diminishes during the period of entitlement.

Risk pregnancy benefit – This benefit is paid to working women who, for medical reasons relating to their pregnancies, are forced to stop working for at least 30 days and receive no payment from their employers or from any other source for those days. The qualifying period for eligibility for this benefit is the same as that for a maternity allowance. At the beginning of 1995, the amount of the risk pregnancy benefit was set at the woman’s average wage in the three months prior to stopping work and no more than

70% of the average wage. In 2000, the law was amended so that the maximum amount payable was the full average wage (since 2006, it is the full basic amount).

Special pension and special benefit – These benefits are paid if a woman dies during childbirth or within one year of that childbirth. A monthly pension of 30% of the average wage is paid for a period of 24 months for every infant born during that delivery. If the child is receiving a survivors' benefit or a dependent's benefit, the pension is paid for 12 months only. A special benefit is paid to the spouse of the deceased if he stopped working in order to care for his child, at the same rate as the injury allowance and for up to 12 weeks. This special benefit is paid in about ten cases per annum.

International Comparison of Maternity Benefits: Conditions of Eligibility, Duration and Size of Payment

The maternity allowance is intended to compensate working women for the loss of pay during the maternity leave they are obliged to take under the Employment of Women Law. Eligible for a maternity allowance are all working mothers – employees, the self-employed and those in vocational training – for whom insurance contributions have been paid for 10 out of the 14 months or 15 out of the 22 months prior to the birth, in which case the maternity allowance is paid for 14 weeks. If insurance contributions were paid for her for 6 out of the 14 months prior to the birth, the maternity allowance is paid for 7 weeks. The amount of the maternity allowance per day is 100% of the income or daily average wage of the mother in the three months prior to stopping work. In 2012, the maximum maternity allowance was NIS 1,400, which is about 285 euros per day.

For the purpose of an international comparison of eligibility criteria and components of the benefit, 27 European countries were selected (see table below). The comparison shows that in most countries – 24 out of 27 – eligibility for maternity benefit is conditional on the woman having worked before the birth. In the other three countries – Iceland, Norway and Finland – the criterion is residency. The qualifying period ranges from one month out of the 12 months prior to the birth up to 365 days out of the two years prior to it. In another eight countries, no qualifying period is defined.

Maternity leave lasts between 9 weeks in Norway up to 34 in Slovakia, and the European average is 18 weeks. Maternity leave in Israel is shorter than the European average (7 to 14 weeks), as the graph below shows. The maternity benefit in the countries examined is 50%-100% of the mother's wage or income before the birth. The most common rate, found in 23 of the 27 countries, is 80%. In this aspect, Israel is in the group of the most generous countries, since new mothers are paid 100% of their wages or income before the birth.

In most countries – 24 out of 27 – eligibility for maternity benefit is conditional on the woman having worked before the birth. In the other three countries – Iceland, Norway and Finland – the criterion is residency. The qualifying period ranges from one month to 365 days of the period prior to the birth

Maternity Insurance: Qualifying Period for Maternity Benefit and Duration of Paid Maternity Leave in European Countries, January 2012

Country	Qualifying period	Paid leave (weeks)	Size of payment
Israel	Worked for 10 out of 14 months or 15 out of 22 months prior to the birth.	7 or 14	100% of average daily income in 3 months prior to stopping work, up to 287 euros per day
Austria	Worked up to 6 months out of 14 months prior to the birth for all working women (unconditional)	16	100% of average wage during 13 weeks prior to stopping work
Italy	All working women (unconditional)	21	80% of last monthly wage prior to stopping work
Iceland	12 months of residency prior to the birth	13	80% of average wage during the last year before stopping work. For non working women: minimum payment of 353 euros per month
Ireland	39 weeks of insurance in the 12 months prior to the birth	26	80% of the last weekly wage up to 262 euros per week
Estonia	All working women (unconditional)	20	100% of last monthly wage before stopping work
Belgium	6 months of insurance payments	15	82% of the last wage for the first 30 days of leave, and 75% from the 31st day
Britain	26 working weeks out of the 66 weeks prior to the birth	26	90% of the average weekly wage
Germany	All working women (unconditional)	14	100% of last monthly wage before stopping work, up to 13 euros per day
Denmark	120 hours of work in the 13 weeks prior to stopping work	18	100% of the last daily wage to a ceiling of 530 euros per week
Holland	All working women (unconditional)	16	100% of daily wage up to 193 euros per day
Hungary	365 days of insurance in the two years prior to the birth	24	70% of the daily wage in the last year prior to stopping work
Greece	200 days of work in the two years prior to the birth	19	50% of the last wage plus 10% for each child (up to 4 children)
Luxemburg	6 months of insurance payments	16	100% of the last monthly wage before stopping work
Latvia	12 months of insurance in the 24 months prior to the birth	18	100% of the average wage in the year before stopping work
Lithuania	All working women (unconditional)	16	80% of the average wage in the year before stopping work
Norway	Permanent residency before the birth	9	100% of the last daily wage. For non working women: a fixed one off payment of 4,655 euros
Slovakia	270 days of insurance in the two years before the birth	34	65% of the daily wage in the year prior to stopping work
Spain	180 days of work in the 7 years prior to the birth	16	100% of the wage in the last month prior to stopping work
Poland	All working women (unconditional)	20	100% of the daily wage
Portugal	6 months of insurance payments	17	100% of the daily wage
Finland	180 days of residency before the birth	15	90% of the last wage for the first 56 days of leave and 70% from the 57th day. For non working women: minimum payment of 22 euros a day
Czech Republic	270 days of insurance in the two years prior to the birth	28	70% of the average daily wage
France	10 months of work prior to the birth	16	100% of the wage of the last month prior to stopping work, up to 80 euros per day
Cyprus	26 weeks of insurance payments	18	75% of the average wage in the last year prior to stopping work
Romania	One month of insurance in the 12 months prior to the birth	18	85% of the average wage in the last 6 months before stopping work
Sweden	All working women (unconditional)	14	80% of the last wage
Switzerland	5 months of work out of the 9 months prior to the birth	14	80% of the average wage before stopping work up to 163 euros a day
European average		18	

Source: The European Union's on-line information system (MISSOC)



In 2012, birth grants were paid to about 169,000 women – an increase of 3.5% compared with 2011

B. Main Trends

In 2012, birth grants were paid to about 169,000 women (Table 1) – an increase of 3.5% compared with 2011. At the same time, the number of women of childbearing age (15 to 44) rose by 2.6%. In other words, the number of births per 1,000 women of childbearing age rose from about 91 births in 2011 to about 92 births in 2012.

Approximately 49,400 of the births in 2012 were first births, 45,500 were second births, and approximately 74,000 were third or subsequent births, as shown in Table 2. Approximately 3,900 were births of twins and 90 were births of triplets or more.

Of the total number of hospitalization grants paid in 2012, 2,713 grants were paid in respect of premature births, 5 less than in 2011.

In 2012, approximately 112,000 women received a maternity allowance, compared with approximately 106,000 women in 2011 – an increase of 5.9%. In those years the number of women of child-bearing age participating in the work force rose by 2.7%. In other words, the number of women who received a maternity allowance per 1,000 married women participating in the work force rose from 129 in 2011 to 133 in 2012.

The percentage of women who received a maternity allowance in 2012 was about 66% of the number of women who received a birth grant – a slight increase compared to 2011, when the percentage was 65%. The average age of recipients of the maternity allowance

In 2012, approximately 112,000 women received a maternity allowance, compared with approximately 106,000 women in 2011

The rate of women who received a maternity allowance out of those who received a birth grant increased slightly – from 65% in 2011 to 66% in 2012

Table 1
Live Births by Order of Birth (percentages), 2008-2012

Year	Total	1st birth	2nd birth	3rd birth	4th and subsequent births
2008	100.0	29.9	27.8	19.8	22.5
2009	100.0	29.8	27.1	20.0	23.1
2010	100.0	29.0	27.4	19.9	23.7
2011	100.0	29.6	27.4	19.7	23.3
2012	100.0	29.5	27.1	19.8	23.6

Table 2
Women Who Received a Birth Grant and Maternity Allowance (monthly average) (numbers and percentages), 2008-2012

Year	Received Birth Grant		Total	Received Maternity Allowance	
	Number	% change over previous year		% change over previous year	% of all women who received birth grant
2008	152,319	3.5	93,630	5.1	61.5
2009	157,702	3.5	97,715	4.4	62.5
2010	166,694	5.7	103,318	5.7	62.1
2011	163,402	-1.8	105,740	2.3	64.7
2012	169,166	3.5	112,014	5.9	66.2

Table 3
Recipients of Maternity Allowance, by Size of Allowance Per Day as a Percentage of the Average Daily Wage (numbers and percentages), 2008-2012

Year	Total number of recipients	Up to 1/4 of average wage	1/4-1/2 of average wage	1/2-3/4 of average wage	3/4 to full average wage	More than average wage
2008	93,630	7.5	25.5	27.4	16.8	22.8
2009	97,715	7.1	23.8	27.3	19.2	24.6
2010	103,318	7.7	24.7	26.6	16.9	24.1
2011	105,740	7.4	24.8	26.4	16.9	24.5
2012	112,014	7.4	24.5	26.1	17.1	24.9

in 2012, less than one third of the women received a maternity allowance at a daily rate that was no more than half of the average national wage, while approximately one quarter received a daily maternity allowance that exceeded the average wage

– 31.5 – rose slightly in comparison with 2011. Approximately 95% of the women who received a maternity allowance were salaried employees, while the remainder – 5% – were self-employed or members of a kibbutz or a cooperative settlement (moshav).

The distribution by the daily rate of the maternity allowance indicates that, in 2012, less than one third of the women received a maternity allowance at a daily rate that was no more than half of the average national wage, while approximately one quarter received a daily maternity allowance that exceeded the average wage. The percentage

of women who receive a maternity allowance at a rate exceeding the average wage has been steadily rising, from 22.8% in 2008 to 24.9% in 2012. Concurrently, the percentage of women who are receiving up to half of the average wage has been diminishing, from approximately 33% in 2008 to less than 32% in 2012.

Since the maternity allowance is paid at the rate of the woman's pay prior to giving birth, distribution by the amount of the maternity allowance represents the distribution of wages among these women. In 2012, the average earnings from work of women giving birth were NIS 7,227 per month, which represents approximately 82% of the average wage in the economy, compared with NIS 6,991 in 2011, also representing approximately 82% of the average wage.

The amount of the maternity allowance, like wages, varies according to demographic and employment characteristics:

The maternity allowance increases with the woman's age. In 2012 the average maternity allowance was NIS 241 per day, which is about 82% of the average wage. Women up to the age of 24 received maternity allowance at the rate of approximately 46% of the average national daily wage, while among women who were at least 35 years old, the rate rose to above the average daily wage (105% of the average daily wage).

The maternity allowance paid in the center of the country was higher than that paid in outlying regions of Israel. The NII's Tel Aviv and Kfar Saba local branches recorded the highest average daily rate for the maternity allowance (119% and 114% of the average national daily wage, respectively), while the NII's Bnei Brak and Nazareth local branches recorded the lowest average daily rate (63% and 60% of the average daily wage, respectively).

It should be noted that in 2012, the number of men who received a maternity allowance remained stable in comparison to 2011 – 537 men. In other words, for every 1,000 women who received a maternity allowance, about five men received the allowance. Between 2009 and 2011 there was a steady increase in the number of men receiving maternity allowance, from 285 to 536.

Table 4
Maternity Benefits Payments, in 2012 Prices
(NIS thousand), 2008-2012

Year	Total benefit payments	Hospitalization	Birth grant	Maternity allowance	Risk pregnancy
2008	4,297,285	1,738,754	168,304	2,253,154	126,566
2009	4,643,862	1,926,937	177,251	2,373,910	148,530
2010	4,963,650	2,138,720	185,443	2,465,025	157,380
2011	5,122,665	2,150,201	183,316	2,570,502	162,490
2012	5,481,607	2,186,969	189,699	2,750,795	178,525

C. Volume of Payments

In 2012, the volume of benefit payments by the Maternity branch increased by 7.0%. Payments of hospitalization grants and maternity allowances constituted approximately 93% of all payments

In 2012, the volume of benefit payments by the Maternity branch increased by 7.0% (in fixed prices). Payments of hospitalization grants and maternity allowances constituted approximately 93% of all payments. The rise in the total volume of payments was primarily due to an increase in the number of births.

The share of payments by the Maternity Insurance branch out of total NII payments rose from 8.2% in 2011 to 8.4% in 2012, in line with the increase in the number of women giving birth. It should be noted that, except for 2011, the rate of maternity benefits as a proportion of all NII payments has been rising since 2006.

6. General Disability Insurance

A. Benefits in the General Disability Branch

The General Disability insurance branch pays the following benefits under the National Insurance Law:

Disability pension – guarantees a minimum subsistence income to disabled persons whose ability to earn a living from work or practice their profession has been impaired; paid since 1974.

Attendance allowance – helps the disabled who depend on the assistance of others to carry out their daily activities, or who require constant supervision, to pay for such assistance. Paid since 1979.

Benefit for disabled child – for families who are caring for a disabled child at home. Paid since 1981.

The branch also handles the following benefits that are not derived from the National Insurance Law:

Mobility allowance, paid to those whose mobility is restricted¹, to subsidize their mobility expenses outside the house. Paid since 1975.

Compensation to radiation-affected persons, paid to those who received radiation to treat scalp ringworm (*tinea capitis*) between 1946 and 1960, and fell ill as a result. Paid since 1995.

Compensation to polio victims, paid to those who contracted polio in Israel – or received medical treatment for polio in Israel – and suffered a medical disability as a result of the polio. Paid since 2007.

Table 1
Recipients of Benefits for General Disability, Attendance Allowance, Disabled Child and Mobility (monthly average), 2008-2012

Year	Disability		Attendance allowance		Disabled child		Mobility	
	Percent change	No. of recipients	Percent change	No. of recipients	Percent change	No. of recipients	Percent change	No. of recipients
2008	194,988		29,390		25,255		28,915	
2009	200,072	2.6%	31,196	6.1%	26,527	5.0%	30,364	5.0%
2010	207,174	3.5%	33,134	6.2%	27,870	5.1%	31,616	4.1%
2011	212,951	2.8%	35,219	6.3%	29,483	5.8%	32,964	4.3%
2012	217,589	2.2%	37,825	7.4%	32,103	8.9%	34,087	3.4%

1 Only a person whose disability affects his legs, as defined in the Law.

Table 2
Minor Recipients of Disability Benefits,
by Type of Benefit, December 2012

Number of benefits	Type of Benefit	Number of recipients	Rate of change compared to 2011
Total	Disabled minors	33,571	9.4%
One benefit	Disabled child	29,186	10.6%
	Mobility	264	-6.7%
Two benefits	Disabled child + mobility	4,121	2.8%

A recent study by the National Insurance Institute and the Brookdale Institute found that in Israel there are about one million people defined as disabled in some way that affects their functioning². In 2012, about a quarter of them, 245,000, received one or more benefits from the General Disability branch: an annual increase of 2.7%.

Recipients of the general disability pension constitute about 90% of all those eligible for a benefit from the branch, about 217,589 people on average each month in 2012, an estimated 4.6% of the eligible age bracket

Recipients of the general disability pension constitute about 90% of all those eligible for a benefit from the branch, about 217,589 people on average each month in 2012, an estimated 4.6% of the eligible age bracket (18 to retirement age). After about a decade during which the retirement age changed and Amendment 109 to the Law was introduced (“Laron Law”), the annual rate of increase in the number of recipients stabilized at about 2% – identical to the rate of natural growth in the population.

The number of recipients of a benefit for a disabled child rose sharply compared to previous years, due to an additional extension of the grounds for eligibility (“Or-Noy Regulations 2”). It is reasonable to assume that this trend will continue in the coming years, in view of the extended grounds for eligibility, but not necessarily at the same rate.

The number of recipients of the attendance allowance grew by 1% compared to the average rate of change in previous years, while the number of recipients of a mobility allowance decreased by 1% compared to previous years, although there were no policy changes affecting these two allowances.

The number of recipients of a benefit for a disabled child rose sharply compared to previous years, due to an additional extension of the grounds for eligibility

Since November 1999, a disabled person who meets all the criteria and conditions of the laws and regulations can receive more than one benefit during the same period. Tables 2 and 3 show that in December 2012, 41,217 disabled adults and 4,121 disabled minors (who together constitute 16% of the number of recipients in the branch) received two or more benefits simultaneously. This was particularly striking with regard to the attendance allowance, 81% of whose recipients were also eligible for other benefits (usually a disability pension), and the polio victims’ benefit, 75% of whose recipients also received another benefit (usually a mobility allowance).

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2 Disabled Working Age People in Israel – Incidence In the Population, Characteristics and Employment Situation, Naon et al., The National Insurance Institute, December 2012.

Table 3
Adult Recipients of Disability Benefits,
by Type of Benefit, December 2012

No. of benefits	Type of Benefit	No. of recipients	% change over 2011
Total	Disabled Adults	219,678	2.3%
	General disability (GD)	219,678	2.3%
	Attendance allowance	38,804	7.5%
	Mobility	30,206	2.9%
	Polio	4,074	8.7%
	Tinea-related Radiation	4,138	3.5%
One benefit	GD only	182,225	2.0%
	Attendance only	7,359	11.7%
	Mobility only	10,270	1.0%
	Polio only	1,014	7.5%
Two benefits	Tinea only	3,350	5.8%
	GD + Attendance	20,230	6.4%
	GD + Mobility	7,036	-1.8%
	GD + Polio	310	-2.2%
	GD + Tinea	456	-10.8%
	Attendance + Mobility	1,949	13.5%
	Attendance + Polio	25	56.3%
	Attendance + Tinea	113	15.3%
	Mobility + Polio	1,294	12.4%
	Mobility + Tinea	47	2.2%
Three benefits	Polio + Tinea	3	200.0%
	GD, Attendance + Mobility	8,160	5.0%
	GD, Attendance + Polio	70	6.1%
	GD, Attendance + Tinea	73	8.8%
	GD, Mobility + Polio	604	4.0%
	GD, Mobility + Tinea	20	23.1%
	GD, Polio + Tinea	-	-
	Attendance, Mobility + Polio	289	25.1%
	Attendance, Mobility + Tinea	41	46.4%
	Attendance, Polio + Tinea	1	-
Four benefits	Mobility, Polio + Tinea	2	33.3%
	GD, Attendance, Mobility + Polio	462	5.2%
	GD, Attendance, Mobility + Tinea	32	-15.8%
	GD, Attendance, Polio + Tinea	-	-
	GD, Mobility, Polio + Tinea	-	-
Five benefits	Attendance, Mobility, Polio + Tinea	-	-
	GD, Attendance, Mobility, Polio + Tinea	-	-

B. Disability Pension

1. Main points of the Law

The general disability pension is a monthly benefit paid to someone who is a resident of Israel, between the age of 18 and retirement age, whose ability to earn a living from work is affected by his disability³. This benefit assures those eligible a minimal subsistence income⁴. The law defines two categories of persons eligible for the benefit:

- (a) Disabled wage-earners: Men or women who, as a result of a physical, cognitive or mental impairment due to illness, accident or congenital defect, have lost their ability to earn a living from work or their earning ability has been reduced by at least 50%; or their monthly earnings from work do not exceed 45% or 60% of the average wage (depending upon what group they belong to, as will be explained below), as defined in the National Insurance Law⁵.
- (b) Disabled housewives: Married women who have not worked outside the home for the periods defined in the law, and who, as a result of a physical, cognitive or mental impairment due to illness, accident or congenital defect, have lost at least 50% of their capacity to perform routine household tasks.

Among those active in the job market, the Law distinguishes between two groups of those eligible for the pension: Group A are people with a severe impairment⁶ or people with a long-term impairment⁷. They can receive a disability pension if their income from work does not exceed 60% of the average wage. Group B are all the rest, who can obtain a disability pension if their income from work does not exceed 45% of the average wage.

The process of determining eligibility for a disability pension has several stages:

1. Examining income from work at the time of entitlement – The amount of the income from work that qualifies for payment of a pension is not fixed; it varies according to the individual's medical condition and the group to which he belongs.
2. Establishing medical disability – An NII-appointed physician determines the percentage of medical disability based on medical examinations and records and in accordance with the criteria set by the law. The disability percentage expresses the severity of a person's medical condition. As part of the medical examination, the doctor and claims clerk check whether the following threshold requirements for defining a person as disabled have been met. (a) For a disabled wage-earner: medical disability of

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 3 Income from sources other than work are not considered when determining eligibility for a disability pension.

4 The disability pension is paid from the 91st day of beginning of the impairment, providing that the claim is submitted within 15 months. For a later claim, the start of payment is later.

5 In 2012 the average wage according to the National Insurance Law was NIS 8,619.

6 Severe impairment: someone who is defined as having a medical disability of at least 70%, or who suffers from mental retardation or disability of at least 40%.

7 Long-term eligibility: those who were eligible for a benefit for at least 60 months during the seven years prior to August 1, 2009.

at least 60%, or 40% in instances where the medical disability percentage for a single impairment is at least 25%. (b) For a disabled housewife: medical disability of at least 50%.

3. Determining the degree of incapacity for work – The NII claims clerk, after consulting with the NII physician and rehabilitation clerk, determines the disabled person's degree of incapacity to earn a wage⁸, taking into account his ability to return to work (on a full- or part-time basis), or to find other work suited to his education, physical abilities and state of health. The determination of a full or partial incapacity reflects a complete or partial loss of earning capacity, while the determination of a permanent or temporary degree of earning incapacity indicates a loss of earning capacity permanently or for a limited period.

In August 2009, Amendment 109 to the National Insurance Law (the “Laron Law”) came into effect, with the objective of improving the conditions of disability pension recipients who found work, out of a desire to improve their quality of life, integrate them into society and improve their public image. The amendment allows the disabled person to increase his income from work without losing his eligibility for the pension (and its associated benefits) and ensures that his combined income from work and the pension will **always** be higher than the amount of the pension alone⁹. Moreover, the disabled were divided into two categories (see explanation above), in order to differentiate between those with a high potential for integration in the labor market and those whose prospects for finding employment are lower. In addition, different criteria were created for assessing income from work, to encourage integration into the work force. As part of the amendment a new benefit was added (as part of Disability insurance): the incentive pension. This benefit is paid instead of a disability pension to those whose income from work exceeds the amount specified in the Law, and who have been eligible for a disability pension for at least 12 months.

A disabled wage-earner or housewife who is given the full incapacity degree (at least 75%) is eligible for a monthly pension of 26.75% of the basic amount as defined by law. In 2012 the full pension for a single disabled person was NIS 2,267. Recipients defined as fully incapacitated, who are not in an institution and whose medical disability is at least 50%, receive an increment to the monthly pension (hereafter: the additional monthly pension), which ranges from NIS 244 to NIS 360 (in 2012). About 65% of disability pension recipients qualify for this increment.

A disabled wage-earner or housewife who is given the full incapacity degree (at least 75%) is eligible for a monthly pension of 26.75% of the basic amount as defined by law. In 2012 the full pension for a single disabled person was NIS 2,267

8 Loss of capacity to work of less than 50% does not qualify the individual for a pension.

9 Until the amendment came into effect, the disability pension was stopped when the insured's income from work exceeded 37.5%/ 45%/ 55% of the average wage, depending on his education level. Now it is set off according to Table H1 as defined in the Law: for earnings between 21%-25% of the average wage, the disability pension is cut by 10%; for earnings between 25%-68% of the average wage, the pension is reduced by 30%; for earnings between 68%-93% by 40%; and for earnings over 93% - by 60%.

Similarly, a disabled person is eligible for an increment for his **dependents**. **This increment is an important tool for rescuing families from poverty where one of the breadwinners is disabled:** (a) For partner who is an Israeli resident (whether married to the disabled person or his/her common-law spouse), whose monthly income does not exceed 57% of the average wage, the disabled person is eligible for an increment of 50% of the full single pension being paid to him. (b) A child who is an Israeli resident as defined by the NII entitles the disabled person to an increment of 40% of the single pension being paid to him (for the first two children only). A disabled housewife is eligible for an increment for her first two children only, and not for her spouse. A disabled wage earner or a housewife receiving an increment for dependents and who has an income other than from work will have the increment for dependents (only) decreased by the amount of such income.

In addition to the benefits provided by the NII, recipients of a disability pension or an incentive pension are entitled to benefits from other public organizations on various conditions¹⁰.

2. Recipients of the general disability pension

Since the beginning of this century, the number of recipients of disability pension has risen by more than twice the rate of natural increase in the population

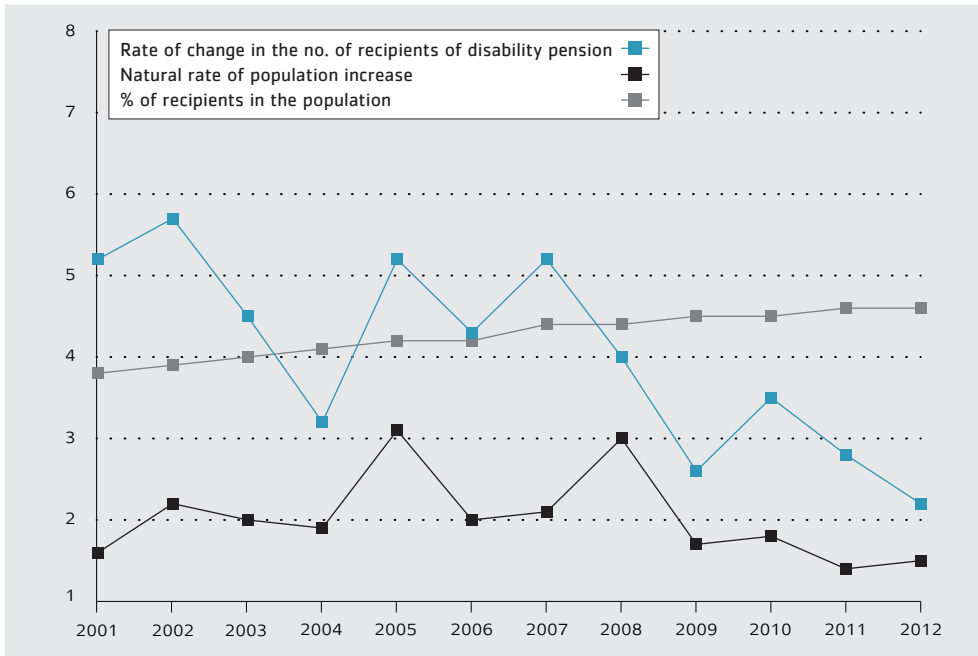
Since the beginning of this century, the number of recipients of disability pension has risen by more than twice the rate of natural increase in the population. There are a number of reasons for this: (a) the gradual raising of the retirement age for men and women; (b) the increase in morbidity rates, deriving from greater reporting of diseases and the drop in mortality rates among patients; (c) changes in the earnings threshold for examining pension eligibility and the gradual setoff of the disability pension against earnings from work. Once the potential of disabled persons who became eligible following these changes is neutralized, the annual rate of growth has stabilized at around 2% – very close to the rate of natural increase in the population.

Last year the number of claims for general disability pension rose by 8.8% (about 101,000) compared to the previous year

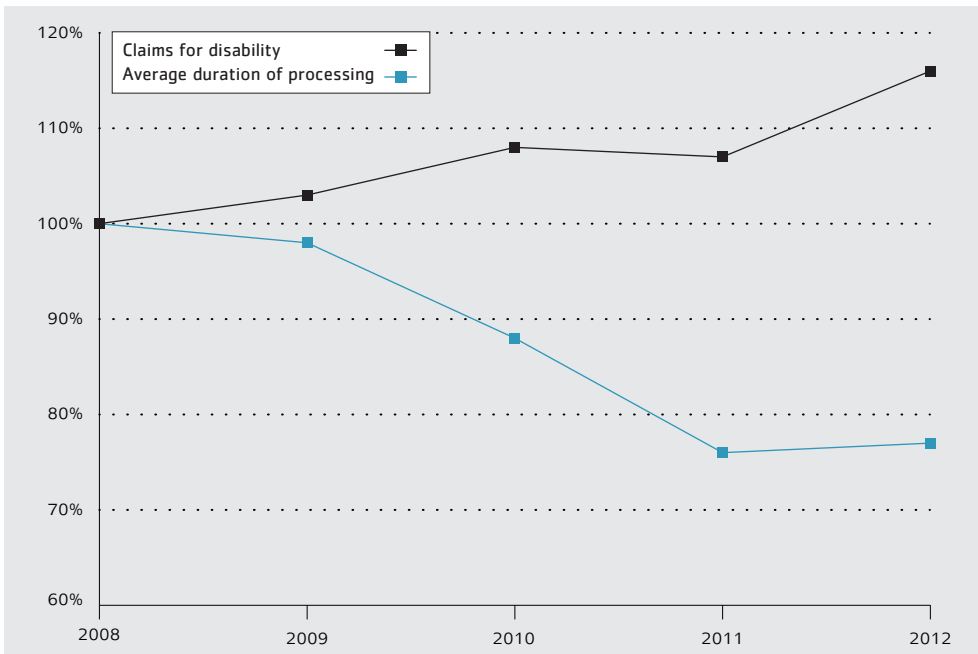
Last year the number of claims for general disability pension rose by 8.8% (about 101,000) compared to the previous year. 74% of the increase derived from claims from people who were not receiving a pension at the time of the claim. As a result, the number of first time recipients of the pension grew by 4.5%, and for the first time exceeded 20,000 (20,804). It may be assumed that the shaky state of the economy is pushing people who have lost their livelihood to seek other sources of income. Notwithstanding the continuing increase in the annual number of claims, and as part of the effort to

10 These benefits include, inter alia, an exemption from paying insurance contributions to the NII; exemption of income tax or property purchase tax payments to the Finance Ministry; discounts on local property taxes (“arnona”) and water bills; assistance with rent payments or home purchasing from the Construction and Housing Ministry; discounts on fees paid to the Israel Land Administration; discounts on public transport and benefits from the Welfare and Social Affairs Ministry and reduced fees to the health funds. More details can be found on the NII’s website and on the websites of the ministries/ organizations granting the benefits.

Graph 1
Recipients of Disability Pension
and Developments in the Working Age Population, 2001-2012



Graph 2
Change in the Number of Claims for Disability Pension
and the Average Time Required to Process Cases (percentages), 2008-2012



improve its service, the National Insurance Institute has set itself the goal of reducing as much as possible the length of time required to process a claim, from the date of submitting the claim to the ultimate decision. As Graph 2 shows, this objective has been achieved: the average time required to process a claim for disability pension has fallen by 23% compared to 2008, and is now 55 days on average.

An examination of the breakdown of pension recipients in December 2012 by gender and degree of incapacity¹¹ points to a significant gap in the degrees of incapacity determined for the wage-earning disabled and for housewives (Table 4). About 84% of the working disabled (men and women) were declared fully incapacitated and thus

Table 4
Recipients of Disability Pension, by Degree of Incapacity and Gender (numbers and percentages), December 2012

Gender		Total		Degree of incapacity (percentages)			
		Numbers	Percentages	60%	65%	74%	75%-100%
Total	Number	219,678		24,135	14,299	4,350	176,894
	Percent		100%	11.0%	6.5%	2.0%	80.5%
Men		127,666	100%	9.6%	4.6%	1.4%	84.4%
Women		92,012	100%	13.0%	9.0%	2.9%	75.1%
Thereof:	Wage earning	75,889	100%	9.8%	5.4%	1.7%	83.1%
	Housewives	16,123	100%	27.8%	26.2%	8.4%	37.6%

Table 5
Recipients of Disability Pension by Current Age, Average Age and Primary Impairment (numbers and percentages), December 2012

Primary impairment		Total		Age (percentages)					Average age
		Numbers	Percentages	18-24	25-34	35-44	45-54	55-retirement age	
Total	Number	219,678		15,505	31,728	40,010	53,555	78,880	47.3
	Percent		100%	100%	100%	100%	100%	100%	
	Psychotic disorders	44,027	20.0%	19.8%	28.3%	28.4%	20.7%	12.1%	43.6
Mental	Psychoneurotic disorders	28,203	12.8%	14.4%	15.3%	14.8%	14.6%	9.3%	44.9
Mental	retardation	22,808	10.4%	25.0%	20.2%	14.0%	7.6%	3.6%	38.2
Internal		52,542	23.9%	8.7%	9.0%	13.8%	23.5%	38.3%	53.9
Urogenital		7,236	3.3%	1.3%	1.6%	2.4%	3.8%	4.5%	52.0
Neurological		28,163	12.8%	15.9%	13.1%	12.3%	11.7%	13.1%	46.9
Locomotive		18,238	8.3%	5.0%	4.9%	7.1%	9.5%	10.2%	50.3
Sensory	Sight	10,771	4.9%	4.9%	4.5%	4.7%	4.8%	5.3%	47.9
	Hearing	5,123	2.3%	4.8%	2.8%	2.0%	2.0%	2.1%	44.3
Other		2,567	1.2%	0.3%	0.4%	0.5%	1.9%	1.5%	52.3

11 The breakdown of pension recipients by degree of incapacity and medical percentages is shown in Table F/1 in the Appendix.

received a full disability pension, while only 38% of housewives were declared fully incapacitated. The differences apparently stem from the differing eligibility requirements for the two groups.

Recipients of disability pension by age, average age and primary impairment¹² are shown in Table 5. About a third of recipients have a mental problem as their primary impairment. The characteristics of the primary impairment vary with age. In the younger age bracket, congenital defects (such as deafness, retardation, mental and neurological disorders¹³) are most prominent, while in older age groups there is an increase in age-related disorders (internal, urogenital and locomotive problems¹⁴).

The family status of the pension recipients and their dependents for which the pension is paid are shown in Table 6. It shows that 48% of pension recipients are married¹⁵, but 41% do not receive an increment for their families, because of the high (non-work) income of the disabled person or the income of his/her spouse (from work or not from work). The percentage of married, employed women is low, because a married woman who did not work before submitting her claim for the length of time prescribed by law is considered a housewife.

The low rate of participation of the disabled in the open job market is one of the most prominent problems facing policy makers in Israel. With the intention of integrate the disabled into society and maintaining their quality of life, the Laron Commission focused on the integration of recipients of a general disability pension in the labor market. The Organization for Economic Cooperation and Development (OECD), which Israel joined recently, also stresses in its policy statement the need to encourage recipients of a disability pension to integrate in the labor market and overcome existing employment barriers. This approach is based on the argument that a large percentage of pension recipients have at least a partial capacity to work that is not utilized for several reasons: (a) Many workplaces are not accessible or suited to the disabled; (b) Their disabilities put them at a disadvantage in the competitive job market; (c) Aside from the pension, recipients are entitled to various benefits from other public bodies that can be worth a considerable amount of money. It is possible that the fear of losing these benefits prevents some disabled people from seeking work.

In the last decade, only about 10% on average of recipients of a disability pension participated actively in the labor market, but in the last three years, since the

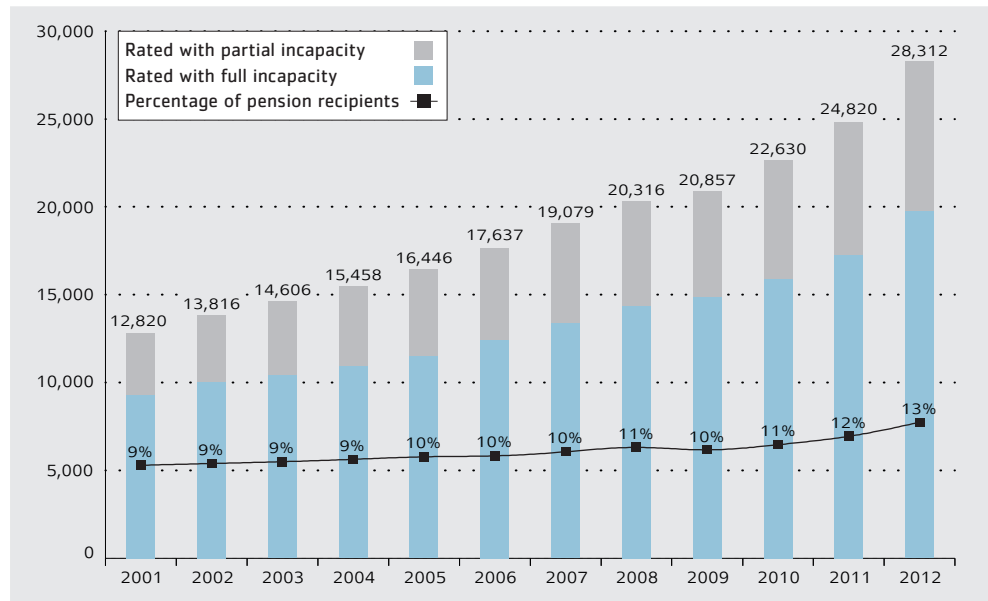
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- 12 The primary impairment is defined as the impairment with the highest degree of medical disability among an individual's various impairments. Note that cancer is not included in the list of items, because medical disability percentages for the NII are not determined by illness but by how well a person's limbs function.
- 13 Retardation: includes those with Down Syndrome; mental: includes those with autism; neurological: includes brain syndromes, nerve disorders and convulsive disorders.
- 14 Internal: includes blood, heart, liver and lung diseases, diabetes, asthma, and most cancer patients: urogenital, including kidney, urinary and reproductive tract and bladder problems (common among sufferers of prostate cancer); locomotor: including bone and joint diseases, spinal disorders and limb amputation or rigidity.
- 15 Disabled persons with a common-law spouse are not considered to be married.

48% of pension recipients are married, but 41% do not receive an increment for their families, because of the high (non-work) income of the disabled person or the income of his/her spouse

In the last decade, only about 10% on average of recipients of a disability pension participated actively in the labor market, but in the last three years, since the recommendations of the Laron Commission were introduced, there has been a slight increase in the number of those employed

Graph 3
Recipients of Disability Pension in the Labor Market¹⁶, 2001–2012



recommendations of the Laron Commission were introduced, there has been a slight increase in the number of those employed (Graph 3). This rise can be partly explained by the new entitlement of the working disabled, who according to the old conditions of eligibility were not entitled to a pension. The graph also shows that the proportion of pension recipients with partial degrees of disability is high among those employed relative to their proportion among all recipients. It is possible that the existing test for earning capacity is reasonably successful in predicting their ability to find work, but it is also probable that the amount of the pension has some effect: the higher the pension, the lower the incentive to find work, particularly when the salary offered is not high. The average monthly income from work of these disabled persons in 2012 was about NIS 2,030 (the median wage was NIS 1,800; in other words, less than a quarter of the average wage in the economy).

The average monthly income from work of these disabled persons in 2012 was about NIS 2,030

Box 1
Amendment 109 to the National Insurance Law (“The Laron Law”) and Its Effect on Recipients of Disability Pension

In 2002 a public commission was set up, headed by the late retired Judge Ephraim Laron, to examine the condition of the disabled and their advancement and integration in the community. The commission focused on the integration of disability pen-

16 The figures include information reported or known to the branch, including with respect to disabled persons working in sheltered or supported employment.

sion recipients in the labor market, as a decisive tool for their integration into society. As part of the implementation of the commission's recommendations, in August 2009, Amendment 109 to the National Insurance Law came into effect ("the Laron Law"). This Amendment was designed to improve conditions for recipients of disability pensions who went out to work, with the intention of improving their quality of life, integrate them into society and improving their public image.

Main points of the "Laron Law"

A mechanism was introduced for gradual setoff of the disability pension against earnings from work, to enable the disabled to integrate into work without their national insurance rights being instantly affected (as happened before then). The amendment also ensures that the total income from work and pension will always be higher than the pension alone¹.

Furthermore, a new benefit was added as part of Disability insurance: the incentive pension, which is paid instead of a disability pension to those whose income from work exceeds the amount specified in the Law and who have been eligible for a disability pension for at least 12 months.

The disabled were divided into two groups, and a new income threshold was defined for examining eligibility for the benefit: Group A are people with a severe impairment² or people with a long-term impairment³, whose eligibility for a disability pension is examined as long as their income from work does not exceed 60% of the average wage. Group B are all the rest, whose eligibility for a disability pension is examined if their income from work does not exceed 45% of the average wage. Housewives are not included in this division since they are not active in the labor market. The purpose of the division is to distinguish between the disabled with a high potential of finding work and those whose chances of doing so are lower.

Disabled persons eligible for an increment for dependents, with a partial degree of earning incapacity and whose wages are more than 21% of the average wage, began to receive this increment.

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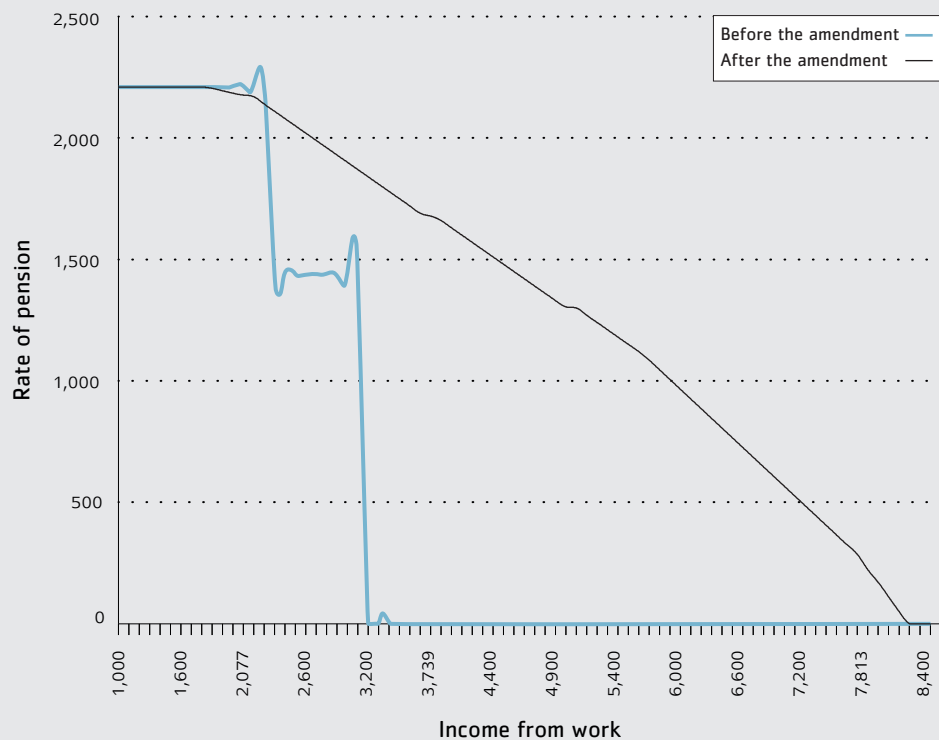
- 1 Until the introduction of the amendment to the Law, the disability pension was stopped, according to the disabled person's education (when his earnings from work exceeded 37.5/ 45/ 55% of the average wage). Now it is set off according to Table H1 as defined in the Law: for earnings between 21%-25% of the average wage, the disability pension is cut by 10%; for earnings between 25%-68% of the average wage, the pension is reduced by 30%; for earnings between 68%-93% by 40%; and for earnings over 93% - by 60%.
- 2 Serious impairment: someone who is defined as having a medical disability of at least 70%, or who suffers from mental retardation or disability of at least 40%.
- 3 Long-term eligibility: those who were eligible for a benefit for at least 60 months during the seven years prior to August 1, 2009.

Disabled persons defined as having full earning incapacity who earn more than 25% of the average wage will not have their degree of earning incapacity reviewed.⁴

The graph below shows one example of a change in the amount of pension paid to the disabled relative to their earnings from work.

In order to reduce the possible objection of the disabled to the amendment in the Law, it was decided that it would apply to everyone who submitted a claim after August 2009 and anyone who was not working before the application of the law. Everyone who received a pension and worked was given the right to choose between assessment under the terms of the old law or of the new law. 80% of recipients of the disability pension are assessed according to the Laron Law, but only 1% of them are “old timers” who worked before the law was introduced.

Disability Pension for an Individual with Elementary Education, Before and After the Amendment, by Earnings from Work



4. Previously, anyone who earned more than 25% of the average wage and was eligible for a full pension had to have their degree of incapacity reviewed: in most cases, the degree of incapacity was reduced and in some cases this removed their eligibility for the pension.

Recipients of Disability Pension who Benefited from the “Laron Law”

	Benefit as a result of the Law	No. of recipients
Total		8,746
One benefit	Increased their income beyond the “restriction”*	3,094
	Were not required to undergo a review	6,366
	Receive the full dependents’ increment	1,808
	Increased their income beyond the “restriction”*	572
	Were not required to undergo a review	4,179
	Receive the full dependents’ increment	1,473
Two benefits	Increased their income beyond the “restriction” and were not required to undergo a review	2,187
	Increased their income beyond the “restriction” and receive the full dependents’ increment	135

* Beyond the income permitted under the old law (see note 1).

The effect of the “Laron Law” on recipients of disability pension

According to National Insurance estimates, about 50% of disability pension recipients have the potential of integration into work, in spite of their medical limitations. Many people, both inside and outside the NII, hoped that the introduction of the “Laron Law” would bring about a change in the extent of employment of pension recipients, but in the three years since the amendment was introduced, only a few have taken up the opportunity. From when the Law came into force until December 2012, the Amendment benefited 8,746 pension recipients for at least a month⁵, broken down as follows:

Of the people who increased their income beyond the “restriction”, 1022 were eligible, for at least one month, for the incentive pension; 68% of them were in Group A.

Of all beneficiaries of the amendment, 64% are still not receiving a monthly disability pension. About half the people who benefit from the amendment (4,252) were receiving the pension before it was implemented. 2,680 people who benefited from the Laron Law, 30% of all beneficiaries, worked before they began receiving a pension. In fact the Law benefited them although this was not the intention of the policy makers.

56% of the people who benefited most from the Law are aged 45 and over – apparently because of their previous employment experience.

The average monthly wage for those who benefited from the Law is about NIS 3,500 and the medium wage is NIS 3,414 – which is 75% higher than the wages of all working pension recipients.

5. The check was done for the month in which their wages were the highest for the period.

There are another 4,165 recipients of disability pension who began working after the Law came into force. 85% of them are still active in the labor market, and they could potentially be eligible for benefits under the Amendment, as soon their pay exceeds 21% of the average wage.

The foregoing data show that only 1% of recipients of the disability pension realized the primary intention of the Law and increased their income beyond the old income threshold. However, it is important to remember that the limited success of the amendment is partly due to the severe crisis of trust between the disabled public and the National Insurance Institute, which the Laron Law did not tackle, while some say it even made it worse: let us remember that 99% of the disabled who had the right to choose between the old eligibility tests and the new ones, chose not to subject themselves to the Laron tests.

The NII's Research & Planning Administration, together with the Brookdale Institute, is currently working on an in-depth study to locate and analyze the reasons for the failure to integrate disability pension recipients into the job market, against the background of the changes in the conditions for eligibility. We hope that this study will add to our knowledge on this subject.

C. Attendance Allowance

1. Main points of the Law

The Attendance Allowance ("AA") is paid to insured persons who require the assistance of another in their daily activities (dressing, eating, washing, mobility and so on), or who need constant supervision to prevent them endangering themselves or others¹⁷.

Anyone who complies with the following criteria¹⁸ can be eligible for the allowance, providing that he lives in Israel and has not reached retirement age before the claim is submitted¹⁹:

Recipients of disability pension: if their degree of medical disability is 60% and over (in the items of disability recognized for AA) and on condition that they are not receiving a special benefit for work-related impairments or for personal treatment or home help under another law.

Anyone who needs dialysis (at least twice a week) or who is undergoing active treatment for oncological diseases and is dependent on the help of others (for at least 12 days a month), or who has received a transplant (kidney, heart, pancreas, lung, liver) or has undergone autologous or donor bone marrow transplantation – may be eligible for the allowance.

17 Similar to the conditions of eligibility pursuant to the Long-term Care Insurance Law, Section 223 of the National Insurance Law (Combined Version), 5755-1995.

18 National Insurance Regulations (Disability Insurance) (Provision of Attendance Allowance), 5739-1978.

19 The AA is paid from the 91st day following the appearance of the impairment, providing that the claim is submitted within 15 months. In June 2012 the Law was amended as follows: eligible persons whose degree of medical disability for AA is at least 75% and their eligibility has been set for at least 6 months – will receive the AA from the 31st day of the impairment's appearance.

Blind persons whose degree of medical disability has been set at 90% or more and who live alone or with a blind spouse or who also suffer from at least 50% deafness – may be eligible for the allowance.

Anyone who is not receiving a General Disability Pension, if they meet the following criteria: (a) they are defined as having medical disability of at least 75% and their monthly income from work does not exceed 5 times the average wage (NIS 43,095 in 2012), on condition that they are not receiving a special benefit for work-related impairments or for personal treatment or home help under another law; (b) new immigrants (with an immigrant ID) within their first year of immigration.

Anyone who is in an institution where he receives medical, nursing or rehabilitation services is not eligible for the allowance. Recipients of benefits under a mobility agreement will only be eligible for the allowance if a Medical Committee has determined that their mobility limitation is 100% and they need and use a wheelchair or are confined to bed.

Anyone who was eligible for the allowance before reaching retirement age, upon reaching this age is entitled to choose between continuing to receive the allowance or receiving a long-term care benefit.

The amount of the AA is determined with reference to the full disability pension (25% of the basic amount), and it is paid with an increment (the additional monthly pension, “AMP”)²⁰. The allowance has three levels, which are determined according to the disabled person’s degree of dependence on others: (a) A person who needs significant help with most of his daily activities throughout most of the day is entitled to a basic allowance equal to 50% of the full disability pension – NIS 1,060, and AMP of NIS 297. (b) A person who needs significant help with all his daily activities throughout most of the day is entitled to an allowance equal to 105% – NIS 2,225, and AMP of NIS 604. (c) A person who is completely dependent on others for all his daily activities throughout the whole day is entitled to an allowance equal to 175% of the full disability pension – NIS 3,708, and AMP of NIS 901. All these amounts are correct for 2012²¹.

2. Recipients of attendance allowance

In December 2012, 38,804 people received the attendance allowance – 7.5% more than in December 2011: 4,298 of them first began to receive the allowance this year. Most recipients of this allowance received more than one benefit – 75% also received the disability pension (regular AA) and another 21% were also eligible for an old-age pension (old age AA) (Tables 2 and 7). The percentage of the elderly who chose to continue receiving the AA instead of the long-term care benefit continued to rise, apparently due

In December 2012, 38,804 people received the attendance allowance – 7.5% more than in December 2011: 4,298 of them first began to receive the allowance this year

20 The AA is paid from the 91st day following the appearance of the impairment, providing that the claim is submitted within 15 months. In June 2012 the Law was amended as follows: eligible persons whose degree of medical disability for AA is at least 75% and their eligibility has been set for at least 6 months – will receive the AA from the 31st day of the impairment’s appearance.

21 These rates are valid from January 2009. Before that the rates of the allowance were 50%, 100% and 150% of the full disability pension for a single person.

Table 7
Recipients of Attendance Allowance (AA) by Eligibility Group and Primary Impairment (numbers and percentages), December 2012

Main impairment	Number	Total		Eligibility group		
		Number	Percent	Ordinary AA	Special AA	Old Age AA
Total	38,804	38,804	100%	29,027	1,656	8,121
	Percent			100%	100%	100%
Mental	2,850	7.3%	7.4%	0.7%	8.4%	
Mental retardation	3,499	9.0%	11.6%	0.2%	1.7%	
Internal	9,135	23.5%	22.0%	39.0%	26.0%	
Urogenital	3,194	8.2%	8.2%	16.0%	6.9%	
Neurological	13,672	35.2%	35.7%	30.5%	34.5%	
Locomotor	3,302	8.5%	8.0%	6.0%	10.9%	
Sensory	3,053	7.9%	7.0%	6.8%	11.2%	
Other	99	0.3%	0.2%	0.8%	0.4%	

Table 8
Recipients of Attendance Allowance by Age and Grounds for Eligibility (numbers and percentages), December 2012

Grounds for eligibility	Number	Total		Age (percentages)					
		Number	Percent	18-24	25-34	35-44	45-54	55-64	65+
Total	38,804	38,804	100%	3,172	3,751	4,375	6,654	12,895	7,957
	Percent			8.2%	9.7%	11.3%	17.1%	33.2%	20.5%
Actively undergoing treatment	830	100%	2.2%	5.7%	17.1%	28.6%	39.2%	7.3%	
Have had a transplant	145	100%	10.3%	12.4%	15.9%	16.6%	37.9%	6.9%	
Need dialysis	2,585	100%	1.7%	6.8%	13.2%	23.5%	37.1%	17.6%	
Suffer from blindness	1,426	100%	4.2%	10.7%	13.4%	22.1%	26.4%	23.3%	
Need help for most daily activities	11,557	100%	6.1%	9.7%	10.9%	15.7%	33.9%	23.7%	
Need help for all daily activities	11,185	100%	6.9%	8.2%	10.6%	17.5%	35.5%	21.2%	
Entirely dependent on others	11,076	100%	14.1%	11.9%	11.1%	15.2%	29.7%	17.9%	

AA recipients have more neurological and internal problems, and far less mental problems or retardation, than recipients of the general disability pension

to the differences in eligibility between these two benefits²², and the ongoing decrease in mortality in Israel²³.

When comparing Table 7 to Table 5 it is possible to distinguish a different breakdown of impairments in recipients of AA compared to recipients of the general disability pension: AA recipients have more neurological and internal problems, and far less mental problems or retardation. Not only that: since most recipients of AA are working, their combination of impairments is different when compared to the two other eligible groups; they have more internal or urogenital problems and fewer mental or retardation problems.

²² The AA is a cash benefit, while the long-term care benefit is usually given in kind.

²³ See Leading Causes of Death in Israel, Ministry of Health, July 2011.

Table 9
Recipients of Attendance Allowance by Medical Percentage, Family Status and Source of Assistance (numbers and percentages), December 2012

Family status	Source of assistance	Total		Medical percentage for AA			
		Number	Percent	60-69	70-79	80-89	90-100
Total	Number	38,804		3,815	5,425	6,639	22,925
	Percent		100%	9.8%	14.0%	17.1%	59.1%
Married	Total	19,557	100%	8.3%	11.6%	17.9%	62.2%
	Foreign worker employed	2,567	100%	4.4%	8.4%	17.7%	69.5%
	Foreign worker not employed	16,990	100%	8.9%	12.1%	17.9%	61.1%
Not married	Total	19,247	100%	11.4%	16.4%	16.3%	55.9%
	Foreign worker employed	2,952	100%	5.0%	9.5%	15.8%	69.7%
	Foreign worker not employed	16,295	100%	12.5%	17.6%	16.4%	53.4%

As mentioned, there are several grounds that grant eligibility for the AA, as shown in Table 8. Just under 13% of recipients of the allowance are eligible for it due to a special medical condition (4,986 out of 38,804)²⁴. The number of people eligible for the allowance increases with age, and a third of recipients are in the 55-64 age bracket. Among those who are entirely dependent on others, the blind, and those who have undergone a transplant, the large percentage of young people is striking – inter alia, due to the high representation of individuals suffering from neurological problems. On the other hand, among those aged 65 and over, the proportion of people actively undergoing treatment or transplant is small, since on these grounds the allowance is only paid temporarily.

Table 9 shows the breakdown of pension recipients by percentage of medical disability and the source of assistance in their home – which is one of the interesting issues in the context of recipients of AA. The table shows that about half of the recipients are married and about 14% employ a foreign worker. A check we carried out found that 32% of recipients of the benefit are defined as alone, because they are not married or they live with a spouse who is also disabled. The medical condition of those who receive the benefit is more serious than that of other recipients of the disability pension: 59% of them have more than 90% medical disability (compared to about 17% of disability pension recipients)²⁵. Among those who employ a foreign worker, the proportion of those with over 90% medical disability is even higher (about 70%).

About half of the recipients of AA are married and about 14% employ a foreign worker

24 It should be noted that AA recipients with more than one of the automatic grounds (the blind or disabled who have undergone special medical treatment) and whose serious medical condition entitles them to an allowance at a higher rate than specified in the Regulations, are counted as dependent on others.

25 See Table F/1 in the Appendix.

D. Benefit for Disabled Child

1. Main points of the Law

The benefit for disabled child is intended to help families who are caring for their special needs child with the costs involved for the difficult burden of personal and nursing care, or for any other treatment designed to improve his function, to encourage them to care for the child at home, within the community framework.

The process of determining eligibility for the benefit has two stages. During the first stage, the claims clerk verifies that the preliminary criteria are met: the child, as defined in the National Insurance Law, has not reached the age of 18, he is the child of an insured person (or of a person who was insured and died while residing in Israel)²⁶ and he is not being looked after by a foster family²⁷ or in an institution (where he resides and receives medical, nursing or rehabilitation services)²⁸.

In the second stage, a specialist in pediatrics appointed by the NII examines the child and determines if he meets one of the following criteria²⁹:

- The child is dependent on the help of others: a child aged 3 or more who, because of illness, syndrome, accident or congenital defect, is dependent on others to an extent that is unusual for his age, to perform daily actions (dressing, eating, washing, personal hygiene, mobility in the home).
- The child requires continual presence of another or supervision: A child aged at least 90 days who, because of a serious medical impairment, serious chronic illness, serious behavioral disorder or mental retardation, cannot be left without regular supervision, or who needs the continual presence of another, to prevent him endangering himself or others.
- The child has a special impairment as defined in the regulations³⁰: delayed development, communication problems, poor hearing, poor vision, autism or psychosis, Down syndrome.
- The child needs special medical treatment: a child aged at least 90 days who, because of a chronic illness, requires special medical treatment (as specified in the Law).

In the last three years there have been numerous changes to the legislation in the field of eligibility for the benefit for disabled child, which have increased the number of eligible persons and the amount of monthly benefit paid to them. During the period 2010-2012, implementation of the Or-Noy Commission's recommendations began, with regards to the grounds for eligibility, leading to an extension of the list of special medical

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26 Including stepchildren or adopted children under the age of 18.

27 A foster family looking after a special needs child is eligible for support from the Ministry of Welfare.

28 Excluding special cases where the child is in an institution and his parents pay all his maintenance costs.

29 According to the NII Regulations (Disabled Child), 5770-2010, Section 1: Definitions.

30 A child who is eligible for the benefit in this category can receive the benefit for disabled child from birth.

In the last three years there have been numerous changes to the legislation in the field of eligibility for the benefit for disabled child, which have increased the number of eligible persons and the amount of monthly benefit paid to them

treatments recognized for the benefit. Moreover, the rate of the benefit was changed for some grounds, while the living expenses increment and the help with studies increment were combined to 20% of the full benefit. In 2012, these increments were approved for all recipients of the benefit.

In addition, in 2012 the benefit paid to children entirely dependent on the help of others was increased to 103%³¹ (instead of 80%). Following this amendment, there were three levels of basic eligibility for the benefit: 50%, 100% and 123%³².

According to the Disabled Child Regulations, the amount of the benefit is determined as a percentage of the full disability pension for a single person for any kind of impairment³³. A child who meets more than one of the criteria for eligibility is entitled to one benefit at the highest rate. In 2012, the basic monthly benefit for a child receiving 100% benefit was NIS 2,119. Since 2002, children receiving at least 80% of the basic benefit³⁴ are eligible for an additional monthly allowance (AMP) of 17% of the full single benefit – NIS 360 per month in 2012.

A family with two or more children receiving the benefit for disabled child is eligible for a 50% increase in the benefit for each child (of the benefit due to each child). Families with two special needs children, one of whom is not eligible for a benefit (because he is in an institution or he is aged over 18 and received the benefit until he reached 18) are also eligible for an increased rate of benefit for the child.

For children who have reached the age of 18 and may be eligible for a disability pension or AA, the NII initiates a claim for them to utilize their rights to these benefits. Concurrent payment of the benefit for disabled child continues for another three months.

2. Recipients of benefit for disabled child

From 1995-1997 the Joint-Brookdale Institute and the National Insurance Institute conducted a national study of children with disabilities in Israel. The study found that 7.7% of children in Israel suffer from a chronic functional problem or need regular medical treatment for a year or more, and some 40% of them suffer from disabilities in more than one area. The study findings formed the basis for a steering committee, led by Prof. Asher Or-Noy, whose purpose was to formulate proposals for a change in the criteria for eligibility for a benefit for disabled child, and for planning policy for this population. In 2010 implementation of the first stage of the committee's recommendations began, and the second stage began in 2012.

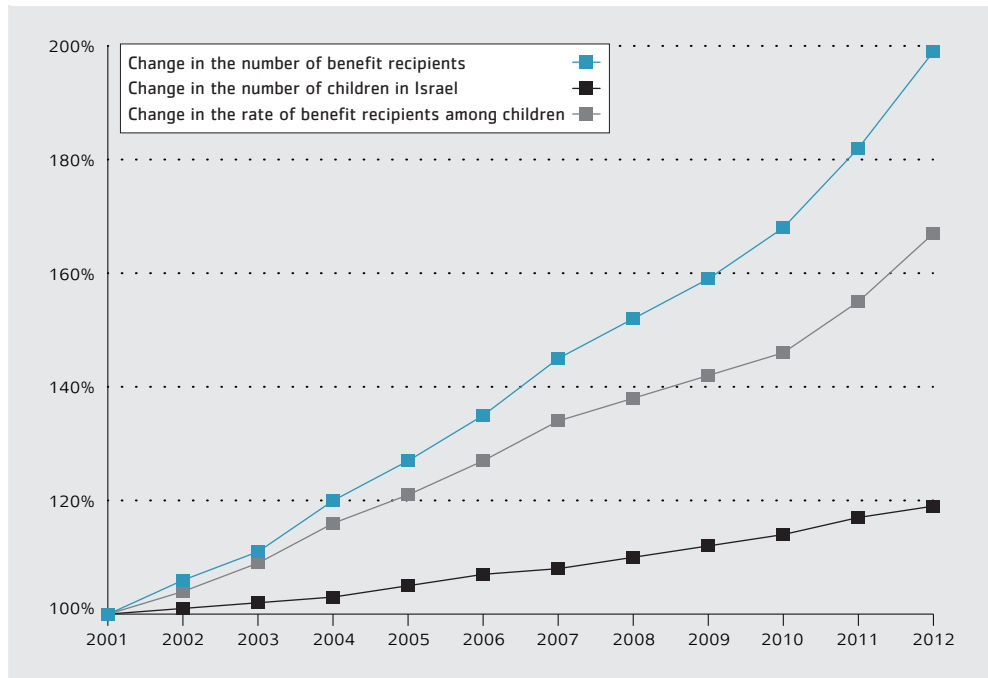
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31 The increase was implemented in two stages. From January 2013 the rate of basic benefit for these children rose to 108%.

32 Instead of five basic levels that were in use until then (30%, 50%, 80%, 100% and 103%).

33 Unlike the Disability Pension, which is affected by percentage medical disability and degree of incapacity, there is no difference between recipients of the benefit for disabled child who are eligible on the same grounds. The rates of the benefit are shown in the National Insurance Regulations (Disabled Child), 5770-2010, Section 2: Benefit for Special Arrangements.

34 Excluding the increment for help with studies.

Graph 4
Recipients of benefit for disabled child and the
Development of the Child Population, 2001-2012



In December 2012, 33,308 children received the benefit for disabled child – an increase of about 10% compared to the same period in 2011

In December 2012, 33,308 children received the benefit for disabled child (Table 10) – an increase of about 10% compared to the same period in 2011, which is twice the rate of the average increase in the number of benefit recipients over the last decade. The main reason for this is the extension of the list of grounds for eligibility for the benefit.

Graph 4 shows the change in the number of children receiving benefit for disabled child compared to the total change in the number of children. It is clear that the slope of the first curve is far steeper than that of the second curve, and that in view of the easement of the conditions of eligibility in recent years, the gap will continue to increase.

As with the general breakdown of children with special needs³⁵, about 2/3 of recipients of the benefit for disabled child aged 3 and over are boys (Table 11). The main ages of eligibility are 6-13, as a result of the definitions of eligibility which compare treatment of the child to the accepted norms for his age³⁶ and are affected by the minimum age specified in the Regulations for some of the grounds³⁷.

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35 See: Children with Special Needs: Assessment of Needs and their Cover by Services, Naon et al., January 2000.
 36 Because of the child's natural development, the effects of handicaps are mainly felt when he is young, and decrease as he matures.
 37 For full details of the grounds for eligibility for the benefit for disabled child, see Table F/3 in the Insurance Branch Tables Appendix.

Looking after a special needs child places a heavy burden on parents, and looking after more than one disabled child is far more difficult. An examination by the NII found that 2,236 families have more than one child receiving the benefit for disabled child (a total of 4,822 children). A further 283 families have another special needs child who is not eligible for the benefit because he is in an institution or because of his age. The breakdown of the most common impairments among those children is not surprising: they are mostly genetic defects. In 24% of the families the children have hearing problems, while another 24% of families are caring for two or more children with autism. About 5% have children with poor vision, and 32% of the families have children who are dependent on the help of others or require constant supervision.

3.8% of those receiving the benefit employ a foreign worker – half of them because they are completely dependent on others for all daily activities (they can be identified by the rate of their benefit – 123%) (Table 12). The rate of children receiving the family increment is identical for those who employ a foreign worker and those who do not, implying that the number of disabled children is not necessarily an incentive for families to employ the services of a foreign worker.

3.8% of those receiving the benefit employ a foreign worker – half of them because they are completely dependent on others for all daily activities

Table 10
Recipients of Benefit for Disabled Child, by Age, Gender
and Eligibility Group (numbers and percentages), December 2012

Gender	Eligibility group	Total		Age (percentages)				
		Number	Percent	Up to 3	3-5	6-9	10-13	14-17
Total	Number	33,308		2,546	5,709	8,687	8,544	7,822
	Percent		100%	100%	100%	100%	100%	100%
Boys	Total	21,386	64.2%	56.4%	66.2%	67.0%	64.3%	62.0%
	Dependent on others	5,127	15.4%	.	11.9%	16.0%	17.9%	19.6%
	Requiring constant supervision	2,115	6.3%	4.9%	6.1%	7.2%	6.7%	5.7%
	With special impairment	11,291	33.9%	35.0%	39.3%	36.4%	31.3%	29.6%
	Requiring special medical treatment	2,853	8.6%	16.5%	8.9%	7.5%	8.5%	7.1%
Girls	Total	11,922	35.8%	43.6%	33.8%	33.0%	35.7%	38.0%
	Dependent on others	3,669	11.0%	.	8.2%	10.8%	13.5%	14.2%
	Requiring constant supervision	1,147	3.4%	4.4%	3.8%	3.4%	3.0%	3.4%
	With special impairment	4,772	14.3%	26.4%	15.0%	12.5%	12.7%	13.8%
	Requiring special medical treatment	2,334	7.0%	12.8%	6.8%	6.3%	6.5%	6.6%

Table 11
Recipients of Benefit for Disabled Child by Rate of Basic Benefit, Source of Assistance and Number of Disabled Children in the Family (numbers and percentages), December 2012

Foreign worker employed		Total		Rate of Basic Benefit		
		Number	Percent	50%	100%	123%
Total	Number	33,308		7,398	21,103	4,807
	Percent		100%	22.2%	63.4%	14.4%
Employ a foreign worker	Total	1,266	100%	3.9%	42.7%	53.3%
	thereof: recipients of increased benefit for families with disabled children	195	100%	4.6%	45.6%	49.7%
Don't employ a foreign worker	Total	32,042	100%	22.9%	64.2%	12.9%
	thereof: recipients of increased benefit for families with disabled children	4,910	100%	17.0%	70.4%	12.6%

Box 2 Eligibility of Recipients of Benefit for Disabled Child for Disability Benefit as Adults

One of the issues in the field of disability in the National Insurance is assessing the eligibility of children who received the benefit for disabled child until they reached the age of 18 for adult disability benefit (general disability and attendance allowance¹). Although recipients of Benefit for disabled child have a high chance of obtaining an adult benefit, the transition between the benefits is not automatic. The reasons for this are that these benefits differ, in their purposes and in the eligibility tests for them²:

Benefit for disabled child – is intended to help the family caring for the special needs child at home and in the community with the costs involved in the difficult personal and nursing care. It is paid to children dependent on the help of others for daily activities, or who need the constant presence or supervision of another, or who have a special impairment or who need special medical treatment.

General disability pension – guarantees disabled persons whose ability to earn a living from work or practice their profession has been damaged, a minimum subsistence income³.

Attendance allowance – is intended to help the disabled living in the community who require the help of another to perform daily tasks (dressing, eating, washing,

- 1 Mobility increment is not examined since eligibility for it begins from the age of 3.
- 2 Fuller and more accurate details can be found in this chapter and on the NII Internet site.
- 3 When determining eligibility for the disability pension, there is no reference to the person's non-work income.

mobility, etc.) or constant supervision to prevent them endangering themselves or others, or the disabled with a special medical condition – to pay for this assistance.

We examined the reasons for stopping eligibility for the benefit for disabled child among all children who ceased to receive it in the years 2003-2012. The children whose eligibility stopped because of their age were located among new recipients of general disability pension and AA in the following years. The main findings were as follows:

In 2003-2011, 22,974 children stopped receiving the benefit; for 8,800 of them the stoppage was not due to age restrictions in the Regulations (Graph 1); 2,106 of the children died because of the serious medical condition (usually due to a malignant disease or a congenital defect); the remaining 6,694 did not meet the criteria for eligibility – in most cases, due to an improvement in their medical condition, or even recovery, and in other cases because they were placed in an institution. The number of children whose medical condition improves has risen over the year, probably due to technological developments in medicine.

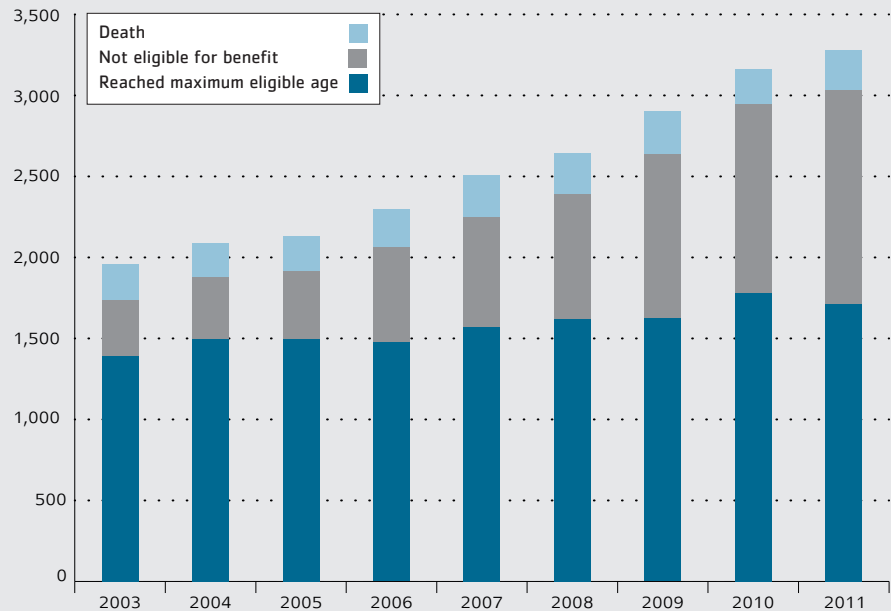
The remaining children (14,174) stopped receiving the benefit because they reached the age of 18; their numbers range between 1,400 and 1,800 each year. In fact these are children with potential eligibility for general disability pension and attendance allowance. Over the years, about 78% of children reaching the age of 18 have been found eligible for one or more benefit from the General Disability branch, and it is possible to discern a slight increase in the rate of eligibility for general disability pension and AA together (Graph 2). Apart from this, the number of children in the other eligibility groups has remained the same over the years. It is important to note that during this period there was no change in the NI policy regarding eligibility for the AA.

The breakdown of children who ceased receiving the benefit for disabled child because of age, by grounds for eligibility and the benefits to which they were entitled in adulthood, are shown in Graph 3. It shows that there is a close link between the grounds for eligibility at a young age and the chances of receiving a general disability pension (or AA) after the age of 18. There are very few cases where children were completely dependent on others in their childhood and not found eligible for a benefit in adulthood, and this also applies to those who were largely dependent on others and to autistic children. On the other hand, many children who were eligible for benefit for disabled child due to hearing problems, need for constant presence/ supervision or malignant disease did not receive any benefit from the Disability branch as adults, partly due to differences in the eligibility tests.

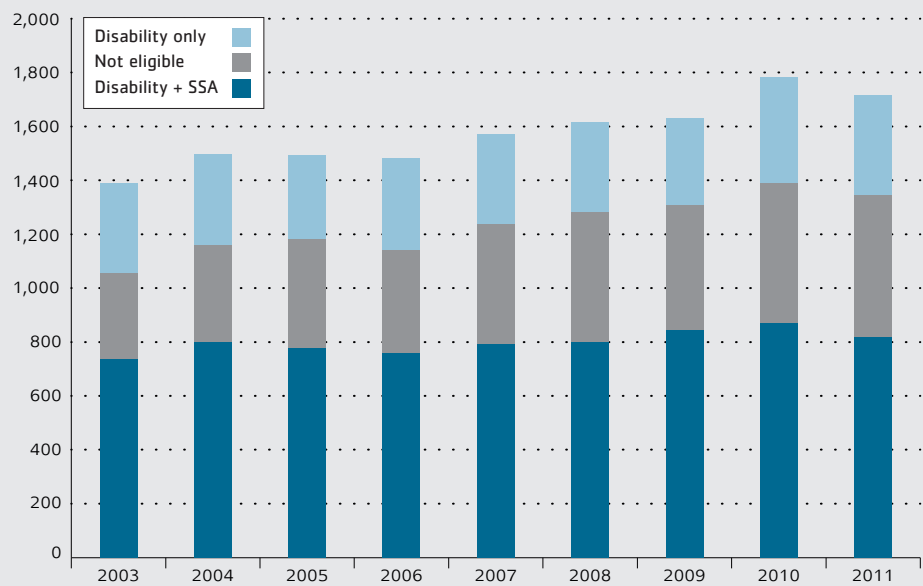
Apart from that, there is also a link between the grounds for eligibility of a disabled child and the primary defect for General Disability (see table below). One example is that of overlapping impairments, such as vision problems, hearing problems/ deafness,

In 2003-2011, 22,974 children stopped receiving the benefit; for 8,800 of them the stoppage was not due to age restrictions in the Regulations; 2,106 of the children died because of the serious medical condition (usually due to a malignant disease or a congenital defect); the remaining 6,694 did not meet the criteria for eligibility and the remaining children (14,174) reached the age of 18

Graph 1
Children who Ceased Receiving Benefit for Disabled Child, by Year of Ending Eligibility and Reason for Stoppage, 2003-2011



Graph 2
Children who Received Benefit for Disabled Child and Reached Age of 18, by Year of Ending Eligibility and Grounds for Eligibility for Adult Benefits, 2003-2012

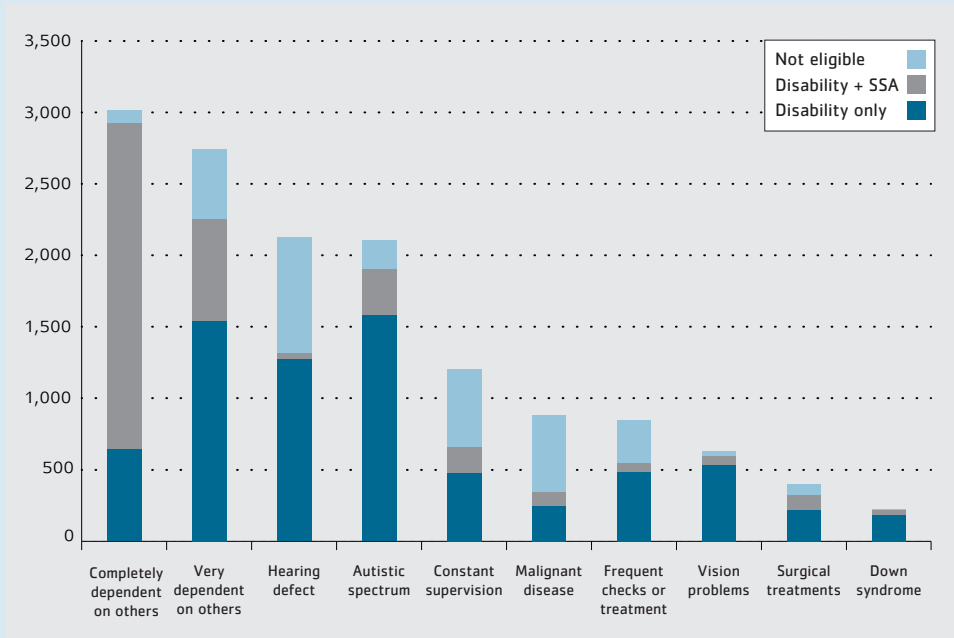


Children who Received Benefit for Disabled Child and were Found Eligible for Disability Pension and/or AA at the age of 18, by Primary Impairment and Grounds for Eligibility as Disabled Child* (numbers and percentages), 2003-2011

Grounds for eligibility as a disabled child	Total		Primary impairment for general disability (percentages)									
	Numbers	Percent	Mental	Retardation	Internal	Urogenital	Neurological	Locomotor	Vision	Deafness	Other	
	Numbers	Percent	3,137	1,037	185	2,159	497	708	1,115	34		
Total	11,105	2,233	28	9	2	19	4	6	10	0		
Complete dependence on others	2,929	10	7	40	3	0	43	5	2	0		
Very dependent on others	2,256	10	8	53	4	1	24	8	1	0		
Autism spectrum	1,908	10	82	16	0	0	1	0	0	-		
Hearing defects	1,317	10	3	5	2	1	3	1	2	83		
Constant supervision	662	10	31	26	19	1	20	2	1	-		
Vision problems	598	10	0	1	1	.	2	0	95	1		
Malignant disease	344	10	4	1	68	5	7	12	3	0		
Frequent checks or treatments	544	10	3	3	69	5	11	8	1	0		
Surgical treatments	329	10	2	3	28	27	24	12	1	0		
Down syndrome	218	10	0	95	3	.	-	-	1	-		

* The primary impairment is defined as the impairment with the highest degree of medical disability among an individual's various impairments. It is important to note that medical disability percentages in the NII are not determined by illness but by limb function.

Graph 3
Children who Received Benefit for Disabled Child and Reached Age of 18, by Grounds for Eligibility for Benefit* and Grounds for Eligibility as Adults, 2003–2011



* Frequent checkups or treatment: eligible on the grounds of three or more treatments, frequent checkups outside the house and diabetes. Surgical treatments: eligible on the grounds of urinary tract defects, internal feeding, respiratory treatment, rare syndrome and bone defect.

bone defects/ locomotor problems, Down Syndrome/ retardation, and diabetes/ internal defect. Another example is that of grounds that are “translated” into impairments: children who suffer from brain problems (retardation or neurology) and are defined as dependent on others. In many cases, at the age of 18 retardation or neurological defect is defined as the primary impairment. At the age of 18 sufferers from a malignant disease are defined as having an internal impairment, which includes cancer sufferers.

E. Benefit for People with Limited Mobility

1. Main points of the Law

The mobility allowance provides benefits to disabled persons who have leg impairments that limit their mobility³⁸. The allowance is financed by the Finance Ministry under an agreement between the Ministry and the NII.

.....
 38 Subject to the list of impairments given in Addition A to the Mobility Agreement.

A mobility-limited person is an Israeli resident, aged from 3 to retirement age³⁹ to whom a Health Ministry medical committee has assigned a mobility limitation rate of at least 40%, for those who have a valid driver's license, or a rate of 60% or more for those who do not have a driver's license.

Limited mobility assistance includes the following benefits:

- A monthly allowance – to subsidize the costs of vehicle use (for car owners)⁴⁰ or mobility (for those without a vehicle)⁴¹. A person whose home is more than a 40-kilometer round trip from his workplace is eligible for an increment to the allowance. A full allowance is granted only to those of limited mobility defined as “earners”⁴².
- A standing loan – given to the buyer of a new vehicle, to fully or partially finance the taxes on it⁴³. The amount of the loan is equal to the taxes that apply to “the effective vehicle” (as defined by law) determined for the disabled person and no more than the amount of taxes applying to the vehicle purchased. The loan is returned to the NII when the car is sold, subject to the defined rules.
- Loan fund – someone whom a medical committee has determined needs and uses a wheelchair and the Health Ministry's Medical Institute for Road Safety has determined that he needs a specially accessorized vehicle⁴⁴, or he has a degree of mobility limitation of at least 90%, has a driver's license and is studying/working/undergoing rehabilitation, is eligible for assistance in buying the first vehicle at the rate of 80% of the vehicle's value, without taxes⁴⁵.
- A loan for buying and installing vehicle accessories⁴⁶ – Whoever needs and uses a wheelchair is eligible for a loan to finance the special accessories he needs to use the vehicle, if the Medical Institute for Road Safety has determined that he needs a special vehicle, and to help him buy a wheelchair carrier, if he already owns a suitable vehicle.
- Reimbursement of expenses for buying and installing accessories in a private car – A person of limited mobility who has a valid driver's license for whom the Medical Institute for Road Safety has determined that he needs additional accessories to use the

39 The retirement age for the purposes of the mobility allowance is the conditional retirement age as defined in the Law for men, without distinction between men and women, i.e. 67.

40 Expenses for fuel, car insurance and accessories, repairs and servicing and means of protection.

41 The allowance is updated from time to time according to rise in costs of maintaining a vehicle.

42 An “earner” for mobility benefit purposes is one who is working and earning at least 25% of the average wage or who has an 80% or more mobility limitation or who is entitled to special accessories for his vehicle. A mobility-limited person who is not an “earner” is entitled to 50% of the full benefit.

43 A standing loan for replacement of a vehicle will be given to a mobility restricted person with a driving license only if 42 months have elapsed from the date of receiving the previous loan. For a mobility restricted person without a driving license – only if 48 months have elapsed; for the owner of a car with special accessories – only if 60 months have elapsed from the date of receiving the previous standing loan.

44 A specially accessorized vehicle is one that the disabled person can get into and out of and drive while sitting on a wheelchair.

45 These amounts become a grant after 5 years.

46 The loan is at the rate of 95% of the value of the accessories and the cost of their installation, including the applicable taxes. The loan is given for new accessories only.

car and to travel safely, is entitled to be reimbursed for the costs incurred in installing these accessories.

It should be noted that the benefits given to a person of limited mobility are not stopped when he reaches retirement age, but in instances where he would be entitled to subsidies for mobility expenses under other laws, he loses his eligibility for benefits under the Mobility Agreement. Under the Mobility Agreement, one is eligible for double benefits in the following instances: (a) Someone who receives a attendance allowance at a rate of less than 100% and who has not been rated as having 100% limited mobility or who does not need or use a wheelchair. (b) A child who receives benefit for disabled child but has not been given a limited mobility degree higher than 80%, or who does not need or use a wheelchair.

Since 1999, recipients of a benefit for disabled child, who are aged 3 and over, whose limited mobility degree is at least 80% or whom a medical committee has determined needs a wheelchair and uses one, can also receive a mobility allowance. A family with two or more children, each of whom has been given at least an 80% limited mobility degree or it has been determined that they cannot walk on their own, and they live in the same apartment, may be eligible for both the benefit for disabled child and the benefits under the Mobility Agreement even if either of the children is less than 3 years old.

2. Recipients of mobility allowances

The rate of growth in the number of people eligible for benefits by virtue of the mobility agreement has declined over the years. In December 2012, 34,591 people received mobility benefits – an increase of only 2.8% compared to 2011

The rate of growth in the number of people eligible for benefits by virtue of the mobility agreement has declined over the years. In December 2012, 34,591 people received mobility benefits – an increase of only 2.8% compared to 2011. As can be seen from Tables 2 and 3, about 69% of recipients of mobility allowance receive an additional benefit from the disability branch, and 2,012 are eligible for a permanent Disability Pension from the work-related branch. It may be supposed that the remaining people of restricted mobility who do not receive an additional benefit are working and earning a high wage or they are forced to give up other benefits due to duplication with the mobility allowance.

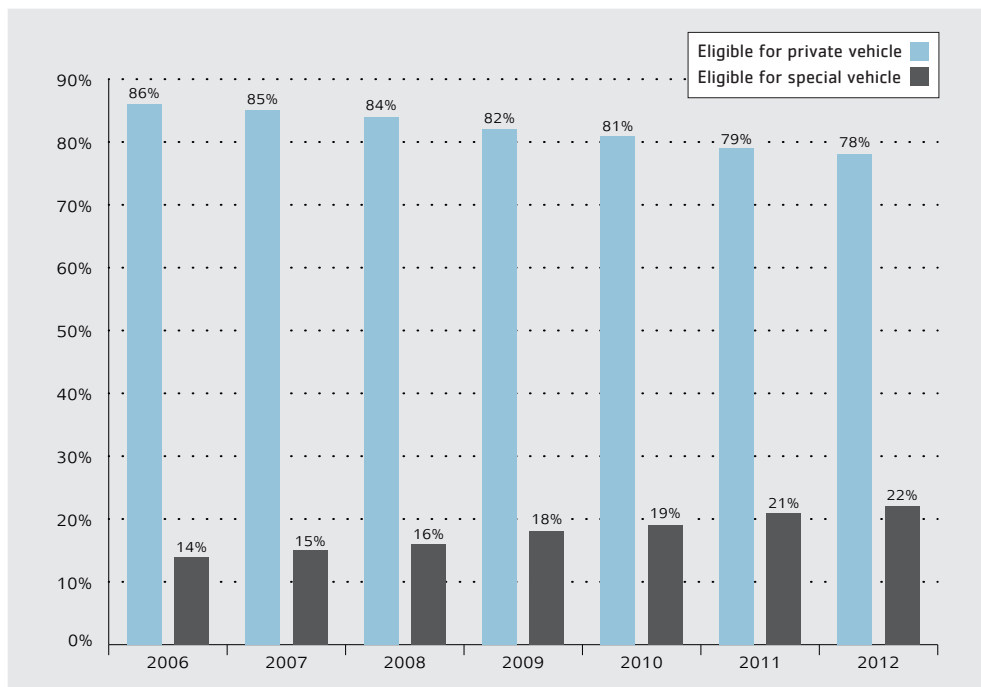
An examination of benefits for people with mobility limitations in other western countries shows that only a few of them have a special benefit for mobility restriction as exists in Israel. Among the countries that do pay such a benefit, Israel is the world leader in the variety and scope of the benefits paid, significantly ahead of the rest. There are a few reasons for this: (a) In most countries the benefit is included in the benefits paid to those dependent on others (equivalent to the AA in Israel): (b) In these countries public transport is widespread and accessible to the disabled: intercity and municipal railways, bus lines, transportation services – municipal, intercity and dedicated.

As explained above, the scope of the benefits paid in Israel to people with restricted mobility depends on ownership of a car, the size of the car (which is grouped by engine

Table 12
Recipients of Mobility Allowance, by Driver Status, Ownership of Vehicle and Vehicle Size (numbers and percentages), December 2012

Ownership of vehicle	Engine size	Total		Driving (percentages)	
		Number	Percent	Drives	Does not drive
Total	Number	34,591		19,941	14,650
	Percent		100%	57.6%	42.4%
Vehicle owners	1300	9,973	100%	78.6%	21.4%
	1800	9,637	100%	88.4%	11.6%
	2000	1,636	100%	80.7%	19.3%
	2500	343	100%	97.7%	2.3%
	Van	6,354	100%	30.4%	69.6%
No vehicle		6,648	100%	0%	100%

Graph 5
Owners of Private Vehicles and Special Vehicles as a Percentage of Vehicle Owners, 2006–2012



size) and the degree of independence (able to drive or not). As shown in Table 12, about 81% of people with restricted mobility are entitled to the benefit as vehicle owners, and about 36% of them have a small car (engine size up to 1300cc). Just over 71% of the car owners are able to drive themselves, apart from the van owners, most of whom use it while sitting in their wheelchairs, due to their severe medical condition.

In recent years the rate of people with restricted mobility who own a private car has decreased, while the rate of those with a specially accessorized vehicle has increased, partly due to the scope of the benefits to owners of specially accessorized vehicles (Graph 5). This phenomenon has a direct impact on the public cost of mobility insurance.

The degree of the disabled person's dependence on a wheelchair has a decisive influence on his rate of disability and the size of vehicle assigned to him. About 92% of the mobility limited, men and women who are confined to a wheelchair, and about 52% of those who need and use a wheelchair, have a disability degree of over 90%. The high rate of men entitled to this benefit is striking (Table 13).

Table 13
Recipients of Mobility Benefit by Disability Percentage, Gender and Dependence on Wheelchair (numbers and percentages), December 2012

Gender	Wheelchair dependency	Total		Disability percentage					
		Number	Percent	40-49	50-59	60-69	70-79	80-89	90-100
Total	Number	34,591		3,001	3,398	2,886	3,919	9,192	12,195
	Percent		100%	9%	10%	8%	11%	27%	35%
Men	Total	21,468	100%	10%	10%	8%	12%	27%	33%
	Confined	4,078	100%	0%	0%	0%	0%	8%	92%
	Needs & uses	4,703	100%	2%	1%	6%	6%	35%	50%
	Does not use	12,687	100%	17%	17%	12%	17%	30%	7%
Women	Total	13,123	100%	6%	9%	8%	11%	26%	39%
	Confined	2,929	100%	0%	0%	0%	0%	7%	93%
	Needs & uses	3,484	100%	1%	2%	6%	6%	33%	53%
	Does not use	6,710	100%	11%	17%	13%	18%	32%	9%

Table 14
Recipients of Mobility Allowance by Age and Primary Impairment (numbers and percentages), December 2012

Primary impairment	Total		Age (percentages)						
	Percent	Number	3-17	18-29	30-39	40-49	50-59	60-66	67+over
Total	Number	34,591	4,405	3,234	3,286	3,884	6,985	7,600	5,197
	Percent	100%	100%	100%	100%	100%	100%	100%	100%
Paralysis	23,052	66%	96%	86%	73%	64%	63%	59%	44%
Restricted joint movement	4,275	12%	1%	5%	10%	13%	14%	17%	19%
Venous insufficiency	1,837	6%	.	0%	1%	2%	5%	9%	14%
Amputations	1,475	4%	1%	2%	4%	5%	5%	5%	6%
Sprains	1,296	4%	1%	2%	5%	6%	5%	4%	4%
Pseudoarthrosis	1,211	4%	0%	1%	3%	4%	4%	3%	7%
Rigidity	943	3%	0%	1%	2%	3%	3%	3%	6%
Other	502	2%	1%	3%	2%	3%	1%	0%	0%

Table 14 shows the types of impairment and the age of people receiving a mobility allowance. It is particularly noticeable that 28% of them are not of working age, about half of them are children, and most of them suffer from paralysis of the lower limbs (66%). The younger the age group, the higher the proportion of those with paralysis, while the rate of those with other disabilities is lower. The reason is that most of the children suffer from congenital defects, while among the adults, many suffer from other conditions that develop with age.

The mobility allowance is intended, among other things, to enable recipients to lead a normal life, including integration into work. In addition, anyone whose home is a round trip of over 40 km from his place of work is eligible for an additional benefit as compensation for his additional fuel costs. Nevertheless, only about 40% of them work. 18% of those working receive an additional allowance due to the distance between their home and place of work. It is possible that the serious medical condition of those who are eligible, as shown by the above table has considerable impact on this.

28% of mobility allowance recipients are not of working age, about half of them are children, and most of them suffer from paralysis of the lower limbs (66%)

F. Compensation for Radiation-affected Persons

1. Main points of the Law

In 1994, the Knesset passed the Tinea Capitis Victims Compensation Law, which is meant to compensate those who were treated with radiation for tinea capitis (ringworm) 1.1.1946 and 31.12.1960, by the state, the Jewish Agency, the health funds or the HadaAAh Medical Federation, and later contracted one of the illnesses specified in the law. The compensation is funded by the Ministry of Finance and paid by the NII.

Under the Tinea Capitis Victims Compensation Law, a person eligible for the benefit is one who is a resident of Israel, who contracted tinea capitis⁴⁷ and for whom a medical committee has determined that as a result of the radiation treatments he has contracted some kind of cancer in the head or neck area; benign tumors in the brain; leukemia; or hair loss in the scarred areas of the scalp, and that he has a medical disability of at least 5%.

The regulations that were introduced regulate the compensation to victims: lump-sum compensation, a monthly pension, a grant in lieu of a pension or a grant to survivors as defined by law. Eligibility for benefits under the Tinea Capitis Victims Compensation Law does not prejudice the rights of eligible persons to receive other benefits from the NII, and is not age-dependent.

Following are the payments made under the law (the amounts are correct for 2012):

Monthly pension: Anyone with a medical disability of at least 40% is eligible for a monthly pension equal to 25% of the average wage (under the National Insurance Law), multiplied by the percentage of medical disability. For 100% disability, the amount of the pension is NIS 2,155.

.....
 47 The loan is at the rate of 95% of the value of the accessories and the cost of their installation, including the applicable taxes. The loan is given for new accessories only.

Lump-sum compensation: (a) A patient with a 75% or more medical disability degree is eligible for a one-time payment of NIS 184,183. (b) A patient with a 40%-74% disability degree is entitled to half this sum - NIS 92,092.

Grant in lieu of a pension: A patient with 5%-39% medical disability is eligible for a lump-sum grant, calculated as a percentage of the monthly pension (based on his certified degree of disability) multiplied by 70.

Grants to survivors: (a) The spouse of a patient with children living with them receives a grant of 36 full monthly benefit payments: NIS 77,580. (b) A spouse without children living with them, or a child of the deceased, is eligible for 60% of the full survivor's benefit - NIS 46,548.

At the end of 2012, the number of those receiving a monthly pension under the Tinea Capitis Victims Compensation Law reached 4,138. These are the most seriously ill who are suffering from cancer and its metastases

2. Recipients of the monthly pension for radiation-affected persons

At the end of 2012, the number of those receiving a monthly pension under the Tinea Capitis Victims Compensation Law reached 4,138. These are the most seriously ill who are suffering from cancer and its metastases (Table 15). 241 of them began to receive this benefit over the past year. The average age of recipients (67.3) is quite high, because of the eligibility periods set down in the law. Contrary to most of the benefits paid by the Disability insurance branch, most recipients of the pension for radiation-affected tinea sufferers are women (64%). This is probably partly the result of their longer life expectancy.

Most of the pension recipients suffer from skin defects (63%) and only about 16% suffer from an internal impairment

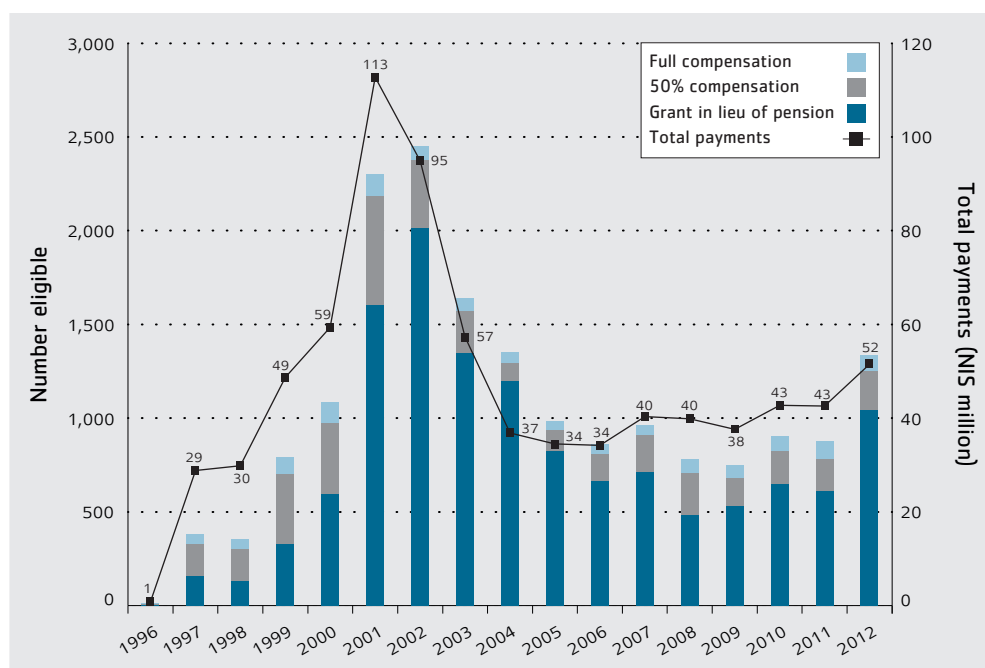
Table 16 shows the pension recipients at the end of the year by the impairment that makes them eligible⁴⁸ and their percentage medical disability. The table shows that most of the pension recipients suffer from skin defects (63%) and only about 16% suffer from an internal impairment (generally cancer), probably as the result of the different life expectancy for cancer sufferers. It also shows a direct link between the impairment and the disability degree. Most of those suffering from an internal or neurological disorder have a high medical disability degree while most of those suffering from skin defects have a lower disability degree.

Table 15
Sufferers of Tinea Capitis Receiving a Monthly Pension, by Age and Gender (numbers and percentages), December 2012

Gender		Age				
		Total	50-59	60-64	65-59	70 and over
Total	Number	4,138	412	1,215	1,328	1,183
	Percent	100%	100%	100%	100%	100%
Men		39%	36%	36%	40%	43%
Women		61%	64%	64%	60%	57%

48 It is important to note that the qualifying impairment is not necessarily the dominant impairment. For example, for about 25% of the benefit recipients, their dominant impairment is a mental disorder that does not show up on Table 16.

Graph 6
Grants to Victims of Tinea Capitis: Breakdown of Recipients and Total Annual Payments*, 1996-2012



* Payments are attributed to the year in which they were paid, but those who were approved higher rates of medical disability following an appeal are counted as eligible for compensation at the time of the appeal at the full rate of compensation.

Table 16
Sufferers from Tinea Capitis Receiving a Monthly Pension, by Degree of Medical Disability and Qualifying Impairment (numbers and percentages), December 2012

Qualifying impairment		Total		Medical disability degree			
		Number	Percent	40-49	50-59	60-79	80-100
Total	Number	38,804		1,749	844	966	576
	Percent		100%	100%	100%	100%	100%
Skin damage	Scarring	1,830	44%	54%	52%	37%	16%
	Bald patches	773	19%	33%	14%	7%	1%
	Lymph glands	435	10%	1%	8%	17%	32%
Internal	Internal - other	242	6%	5%	7%	7%	5%
Neurological		826	20%	7%	18%	31%	43%
Other		32	1%	0%	1%	1%	2%

It is interesting to see how the flow of compensation recipients has developed over the years. Graph 6 shows that once the law came into full force in the early 2000s, the number of compensation/grant recipients on account of Tinea Capitis began to drop, presumably

Once the law came into full force in the early 2000s, the number of compensation/grant recipients on account of Tinea Capitis began to drop

because most of them had utilized their rights. However, in 2012, the number again increased, due to an increase in the percentage of approved claims. From the graph it is also possible to identify the link between the ratio of pension recipients with high percentages of medical disability to the ratio of people receiving the full grant – which is rather low in both cases.

G. Compensation for Polio Victims

1. Main points of the Law

In March 2007, the Knesset passed the Polio Victims Compensation Law, for the purpose of compensating persons who contracted the poliomyelitis virus⁴⁹ in Israel or underwent treatment on Israeli territory⁵⁰, and a National Insurance qualified doctor has determined that he suffers from a medical disability or limited mobility as a result of the disease or subsequent exacerbation (post-polio syndrome)⁵¹. This compensation is funded by the State Treasury and is intended to express the State's commitment to the victims. The compensation provided to polio victims under this law does not prejudice their rights to receive any other benefit from the NII.

Most polio victims contracted the illness during the early years of the State (the early 1950s), before the anti-polio vaccine came into use (in 1961), but a few cases that appeared at a later stage are also known, apparently in children or adults who were not vaccinated.

The benefits paid under the law are as follows (the amounts are correct for 2012):

Monthly pension: Anyone with an approved medical disability of at least 20% is eligible for a monthly pension according to his medical disability percentage. The full pension is equal to 50% of the average wage (as defined by law) – NIS 4,310.

Lump-sum compensation: (a) Anyone with up to 74% stable medical disability degree is eligible for a lump-sum payment of NIS 58,519. (b) Anyone with a 75%-94% stable disability degree is entitled to NIS 117,039. (c) Anyone with a permanent disability degree of 95% or more is entitled to NIS 140,447.

Grant in lieu of a pension: Anyone with less than 20% medical disability is eligible for a lump-sum grant instead of a pension, relative to his degree of disability (as a proportion of the full monthly pension) multiplied by 70.

.....

49 Polio affects the motor nerve cells in the spine, and consequently dAMPges the nerve fibers and muscles. About half those who contract the virus recover completely, and half suffer from varying degrees of motor disability.

50 From February 2012, people who contracted polio outside of Israel but received medical treatment in Israel until the end of 1969 are eligible for compensation under the law.

51 Post-polio syndrome is caused by erosion of the nerve cells and is characterized by reduced muscle function accompanied by weakness and pain.

In addition to these payments, the State subsidizes medical treatments, special accessories and medical devices not included in the health basket and required by polio victims to lead a normal life.

2. Recipients of monthly pension for polio victims

2012 was the fifth year in which compensation was paid to polio victims. In December 2012, there were 6,074 recipients: an increase of 8.7% compared to 2011. Most of the increase is due to changes in the Law that came into force in 2012, which led to another 308 people becoming eligible. 75% of recipients of the pension receive another one or two benefits from the General Disability branch (Table 3), a figure that is not surprising in view of the definitions of eligibility.

Table 17 shows the breakdown of recipients of the pension for polio victims by date of appearance of the disease, showing that 84% of those eligible for the pension contracted the disease before the vaccine was introduced in 1961. This figure can explain the older average age of recipients – 60.6. The remainder are mainly people who contracted the disease outside the borders of Israel and were treated in Israel, or people who suffered a late outbreak of the disease, including those who were not vaccinated.

Table 18 shows that about 50% of recipients of the pension suffer from post-polio syndrome, a syndrome that can break out up to 45 years after infection with the virus. It also shows that there is a connection between the type of impairment and its severity: the rate of people with high percentages of medical disability suffering from cranial nerve disorders and post-polio syndrome is higher than the rate of those suffering from limb paralysis and bone damage.

In spite of the decrease in total payments, in the last two years the number of recipients of compensation and grants has increased (Graph 7). In 2007 the number of people eligible was higher because that is when the law came into force. In subsequent years their number has decreased significantly, although there are year-to-year fluctuations,

Compensation has been paid to polio victims since 2008. In December 2012, there were 6,074 recipients: an increase of 8.7% compared to 2011

In spite of the decrease in total payments, in the last two years the number of recipients of compensation and grants has increased

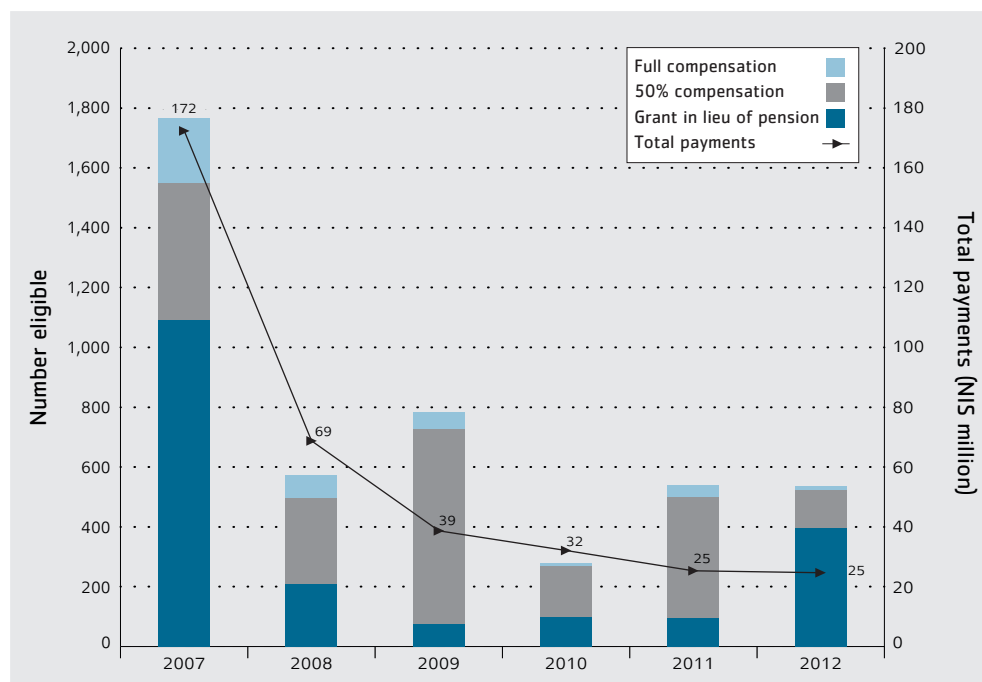
Table 17
Victims of Polio Receiving a Monthly Pension, by Gender and Time of Appearance (numbers and percentages), December 2012

Time when disease appeared	Total		Men	Women
	Number	Percent		
Total	4,074	100%	2,226	1,808
			100%	100%
Before the establishment of the State	394	10%	9%	11%
1948-1959	3,040	74%	73%	75%
1960-1969	373	9%	11%	7%
1970-1979	157	4%	4%	3%
1980 to the present	109	3%	3%	3%

Table 18
Polio Victims and Recipients of Monthly Pension,
by Qualifying Impairment and Rate of Medical
Disability (numbers and percentages), December 2012

Qualifying impairment	Total		Disability percentage					
	Number	Percent	20-49	50-59	60-69	70-79	80-89	90-100
Total	4,074		900	463	264	166	1,319	962
		100%	100%	100%	100%	100%	100%	100%
Cranial nerve disorders	675	17%	10%	14%	13%	13%	12%	31%
Paralysis of limb nerves	967	24%	66%	24%	47%	38%	5%	2%
Bone disorders	347	9%	16%	8%	12%	9%	5%	6%
Post-polio	2,085	50%	8%	54%	28%	40%	78%	61%

Graph 7
Grants to Polio Victims: Breakdown of Recipients
and Total Annual Payments, 2007-2012



since those who appealed the disability percentage assigned to them and had a higher rate of medical disability approved are counted as eligible for the full rate of compensation on the date of the appeal. In 2011 the number of those receiving partial compensation increased, as a result of appeals against approved rates of disability, while in 2012 there was an increase in the number of people receiving grants in lieu of the pension – the result of the amendment to the law introduced that year, and of the medical condition of new eligible persons.

H. Payments

In 2012, the Disability insurance branch paid out a total of NIS 11.6 billion – 6% higher, in real terms, than the amount paid in 2011. The breakdown of this branch's expenditure by category (Table 19) shows that the relative share of payments for disability and rehabilitation benefits continued to decrease in 2012 and reached approximately 68% of the branch's expenditure. The main reason for this was the relative increase in the size of payments for other benefits – attendance allowance, benefit for disabled child and mobility allowance. Payments to victims of tinea amounted to about NIS 150 million in 2012, and to victims of polio to about NIS 220 million. The increase in payments to polio victims is largely the result of legislative changes introduced this year.

In 2012, the Disability insurance branch paid out a total of NIS 11.6 billion – 6% higher, in real terms, than the amount paid in 2011

Table 19
Payments in the General Disability Branch by Category (percentages), 2008-2012

Year	Total	Disability & rehabilitation	Attendance allowance	Disabled child	Mobility	Services development fund
2008	100%	72.4%	8.3%	7.6%	10.9%	0.8%
2009	100%	71.3%	9.1%	7.7%	11.0%	0.9%
2010	100%	70.6%	9.3%	7.8%	11.6%	0.7%
2011	100%	69.3%	9.9%	8.5%	11.6%	0.7%
2012	100%	67.8%	10.3%	9.2%	12.0%	0.6%

Table 20
Payments in the General Disability Branch and their Share of All National Insurance Benefits, 2008-2012

Year	Total		Benefit payments in this branch as a percentage of all benefit payments
	NIS million (2012 prices)	Real annual rate of increase (%)	
2008	9,929,531	2.2	19.2
2009	10,401,478	4.8	18.6
2010	10,925,138	5.0	18.6
2011	11,004,296	0.7	18.4
2012	11,656,647	5.9	17.8

Table 21
Average Monthly Disability Pension (in current prices, in fixed prices and as a percentage of average wage), 2008-2012

Year	Current prices	2012 prices	As a percentage of the average wage
2008	2,457	2,743	31.0
2009	2,567	2,774	32.2
2010	2,658	2,797	32.2
2011	2,710	2,756	31.6
2012	2,774	2,774	31.5

Table 22
Average Monthly Attendance Allowance (in current prices, in fixed prices and as a percentage of the average wage), 2008-2012

Year	Current prices	2012 prices	As a percentage of the average wage
2008	2,011	2,244	25.4
2009	2,236	2,416	28.0
2010	2,324	2,446	28.2
2011	2,383	2,423	27.8
2012	2,449	2,449	27.8

Table 23
Average Monthly Benefit for disabled child (in current prices, in fixed prices and as a percentage of the average wage), 2008-2012

Year	Current prices	2012 prices	As a percentage of the average wage
2008	1,888	2,107	23.8
2009	1,973	2,132	24.7
2010	2,207	2,322	26.8
2011	2,266	2,305	26.5
2012	2,414	2,414	27.4

Table 24
Average Monthly Mobility Benefit (in current prices, in fixed prices and as a percentage of the average wage), 2008-2012

Year	Current prices	2012 prices	As a percentage of the average wage
2008	1,649	1,841	20.8
2009	1,756	1,897	22.0
2010	1,828	1,923	22.2
2011	1,939	1,972	22.7
2012	2,036	2,036	23.1

The proportion of benefit payments in the Disability branch out of all National Insurance benefit payments has decreased compared to 2011, to 17.8%

The proportion of benefit payments in the Disability branch out of all National Insurance benefit payments has decreased compared to 2011, to 17.8%. This is after constant growth in the years 2003-2008 (Table 20). The reason for this decline is the growth of benefits in other branches after the process of raising the retirement age ended.

The average disability pension⁵² is affected by numerous variables, such as (a) the percentage of people eligible for the full pension; (b) the percentage of those eligible

52 Payments also include amounts paid for the additional monthly pension.

for increments for dependents; (c) the percentage of eligible persons with income from work or non-work income; (d) the percentage of recipients of the incentive pension. In 2012, the average pension was NIS 2,774 per month – which is 31.5% of the average wage. Therefore the trend of erosion in the pensions compared to wages continues. The main reason for this erosion lies in the difference between the mechanisms for updating pensions and wage increases, and to a certain extent also the rise in the rate of pension recipients who are also earning.

The average attendance allowance (which also includes the additional pension) was NIS 2,449 in 2012, with no real change over 2011 – a fact that indicates the identical medical composition of newly eligible and existing recipients.

The size of the average benefit for a disabled child⁵³ is affected by two main changes that occurred in recent years: the combining of the increment for studies and the living allowance following the recommendations of the Or-Noy Commission⁵⁴, but even more so – the increase in the benefit for children who are completely dependent on others, and payment of the studies increment to all benefit recipients. In 2012, the average benefit was NIS 2,414, which is 27.4% of the average wage – a real increase of 3.4% compared to 2011. In 2012 the average mobility pension was NIS 2,036 per month, which is 23.1% of the average wage – a real increase of about 1.8% compared to 2011. This increase derives, inter alia, from the growth in the percentage of those eligible for a specially accessorized car, from the increase in fuel prices, and from the depreciation of the shekel against the dollar – which increased the cost of keeping a car.

In December 2012, the average benefit for victims of Tinea Capitis was NIS 1,257 – a real increase of 2.7% compared to 2011, although the identity and characteristics of recipients did not really change. The average benefit paid to polio victims was NIS 3,007 per month, which is 34.1% of the average wage – a real increase of 1.2% compared to 2011.

.....
53 Payments also include amounts paid for the additional monthly pension.

54 Children who had not reached the age of 14 before the introduction of the new regulations were not eligible for the separate increment for studies that was paid until then.

7. Work Injury Insurance

A. Benefits

Work Injury insurance is intended to compensate insured persons¹ who have been injured at work, in an accident², or contracted a work-related illness³, for the loss of salary or income in the period following their injury in which they are incapable of working, or for the physical or mental damage suffered due to the injury. The insurance also helps these individuals to return to work with the assistance of occupational rehabilitation. Assistance to work injury victims is given in several ways:

1. **Injury allowance** – payment for absence from work, for a maximum of 91 days (13 weeks)⁴ from the first day following the injury, for anyone injured at work or who contracts an occupational illness, and as a result is incapable of engaging in his occupation or in other suitable work and is not actually working, and requires medical treatment. The payment is equivalent to 75% of the injured person's average wage in the three months prior to his injury, up to the maximum (in January 2012 – NIS 1,059.38 per day).
2. **Work-related disability benefits** – paid to persons who suffer a work-related injury, and who as a result of the injury, are temporarily or permanently disabled.
 - **Temporary disability pension** – paid to the work-injured whose certified degree of temporary disability is at least 9%⁵;
 - **Permanent disability pension** – paid to the work-injured whose certified degree of permanent disability is at least 20%, according to their degree of medical disability relative to the injured person's earnings in the three months prior to the injury (the maximum amount in January 2012 was NIS 31,781 for a salaried employee and a self-employed person).

.....

1 An insured for work injury purposes is one of the following: a salaried person (since April 1954), a self-employed person (since July 1957), a person in occupational rehabilitation, a person in occupational training, a person being tested pursuant to the Apprenticeship Law or the Employment Service Law (during such testing only), a working prisoner, a foreign resident employed by an Israeli employer (since 1970), an Israeli resident overseas in certain conditions (since 1970), a person whose salary is determined by law (such as a member of the Knesset), workers covered by the Work of the Emergency Services Law.

2 A work accident – an accident that occurs in the course of and due to the person's work, including an accident on the way to and from work, and an accident in the circumstances specified in the law.

3 Occupational illness – an illness contracted due to the person's work and appearing in the list of occupational illnesses specified in the law. Occupational illnesses are listed in the Second Addendum to the National Insurance Regulations (Insurance for work related injury), 5714-1954.

4 Until 31.1.2002 persons injured at work were entitled to payment of an injury allowance for a maximum period of 181 days (26 weeks). For the first two days following the day of injury, injury allowance is only paid to those who are unable to work for 12 or more days. Following the 2005 amendment to the law, the period of eligibility for injury allowance at the employer's expense was increased from 9 days to 12 days. Those who have no employer, such as the self-employed, are not entitled to payment for the first 12 days, except for those who employ someone to work in their home.

5 Until 2005 the work-related disability grant and the temporary disability benefit were paid to those with 5% or more disability.

The amount of the temporary or permanent disability pension is set at 75% of the injured person's income in the three months prior to the injury multiplied by the degree of disability.

- **A work-related disability grant** – a lump-sum payment at the rate of the monthly benefit paid to a work-injured person with a permanent disability rating between 9% and 19%⁶, multiplied by 43;
 - **A special pension** – paid in addition to the monthly benefit to the work-injured whose certified degree of permanent disability is at least 75% (and others as specified in the Law), who require assistance with daily activities (the maximum amount in January 2012: NIS 7,945).
 - **A special grant** – paid to the work-injured whose certified degree of permanent disability is at least 75% to pay for one-time expenses due to their disability: home adaptations, purchase of equipment and purchase of a vehicle to solve mobility difficulties (only for those with restricted mobility).
3. **Dependents' benefits for work-related injuries⁷** are paid to the widow/er, orphans, parents (and in special circumstances, other family members) of an insured who dies due to a work-related accident, providing they were dependent on the insured for their subsistence. The benefits can be paid as a pension, grant, marriage grant, subsistence allowance for orphans, Bar Mitzvah grant or death grant.

The amount of the dependents' pension ranges from 40% to 100% of the full pension that would have been due to the insured if he was left with 100% disability, and according to the number of his dependents. The pension is paid to a widow with dependent children living with her or who has reached the age of 40 or who is unable to support herself, and to a widower with a child or who has reached the age of 40 and is unable to support himself (and whose gross income in January 2012 was less than NIS 4,913 per month). The full amount of the dependents' benefit is 75% of the deceased's wage during the determining period. The amount of a partial benefit is determined according to the degree of eligibility⁸.

4. **Medical treatment expenses (including hospitalization and medical rehabilitation)** – Medical treatment for the injured is provided by the NII through the sick funds (which receive payment back from the NII) from a supplier of full medical treatment for persons injured at work, including, if necessary, medical rehabilitation, convalescence, nursing services, etc.

.....

6 Anyone injured before July 1st, 2003 received a grant equal to 70 benefit payments.

7 The dependents' benefit includes the dependents' pension, dependents' grant, marriage grant, occupational rehabilitation for a widow/er who receives the dependents' pension, living allowance for orphans, Bar Mitzva grant and death grant.

8 The rate of the dependents' pension according to the number of dependents and their relationship to the insured is specified in Section 132 of the Law.

5. **Vocational rehabilitation** is provided to a disabled person whose degree of permanent disability is at least 10%, and who, as a result of a work-related injury, is incapable of returning to his previous job or to any other job. Vocational rehabilitation is provided also to the widows of victims of work-related injuries.

B. Injury Allowance Recipients

Injury allowance is a short-term benefit paid for a maximum of 91 days to someone injured at work. In 2012 the number of recipients reached 69,693 – an increase of 3.2% compared to 2011 (Graph 1).

The number of days of work incapacity also increased, reaching 2,518,876 days in 2012 – an increase of 4.7% compared to 2011. The average number of days of work incapacity per injured person rose to 36.1 days, an increase of 1.4% (Tables 1 and 2).

The number of recipients of injury allowance increased alongside the increase in the total number of people employed. In 2012 recipients of the allowance represented some 2% of all employed persons (Table 2).

In 2012 the number of recipients of injury allowance reached 69,693 – an increase of 3.2% compared to 2011

The number of recipients of injury allowance increased alongside the increase in the total number of people employed

Table 1
Employed Recipients of Injury Allowance and Days of Work Incapacity, 2008-2012

Year	Employed persons (thousands)**	Recipients of injury allowance	Days of work incapacity	
			Total	Average per injured person
2008	3,093.4	69,734	2,408,514	34.5
2009	3,116.9	65,814	2,306,267	35.0
2010	3,214.0	67,633	2,406,337	35.6
2011	3,321.6	67,556	2,405,938	35.6
2012	3,426.8	69,693	2,518,876	36.1

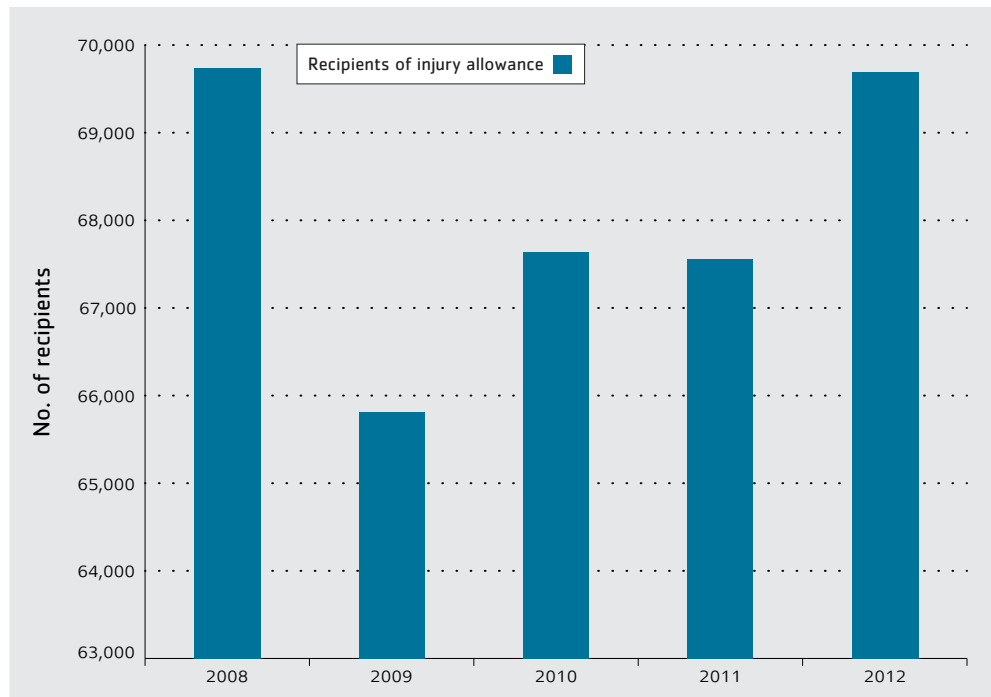
* Since 1997, includes work injured who did not actually receive payment from the NII, due to the legislative amendments that year, but had been approved and would have been eligible for payment had it not been for the amendments.

** As per data from National Accounting, the Central Bureau of Statistics 2012. "Employed" include Israelis, foreign workers (reported and unreported) and residents of Judea, Samaria and the Gaza Strip.

Table 2
Rate of Change in Recipients of Injury Allowance and Days of Work Incapacity (percentages), 2008-2012

Year	Recipients of injury allowance as a percentage of all employed persons	Average rate of annual change		
		Number of employed	Recipients of injury allowance	Average number of days of incapacity
2008	2.3	4.2	3.07	1.8
2009	2.1	0.8	-5.62	1.5
2010	2.1	3.3	2.76	1.7
2011	2.0	3.3	-0.11	0.0
2012	2.0	3.2	3.16	1.4

Graph 1
Recipients of Injury Allowance, 2008–2012



The gradual decrease in this number began in 1996 and continued until 2012 (Table 2), and it occurred concurrently with changes in legislation – obliging employers to pay for the first days, and revoking eligibility for this payment from those who had no employer (in 1997 and 2005). In other words, the percentage of recipients of injury allowance among all employed persons declined over the years and has remained stable in recent years notwithstanding the rise in the number of recipients and in the number of employed.

The average number of days of incapacity per injured person reached its peak (40 days) in 2001, and subsequently fell sharply, due inter alia to a legislative change

The average number of days of incapacity per injured person reached its peak (40 days) in 2001, and subsequently fell sharply, due inter alia to a legislative change (the reduction in the maximum period for payment of injury allowance from 26 to 13 weeks, introduced on February 1st, 2002). The average decrease in days of incapacity was halted in 2003, and since then there has been a gradual increase, up to 36.1 days in 2012 (Table 1).

The Victims of Work-Related Injury Law stipulates two arrangements (in Regulation 22 and in Section 343 of the National Insurance Law), according to which the employer pays the injured person the injury allowance due in return for a discount or a commission credited to it by the NII. Of the 63,632 employees who received injury allowances in 2012, 18,447 (29%) were employed by **authorized employers as defined in Regulation 22**, pursuant to which they are not reimbursed by the NII for the first 12 days of injury allowance eligibility – payments that other employers are required to pay to the NII. In

Table 3
Recipients of Injury Allowance and Days of Work Incapacity, 1996, 2000, 2006-2012

Year	Total employed persons**	Total days of incapacity	Total recipients of injury allowance	Days of work incapacity							
				0	1-14	15-30	31-45	46-60	61-75	76-90	91
Absolute numbers											
1996	2,133,800	2,990,363	92,274	72	45,401	21,862	8,228	4,643	2,941	1,889	7,528
2000	2,388,800	2,863,296	76,185	52	31,683	17,964	7,691	4,677	3,050	2,136	8,932
2006	2,685,000	2,170,751	64,296	37	23,432	15,469	7,245	4,547	3,218	5,182	5,101 *65
2007	2,807,100	2,291,149	67,657	42	24,582	16,298	7,695	4,673	3,432	5,424	5,476 *35
2008	3,041,000	2,408,514	69,734	35	24,831	16,606	7,981	4,931	3,569	5,837	5,933 *11
2009	3,037,000	2,306,267	65,814	40	23,159	15,447	7,456	4,786	3,499	5,947	5,468 *12
2010	3,214,000	2,406,337	67,633	11	23,492	15,762	7,488	4,927	3,525	6,442	5,799 *37
2011	3,219,800	2,405,938	67,556	2	23,500	15,564	7,733	4,915	3,669	6,309	5,847 *17
2012	3,426,800	2,518,876	69,693	7	24,159	15,891	7,836	5,033	3,611	6,499	6,543 *114
Percentages											
1996			100.0	0.1	49.0	23.6	8.9	5.0	3.2	2.0	8.1
2000			100.0	0.1	41.6	23.6	10.1	6.1	4.0	2.8	11.7
2006			100.0	0.1	36.4	24.1	11.3	7.1	5.0	8.1	7.9 0.1
2007			100.0	0.1	36.3	24.1	11.3	6.9	5.1	8.0	8.1 0.1
2008			100.0	0.1	35.6	23.8	11.4	7.1	5.1	8.4	8.5 0.0
2009			100.0	0.1	35.2	23.5	11.3	7.3	5.3	9.0	8.3 0.0
2010			100.0	0.0	34.7	23.3	11.4	7.3	5.2	9.5	8.5 0.1
2011			100.0	0.0	34.8	23.0	11.5	7.3	5.4	9.3	8.7 0.0
2012			100.0	0.0	34.7	22.8	11.2	7.2	5.2	9.3	9.4 0.2

* Injured up to 31.1.2002 who received injury allowance after this date.

** From the National Accounts, Central Bureau of Statistics.

this case, the NII may permit an employer to pay the injury allowance on behalf of the NII, and the employer must pay the allowance on the dates on which it normally pays wages. The employer must submit a claim to the NII for the employee's work-related accident, and the NII reimburses the employer for the sums paid (for 13 days or more), adding a commission at the rate of 2.5% of the injury allowance. If the NII rejects the claim, the employer is not reimbursed for the monies paid to the injured employee.

Of all the salaried employees who received injury allowance in 2012, 689 (about 1%) worked for **employers who joined Section 343** of the Law. 14 employers (generally large employers with over 500 employees) chose to join this arrangement: they pay reduced insurance contributions to the Work Injury branch (85% of the normal rate), and in return they absorb the payment of injury allowance to their employees who are injured at work.

Over the years, there has been an increase in the number of severe injuries for which claims were submitted to the NII (Table 3). In 1996 (the last year prior to the legislative change stipulating payment of the initial days at the employer's expense), work injured

Over the years, there has been an increase in the number of severe injuries for which claims were submitted to the NII

who had less than 14 days of work incapacity constituted about half of all recipients of injury allowance, while today they account for less than 35%. At the same time, with the reduction in the maximum period for receiving injury allowance, the rate of recipients with 61 or more days of incapacity rose from 13.4% of all recipients of injury allowance in 1996 to about 24.1% in 2012. The percentage of work injured with 15 to 45 days of work incapacity has remained stable over the years (at approximately 34%).

There are some groups of workers – such as foreign workers, employees of manpower companies or contractors' employees – for whom it is hard to obtain reliable data regarding rates of injuries and level of safety in the workplace.

The percentage of recipients of work-related injury allowance who are foreign workers or residents of the territories has been lower than the percentage of Israelis throughout the years

The percentage of recipients of work-related injury allowance who are foreign workers or residents of the territories has been lower than the percentage of Israelis throughout the years. One might expect that the rates of injury in these two population groups would at least be similar to that of residents of Israel, considering the fairly hazardous economic sectors in which they work (agriculture and construction). The low percentage apparently reflects under-reporting of work-related injuries by these groups, which stems, apparently, from a fear of losing their jobs if they are absent from work due to an accident, from their illegal status or from their apprehension as to their fate should it become known that they are residing in Israel without a permit, and also perhaps from a lack of information about their rights.

However, in the case of serious work-related accidents, these workers have no other choice but to seek medical attention and to submit a claim for injury allowance or work disability benefits. The NII pays directly the expenses of one-time treatment in the emergency room of foreign workers, and, since April 2008, also of workers from the territories who were injured during work-related accidents and who did not submit claims for an injury allowance.

A foreign worker is insured under Work Injury insurance even if he is staying in Israel illegally. Until February 28, 2003, foreign workers and residents of the territories who were injured at work were eligible for all the benefits provided to any work injured, whether or not they were working with permits. Since March 1, 2003, the benefit was withheld from an unreported foreign worker: upon his exit from Israel, the benefit for which he is deemed eligible is paid to him from that date, but the payment does not include the period for which the benefit was withheld. The gradual decrease in the number of foreign workers between 2002 and 2006 was expected, due to the legislative amendments and the activities of the Immigration Police. In 2007, an increase was once again observed, which continued until the end of 2009. In January 2010, the Prime Minister announced a new immigration policy, with more stringent criteria for employing foreign workers, intended to reduce their numbers by approximately 30,000-50,000.

Another population group for which it is difficult to obtain data regarding safety at work are workers who receive wages from manpower companies and manpower

contractors. The Central Bureau of Statistics' manpower surveys identify these employees by the question: "Who pays your wage?" The NII's Work Injury insurance scheme does not categorize manpower companies by a designated code (economic sector or legal status of the employer); therefore, it is not possible to ascertain whether or not these employees are exposed to hazards as it is for employees who are paid directly by their workplace, or whether the fact that such workers are considered exceptions tends to reduce the employer's sense of responsibility for their safety conditions.

A problem also exists regarding contracting companies that do not supply workers but rather services, since the obligations that apply to manpower companies, particularly relative to licensing, do not apply to them. Ordinarily, receipt and renewal of a license is contingent upon compliance with labor and work safety laws.

Table 4
Employed Persons Receiving Work-Related Injury Allowance
and Work Incapacity Days, by Residency, 2008-2012

	Total	Israeli residents	Residents of the territories	Foreign workers
2008				
Employees*	3,093,400	2,823,300	58,900	211,300
Recipients of injury allowance	69,734	68,709	354	671
% of employees receiving allowance	2.3	2.4	0.6	0.3
Average days of incapacity	34.5	34.5	50.7	27.6
2009				
Employees*	3,116,900	2,841,000	55,700	220,200
Recipients of injury allowance	65,814	64,682	440	692
% of employees receiving allowance	2.1	2.3	0.8	0.3
Average days of incapacity	35.0	35.1	43.9	29.1
2010				
Employees*	3,214,000	2,938,300	60,600	215,200
Recipients of injury allowance	67,633	66,900	493	240
% of employees receiving allowance	2.1	2.3	0.8	0.1
Average days of incapacity	35.6	35.6	45.0	22.0
2011				
Employees*	3,321,600	3,024,700	65,900	222,000
Recipients of injury allowance	67,566	66,971	484	101
% of employees receiving allowance	2.0	2.2	0.7	0.05
Average days of incapacity	35.6	35.6	40.8	5.7
2012				
Employees*	3,405,900	3,125,700	65,600	235,600
Recipients of injury allowance	69,693	68,987	604	102
% of employees receiving allowance	2.0	2.2	0.9	0.04
Average days of incapacity	36.1	36.1	46.5	6.3

* Source: the National Accounts, Central Bureau of Statistics

Table 5
Recipients of Injury Allowance, by Employment Status
and Days of Incapacity, 2012

Category of insured	Recipients of injury allowance		Average days of incapacity for work
	Numbers	Percentages	
All recipients	69,693	100.0	36.1
Salaried workers	63,632	91.3	34.7
Self-employed	6,061	8.7	51.3

The definition of “recipients of wages from a manpower company” does not include employees working through a subcontractor, who is responsible for their work performance and for their safety. These are employees who are employed primarily in two economic subsectors: the guarding, security and cleaning subsector and the home caregiver services subsector.

In 2012, the average number of days of work incapacity among foreign workers was lower than that of Israeli residents – 6.3 days compared to 36.1 days respectively

In 2012, the average number of days of work incapacity among foreign workers was lower than that of Israeli residents – 6.3 days compared to 36.1 days respectively – though one would expect it to be higher, considering the sectors in which they work. The average number of days of work incapacity of workers who are residents of the territories (Judea and Samaria) remained quite high (46.5 days on average per injured person), although they work in similar occupations to foreign workers. In 2012, as in 2010-2011, the number of recipients of injury allowance who are residents of the territories was higher than that of the foreign workers (Table 4). This marks a change compared to the years 2006-2009, in which the number of foreign workers who received an injury allowance was greater than the number of recipients from the territories.

Since 1997 the number of self-employed receiving injury allowance has declined from 9,483 to 6,061 in 2012, and their proportion out of all recipients fell from 11.3% to 8.7%

Since 1997 the number of self-employed receiving injury allowance has declined from 9,483 to 6,061 in 2012, and their proportion out of all recipients fell from 11.3% to 8.7% (Table 5). This decrease was apparently influenced both by changes in the Law, by which the first days of incapacity for work are funded by the self-employed person, and by the wave of closures of small businesses in times of economic recession. In 2012 a small increase was recorded in the number of self-employed people receiving injury allowance compared to 2011: from 8.5% to 8.7%. The average number of days of work incapacity among the self-employed is about 47.8% higher than that of salaried employees (51.3 days, compared with 34.7 days, respectively). This difference apparently also stems from the fact that the self-employed do not tend to submit claims to the NII for short absences (of less than 12 days.).

The distribution of injured employees by economic sector changed slightly in 2012 following the changeover to a new categorization⁹ of sectors, but the trends remained

9 The Standard Categorization of Economic Sectors 2011 replaced the Standard Categorization of Economic Sectors 1993, and is based on the UN recommendation ISIC 4 (International Standard Classification of All Economic Activities), Rev 4.

Table 6
Recipients of Injury Allowance, by Employment Status
and Economic Sector, 2012

Economic sector	Recipients		Days of incapacity		
	Number	Percent	Number	Percent	Average per injured person
Total	69,693		2,518,876		36.14
Total salaried employees	63,632	100.0	2,208,206	100.0	34.70
Agriculture, forestry and fishing	1,544	2.43	49,869	2.26	32.30
Mining and excavating	144	0.23	4,676	0.21	32.47
Industry and small industry	10,729	16.86	335,577	15.2	31.28
Supply of electricity, gas, steam and air conditioning	508	0.80	13,307	0.6	26.19
Water supply, sewage services, handling garbage and waste, purification services	253	0.40	8,807	0.4	34.81
Construction	6,481	10.19	300,114	13.59	6.31
Wholesale and retail commerce, motor mechanics and vehicle repair	9,844	15.47	345,032	15.62	35.05
Transport, storage, mail and courier services	4,139	6.50	164,538	7.45	39.75
Hospitality and catering services	3,803	5.98	116,293	5.27	30.58
Information and communications	1,402	2.20	43,309	1.96	30.89
Financial and insurance services	1,398	2.20	41,778	1.89	29.88
Real estate activity	1,334	2.10	39,282	1.78	29.45
Professional, scientific and technical services	2,409	3.91	84,167	3.81	34.94
Management and support services	4,712	7.41	165,346	7.49	35.09
Local and public administration and security, NI mandatory services	5,898	9.27	188,871	8.55	32.02
Education	1,514	2.38	52,138	2.36	34.44
Health, welfare and nursing services	4,338	6.82	138,257	6.26	31.87
Art, leisure and entertainment	945	1.49	39,463	1.79	41.76
Other services	1,519	2.39	54,108	2.45	35.62
Households as workplace, households producing goods & services for own use	29	0.05	970	0.04	33.45
Organizations and international bodies	6	0.01	226	0.01	37.67
Not known	602	0.95	22,078	1.00	36.67
Total self-employed	6,061		310,670		51.26

Table 7
Recipients of Injury Allowance, by Gender, 2008-2012

	2008	2009	2010	2011	2012
Total	69,734	65,814	67,633	67,556	69,693
	Numbers				
Men	49,067	45,906	46,972	46,268	47,805
Women	20,667	19,908	20,661	21,288	21,888
Total	100.0	100.0	100.0	100.0	100.0
	Percentages				
Men	70.4	70.0	69.5	68.5	68.6
Women	29.6	30.0	30.5	31.5	31.4

similar to those of previous years: approximately 16.9% work in industry and workshops, 14.5% in commerce and motor vehicle repair and 10% in construction. In terms of the severity of injuries (measured here by the number of days of work incapacity), the construction sector has been in first place for many years (46.3 days), followed by the following sectors: art, entertainment and leisure (41.76 days), transportation, storage, mail and courier services (39.75 days), international organizations (37.67 days) and commerce and vehicle repair (35.05 days) (Table 6).

With increasing industrialization and the growth in the percentage of women participating in the civilian work force which has characterized the last two decades (from 40% in 1988 to 47.0% in 2012), the percentage of women among recipients of injury allowance has also risen steadily, from 19.8% in 1995 to 31.4% in 2012 (Table 7), although the proportion of women among all recipients was lower than their proportion among all employees in the labor market, due to the nature of their occupations.

An examination of the distribution of recipients by gender and age brackets shows that in the younger age brackets (up to age 34), men constitute 75% of recipients, while in the older age brackets (45-59) they constitute only about 61% (Table 8). The average number of days of work incapacity among women is lower than among men – 31.78, compared with 38.14 respectively.

In the case of the breakdown of recipients of work disability benefit, the situation is slightly different (Breakdown of recipients of permanent disability benefit by gender, age and percentage disability is presented in Table G/2 in the Appendix of Tables of Insurance Branches). Most recipients are in the older age brackets – aged 50 and older, for example, men aged 50-59 constitute 26.5% of all men eligible for the benefit, and the same is true for women: those aged 50-59 constitute 31.1% of all women receiving permanent disability benefit.

C. Work Accidents

In 2006, traffic accidents (during work, or to or from work) constituted approximately 20.4% of all work-related accidents, while in 2012, this proportion rose to 23.1%. The

With increasing industrialization and the growth in the percentage of women participating in the civilian work force which has characterized the last two decades, the percentage of women among recipients of injury allowance has also risen steadily

In 2006, traffic accidents (during work, or to or from work) constituted approximately 20.4% of all work-related accidents, while in 2012, this proportion rose to 23.1%

Table 8
Recipients of Injury Allowance and Employees, by Age and Gender

Age	Number of recipients			Israeli employees* (thousands)			Recipients as a percentage of employees		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total	67,556	46,268	21,288	3,024.7	1,788.3	1,570.7	2.3%	3.0%	1.5%
Up to 17	174	149	25	20.6	12.3	8.3	0.8%	1.2%	0.3%
24-18	6,979	5,349	1,630	294.7	137.4	157.3	2.4%	3.9%	1.0%
34-25	15,551	11,544	4,007	809.3	420.0	389.3	1.9%	2.7%	1.0%
44-35	15,299	10,904	4,395	763.7	409.2	354.5	2.0%	2.7%	1.2%
54-45	14,519	8,978	5,541	596.8	313.8	283.0	2.4%	2.9%	2.0%
64-55	12,312	7,333	4,979	438.7	242.3	196.4	2.8%	3.0%	2.5%
65+	2,722	2,011	963	100.8	68.9	31.9	3.4%	2.9%	3.0%

* Source: Microdata Under Contract files, Manpower Surveys, Central Bureau of Statistics, 2011.

number of traffic accidents to or from work accounted for about 14.4% of all work-related injuries in 2006 and increased to about 16.1% in 2012 (Table 9). On the other hand, the number of traffic accidents that occurred during work constituted approximately 7% of all work-related accidents in 2012. In the past, traffic accidents caused more severe injuries, expressed in the longer period of work incapacity than that of other accidents. This gap has narrowed considerably in recent years and today hardly exists, apparently due to the revoking of eligibility for short periods (up to 12 days), which led to a significant drop in the number of claimants for mild accidents and thus raised the average number of days of work incapacity per injured person.

The distribution of injury allowance recipients by the **cause** of the accident and the **nature of the injury** has varied only slightly over the years. The most frequent causes of occupational injuries in 2011¹⁰ were: road accidents (25.9%) falls – from scaffolding, ladder or crane, from a building or structure, slipping or stumbling on stairs or on level ground (24.1%); and injuries from objects (falling, crushing or hitting – 17.1%). In terms of the severity of the injury (measured by the number of days of incapacity), the severest injuries were caused mainly by falls (41 days). Falls caused mainly contusions, crush injuries, fractured limbs, strains and sprains. The categories of “occupational illness” and “over-exertion” caused the most serious injuries (occupational illnesses – 51 days of incapacity and over-exertion – 30 days). Although the list of occupational illnesses is closed, if an illness does not appear in the list and, in the opinion of experts, there is a clear causal connection between the illness and working conditions, the illness is recognized as an occupational injury. The majority of claims for injury allowance due to occupational illness are submitted for the purpose of determining a work-related disability (Table 10).

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10 The latest figures available for causes and nature of injuries are for 2011.

Table 9
Recipients of Injury Allowance, by Location of Injury
and Days of Incapacity, 2008-2012

Year	Total	Work accidents		Accidents on the way to and from work		
		During work*	Road accidents at work	Road accidents	Without a vehicle	Other
2008						
Number	69,734	48,472	4,627	10,170	4,180	2,285
Percent	100.0	69.5	6.6	14.6	6.0	3.3
Average days of incapacity	34.5	34.3	39.1	32.2	36.1	37.7
2009						
Number	65,814	45,412	4,747	10,594	4,191	870
Percent	100.0	69.0	7.2	16.1	6.4	1.3
Average days of incapacity	35.0	35.0	39.5	33.0	35.7	35.4
2010						
Number	67,633	47,098	4,734	10,719	4,094	988
Percent	100.0	69.6	7.0	15.8	6.1	1.5
Average days of incapacity	35.6	35.6	41.2	33.5	37.2	35.2
2011						
Number	67,556	46,749	4,542	10,992	4,276	997
Percent	100.0	69.2	6.7	16.3	6.3	1.5
Average days of incapacity	35.6	35.4	41.1	33.4	36.9	37.6
2012						
Number	69,693	47,934	4,900	11,208	4,634	1,017
Percent	100.0	68.8	7.0	16.1	6.6	1.5
Average days of incapacity	36.1	35.9	41.8	33.8	37.9	37.1

* Injuries at work that are not road accidents.

The upper limbs are the most vulnerable in occupational accidents; fractures and lacerations (alone) in upper limbs caused about 9.9% of recipients of injury allowances to be absent from work

The distribution of recipients of injury allowance by the **nature of the injury** has also hardly changed over the years. The most prevalent consequences of work-related accidents are: crush injuries (30.2%), contusions (17.5%), lacerations of upper limbs (8.8%) and strains or sprains (4.6%). In terms of the **severity of the injury** (measured by the number of days of incapacity), the severest injuries were: lower limb fractures (65 days), vascular system injuries (64 days), upper limb fractures (59 days), skull or back fractures or spinal column injury (57 days) and dislocations without fracture (52 days).

The upper limbs are the most vulnerable in occupational accidents; fractures and lacerations (alone) in upper limbs caused about 9.9% of recipients of injury allowances to be absent from work (Table 11).

Table 10
Recipients of Injury Allowance,
by Cause of Injury and Days of Incapacity, 2011

Cause of injury	Recipients		Days of incapacity	
	Number	Percent	Average per injured person	Total days
Total	67,052	100.0	36.5	2,447,359
Fall	16,181	24.1	41.4	669,365
Road accident	17,382	25.9	36.6	635,381
Falling, hitting, crushing object	11,499	17.1	33.4	383,727
Machinery, tools	7,855	11.7	32.4	254,682
Over-exertion	6,029	9.0	38.0	229,227
Fire, hot material, steam, acid	987	1.5	22.2	21,886
Foreign object in eye	664	1.0	16.5	10,923
Altercations	762	1.1	31.7	24,123
Poisoning	465	0.7	20.5	9,536
Environmental cause	176	0.3	19.1	3,354
Occupational illness	137	0.2	51.0	6,989
Explosives	128	0.2	30.2	3,871
Other and unknown	4,787	7.1	40.6	194,295

Table 11
Recipients of Injury Allowance, by Nature of Injury
and Days of Incapacity, 2011

Nature of injury	Recipients		Days of incapacity	
	Number	Percent	Average per injured person	Total days
Total	67,052	100.0	36.4	2,447,359
Crush injury	20,249	30.2	35.1	710,203
Contusion	11,751	17.5	32.9	386,904
Sprain, strain	3,080	4.6	31.2	96,014
Laceration in upper limb	5,885	8.8	29.9	175,936
Skeletal and muscular	8,989	13.4	34.0	305,858
Fracture in upper limb	3,900	5.8	59.0	230,194
Fracture in lower limb	2,742	4.1	64.5	176,886
Burns	1,232	1.8	22.5	27,714
Lacerations to head, neck, back	795	1.2	18.6	14,763
Laceration in lower limb	723	1.1	30.0	21,665
Penetration by foreign body	597	0.9	15.0	8,947
Skull, back, spinal fracture	820	1.2	56.8	46,541
Poisoning	171	0.3	18.8	3,215
Symptoms	932	1.4	29.9	27,887
Dislocation without fracture	216	0.3	52.2	11,277
Vascular system	112	0.2	63.8	7,142
Grazes	83	0.1	23.8	1,977
Other and unknown	4,775	7.1	40.6	4,775

D. Work-related Disability Pension

A disability benefit is paid to victims of work-related injuries who are left with a disability. The permanent disability pension is paid to persons with 20% or more permanent disability.

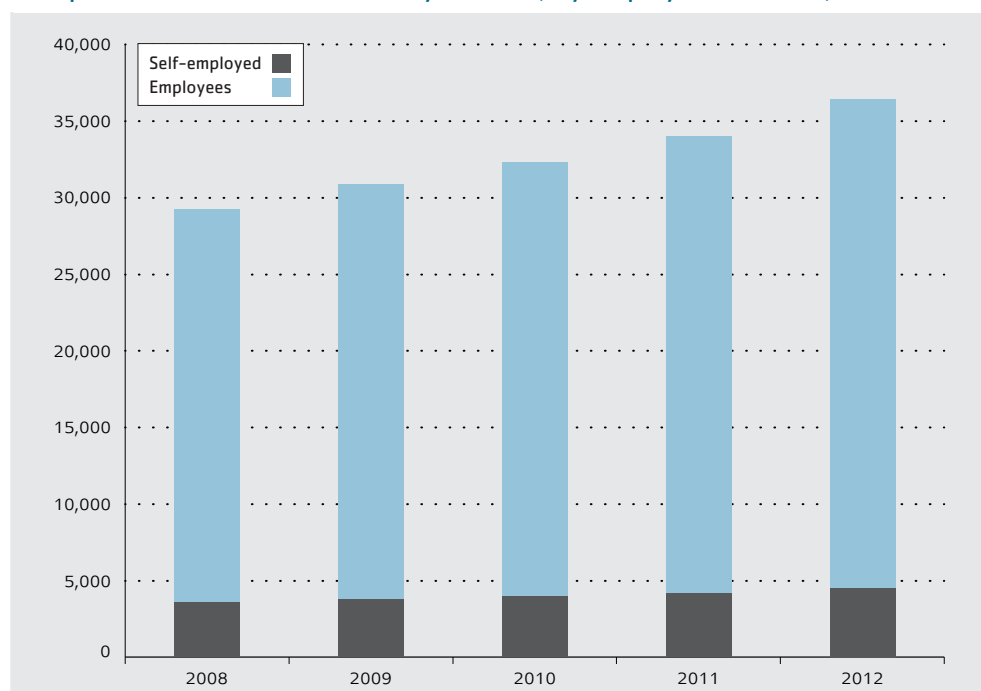
The number of recipients of a permanent work-related disability pension has been rising steadily, reaching 35,539 in 2012, compared to 33,925 in 2011

The number of recipients of a **permanent work-related disability pension** has been rising steadily, reaching 35,539 in 2012, compared to 33,925 in 2011 (Table 12). The majority (62.4%) of these recipients have low degrees of disability (up to 39%). Among women, this category of recipients is even larger: 64.1% of them have 20%-39% disability, compared with 57.5% of the men. Some 9.5% of the men and 7.3% of the women have

Table 12
Recipients of Permanent Disability Pension,
by Employment Status, 2008-2012

Year	Total		Employees	Self-employed
	Number	Annual change (%)		
2008	29,249	5.2	25,665	3,584
2009	30,899	5.6	27,068	3,831
2010	32,331	4.6	28,319	4,012
2011	33,923	4.9	29,797	4,197
2012	35,539	4.8	31,880	4,506

Graph 2
Recipients of Permanent Disability Pension, by Employment Status, 2008-2012



more than 80% disability (Table G/3 in the Appendix of Insurance Branch Tables). Recipients of a work-related disability pension may – when they reach the eligibility age for an old-age pension – choose whether to continue receiving the disability pension or to receive the old-age pension. By law, if the old-age pension is higher than the work-related disability pension, it is possible to capitalize the disability pension and receive the current old-age pension, or to continue receiving the work-related disability pension at the rate of the old-age pension. In fact, about 18% of recipients of the disability pension chose to continue receiving this benefit after retirement age.

1. Disability grant

A disability grant is paid to a person disabled as a result of a work accident, whose degree of disability is stable at between 10% and 19%. The amounts of the grants and the terms of eligibility for them have undergone far-reaching changes in recent years. Until the passage of the Economic Recovery Plan Law in June 2003, the grant was equal to 70 monthly pension payments. The new Law stipulated that anyone injured on or after July 1, 2003 would receive a grant equal to 43 monthly pension payments. Consequently, there was a sharp drop in the average disability grant. In 2012, 9,729 grants were paid for various injuries (compared to 8,927 in 2011) – 8,544 to employees and 1,185 to self-employed persons. In 2012, the average disability grant paid to employees was NIS 36,632 (compared to NIS 34,945 and NIS 33,833 in 2011 and 2010, respectively) and to the self-employed, NIS 35,627 (compared to NIS 33,741 and NIS 30,809 in 2011 and 2010, respectively).

2. Special disability benefit and special grants

The work-related disabled who have at least 75% disability, and work disabled persons with walking difficulties whose degree of disability is between 65% and 74%, are eligible, in addition to any other benefit, for financial aid for personal assistance and for travelling; they are also eligible for a grant for one-off expenses, such as buying a car, solving housing problems and purchasing special devices needed because of their disability.

In December 2012, 3,286 disabled persons received a special benefit paid through the Rehabilitation Department, amounting to NIS 3,588 on average per person, compared to 3,141 in December 2011, who received an average special benefit of NIS 3,542.

In 2012, 168 rehabilitation grants were paid, averaging NIS 30,452 per person, compared to 116 grants averaging NIS 31,224 in 2011. These grants were paid for assistance with housing (57 grants totalling NIS 2,733,000), assistance with purchasing a car (29 grants totalling 1,076,000) and other assistance (82 grants totalling NIS 1,307,000).

3. Dependents' benefit

The number of recipients of a dependents' benefit has gradually increased, and in 2012 reached 4,638 compared to 4,603 in 2011. The rate of increase ranges from 0.2% to 1.2% (Table 13).

In 2012, 168 rehabilitation grants were paid, averaging NIS 30,452 per person, compared to 116 grants averaging NIS 31,224 in 2011. These grants were paid for assistance with housing, assistance with purchasing a car and other assistance

Table 13
Recipients of Dependents' Benefit, by Employment Status, 2008-2012

Year	Total		Employees	Self-employed
	Number	Annual change (%)		
2008	4,518	0.8	3,907	611
2009	4,573	1.2	3,954	619
2010	4,565	-0.2	3,941	624
2011	4,603	0.8	3,981	622
2012	4,638	0.8	4,013	625

E. Payments

The average injury allowances per day for both the employed and self-employed increased in 2012 both nominally and in real terms, and also as a percentage of the average wage (Table 14).

The average monthly permanent disability pension in 2012 was NIS 3,329.8 for employees

The average monthly permanent disability pension in 2012 was NIS 3,329.8 (compared to NIS 3,240 in 2011) for employees and NIS 3,574.4 for the self-employed (compared to NIS 3,489 in 2011). The level of the pension, both in real terms and as a percentage of the average wage, went down for both employees and for the self-employed (Table 15).

Table 14
Average Injury Allowance Per Day, by Employment Status, 2008-2012

Year	Employees			Self-employed		
	Current prices (NIS)	2012 prices (NIS)	% of average salary	Current prices (NIS)	2012 prices (NIS)	% of average wage
2008	174.6	194.9	66.1	199.2	222.4	75.4
2009	179.2	193.6	67.4	240.6	260.0	90.5
2010	175.8	185.0	63.9	205.2	215.9	74.6
2011	178.5	181.5	62.5	195.1	198.4	68.4
2012	186.5	186.5	63.4	203.1	203.1	69.1

Table 15
Average Permanent Disability Pension Per Month, by Employment Status, 2008-2012

Year	Employees			Self-employed		
	Current prices (NIS)	2012 prices (NIS)	% of average salary	Current prices (NIS)	2012 prices (NIS)	% of average wage
2008	2,894.8	3,231.6	36.5	3,204.1	3,577.2	40.5
2009	3,156.2	3,410.3	39.6	3,287.7	3,552.4	41.2
2010	3,419.1	3,597.5	41.5	3,403.2	3,580.7	41.3
2011	3,240.0	3,295.3	37.8	3,489.8	3,549.4	40.8
2012	3,329.8	3,329.8	37.7	3,574.4	3,574.4	40.5

In 2012, the average monthly dependents' benefit was approximately NIS 6,128 for employees and approximately NIS 6,953 for the self-employed (compared to NIS 6,010 and NIS 6,296, respectively, in 2011). The benefit rose in 2012 in real terms for both employees and the self-employed, but decreased by about 1% as a percentage of the average wage for employees, and remained unchanged for the self-employed (Table 16).

Total payments in the Work Injury insurance branch totaled NIS 3.8 billion in 2012 (compared to NIS 3.45 billion in 2011) – a rise of 7.38% in real terms (Table 17). The increase derives from the rise in payments of all pensions in this branch apart from medical treatment expenses, which decreased (Table 16).

Table 18 shows the distribution of all payments by the Work Injury insurance branch: injury allowances, disability pensions, dependents' benefits, medical expenses and rehabilitation expenses.

Since insurance for work-related injuries came into effect, there have been considerable changes in the composition of payments in this branch. When the law was first introduced, most payments (54%) were for injury allowances, compared to about 40% for disability pensions. Payments for injury allowances are short term and their

Table 16
Average Monthly Dependents' Benefit, by Employment Status, 2008–2012

Year	Employees			Self-employed		
	Current prices (NIS)	2012 prices (NIS)	% of average wage	Current prices (NIS)	2012 prices (NIS)	% of average wage
2008	5,342.4	5,964.0	67.4	5,585.2	6,235.0	70.5
2009	5,992.2	6,474.6	75.1	5,812.3	6,280.2	72.9
2010	6,711.8	7,061.9	81.4	6,054.5	6,370.3	73.4
2011	6,010.3	6,112.9	70.2	6,296.1	6,403.6	73.5
2012	6,128.2	6,128.2	69.4	6,479.7	6,479.7	73.4

Table 17
Payments* in the Work-Related Injuries Branch (NIS thousand), 2008–2012

Year	Current prices	2012 prices	Real rate of change (%)
2008	2,808,378	3,135,129	0.37
2009	3,087,170	3,335,719	6.40
2010	3,279,105	3,450,167	3.43
2011	3,450,150	3,509,065	1.71
2012	3,767,946	3,767,946	7.38

* Including payments for injury allowances, disability pensions, dependents' benefits, medical costs and rehabilitation costs.

Graph 3
Payments* in the Work-Related Injuries Branch,
by Type of Benefit (NIS million), 2008–2012

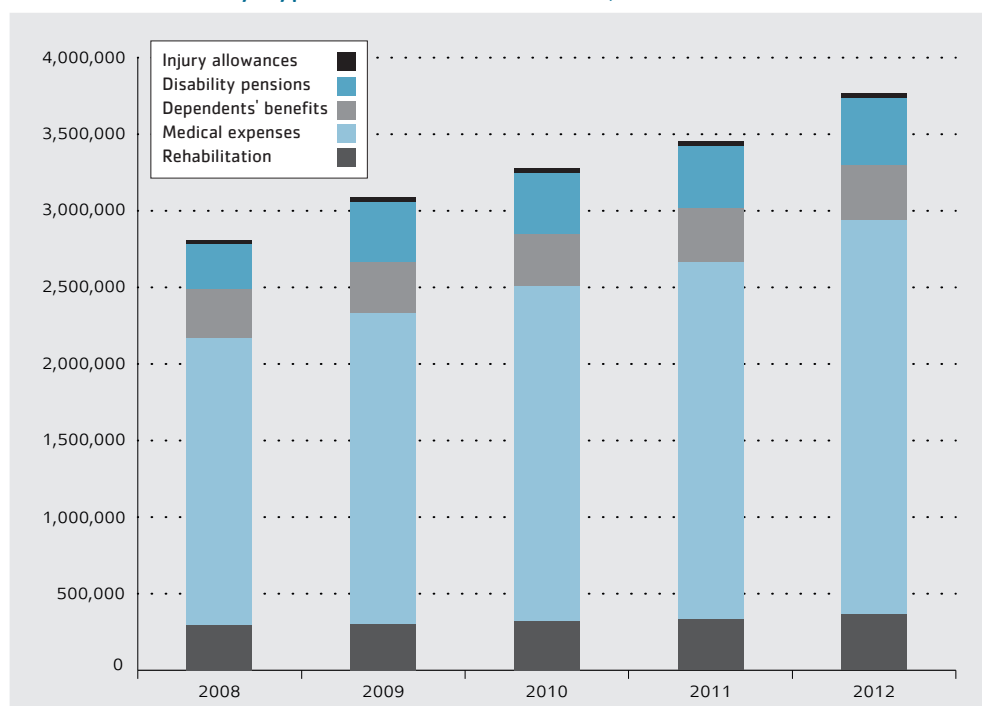


Table 18
Payments* in the Work-Related Injuries Branch,
by Type of Benefit (%), 2008–2012

Year	Total	Injury allowances	Disability pensions	Dependents' benefits	Medical expenses	Rehabilitation expenses
2008	100.0	10.6	66.8	11.1	10.6	0.8
2009	100.0	9.7	66.0	10.6	12.8	1.0
2010	100.0	9.8	66.9	10.3	12.1	0.9
2011	100.0	9.7	67.6	10.4	11.5	0.8
2012	100.0	9.8	68.2	9.7	11.6	0.8

* Not including payments for accident prevention activities, safety at work activities, research, special projects, legal assistance, medical committees and opinions.

recipients change over the year, while disability pensions are paid for long periods (up to retirement age and sometimes beyond that). Therefore the relative share of payments for disability pensions increases constantly while the relative share of injury allowance payments decreases. Today, disability pensions account for the lion's share of branch payments – about 68% – while injury allowances account for only about 10% of total payments in this branch.

Economic Incentives to Prevent Accidents at Work – An International Perspective

The National Insurance Institute collects monthly contributions from employees, and in return pays those who are injured at work benefits following their injury. The contribution is uniform for all employers and there are no economic incentives¹ to encourage them to invest more in safety in the workplace.

Injuries at work cause mental, physical and economic hardships, for both the injured and their families, and also affect the business activity of the workplace. Therefore, investment in safety at work should be one of the most important goals for employers who wish to maintain their productive activity as well as to protect the health of their employees. Most modern countries recognize the need for investment in health and safety at work, but the economic incentives are not always sufficient to motivate employers to invest more in this subject.

One way of creating an economic incentive to invest in health and safety at work is to create a link between contributions to the Work-related Injuries insurance branch and the standard of safety at the workplace. To learn about various models of incentives, work safety organizations in a number of countries were contacted, as well as organizations that coordinate this subject for groups of countries, and they were asked whether they used any special method of encouraging employers to invest in safety².

The main points of the responses received from three countries (Canada, Denmark and Italy) and from one organization (European Agency for Safety and Health at Work) are described below.

A. Canada³

In Canada the law is different in each of its 12 provinces, but there are central criteria for the differences in insurance contributions:

1. Type of industry/ economic sector (according to the risk level in that sector).
2. The employer's record in the field of safety: employers who have shown good performance over time are rewarded and those whose record is not so good are "punished".
3. The size of the employer.

-
- 1 An economic incentive is a benefit to employers whose purpose is to encourage them to invest in making the workplace healthier and safer.
 - 2 The countries contacted at this stage are Denmark, Czech Republic, Germany, Switzerland, Italy, USA and Canada. It is important to note that the field of work-related injuries is not always enshrined in law and the body handling the subject is not necessarily governmental.
 - 3 An organization called the Association of Workers Compensation Boards of Canada coordinates this subject at federal level.

B. Denmark⁴

In Denmark there are no fixed rates of employer contributions. The Labor Market Occupational Fund defines 17 categories of industrial sectors, and determines a different rate for each category. This rate is updated each year on a pay-as-you-go basis, which is determined according to the number of accidents in that sector and the severity of the injuries caused. For reasons of employer privacy, they no longer give details of the differential contributions.

C. Italy⁵

The insurance contributions are mandatory only for employers defined by law as hazardous (for example, according to the type of equipment and machinery they use). For people engaged in the professions and for the self-employed in agriculture, a third of the insurance premiums are funded by the employee and two-thirds by the employer. The size of the premium is based on the level of risk associated with the activity and on the level of the wages paid by the employer (similar to segmentation by company size). For less hazardous companies, the conditions are different. In the first two years of a business, the premium may rise or fall to 15% based on the company size and the number of work accidents in a specific insured period, and according to the extent of health and safety activities undertaken beyond what is required by law.

D. The European Agency for Safety and Health at Work⁶

In 2010 the European Agency for Safety and Health and Work published a broad study on the subject of economic incentives for workplace safety. The study opened with a declaration that one of the purposes of the European Union is to reduce the number of work accidents by 25% from 2007 to 2012, by changing attitudes and behaviours that affect the number of injuries. In addition to the legislative changes required regarding supervision and penalties, economic incentives were provided to change the situation.

In some EU countries, such as Denmark, Estonia, Greece, Spain, Sweden and Britain, there are no incentives affecting the insurance premiums. The recommendation is to differentiate premiums according to the risk level of the business. In other countries, such as Belgium, Bulgaria, Czech Republic, Germany, France, Italy, Holland,

In some EU countries, there are no incentives affecting the insurance premiums. The recommendation is to differentiate premiums according to the risk level of the business. In other countries, differences in premiums are based on the penalty and reward system, where the degree of risk is determined based on past experience

4 The National Board of Industrial Injuries operates under the Danish Ministry of Employment and deals with safety, but only in the private sector. It also coordinates the Labor Market Occupational Fund, which deals with occupational illness only. Other areas of work-related safety are handled by private companies.

5 The Italian Workers Compensation Authority handles work accident insurance in Italy.

6 This organization coordinates this subject in EU countries and operates under the European Commission.

Poland, Portugal and Finland, differences in premiums are based on the penalty and reward system, where the degree of risk is determined based on past experience⁷. Another method uses the premium to encourage employers to invest in safety: if a company invests special efforts to improve safety, the premium is reduced, and if not – it is increased. This method is used, for example, in Germany, where the size of the premium depends on which sector the business belongs to. A similar system is used in Holland, which grants incentives using the premium, based on cooperation between employers, private insurance companies, and the country's safety and health services.

It is important to note that in countries where the work safety system is social, it is easier to invest in work safety than in countries where it is the responsibility of private insurance companies, since it is easier to monitor and introduce changes when the subject is handled by one large body.

The study mentioned above presented six case studies, illustrating effective ways of introducing economic incentives, and leading to the following conclusions:

- Incentives should not be given only for past achievements in managing safety, such as rates of injury, but also for special activities designed to prevent future accidents or occupational illnesses.
- Incentives should be available to companies of all sizes – for large and small employers – with attention paid to the special needs of small and medium-sized employers.
- The incentives must be large enough to motivate employers to invest in safety.
- There must be a close and direct link between accident prevention activity by companies and the reward (incentive).
- The criteria for incentives must be as clear and simple as possible, to avoid creating an administrative burden on all parties involved – both the companies and the organization offering the incentives.
- If the criteria are granted to many companies, the most effective method is to use insurance contributions or taxes, based on fixed and well defined criteria.
- For promoting innovative solutions in some areas, a system of subsidies is the most efficient⁸.

However, it is important to remember that the selection of tools for preventing work accidents and occupational illnesses must be based on the optimal combination of three criteria: effectiveness, utilization and options for implementation by the government (Toren and Sterner, 2003)⁹.

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 7 European Agency for Safety and Work, *Economic Incentives to Improve Occupational Safety and Health: a Review from the European Perspective*. Luxembourg: Publications Office of the European Union, 2010, p. 9.

8 Ibid, p.10.

9 Ibid, p.23.

8. Victims of Hostile Actions

A. General

The Victims of Hostile Actions (Pensions) Law was enacted by the Israeli government with the aim of ensuring the social benefits of victims of hostile actions and their families. Under this law (and its accompanying regulations), the benefits are paid by the NII and funded by the Treasury. The purpose of the law is to equate the rights of civilian victims of hostile actions with the rights and services granted to IDF soldiers and their bereaved families, which are handled by the Defense Ministry. The law underwent several stages of revision until it reached its present format and wording.¹ The innovations introduced by the law include the definition of a “hostile action,” the establishment of a designated “approving authority,” which confirms whether an incident is considered a hostile action, the definition of the principal rights under the law, full state funding of these benefits, the inclusion of past victims of hostile actions under the law and the transfer of the responsibility for handling cases to the NII.

The benefits are paid by the NII and funded by the Treasury

A **hostile action injury** is one of the following (on condition that the approving authority, which is appointed by the Ministry of Defense, has confirmed that the injury was caused by hostile action):

- Injury resulting from violent action by enemy forces hostile to Israel, including actions that occurred outside of Israel whose objective was to harm the Jewish people;
- Accidental injury caused as a result of hostile action by enemy forces, or accidental injury in circumstances in which it was reasonable to suspect an impending hostile action;
- Injury caused by a weapon intended for use during hostile actions by enemy forces, or injury caused by a weapon intended to combat such a hostile action, even if not used, excluding an injury suffered by a person aged 18 or over while perpetrating a crime or other offense involving malice or criminal negligence;
- Injury resulting from an act of violence whose main objective was to inflict injury on a person because of his ethno-national origin, providing that it derives from the Arab-Israeli conflict;
- Injury resulting from an act of violence, whose main objective was to inflict injury on a person because of his ethno-national origin, which was committed by a terrorist organization that has been declared as such by the Israeli government pursuant to Section 8 of the Prevention of Terrorism Ordinance, 5708–1948, excluding an orga-

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1 The Victims of Hostile Actions (Pensions) Law was approved by the Knesset in 1970 retroactively from June 1967 for those affected by hostile actions since February 1949. In March 1977 the Law was extended to apply also to anyone injured between May 14, 1948 and February 1949. Since March 1982, those injured between November 29, 1947 and May 13, 1948 have also been eligible for the benefit.

nization consisting of enemy forces, or an act of violence committed by order of or on behalf of such an organization.

A person injured during a hostile action is eligible for a benefit if he is one of the following:

- An Israeli citizen who was injured in Israel or in Judea, Samaria or the Gaza Strip, or outside of Israel if less than a year had elapsed since his residency expired;
- Any person who entered Israel legally;
- A foreign resident injured by hostile action abroad in the course of and due to his employment for an Israeli employer (approved for this purpose);
- A resident of the territories bearing an Israeli identity card who was injured within the limits of the Green Line;
- A resident of the territories bearing an entry visa issued by the commander of the military forces in the field, who was injured within the limits of the Green Line.

B. Amendments and Revisions to the Victims of Hostile Actions (Pensions) Law

The amendments and revisions made to the Victims of Hostile Actions (Pensions) Law – 1970 since its enactment indicate a trend towards broadening the rights to benefits and to additional and supplementary services, towards recognizing the entitlement of additional family members, and towards expanding the definition of hostile actions covered under the law. Unlike the population of injured persons covered by the Disabled Persons Law and the Bereaved Families of Fallen Soldiers Law, victims of hostile actions also include children, the elderly and mothers of children; furthermore, sometimes several members of the same family are injured during hostile actions. Therefore, the solutions proposed within the scope of the Disabled Persons Law and the Bereaved Families of Fallen Soldiers Law do not always address the needs of families who are victims of hostile actions.

In 2006, the definition of an injury resulting from hostile action was expanded to include injuries resulting from any action whose primary objective is to harm the Jewish people (section 18.A of the National Insurance Law). However, this expansion applies solely to residents of Israel.

The definition of injury from hostile action was again expanded, to include injury resulting from a violent act whose main purpose was to harm someone due to his ethno-national origin, whether deriving from the Israeli-Arab conflict or a violent act committed by a terrorist organization.

In 2005, two amendments were passed that concerned children who had lost both parents as a result of hostile action, and, in November 2008, the Knesset passed a legislative amendment (in effect from December 1, 2008), which specifies and expands the rights of these orphans. In 2011, the Knesset passed another amendment (in effect

The definition of injury from hostile action was again expanded, to include injury resulting from a violent act whose main purpose was to harm someone due to his ethno-national origin

from August 1, 2011), that expands the rights of those **who lost both parents due to hostile action**, if they were orphaned before reaching the age of 37 (see box).

On November 23th, 2009 an amendment to the law was passed by which a woman widowed by hostile action who remarried would not lose her monthly benefit, as was the case until then. The amendment came into effect in February 2010, and regulations will be drawn up regarding setting off the marriage grant paid to widows who married in the last five years.

Children who have Lost Both Parents

One of the groups that differs in its nature and complexity in comparison to other groups eligible for benefits as victims of hostile actions is the group of those who have **lost both father and mother** as the result of hostile actions.

Orphans in general, and orphans who have lost both parents in particular, are handled by the Victims of Hostile Injuries Department and the Rehabilitation Department of the National Insurance Institute, and are eligible for emotional support and economic benefits, such as regular payments, grants and benefits whose amounts are determined according to the Bereaved Families of Fallen Soldiers Law, rehabilitation and so on. The benefits are given as an expression of the State's feeling of obligation towards people injured in circumstances linked to security¹. Because of the profound differences between the two populations – soldiers and their families and victims of hostile actions and their families – the Victims of Hostile Action (Pensions) Law did not provide a full response to the special needs of exceptional groups, including children who had lost both parents. In July 2011 the Knesset passed Amendment 30 to the Law, addressing this group. In October of that year, an amendment to the regulations was passed, regarding families who had taken on the job of raising such children.

Amendment 30, which came into effect on August 1st, 2011, extended the eligibility for benefits of orphans who lost both parents as a result of hostile action, if they were orphaned before reaching the age of 37. Following are the main points of the amendment:

- Those who lost both parents before the age of 37 are entitled to a benefit.
- Those under the age of 18 are eligible for 100% of the benefit paid to an independent orphan, with all the benefits due to an orphan from a hostile action.

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1 Yanai, A., Prior, R. and Baer, S. (2005): Victims of Hostilities in Israel: Injuries, Needs, Legislation and the Provision of Treatment and Assistance, Jerusalem: National Insurance Institute, the Research & Planning Administration.

On August 1st, 2011, the eligibility for benefits of orphans who lost both parents as a result of hostile action, if they were orphaned before reaching the age of 37, was extended

- Those who have reached the age of 18 are entitled to a lifelong payment equal to 100% of the pension paid to a widow without children, including all associated benefits.
- Those who marry or reach the age of 30, or those who purchase an apartment, will be entitled to double the grant paid in these cases. They will not be entitled to assistance in financing the purchase of an apartment or moving house.
- Payment to an orphan of both parents and the orphan's living allowance (paid by the Rehabilitation Department to those who have lost one parent) are duplicate benefits and one of them must be selected.
- Those who have lost both parents are entitled also to a mobility benefit, which is paid instead of the mobility grant of NIS 26,000, which was cancelled.
- Eligibility for the acclimation grant paid to orphans of both parents aged between 18 and 36, inclusive, was not changed.
- A retroactive grant of NIS 550,000 is paid to those who were orphaned before October 2000 and by August 1st, 2011 had reached the age of 21, if at the time of losing their parents they were aged under 37.
- A memorial grant (an annual memorial payment and a five-yearly payment for grave maintenance) will be paid to one of the children of each such family, for each parent.

Table 1 shows the breakdown of orphans of father and mother by age when orphaned and age in December 2012. It shows that at the time of being orphaned, about 66% were minors (under the age of 18). In December 2012, 38% of the orphans were aged 18 to 37 and about 37% were over 37, while the remainder were minors.

In December 2012 there were 99 orphans who had lost both parents, of whom 46 were being raised in 18 families. The number of children living in one family varied from one to 7. Nine families (half of those raising orphans) had agreed to raise two orphans, 4 families (22%) were raising one child (Table 2), and the remainder were raising 3-7 orphans.

Table 1
Orphans who have Lost Both Parents, by Age When Orphaned and Current Age, December 2012

Age when orphaned	Current age			Total
	Up to 18	18-37	37+	
Up to 18	24	16	25	65
18-37		22	12	34
Total	24	38	37	99

In December 2012 there were 99 orphans who had lost both parents, of whom 46 were being raised in 18 families. The number of children living in one family varied from one to 7

Table 2
Adoptive Families by Number of Children Being Raised, December 2012

Number of children in family	Adoptive families	
	Number	As percentage of families
1	4	22.2
2	9	50.0
3	1	5.6
4	2	11.1
6	1	5.6
7	1	5.6
Total	18	100.0

As stated, in October 2011 an amendment to the regulations came into effect regarding families who were raising children who had lost both parents. The main feature of the amendment is that the grant paid to a guardian or family will vary according to the **age and number** of the children they are raising. The size of the payment reflects compensation for the economic burden placed on the family, and it varies from the amount of the average wage or the actual loss of income up to four times the amount of the average wage. At present payment is determined by the average wage.

As mentioned, families receive a fixed payment to pay for the costs of raising the children. Couples raising children aged under 18 receive a regular benefit. In 2011, a lump-sum retroactive payment (dating back to October 1st, 2000) was paid to parents with one or more children until the youngest child reached the age of 18. In December 2012² benefits paid to families raising children who had lost both parents amounted to NIS 88,340 and the payments to such orphans amounted to NIS 935,659.

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 2. We do not have the annual data, so the amounts are given for December 2012 only.

C. Categories of Benefits

- 1. Medical treatment benefit** – Anyone who is prevented from working or functioning because he is receiving medical treatment (confirmed by a medical certificate and with the approval of an NII physician) is eligible for a special monetary benefit during the period of the treatment, provided that he is receiving no salary or compensation during this period, and, if he is self-employed, provided that he has ceased to engage in his profession. This benefit is intended as short-term compensation, granted for a limited period, until the degree of disability is determined by a medical board.

2. **Disability benefits** – Anyone who has been certified by a medical board as at least 20% disabled is eligible for a monthly disability benefit. The amount of the benefit or pension is determined by the degree of disability and is equivalent in value to the benefits paid to disabled IDF veterans under the Invalids Law (Benefits and Rehabilitation). A person with 100% disability receives 118% of the salary of a civil servant at grade 17 of the administrative grades.

The degree of disability of a person disabled by hostile action, who is subsequently injured by an additional hostile action, is re-determined, and the injuries sustained from all the hostile actions are deemed to have originated from a single hostile action (aggregation of disabilities). Additional benefits and grants are added as needed – to pay for assistance from others, a mobility allowance, monthly and annual benefits and grants.

- **Lump-sum disability grant** – is paid to anyone who has been certified by a medical board as having a permanent disability of 10%–19%. The amount of the grant is calculated by multiplying the sum deriving from the degree of disability by the number of months in the grant calculation. The grant calculation table specifies the number of months applicable for calculating each degree of disability. For example, for a person whose degree of disability is 10%, the sum is multiplied by 108 months, while for a person whose degree of disability is 19%, the sum is multiplied by 215 months.

In addition to the above ordinary benefits, special increments are paid for particular categories of disabled persons, such as a benefit increment for the severely disabled and an age increment, plus special benefits at increased rates, with eligibility and amounts being determined by the degree of disability, earning capacity and potential for rehabilitation.

Among the special benefits are:

- **Benefit for a needy disabled person** – is paid to a disabled person whose certified degree of disability is at least 50% and who fulfils the criteria pertaining to income and earning capacity. This benefit is paid in lieu of disability benefit, and eligibility for this benefit, for a maximum of one year, is determined by an NII committee.
 - **Benefit for the disabled with no income** – is paid to a disabled person whose degree of temporary or permanent disability is at least 10%, and who fulfils particular criteria pertaining to income and efforts to seek employment. Eligibility for this benefit is determined by a special committee and is paid in lieu of disability benefit (according to the degree of disability) for a limited period only.
 - **Benefit for a person disabled by a hostile action who dies** – entitles the family member named as beneficiary by the disabled victim to continue receiving the benefit for a period of three years.
3. **Medical treatment** – Medical treatment includes hospitalization, treatment in a clinic, including dental treatment for damage caused by the attack, medicines, auxiliary medical instruments, convalescence and medical rehabilitation. Treatment is provided on the basis of the NII's confirmation that the injury is recognized as caused by hostile action and on the basis of a financial commitment from the NII.

Treatment is provided by state-authorized medical services, which are the government's health services and recognized sick funds. First aid is provided to the injured victim by the first aid organization Magen David Adom and by any physician or medical institution in the vicinity of the scene of the attack. Medical treatment to disabled persons with up to 19% disability is provided by the sick funds under the National Health Insurance Law.

4. Vocational and economic rehabilitation – is intended to assist with the rehabilitation of a disabled person lacking a profession or needing retraining due to his disability, or due to cutbacks at his workplace. Anyone with at least 20% disability who has not received funding for studies from the NII may receive NII assistance to set up his own business or to put an existing independent business on firmer ground. Such a business must be economically viable and compatible with the disabled person's capabilities, know-how and physical limitations.

5. Dependents' benefit – is paid to the survivors of a person killed in a hostile action.

A monthly benefit is paid to widowers, widows and orphans. The amount of the benefit is calculated as a percentage of the salaries of civil servants, to which fringe benefits are added as a monthly grossed-up payment. The rate of the benefit for a widow/widower is determined by the age of the widow/er and, if they have dependent children, also by the ages of their children. The increment for children continues to be paid as long as the child is serving his mandatory military service, even if he has already reached the age of 21. Once the child completes his mandatory military service, the widow/widower receives the same benefit as that paid to those with adult children. In special cases, orphans receive increased rates.

In addition to the monthly payments, families of dependents are eligible for rehabilitation, grants and additional fringe benefits, such as payment for assistance with daily activities due to a medical handicap, help in purchasing a vehicle, loans and grants for housing, assistance with mobility, assistance with housing and a marriage grant for orphans.

Grants to cover mourning expenses – are paid to widows/widowers and to bereaved parents, and, lacking these, another surviving blood relation shall be eligible, the aim being to help with the expenses related to mourning.

The data presented in this section relate solely to civilians injured by hostile actions and not to soldiers or police officers injured in such actions. Tables showing benefit recipients do not include injured persons who previously received a benefit and who are no longer eligible, or injured persons who never received a benefit.

D. Hostile Actions

Hostile acts have occurred throughout Israel's existence. The NII began collecting data only in recent years, and therefore, the data on the initial years of the state are incomplete. Apart from the period of the War of Independence (1948), during which many civilians were killed or injured, the years between 1946 and 1966, the country's initial years, were

characterized by a relatively small number of hostile actions. Immediately after the Six Day War, there was a significant rise in the number of hostile actions, followed by a gradual decline in hostilities until the eruption of the first intifada (1988).

The years 1994-1998 were characterized by numerous hostile actions and by casualties following every attack, but the number of casualties gradually diminished until September 2000, and the outbreak of the second intifada. Between 2003 and 2005, the number of hostile actions diminished. In 2006, there was a sharp increase in the number of fatalities and wounded as a result of the Second Lebanon War

The years 1994-1998 were characterized by numerous hostile actions and by casualties following every attack, but the number of casualties gradually diminished until September 2000, and the outbreak of the second intifada, At the end of 2000, and particularly during 2001 and 2002, the number and severity of hostile actions reached a peak. The ratio between the number of confirmed casualties and the number of terrorist attacks in 2002 reached 9:1. Between 2003 and 2005, the number of hostile actions diminished (Table 1).

In 2006, there was a sharp increase in the number of fatalities and wounded as a result of the Second Lebanon War. The wounded included those who were slightly injured and only received medical treatment, wounded who fully recovered after a fairly short period, and the severely wounded who became disabled. Out of approximately 4,500 persons injured during the Second Lebanon War, 37% suffered from some form of emotional trauma not accompanied by physical injury. In 2008, there were approximately 200 confirmed hostile actions (since November 19, 2008, each day of rocket attacks on the region surrounding the Gaza Strip is counted as an incident).

Table 1
Number of Hostile Actions Confirmed by the Approving Authority and Hostile Action Victims, 1947-2012

Year of attack*	Number of incidents**	Total approved victims	Wounded		Fatalities	
			Total	Thereof: approved	Total	Thereof: approved
Total	3,802	12,736	20,961	10,986	1,840	1,750
1957-1947	168	213	156	142	81	71
1976-1958	368	670	506	470	223	200
1993-1977	702	1,128	914	791	357	337
1999-1994	671	1,940	1,990	1,742	203	198
2004-2000	969	4,724	7,445	3,970	761	754
2005	93	365	633	320	50	45
2006	196	2,041	5,944	1,970	87	71
2007	141	242	362	231	12	11
2008	204	649	1,327	616	33	33
2009	112	366	1,012	360	6	6
2010	83	104	118	97	7	7
	94	294	554	277	20	17

* The division into years in the table is based on the data presented in the study entitled "Victims of Hostilities in Israel: Injuries, Needs, Legislation and the Provision of Treatment and Assistance" (2005), by A. Yanai, R. Prior and S. Baer, published by the National Insurance Institute, which divided attacks into periods according to the nature of the attack.

** Each of the days on which missiles were fired into the region surrounding the Gaza Strip and during the Second Lebanon War was defined as a separate incident.

In 2009–2010, there was a decrease in hostile actions, but in 2011 numbers again increased: there were 94 incidents during which 294 people were confirmed wounded for benefits purposes and 17 people died. In 2012 the number decreased again: 61 incidents in which 139 people were hurt (128 injured and 11 killed).

E. Recipients of Benefits

1. Recipients of a medical treatment benefit

Immediately after an attack, victims are eligible for a medical treatment benefit to compensate for their loss of physical capacity. Approximately 25.6% of the victims of hostile actions who received medical treatment benefit in 2012 were incapable of working or functioning for more than three months as a result of the injury. Another 31.8% were incapable of working or functioning for one to three months. In certain instances, such as of government employers, the employer pays the victim his full salary and the NII reimburses the employer. Table 2 shows the recipients of the medical treatment benefit and the number of employers by duration of the incapacity.

The level of the medical treatment benefit is determined according to the injured person's occupational status prior to the incident:

- Anyone who was working prior to being injured is eligible for a benefit equivalent to his average earnings during the three months preceding the injury (net of income tax) up to the maximum benefit paid to a person doing reserve duty (five times the average wage).
- Anyone who was not working prior to being injured is eligible for a benefit that is calculated according to his marital status and number of children. The benefit is calculated as a percentage of a civil servant's salary.
- Children up to the age of 14 are not eligible for medical treatment benefit under any circumstances. Children aged 14–18 are eligible for the benefit only if they were working prior to being injured.
- For a disabled person who returns to part-time work and whose potential for rehabilitation has not yet been determined (he is in employment and has an income but has not returned to full function at work due to his recognized injury) – payment of a partial benefit during his period of disability may be considered.

2. Recipients of disability benefit

During 2012, a monthly average of 4,288 disabled victims received benefits. Table 3 shows the number of disabled victims of hostile actions who received monthly benefits in the years 2008–2012. Most of the increase in the number of disabled in those years occurred among those with the lowest levels of disability.

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During 2012, a monthly average of 4,288 disabled victims received benefits. Most of the increase in the number of disabled in those years occurred among those with the lowest levels of disability

The disabled are differentiated by their economic situation subsequent to their injury: the majority (59.2%) are classified as ordinary disabled persons, while a minority are classified as needy (4.0%) or without income (2.5%)

Tables 4 and 5 show the demographic and economic characteristics of the disabled who are receiving a monthly benefit. 51.9% of recipients are men. The disabled are differentiated by their economic situation subsequent to their injury: the majority (59.2%) are classified as ordinary disabled persons, while a minority are classified as needy (4.0%) or without income (2.5%). Eligibility for a benefit as a disabled person who is needy or without income is for a limited period only and requires periodic re-evaluation of the recipient's situation. The numbers of disabled persons by status and the average benefits for the various categories of disabled persons are shown in Table 5.

3. Recipients of dependents' benefit

Widowers, widows, children and parents of persons killed during a hostile action are eligible for a dependents' benefit. Table 1 showed the number of hostile actions each year and the number of fatalities during those actions. Tables 6 and 7 shows the number of fatalities whose survivors receive dependents, by various cross-sections. In December 2012, benefits were paid to 1,939 families of various compositions for 1,564 fatalities – of which approximately 50% were paid to bereaved parents and 41% to widows/widowers with and without children.

Table 2
Victims of Hostile Action who Received Medical Treatment Benefit, by Number of Days of Incapacity, 2012

Days of incapacity	Total	Injured persons	Employers
Total	176	138	38
1-30 days	75	66	9
31-90 days	56	44	12
Over 90 days	45	28	17

Table 3
Victims of Hostile Actions Receiving Monthly Disability Benefits (annual average), by Degree of Disability, 2008-2012

Degree of disability (%)	2008	2009	2010	2011	2012
Total	3,564	3,860	4,113	4,216	4,288
Up to 39	2,625	2,879	3,116	3,216	3,283
49-40	219	234	238	240	239
59-50	272	284	294	298	297
79-60	247	259	263	260	267
99-80	102	104	105	103	104
100	99	100	97	99	98

Table 4
Disabled Victims of Hostile Actions who Received Monthly Benefits in December 2012, by Gender and by Age When Injured

Age when injured	Total	Men	Women
Total - Numbers	4,336	2,252	2,084
Percentages	100.0	100.0	100.0
Up to age 19	23.3	25.3	21.2
29-20	20.0	21.4	18.4
44-30	26.5	27.2	25.7
64-45	25.1	22.0	28.5
65+	5.1	4.0	6.2

Table 5
Disabled Victims of Hostile Actions who Received Benefits in December 2012, by Status and the Benefits Paid to Them (current prices)

Status	Recipients	Average actual monthly payment (NIS)*
Total	4,336	2,411
Ordinary	2,568	2,620
Needy	175	13,465
Without income	108	7,372
Benefit for deceased disabled person (36 months)	47	2,295
Disabled with 10%-19% degree of disability	1,358	**

* Including monthly benefits and not including annual benefits.

** Receive a one-off payment and not a monthly benefit.

Table 7 shows the average monthly payments by family composition. The average benefit ranges from about NIS 3,800 in the case of an independent orphan to about NIS 10,500 for a family consisting of a widow/er with children.

F. Volume of Payments

In 2012 the volume of payments to victims of hostile actions (in current prices) declined, following a consistent rise in the previous three years (Table 8). In real terms, there was a mixed trend during these years. In 2011 there was a significant increase in the volume of payments: about NIS 476 million compared to NIS 413 million in 2010 – a real growth of 11.3%, due to the amendment in the law whereby retroactive payments were made to children who lost both parents as a result of hostile actions. In 2012 about NIS 466 million were paid to victims of hostile actions.

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Table 6
Casualties of Hostile Actions for whom Benefits are Paid, by Gender and Age at Death (percentages), December 2012

Age at death	Total	Men	Women
Total – Numbers	1,564	1,073	491
Percentages	100.0	100.0	100.0
Up to 18	17.8	14.1	25.9
29-19	22.1	20.6	25.3
49-30	36.7	40.4	28.7
64-50	16.8	17.5	15.1
65+	6.7	7.5	5.1

Table 7
Families of Deceased Victims who Received Benefits, by Family Composition and Monthly Benefit (annual average, current prices), December 2012

Family composition	Numbers	Monthly payment* (average, NIS)
Total	1,939	8,053
Widow/er without dependent children	103	7,876
Widow/er with adult children	441	8,608
Widow/er with dependent children	253	10,512
Independent orphans	27	3,804
Bereaved parents	962	7,328
Other	153	7,173

* Including balance, grossing up, health insurance and age increment.

Table 8
Payments in the Victims of Hostile Actions Department (NIS thousand), 2008-2012

Year	Current prices	2012 prices	Real rate of change (%)
2008	388,365	433,561	4.3%
2009	400,000	432,215	-0.3%
2010	413,000	434,555	0.5%
2011	475,740	483,875	11.4%
2012	466,243	466,243	-3.6%

9. Vocational Rehabilitation

A. General

The National Insurance Vocational Rehabilitation Department helps eligible persons who have lost their jobs, or eligible persons who have no work experience, find work that is commensurate with their professional skills or their functional abilities by giving them vocational training and job placement services. These services are delivered by rehabilitation officers who are social workers by training, and provide evaluation and employment counseling services and accompany the recipient throughout the entire rehabilitation process.

The main services provided by the Vocational Rehabilitation Department are services in kind: evaluation, guidance and counseling in choosing a profession, preliminary training and vocational training, completion of schooling and higher education studies, and job placement assistance for those having difficulties finding work. In addition, participants are eligible for funding of the expenses associated with the rehabilitation process, including funding of vocational evaluation and studies, a rehabilitation allowance and transportation expenses to and from the place of training, subject to the Law's provisions.

The population that the department deals with is divided into three groups¹: new applicants for vocational rehabilitation, those in the midst of the rehabilitation process and those who have completed their rehabilitation program. Considerable efforts are invested in identifying the people most suited to rehabilitation from among those eligible, in order to maximize the percentage of those finding work at the end of the process.

In addition to vocational rehabilitation, the Vocational Rehabilitation Department provides expert opinions to the Benefits Administration branches on various matters, such as determining the level of a disabled person's earning capacity and the screening of benefit recipients, etc.. The branch staff also help victims of work accidents and victims of hostile actions to access all the financial benefits for which they are eligible and also assist widows and other victims of hostile actions at times of crisis².

Considerable efforts are invested in identifying the people most suited to rehabilitation from among those eligible, in order to maximize the percentage of those finding work at the end of the process

B. Those Eligible for Vocational Rehabilitation Services³

- **General disabled persons** – a resident of Israel who is suffering from a physical, mental and/or emotional impairment, provided that he fulfills all the following criteria: (1) he has been certified with a medical disability of at least 20%; (2) he is unable to work in his previous occupation or in other suitable work, due to his impairments; (3) as a result of his impairments, he needs and is suited for vocational training and

1 A rehabilitation participant can, in a given year, belong to more than one group.

2 Dealing with victims of hostile actions includes supportive treatment and assistance throughout the victim's lifetime.

3 In addition to the details given here, eligibility for vocational rehabilitation is conditional on the claimant being below retirement age.

other rehabilitation services that will enable him to return to his previous occupation or other suitable work. The spouse of a disabled person who cannot be rehabilitated due to his/her impairments and who regularly resides with him/her is also eligible for vocational rehabilitation.

- **Work-injured persons**⁴ – anyone injured at work with a certified medical disability of at least 10%, who, as a result of this injury, is incapable of engaging in his previous occupation or in other suitable work, and who needs special vocational training so that he will be capable of returning to his previous occupation. However, the NII may approve vocational rehabilitation for a work-injured person with a disability of under 10% in instances where his continued work at his previous job is liable to seriously jeopardize his health or safety.
- **Widows/widowers** – a widow/widower, as defined in the law, who is receiving survivors' benefit or dependents' benefit, and who fulfills one of the following criteria: (1) he/she has no profession or cannot earn a sufficient living in his/her profession (2) he/she cannot continue to work at the previous workplace due to being widowed; (3) a rehabilitation clerk has determined that the widow/widower is suitable for vocational training/retraining, subject to his/her medical condition and education.
- **Victims of hostile actions** – anyone injured during a hostile action⁵, provided that his certified degree of medical disability is at least 20%⁶ and who, as a result of this injury, is incapable of engaging in his/her previous occupation or in other suitable work, or who needs special vocational training so that he/she will be capable of returning to his/her previous job. Bereaved family members as defined in the law (widow/widower, orphan and bereaved parents) whose family member died as a result of a hostile action are also eligible for vocational rehabilitation.

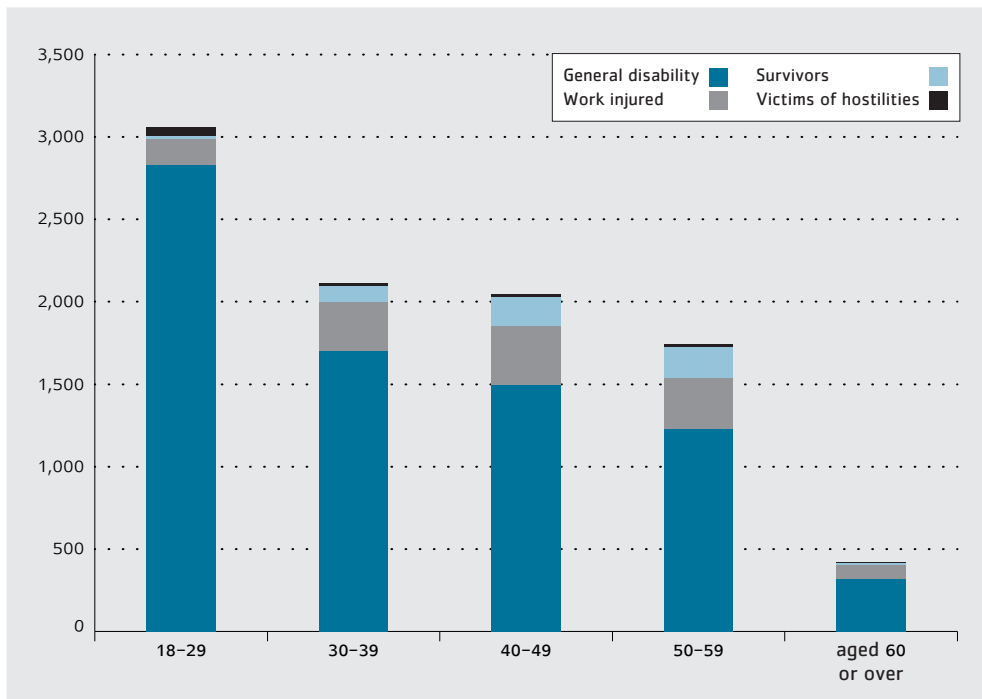
C. People Applying to the Vocational Rehabilitation Department

2012 was the third year running in which there was a preliminary mapping of people applying for rehabilitation, in order to separate those seeking only information from those seeking rehabilitation. In the first two years, the number of applicants for rehabilitation decreased, but in 2012 this trend was reversed and the number of applicants rose by 18% – 9,382 people applied for vocational rehabilitation. 63% of applicants were eligible for a monthly benefit from the various pension branches of the National Insurance Institute.

The number of applicants rose by 18% – 9,382 people applied for vocational rehabilitation

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- 4 A work-related injury is the result of an accident that occurs during and as a result of work, including an accident that occurs en route to or from work, or an occupational illness, according to the list of such illnesses defined in the Work-Related Injury Regulations.
 - 5 A victim of hostile action is one who was injured in an action by military or paramilitary forces or irregular forces of a country or an organization hostile to Israel, or by an action involving assistance to one of the foregoing, in an action ordered by them or on their behalf, and directed against Israel.
 - 6 A victim of hostile action who was injured before 1996 is eligible for vocational rehabilitation if he has been certified with at least 10% medical disability.

Graph 1
Applicants for Vocational Rehabilitation by Age and Branch, 2012



This year, too, as in other years, most applicants come from the General Disability branch (about 80%).

Young people in their twenties have the highest potential for rehabilitation, because the training or higher education will significantly improve their chances of finding work, and therefore it is not surprising that one third of the applications for rehabilitation are in this age bracket (Graph 1). Moreover, the younger the age group, the higher the rate of those being rehabilitated from the General Disability branch, because this group includes those disabled from birth who apply to exercise their rights to rehabilitation on reaching the age of 18. The older age brackets include more victims of work-related injuries and widows/ widowers.

One of the factors that greatly affects the success of rehabilitation is the individual's internal motivation. It is reasonable that someone who applies for rehabilitation on his own initiative is more highly motivated to succeed in the process. For 73% of applicants for rehabilitation in 2012, this was their first application, and 80% of those initiated the application themselves. Only 15% of applications were initiated by NII rehabilitation clerks – usually for those with general disabilities or survivors who had never previously sought their assistance (Table 1).

One third of the applications for rehabilitation are young

Table 1
Applicants for Vocational Rehabilitation by Branch, Number of Application
and Initiator of Application (numbers and percentages), 2012

Application number	Initiated by	Total		Branch			
		Number	Percent	General disability	Work-related	Survivors	Victims of hostilities
Total	Numbers			7,563	1,201	503	95
	Percentages	9,382	100	100%	100%	100%	100%
First application	Total	6,849	73	71%	80%	85%	63%
	The applicant	5,375	57	55%	74%	56%	53%
	NII clerks	1,190	13	13%	6%	27%	11%
	Community entity	284	3	4%	0%	2%	-
2nd application	Total	2,533	27	29%	20%	15%	37%
	The applicant	2,139	23	24%	18%	13%	34%
	NII clerks	224	2	3%	1%	1%	3%
	Community entity	170	2	2%	1%	1%	2%

D. Participants in Vocational Rehabilitation

As stated above, the primary objective of the Vocational Rehabilitation Department is to help participants integrate into the labor market. The rehabilitation process consists of a number of stages, in which the applicant's suitability for rehabilitation is examined and the program is optimally adapted to his needs, wishes and abilities, according to the professional opinion of the rehabilitation staff. The major stages in the vocational rehabilitation process are as follows:

- **Occupational evaluation** – The participant's occupational qualifications are evaluated, and the participant receives counseling and guidance by department professionals, evaluation institutes or vocational rehabilitation centers. The evaluation is performed in accordance with the disabled person's capabilities and the opinion of the rehabilitation professional.
- **Pre-training stage** – learning work habits in rehabilitation centers, empowerment courses, programs to fill educational gaps (high school matriculation, psychometric exams, college preparatory courses, etc.), based on the findings of the occupational evaluation, and as preparation for integration in a training program or in employment.
- **Vocational training** – training provided to participants who possess occupational qualifications suitable for studies that will equip them with a profession and help them to find work: studies at institutions of higher education (colleges and universities), practical engineering schools, vocational courses (such as technician training, secretarial courses, bookkeeping and cooking).
- **Job placement** – The department staff assist those participants who have a profession or who have completed their vocational training to find work compatible with their capabilities and training, and assist and monitor their assimilation in the workplace.

Table 2
Vocational Rehabilitation Programs and Participants, by Insurance Branch
and Type of Program (numbers and percentages), 2012

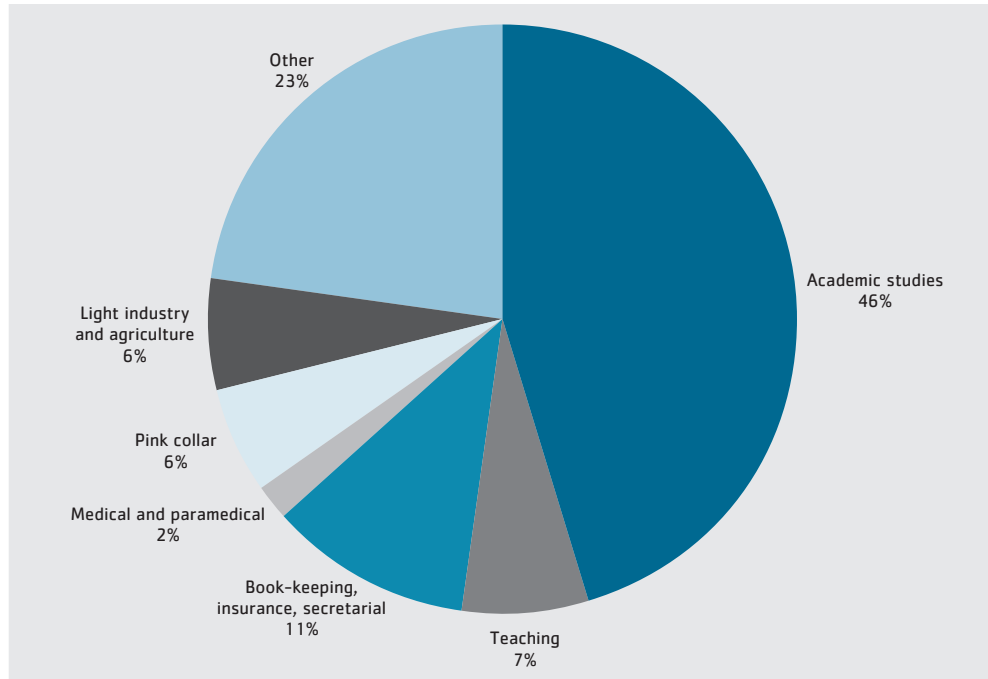
Type of Program		Total		Branch			
		Number	Percent	General disability	Work-related	Survivors	Victims of hostilities
Total programs	Numbers			35,445	5,594	2,272	1,123
	Percentages	44,434	100	80%	13%	5%	3%
Evaluation	Total	18,788	100	79%	15%	4%	2%
	Internal evaluation of eligibility	6,821	100	82%	13%	4%	1%
	Internal evaluation for programs	7,069	100	80%	12%	5%	3%
	External evaluation	4,898	100	74%	19%	4%	3%
Pre-training	Total	3,824	100	75%	14%	7%	3%
	Completion of education	2,541	100	75%	15%	8%	3%
	Learning work habits	1,283	100	78%	12%	5%	4%
Vocational training	Total	7,096	100	79%	10%	7%	4%
	Vocational course	2,983	100	72%	14%	12%	2%
	Higher education	4,113	100	84%	8%	3%	6%
Placement help		3,385	100		82%	13%	5%
Creating conditions for study		1,374	100		87%	10%	2%
Referral to work in Hameshakem		324	100		96%	3%	-
Referral to community entity		149	100		96%	3%	1%
Follow up and maintenance		9,494	100		81%	11%	6%
Total participants	Number	21,192		16,665	2,795	1,033	699
	Percentages		100	79%	13%	5%	3%

Participants in the rehabilitation process include those who began a rehabilitation program this year and those who began in previous years and have not yet completed the program. In 2012 about 21,000 insured participated in about 44,000 different rehabilitation programs (Table 2), on average. Each participant took part in two programs, one of which was an evaluation. As already mentioned, about 80% of participants belong to the General Disability branch, and about 61% of them are eligible for a monthly benefit. 4,861 programs were given by suppliers of rehabilitation services, 94% of them in rehabilitation centers of the Rehabilitation Projects Fund.

In 2012 about 21,000 insured participated in about 44,000 different rehabilitation programs

Many economic studies have demonstrated a positive correlation between the number of years of education a person acquires and his income; therefore academic studies are the most efficient tool for integrating into the workforce and moving from welfare to work. About 53% of participants in vocational training this year were referred to academic studies (including those studying to be teachers) (Graph 2). On the other hand, only a

Graph 2
Participants in Vocational Training by Occupation Studied* (percentages), 2012



* Academic studies: art, practical engineering; “Pink collar” – cosmetics, cooking, sewing etc.; “Other” – vehicle appraisal, assistant veterinarian, etc.

few people were trained for physical work (agriculture, light industry, etc.) because of the physical effort needed for such work and because of the drop in demand for such workers today.

Another interesting development is the increasing number of vocational training programs involving academic studies. Israel is one of the leaders in the west in its percentage of college graduates, and this phenomenon has not passed over those who participate in vocational rehabilitation programs. As can be seen in Graph 3, the percentage of higher education programs has doubled since the turn of the century, and today they constitute nearly 50% of all the vocational education programs.

Table 3 shows the breakdown of participants by their main impairment⁷ and their rates of medical disability. It is reasonable to assume that those with the lower rates of medical disability are more independent and able to integrate into the job market by their own efforts, while the higher the degree of medical disability, the smaller the chances of finding work in the free market. It is not therefore surprising to discover that 36% of participants in the rehabilitation process in 2012 have 40%-59% disability,

36% of participants in the rehabilitation process in 2012 have 40%-59% disability, as this is the population group with the highest potential for rehabilitation among the disabled

7 This is the impairment that accounts for the individual’s highest degree of medical disability.

Graph 3
Programs for Vocational Training and the Rate of Higher Education Programs (numbers and percentages), 2001-2012

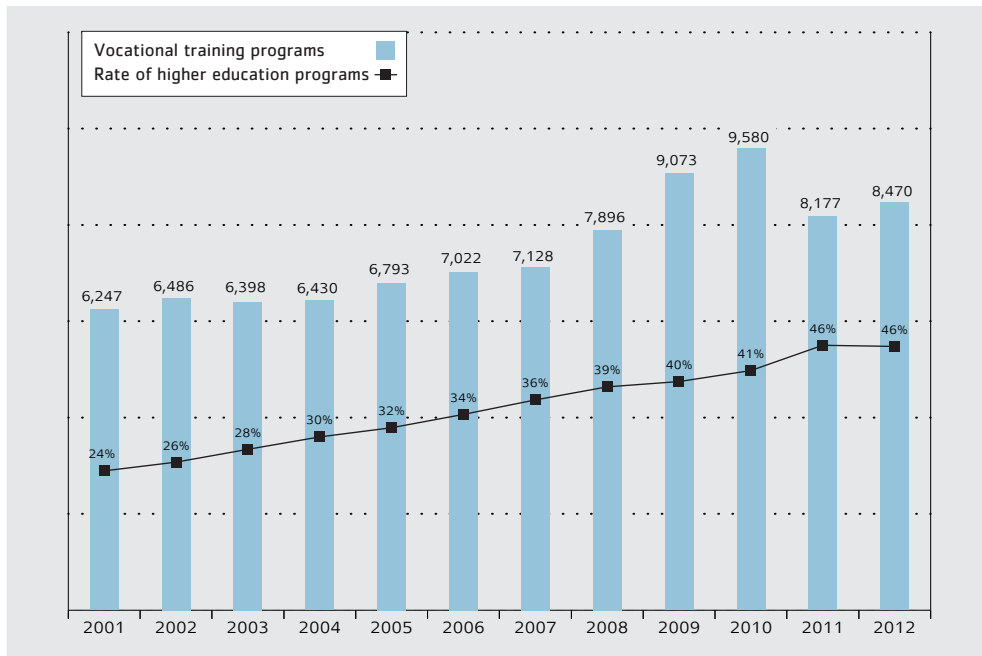


Table 3
Participants in Vocational Rehabilitation Programs by Degree of Medical Disability and Main Impairment (numbers and percentages), 2012

Main impairment	Total		Degree of medical disability (percent)					
	Number	Percent	None*	10-19	20-39	40-59	60-79	80-100
Total	21,192	100	1,827	1,023	3,841	7,696	3,838	2,967
			100%	100%	100%	100%	100%	100%
Mental or retardation	5,042	24		6%	21%	44%	17%	5%
Internal	4,084	19		6%	22%	21%	25%	21%
Urogenital	569	3		1%	3%	2%	4%	6%
Neurological	2,581	12		4%	11%	10%	18%	22%
Locomotive	4,055	19		76%	30%	15%	16%	12%
Sight	1,133	5		1%	2%	2%	5%	22%
Hearing	942	4		2%	3%	2%	12%	5%
Other**	2,786	13	100%	4%	8%	3%	4%	7%

* Eligibility for rehabilitation in the Victims of Hostilities and Survivors is not necessarily due to the participant's medical condition.
 ** This category also includes participants with no impairment.

as this is the population group with the highest potential for rehabilitation among the disabled. Among participants with the lowest rates of medical disability (10%-19%), the proportion of those with locomotive problems is striking, while among those with higher

rates of disability, the proportion of sufferers from internal and neurological problems is striking. 65% of participants with locomotive problems belong to the work injured branch.

E. Participants who Completed Vocational Rehabilitation

The success of a vocational rehabilitation program depends on the motivation of the applicants for rehabilitation. Integration in the labor market is impossible if the participant is not interested in working.

In 2012 some 11,000 individuals completed a vocational rehabilitation program. Treatment of 45% of them was stopped, usually (60%) after evaluation, since they were found to be unsuitable (Table 4). The remainder (5,474) completed at least one of the programs preparing them for work in the free market. 74% of them managed to find work⁸, with just over half of them being eligible for a monthly disability benefit from the General Disability or Work Injury branches. This figure highlights the fact that the National Insurance Rehabilitation Department is a decisive factor in helping the disabled integrate into the work market.

Table 4
Completion of Rehabilitation Programs by Insurance Branch and Manner of Completion (numbers and percentages), 2012

Manner of completion		Total		Branch (percentages)			
		Number	Percent	General disability	Work-related	Survivors	Victims of hostilities
Total	Numbers	11,001		8,572	1,620	486	323
	Percentages		100	78%	15%	4%	3%
Found work		4,072	100	74%	16%	6%	4%
Completed the vocational training		659	100	79%	10%	9%	2%
Completed the pre-training		743	100	84%	10%	4%	1%
Referred to other organization		525	100	93%	5%	1%	1%
Treatment stopped		5,002	100	78%	16%	3%	3%

Table 5
Completion of Rehabilitation Programs by Age and Manner of Completion (numbers and percentages), 2012

Manner of completion		Total		Age bracket (percentages)				
		Number	Percent	18-29	30-39	40-49	50-59	60+
Total	Numbers	5,474		1,648	1,349	1,226	976	275
	Percentages		100	30%	25%	22%	18%	5%
Found work		4,072	100	29%	25%	23%	18%	5%
Completed the vocational training		659	100	34%	24%	21%	16%	4%
Completed the pre-training		743	100	35%	21%	21%	18%	4%

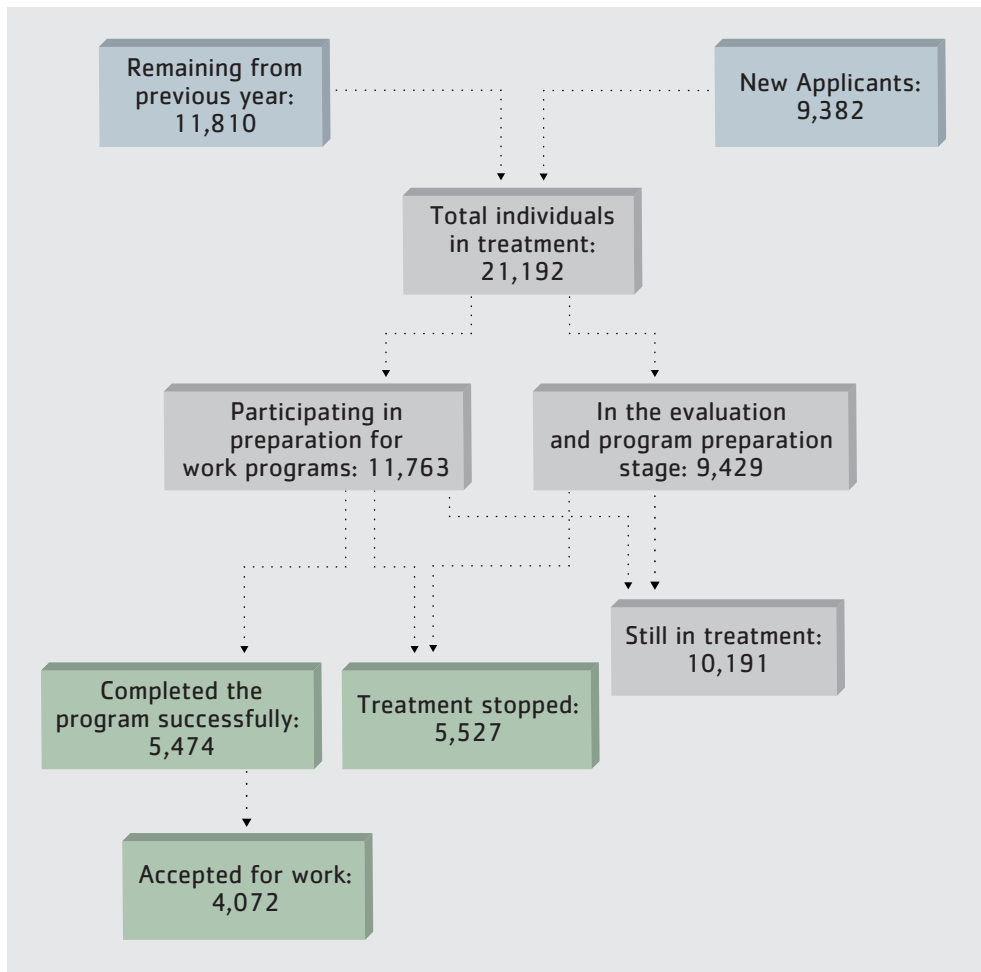
8 Since this group is most interesting for analysis purposes, we will focus on them later in the review.

The vocational rehabilitation process is of varying duration, and is influenced by many factors, from the number of programs in which the individual participates, through the type of training and his medical condition. Therefore, sometimes rehabilitation can take more than three years (for example, when the participant studies in a preparatory course followed by an academic degree, or when his medical condition prevents him from following a full course of studies, or where assistance in job placement is required).

The vocational rehabilitation process is of varying duration, and is influenced by many factors

Those who completed rehabilitation programs in 2012 required on average two years and four months to complete the program. However, there is a high degree of difference between groups. Individuals from the Work Injury insurance branch completed the program on average within one year and eight months, while individuals from the General Disability branch required on average two years and four months. These differences are due to different work habits and the degree of independence of

Graph 4
Population in Vocational Rehabilitation by Stage in the Process, 2012

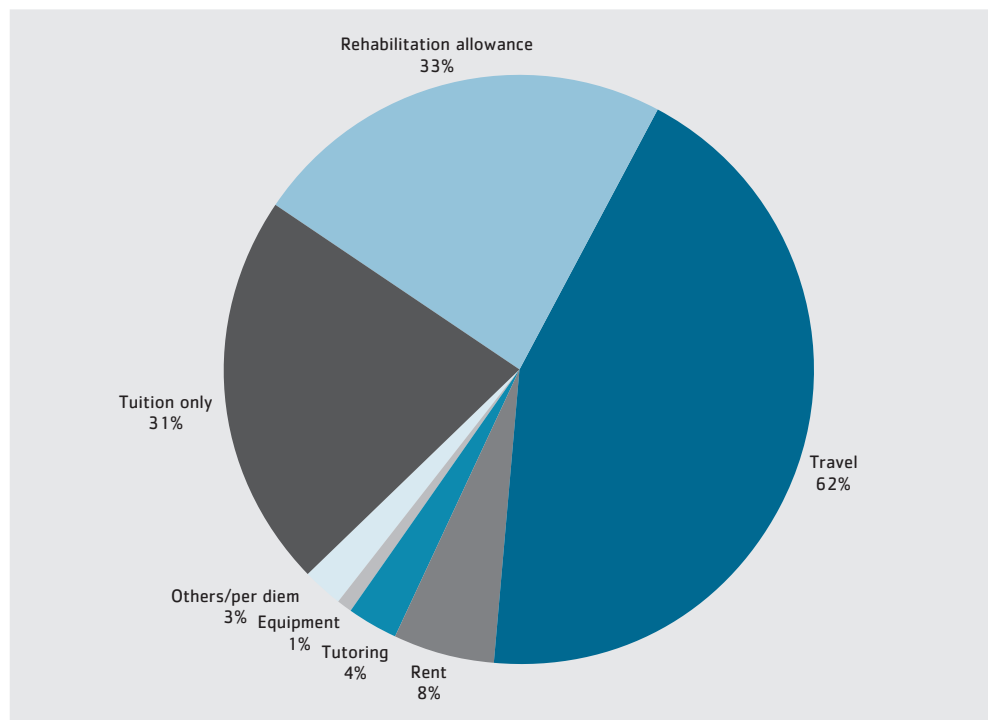


the individuals undergoing rehabilitation in these two groups. The individual's medical condition also strongly affects the duration of rehabilitation: for those whose degree of medical disability is over 80% the process was twice as long as for those with medical disability of less than 40% (3.1 years compared to 1.55 years). This correlation applies both to individuals from the General Disability branch and those from the Work Injury branch.

The age of new participants has a decisive influence on the percentage of those completing rehabilitation programs in every age group

An examination of the ages of those who completed a rehabilitation program in 2012 compared to the outcome is presented in Table 5. There is no doubt that the age of new participants has a decisive influence on the percentage of those completing rehabilitation programs in every age group (Graph 1). However, it can be seen that notwithstanding the effort to integrate them into the workforce, the rate of those aged 18-29 who find work is 29% (Table 5), slightly lower than their rate among new participants, which is 33% (Graph 1), perhaps because of their medical condition and lack of work skills.

Graph 5
Recipients of Assistance in Accessing Rights by Insurance Branch, 2012



F. Other Activities of the Rehabilitation Department

In addition to vocational rehabilitation, the Vocational Rehabilitation Department staff provide professional expert opinions to the Benefits Administration branches on the following: (a) determining the level of a disabled person's earning capacity; (b)

appointing a benefits manager; (c) determining eligibility of victims of work accidents for an increase in their degree of disability and eligibility for capitalizations; (d) determining eligibility for special benefits for the victims of work accidents and hostile actions. In addition, the rehabilitation staff write opinions outside the framework of the National Insurance Law.

In 2012, staff of the Rehabilitation Department wrote a total of 46,232 opinions, of which 52% dealt with determining earning capacity for general disability (Graph 5).

In addition, the Department staff help work injured and victims of hostile actions to obtain all the financial benefits to which they are entitled (such as the special benefit and special grants). In 2012, the Department assisted 3,185 people on average each month to obtain the special benefit for victims of work injuries and 4,881 people to exercise their financial rights – 1,180 of them first applied to the Department this year. Treatment of 1,002 of them was completed this year.

The rehabilitation employees, who are all social workers, also assist widows and other victims of hostile actions⁹ during crisis periods. In 2012 they dealt with 107 people.

The Department staff help work injured and victims of hostile actions to obtain all the financial benefits to which they are entitled

G. Payments

The vocational rehabilitation process involves the funding of associated payments that facilitate rehabilitation: living expenses, studies and mobility. Below are details of the payments:

- **Rehabilitation allowance:** a monthly maintenance benefit, at the level of a full disability pension, which is paid during the period of studies for participants in vocational rehabilitation who are not eligible for a general disability pension or a work injury allowance, provided that they are studying for at least 20 hours per week.
- **Travel:** reimbursement of travel expenses to the location of the training/evaluation by public transport, or by special transport¹⁰ or by a supplement to a mobility allowance for those receiving a partial mobility allowance as wage-earners.
- **Tuition:** participation by the NII in academic tuition fees or the cost of the training, up to the maximum amount prescribed in the regulations.
- **Tutoring and accessibility services for the disabled:** assistance through tutoring, as needed and according to participant's number of study hours, and special assistance to disabled participants who require translation into sign language, transcription, readers, etc.
- **Rent for housing:** participation in rent or the cost of the dormitories for participants whose permanent places of residence are more than 40 km from the location of the vocational training, depending upon their course of studies.

9 Treatment of victims of hostile actions includes support and assistance throughout their lives.

10 Given to the severely disabled whose medical condition makes them unable to use public transport and who are not eligible for a mobility allowance.

Table 6
Expenses for Vocational Rehabilitation, Total and by Branch,
2012 Prices (NIS thousand), 2008-2012

Year	Total expenses	General disability	Work-related	Survivors	Hostile action
2008	205,415	129,798	25,112	11,516	32,336
2009	220,984	144,967	30,598	14,242	31,072
2010	229,170	151,713	32,452	14,640	30,365
2011	193,360	126,951	26,751	11,875	27,784
2012	206,564	135,911	29,230	11,984	29,439

Table 7
Payments Associated with Vocational Rehabilitation,
by Branch and Number of Recipients (NIS thousand), 2012

Branch	Total	Allowance	Travel	Tuition	Tutoring	Rent	Equipment	Other*
Total expenses	206,564	64,808	11,405	97,953	5,425	8,909	1,048	17,016
General disability	135,911	38,681	8,813	73,607	5,201	8,523	1,017	70
Work-related	29,230	16,783	1,574	10,307	200	319	11	37
Survivors	11,984	5,921	908	5,095	14	16	20	10
Victims of hostile action	29,439	3,423	110	8,944	11	52	0	16,899
Total recipients	13,964	4,393	8,231	12,480	586	1,111	164	1,289

* Not all those eligible for another payment have participated in a vocational rehabilitation program.

- **Equipment:** helping the disabled purchase equipment that is necessary for participation in the rehabilitation program (computer, keyboard adapted for the blind, books, school supplies, etc.).
- **Other expenses (including per diem expenses):** assistance with exercising financial rights, mainly among victims of hostile actions and the work injured, as well as participation in living expenses, subject to the regulations.

In 2012, in the vocational rehabilitation framework, NIS 206.6 million were paid to 13,964 individuals

In 2012, in the vocational rehabilitation framework, NIS 206.6 million were paid to 13,964 individuals¹¹. In the last two years there has been greater stringency over granting approval of eligibility for rehabilitation and on optimum adaptation of rehabilitation programs. Therefore, although there was a slight increase in the expenditure compared to 2011, the expenditure on rehabilitation payments is still lower than for 2009-2010.

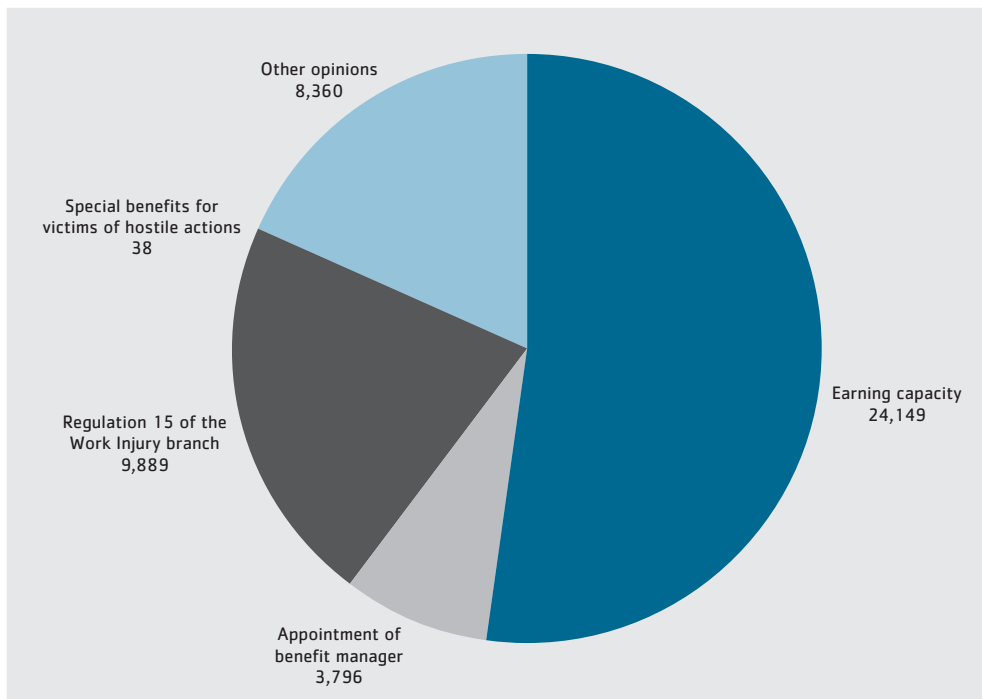
The breakdown of payments in 2012 is similar to the breakdown in 2011, as well as the number of recipients (13,964 compared to 13,796) and the average cost per recipient (about NIS 15,000 per annum) (Table 6). As expected, the expenditure in the general disability branch is the highest, accounting for 66% of the total annual expenditure. Payments for tuition fees are the main expense (about 48%) and are paid to about 90% of participants in rehabilitation.

11 These payments do not include payments for special benefits and capitalizations.

According to the Law, anyone who is found suited to completing their education or professional training is entitled to more associated payments (including tutoring, equipment, travel expenses and rent) than those who are not. Table 6 shows the associated payments (excluding tuition), where each individual can receive more than one payment.

As in previous years, in 2012 about a 33% of participants a supplement to the level of a full disability allowance (rehabilitation allowance) as part of their participation in rehabilitation programs. In 62% of cases, the NII subsidizes participants' transportation expenses to their place of study. A third of the recipients of tuition fees receive no other payments – it can be assumed that most of them receive benefits (Graph 6).

Graph 6
Additional Rehabilitation Payments to Recipients of Tuition, 2012



10. Unemployment Insurance

A. General

Unemployment insurance is designed to guarantee workers an income when they are unemployed and to prevent a sharp decline in their standard of living. Like in every insurance system, unemployment contributions provide an essential safety net, and are intended to assist the unemployed to achieve their potential earnings by finding work commensurate with their skills. Subsequent to the more stringent legislation introduced in the years 2002-2007 regarding the unemployment insurance scheme, unemployment benefits and grants are paid under the conditions indicated below.

The unemployment benefit is paid to an unemployed person who had previously worked for the requisite qualifying period prescribed by law – 12 months out of the 18 months preceding unemployment¹. Entitlement to the benefit is granted after a five day waiting period for anyone who has been dismissed from work and has expressed his willingness to accept alternative work through from the Employment Service. The job offered to unemployed persons aged over 35 must be “suitable work” in terms of the type of work, pay and distance from home. For other unemployed persons, any job offered by the Employment Service is considered suitable in terms of type of work and pay.

The unemployment benefit is paid for a maximum period of 50-175 days, depending on the age and family status of the insured². Unemployed people who are participating in vocational training and have completed at least 12 years of schooling are entitled to the unemployment benefit for the same maximum period as are all other unemployed. Those with less than 12 years of schooling who are participating in vocational training are eligible for unemployment benefit for a maximum of 138 days – even if without the vocational training they would have been eligible for only 50-100 days.

The rate of the unemployment benefit is calculated according to the age of the unemployed person and his wages³ before he became unemployed. The rate has a ceiling:

- 1 In the case of someone employed on a daily basis, the qualifying period is 300 days of work out of the 540 working days prior to his unemployment.
- 2 The maximum period is calculated as follows:
 - 50 days for a claimant aged 25 or under, with less than 3 dependents.
 - 67 days for a claimant aged 25-28 with less than 3 dependents.
 - 70 days for a discharged soldier (as defined on the next page).
 - 100 days for a claimant aged 28-35 with less than 3 dependents.
 - 138 days for a claimant aged 35 or less with at least 3 dependents, or a claimant aged over 35 but under 46 with less than 3 dependents.
 - 175 days for a claimant aged over 35 but under 46 with at least 3 dependents, or a claimant aged over 45.

3

Portion of unemployed person's wages	Up to age 28	Over age 28
Portion of wage up to half the average wage	60%	80%
Portion of wage above half the average wage and up to $\frac{3}{4}$ thereof	40%	50%
Portion of wage above $\frac{3}{4}$ of the average wage and up to the average wage	35%	40%
Portion of wage equal to the average wage and up to the insured ceiling	25%	30%

in the first five months of benefits – up to two the average wage, and from the sixth month – up to 2/3 of the average wage. Benefits paid to unemployed people in vocational training are at the rate of 70% of the benefits due had they not been in such training.

Unemployment benefits for discharged soldiers: Until June 2007, discharged soldiers had been exempt from the qualifying period and were eligible for unemployment benefits during the first year after their discharge from the army. Since July 2007, discharged soldiers must accumulate a qualifying period of six months of work during the first year after discharge in order to qualify for unemployment benefits. The unemployment benefit is at the rate of 80% of the minimum wage, for a maximum period of 70 days.

Grant for discharged soldiers: Soldiers who worked at a “preferred/vital job,” as defined by law during the first two years after their discharge, were eligible for a grant of NIS 9,011 in 2011. The grant is calculated by multiplying the rate of the unemployment benefit per day by 138 (days) and dividing by two. Discharged soldiers who have already taken up their right to unemployment benefits are not eligible for a grant.

B. Amendment: Abolition of Distinction Between Unemployed who Worked for Monthly Salary and Unemployed Paid on Daily Basis

At the end of 2012 an amendment to the law was enacted abolishing the differences – in terms of eligibility and determining the wages for benefit calculation – between unemployed people who had worked on a monthly basis and daily workers. From March 2013, the qualifying period for unemployment benefit is the same – 12 months of work out of the 18 months prior to unemployment – for all, regardless of the number of days worked in a month. The basic wage for calculating unemployment benefit is the wage during the previous six months (before the amendment, the basic wage was the wage during the previous three months for monthly workers and the wage during the previous actual 75 days of work for daily workers).

C. Data and Trends

During 2012 the number of unemployed persons receiving benefits rose by 8%. The number of people out of work increased more moderately. In all, some 193,000 people received unemployment benefit for at least one day during 2012. There were about 61,800 unemployed on average each month. The average number of people out of work each month was about 247,000 compared to 244,000 the previous year.

Changes and improvements introduced during 2012 in sampling and methods of calculating unemployment rates of the Central Bureau of Statistics (CBS) led to an increase in the rate of the jobless as a proportion of the civilian workforce. Table 1 shows the trend in the number of recipients of unemployment benefit as a proportion of all those without work from the beginning of the century, where the number of jobless is as published and updated according to the new workforce survey of the CBS. It shows

Some 193,000 people received unemployment benefit for at least one day during 2012 – 61,800 unemployed on average each month

Table 1
Jobless and Recipients of Unemployment Benefit
(monthly average), 2001-2012

Year	Jobless*		Unemployment benefit recipients	
	Numbers (thousands)	Percentage of workforce	Numbers (thousands)	Percentage of the jobless
2001	318.0	11.7	104,707	32.9
2002	356.6	12.8	97,052	27.2
2003	380.2	13.4	70,450	18.5
2004	377.4	12.9	58,350	15.5
2005	334.9	11.2	58,830	17.6
2006	320.9	10.5	55,941	17.4
2007	287.8	9.1	49,817	17.3
2008	245.2	7.6	48,045	19.6
2009	315.0	9.4	73,025	23.2
2010	283.9	8.3	58,634	20.7
2011	243.9	7.0	57,354	23.5
2012	247.1	6.8	61,759	25.0

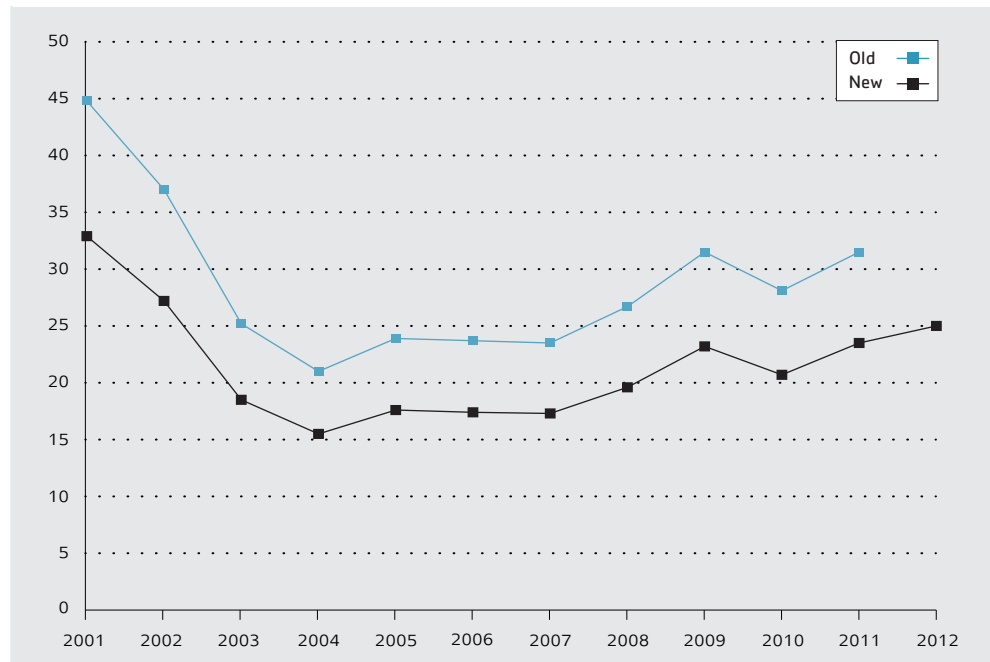
* The number of jobless in 2012 after multiplication by the relevant concatenated coefficient.

Graph 1
Published and Concatenated Rate of Unemployment, 2001-2012



the fall in the rate of recipients of unemployment benefit from 2002 to 2004 (compared to the relative stability in the unemployment rate) following the stringent legislation introduced during that period, and its stabilization and even rise in the past two years as a result of the decrease in the unemployment rate as reflected in the rate of jobless.

Graph 2
Rate of Recipients of Unemployment Benefit as a Proportion of the Jobless, 2001-2012



D. Recipients of Unemployment Benefit

It is customary to divide the recipients of unemployment benefits into two main categories: discharged soldiers and previously employed recipients. Prior to July 2007, discharged soldiers were exempt from the qualifying period during the first year after their discharge and had been subject to an employment test only. Following the change in the law, a discharged soldier must have worked for at least six months in the previous year to be eligible for the unemployment benefit.

As a result of the legislative change in July 2007, the number of discharged soldiers eligible for unemployment benefits plummeted from 6,650 in 2006 to 3,880 in 2007, and has reached nearly zero in recent years. In the years preceding the amendment, discharged soldiers had constituted about 12% of all recipients of unemployment benefits.

Table 2 shows that, in 2012, an average of about 62,000 unemployed persons received unemployment benefits each month, which represents an increase of about 8% over the previous year.

Graph 2 clearly illustrates the inverse ratio between the change in the number of discharged soldiers who received unemployment benefits and the change in the number of discharged soldiers who received a grant, up until 2006. Since 2007, as a result of the legislative change which effectively removed the eligibility of discharged soldiers for unemployment benefits, there is no link between the two series.

in 2012, an average of about 62,000 unemployed persons received unemployment benefits each month, which represents an increase of about 8% over the previous year

Table 2
Recipients of Unemployment Benefits, by Year of Unemployment, 2006-2012

Year	Recipients of unemployment benefits - total		Recipients of unemployment benefits who were previously employed			Discharged soldiers		
	Numbers	% change over previous year	Total (numbers)	% of all recipients	% change over previous year	Total (numbers)	% of all recipients	% change over previous year
Total								
2006	183,439	-3.4	153,538	83.7	-4.4	29,901	16.3	2.6
2007	162,759	-11.3	145,506	89.4	-5.2	17,253	10.6	-42.3
2008	156,450	-3.9	154,103	98.5	5.9	2,347	1.5	-86.4
2009	218,174	39.5	216,384	99.2	40.4	1,790	0.8	-23.7
2010	182,065	-16.5	180,662	99.2	-16.5	1,403	0.8	-21.6
2011	178,547	-1.9	177,149	99.2	-1.9	1,398	0.8	-15.4
2012	193,201	8.2	191,617	99.2	8.2	1,584	0.8	13.3
Monthly Average								
2006	55,941	-4.9	49,294	88.1	-5.8	6,647	11.9	2.3
2007	49,817	-11.0	45,936	92.2	-6.8	3,881	7.8	-41.6
2008	48,045	-3.4	47,559	99.0	3.5	486	1.0	-87.5
2009	73,025	52.0	72,654	99.5	52.8	371	0.5	-23.7
2010	58,634	-19.7	58,343	99.5	22.7	291	0.5	-40.2
2011	57,354	-2.2	57,065	99.5	-2.2	289	0.5	-0.4
2012	61,759	7.7	61,431	99.5	7.7	328	0.5	13.3

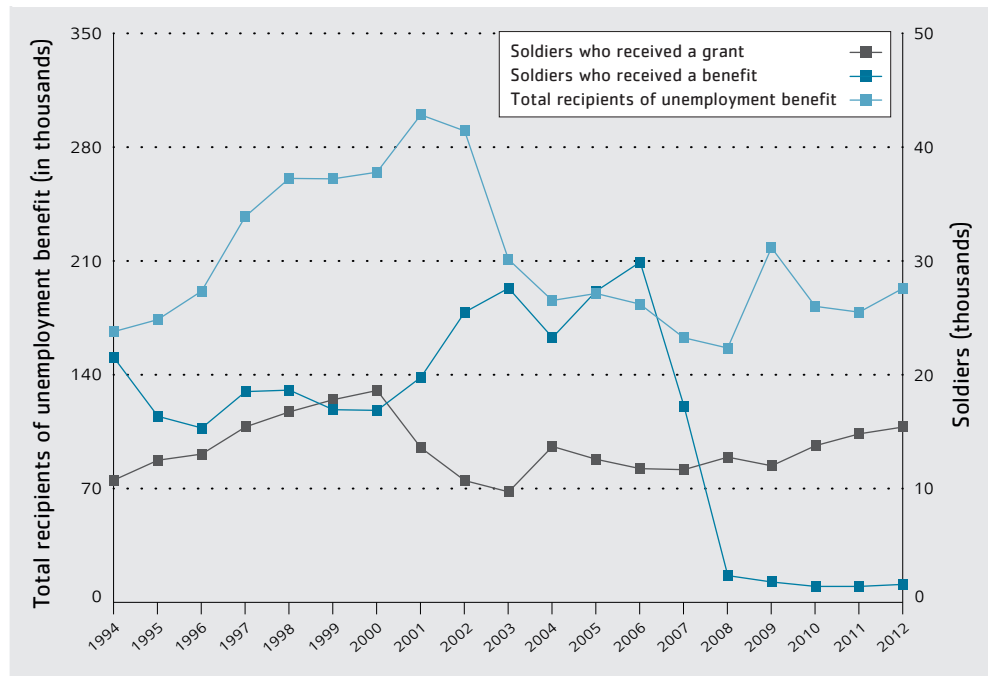
Differentiating by type of employment bureau shows that during the years 2010-2012 the percentage of college graduates among recipients of employment benefits remained stable, after a steady rise in previous years, from approximately 18% in 2000 to 28.5% in 2009-2012 (Table 3).

The percentage of the unemployed who attended vocational training courses from among recipients of unemployment benefits has been less than 1% in recent years. It should be noted that the more stringent eligibility criteria for unemployment benefits under the Economic Plan of 2002-2003 essentially eliminated vocational training for recipients of unemployment benefits.

Table 3
Recipients of Unemployment Benefit who were Previously Employed, by Type of Employment Bureau (percentages), 2006-2012

Year	Total	College graduates	Non-graduates
2006	100.0	26.1	73.9
2007	100.0	26.8	73.2
2008	100.0	28.3	71.7
2009	100.0	29.1	70.9
2010	100.0	28.3	71.7
2011	100.0	28.5	71.5
2012	100.0	28.8	71.2

Graph 3
Recipients of Unemployment Benefit, Soldiers who Received Unemployment Benefit and Soldiers who Received a Grant for Preferred Work, 1994-2012



E. Duration of Payment of Unemployment Benefit

Unemployment benefits are paid to the unemployed for 50, 67, 100, 138 or 175 days, depending upon the recipient's age and number of dependents. In 2010-2011, under a temporary order, additional periods were added: 65, 97 and 125 days. Entitlement to unemployment benefits is limited to one year from the first day of unemployment. The duration of payment in any one year refers to those unemployed who completed their unemployment period in that year; that is, their entitlement began in the previous year.

Table 4, which presents the take-up rates relative to the permitted period of entitlement under the law, indicates that the take-up rates by the youngest group and the oldest group were higher than those of intermediary age groups. These take-up rates reflect the distress of the oldest adults, who have poor prospects for re-entering the labor market, and of the youngest workers who do not manage to find a job before their unemployment benefits expire.

Restriction of Rights for an Unemployed Person who Receives Repeat Benefits

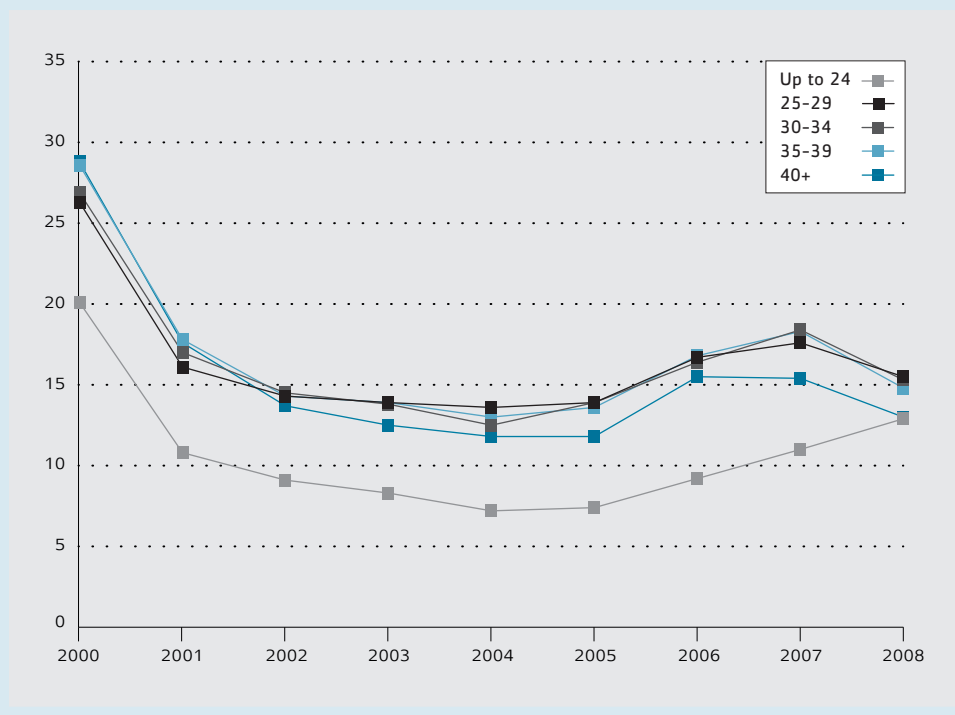
In 2000 an amendment was enacted that was stricter with former recipients of unemployment benefit under age 40 who became unemployed again. According to

the law, in the four years from the start of their first period of unemployment, the maximum duration of entitlement would be reduced by 20%, and for the second and third periods of unemployment there would be no entitlement. In other words, a worker would be eligible for unemployment benefit for 180% of the maximum period of entitlement over four years. This law also cut the rate of the unemployment benefits, so that the maximum benefit during the second period of unemployment would be no greater than 85% of the maximum benefit during the first period.

Following this amendment, a survey was conducted to examine whether patterns of recidivist unemployment had changed. Such a survey was possible because the law did not apply to unemployed people aged 40 and over, who served as the control group. The survey included everyone who began a period of unemployment during the years 2000–2008 for four years.

The findings showed that the young unemployed returned to receive unemployment benefits at the same rate as the older ones, to whom the law did not apply. Changes in the trend of rates of return were also nearly identical in both groups (see graph below). In other words, the reduction in the maximum period of entitlement for the younger unemployed had almost no effect on the rate of those becoming unemployed again.

Percentage of Unemployment Benefit Recipients who Returned for Unemployment Benefit within Four Years, by First Year of Unemployment and Age Bracket, 2000–2008



The sharp drop in the rate of recidivist unemployment derived from other causes, connected to 2002-2003 amendments which made the conditions of eligibility more stringent. The drop occurred also among those receiving unemployment benefit for the first time – their number fell by about 50% over the years. The main change in the law that led to a drop in the number of unemployed in general, and the returning unemployed in particular, was the extension of the qualifying period from six months of work out of the preceding 12 months, to 12 out of the preceding 18 months.

Table 4
Job-seeking Recipients of Unemployment Benefit who Completed Their
Year of Eligibility in 2012, by Depth of Unemployment
(as a percentage of the maximum period) and the Maximum Period

Maximum period (in days)	Total up to 25	Number of unemployed days as a percentage of the maximum period					Number of unemployed days as a % of the maximum period
		Up to 25	26-50	51-76	76-99	100	
Total	100.0	8.5	10.2	10.7	21.0	49.6	81.3
50	100.0	6.2	9.5	9.0	16.5	58.8	85.8
67	100.0	6.4	11.4	1.7	2.3	50.8	85.1
70	100.0	40.2	10.5	10.3	13.7	25.3	49.4
100	100.0	8.5	11.9	13.3	27.0	39.3	79.1
138	100.0	9.9	11.5	10.7	21.7	46.2	79.3
175	100.0	8.1	8.6	9.4	19.0	54.9	82.4

F. Unemployment Benefit Rates and Scope of Payments

Unemployment benefits in Israel are calculated to ensure a progressively diminishing wage-replacement ratio (ratio of unemployment benefits to wages prior to becoming unemployed), similarly to other social insurance schemes. This formula combines two considerations: 1) the insurance consideration: insurance against unemployment, whereby the compensation provided to maintain the standard of living of the unemployed person and his family does not fully replace the wage prior to unemployment; and 2) the earning distribution consideration: higher compensation for the lower paid unemployed than for the more highly paid.

The average unemployment benefit rose to about 52% in 2012

Table 5 shows that there was a significant change in this trend in 2012. The average unemployment benefit as a percentage of the average wage increased from 47% in 2007 to 50% in 2008, and reached 53% in the following year. Over the next two years the rate stabilized at 51% of the average wage, rising to about 52% in 2012. The especially high rate of unemployment benefits in 2009 – about 53% – stemmed from the economic crisis, which triggered a wave of layoffs that included high earners. As a result, the percentage of unemployed receiving unemployment benefits at a level exceeding half of the average wage in the economy rose, from 38% in 2007 to approximately 50% in 2012, while the percentage of the unemployed receiving unemployment benefits of less than half the average wage decreased, from about 62% to 50%, respectively.

Table 5
Recipients of Unemployment Benefit*, by Level of Benefit Per Day as a Percentage of the Average Daily Wage (percentages), 2006–2012

Year	Total	Unemployment benefit per day as a percentage of the average daily wage					Average unemployment benefit as a percentage of the average wage
		Up to ¼ of the average	From ¼ to 1/3 of the average	From 1/3 to ½ of the average	From ½ to 2/3 of the average	From 2/3 to the full average	
2006	100.0	6.5	8.3	44.2	28.5	12.5	48.7
2007	100.0	7.6	10.6	43.7	25.6	12.5	46.9
2008	100.0	6.7	9.9	40.4	27.3	15.7	49.9
2009	100.0	5.2	7.8	38.0	29.8	19.2	52.9
2010	100.0	6.2	9.1	38.8	29.1	16.9	51.0
2011	100.0	6.4	8.5	37.9	30.1	17.0	51.2
2012	100.0	5.6	7.8	37.1	31.7	17.8	52.1

* Excluding discharged soldiers

Table 6
Payments of Unemployment Benefit (NIS million), 2006–2012

Year	Current prices	Fixed prices (2012)	Real rate of change
2006	1,957	2,258	-3.8
2007	1,757	2,017	-10.7
2008	1,840	2,020	0.1
2009	3,028	3,217	59.3
2010	2,534	2,622	-18.5
2011	2,499	2,499	-4.7
2012	2,835	2,835	11.5

Despite the decrease in the unemployment rate, total expenditure on unemployment benefits in 2012 amounted to about NIS 2.8 billion, as compared to NIS 2.5 billion in 2011 – an increase of about 12%. There was also an increase in the share of the Unemployment insurance branch payments out of total NII benefit payments: from 4.1% in 2011 to 4.3% in 2012.

11. Workers' Rights under Employer Bankruptcy and Corporate Liquidation

A. General

The Workers' Rights under Employer Bankruptcy branch was established in 1975 against the backdrop of the rights of many employees being adversely affected as a result of businesses collapsing and entering bankruptcy and liquidation proceedings. These employees lost not only their jobs and the wages owed to them, but also their obligatory severance pay prescribed in the employment agreements, and their social benefits were also affected. This occurred because, in most cases, employers were left without the financial resources or realizable assets necessary to fund the balance of the debt owed to employees and the provident funds (see definition below).

The purpose of the Workers' Rights under Employer Bankruptcy and Corporate Liquidation branch is to pay benefits to employees to cover the debts owed by bankrupt employers in respect of wages and severance pay, and to safeguard the continuity of the social rights in the provident funds.

The benefits paid by this branch to employees and to provident funds are funded by employers' national insurance contributions (in 2012, the rate was 0.01% of the employee's monthly wage, up to the maximum income liable for insurance contributions, 0.03% above this income ceiling or up to the maximum of the basis for collection), and by government participation at a similar rate of 0.02%) within the framework of Ministry of Finance indemnification.

The activities of the Workers' Rights under Employer Bankruptcy and Corporate Liquidation branch allow complete separation between the rendering of payments to employees and provident funds and the realization of assets of employers under bankruptcy and liquidation. In addition, the benefits to employees and provident funds were linked to changes in the basic amount, as defined in the National Insurance Law.

B. Some Statutory Definitions

Employer under bankruptcy or liquidation: all types of corporations against which a bankruptcy or liquidation order has been issued, and whose employees or their provident funds have not received the monies due to them: the self-employed, limited companies, partnerships, cooperative societies and nonprofit organizations.

Employee: anyone who worked for an employer at the time the bankruptcy or liquidation order was issued, and who has not yet received the balance of his wages and severance pay. This definition encompasses workers who are residents of Israel, foreign residents and residents of the territories who are working by virtue of a valid employment agreement.

Provident funds: any entity to which, pursuant to the provisions of a collective agreement, employment contract or other agreement between the employee and the employer, and with the consent of that entity, the employer must transfer contributions

from the employer's means or from the employee's wages in order to accumulate or secure the employee's rights pertaining to his job, termination of employ, retirement from that job or his social security.

C. Benefits Paid under the Law

Benefits to employees

Wages: sums not yet paid to an employee in respect of his work – wages, overtime pay, convalescence pay, redemption of vacation days, payment for festivals and clothing – including any amount deducted from an employee's wage other than by law that has not yet been transferred to its intended destination. If the wage does not exceed the minimum wage (in 2012 January-September – NIS 4,100 per month; October-December NIS 4,300 per month), the employee is entitled to receive the minimum wage prescribed by law.

Severance pay: compensation to which an employee is entitled up to the employment termination date in respect of the seniority he accumulated during the years of his employ by that employer.

In 2012, the maximum benefit to an employee (for wages and severance pay) was set at 13 times the basic amount (NIS 108,810).

Benefits to provident funds

The purpose of these benefits is to guarantee the continuity of employees' rights. The benefits are limited to a maximum sum of twice the basic amount (in 2012 – NIS 16,740).

D. Difficulties Applying the Law

Despite the significant progress achieved in the realm of protecting workers' wages and rights, some problems have yet to be resolved:

The law requires the issuance of a liquidation/bankruptcy order. This is usually a protracted process, which often delays the payment of debts to employees.

The high litigation costs involved in employers' liquidation proceedings could be greater than the amount of the employer's debt to the employee; consequently, the employee has no reason to institute such proceedings and he is unable to exercise his rights under this insurance branch.

Employees who have accumulated long periods of seniority receive, in most cases, the maximum benefit, which is only a small sum compared to what their employers owe them.

E. Employers under Bankruptcy or Liquidation Proceedings

Frequently, there is a time lapse of several years between the termination of employer-employee relations and the receipt of the benefit. The figures given in Table 1 indicate

that the economic recessions of 2008 impacted the volume of activity of this insurance branch in the years 2009-2012, and this is expected to continue in the coming years.

In 2012, there were 470 new employers under bankruptcy and liquidation, in which liquidators submitted claims to the branch on behalf of employees and provident funds – a drop of 2.1% compared with 2011. 10,100 new claims were received for handling – an increase of 40.3% compared with 2011, and 8,800 employee claims were approved.

The number of employees on whose behalf provident fund claims were approved in 2012 was 1,550 – a decrease of 63% compared with 2011.

Table 2 shows that, in more than half of the employer files received for handling by the branch between 2008 and 2012, 1-5 claims were approved per file. However, one must take into account additional claims in the same employer files in the coming years, which are likely to change the distribution of employers by number of employee claims in their files.

In 2012, there were 470 new employers under bankruptcy and liquidation, in which liquidators submitted claims to the branch on behalf of employees and provident funds – a drop of 2.1% compared with 2011

Table 1
New Employers in Bankruptcy and Liquidation Being Handled, Number of Employee Claims Received and Approved, and Number of Provident Fund Claims Approved, 2008-2012

Year	New employers handled by the branch	New employee claims		New provident fund claims		
		Received	Approved*	Received	Approved*	Employees for whom benefits were paid to provident funds
2008	405	6,000	6,800	155	205	1,610
2009	450	7,300	6,800	215	210	2,630
2010	560	9,100	8,400	320	300	4,500
2011	480	7,200	7,000	310	290	4,200
2012	470	10,100	8,800	280	235	1,550

* Including approvals of claims received in previous years.

Table 2
New Employers, by Number of Claims Handled in Each File (not including Provident Fund Claims), 2008-2012

Year case received	Total employers (absolute numbers)	Number of claims per employer, as a percentage of all employers			
		Total	1-5	6-25	26+
2008	400	100.0	56.2	32.8	11.0
2009	450	100.0	46.5	38.9	14.6
2010	540	100.0	55.8	30.5	13.7
2011	470	100.0	59.4	30.4	10.2
2012	440	100.0	62.2	27.5	10.3

Table 3
**New Employers in the Workers' Rights under Employer Bankruptcy Branch,
 by Economic Sector (percentages), 2008-2012**

Year	Total (absolute numbers)	Textiles	Metal and electricity	Various industries	Construction and infrastructure	Commerce	Transportation	Services*
2008	405	2.5	6.1	10.3	15.7	32.7	3.9	28.8
2009	450	2.6	7.1	13.3	14.9	30.7	4.2	27.2
2010	560	3.6	5.4	9.7	15.9	33.2	3.4	28.8
2011	480	2.7	6.0	11.6	12.6	33.6	4.1	29.4
2012	270	1.5	6.0	11.2	12.9	32.8	6.4	29.2

* Including business, public and personal services.

Table 4
Approved Employee Claims as a Percentage of the Total, by Economic Sector, 2008-2012

Year	Total (absolute numbers)	Textiles	Metal and electricity	Various industries	Construction and infrastructure	Commerce	Transportation	Services*
2008	6,800	9.2	5.1	11.9	12.2	18.6	1.2	41.8
2009	6,800	5.0	10.5	13.5	11.0	22.3	1.2	36.5
2010	8,400	6.4	4.4	7.9	10.2	28.8	4.6	37.7
2011	7,000	5.5	10.6	7.9	14.1	16.9	2.5	42.5
2012	8,800	4.5	6.5	8.1	6.2	16.6	4.9	53.2

* Including business, public and personal services.

In 2012 the employers in bankruptcy cases were concentrated in the following economic sectors: commerce (32.8%), services (29.2%) and construction and infrastructure (12.9%)

In 2012, 15 employees, constituting approximately 0.2% of all new employees with approved claims, received the maximum benefit due to them

In 2012 these employers were concentrated in the following economic sectors: commerce (32.8%), services (29.2%) and construction and infrastructure (12.9%) (Table 3). In that year, employees in the services sector constituted 53.2% of all new employees whose claims were approved (Table 4).

F. Volume of Payments

In 2012, NIS 296 million were paid to employees and provident funds – an increase of 14.6%, compared with 2011. The rate of payments in respect of wages and severance pay decreased from 81.8% in 2011 to 80.5% in 2012, while the rate of payments in respect of wages only rose from 15.8% in 2011 to 17.0% in 2012 (Table 5).

In 2012, 15 employees, constituting approximately 0.2% of all new employees with approved claims, received the maximum benefit due to them. This low percentage apparently reflects the low wages of those employees who filed claims for a bankruptcy benefit and the short duration of their employ. 12.9% of the employees on whose behalf claims were submitted to provident funds received the maximum benefit. It should be noted that these numbers are likely to rise, due to payments of benefit differentials in the coming years (Table 6).

Table 5
Payments to Employees and Provident Funds, Payments by Benefit Category, and as a Percentage of Total Payments, 2008-2012

Year	Total payments (NIS million)			Payment by category of employee benefit, as a percentage of the total			
	Total	To employees	To provident funds	Total	Wages and severance pay	Wages only	Severance pay only
2008	197.2	189.0	8.2	100.0	79.2	16.8	4.0
2009	224.9	216.2	8.7	100.0	78.6	16.7	4.7
2010	290.2	278.5	11.7	100.0	81.2	16.0	2.8
2011	258.4	248.2	10.2	100.0	81.8	15.8	2.4
2012	296.0	288.9	7.1	100.0	80.5	17.0	2.5

Table 6
Employees and Provident Funds that Received Maximum Benefits, as a Percentage of the Total Employee and Provident Fund Claims, 2008-2012

Year	Employees who received the maximum benefit		Employees for whom the maximum benefit was paid to provident funds	
	Total	As a percentage of total approved claims	Total	As a percentage of the total
2008	170	2.5	250	15.5
2009	215	3.2	230	8.7
2010	170	2.0	370	8.2
2011	240	3.4	270	6.4
2012	15	0.2	200	12.9

G. Collection of Employers' Debts for the Workers' Rights under Bankruptcy Branch

Under the law, the branch may demand from the employers' liquidators the amounts of benefits that had been paid in respect of every employee by virtue of preferential rights¹ in an amount not exceeding that prescribed in the Companies' Ordinance, the Bankruptcy Ordinance, the Cooperative Societies Regulations and others. In 2012, the amount under preferential rights per employee for wages only was NIS 22,831 for wages and NIS 34,427 for wages and severance pay. In relation to benefits paid to provident funds, there are no amounts with preferential rights. With regard to the balance of the debt, the branch is deemed a regular creditor. It should be noted that if the maximum

1 Debts to which preferential rights are attached are debts that are given priority over other debts, when such priority is given to regular creditors and not to secured creditors who are entitled to all their money in the bankruptcy/liquidation process. The relevant laws define the types of debts that are awarded preferential rights, ranked in the following order of precedence: (a) wages; (b) debts in respect of income tax deduction at source; (c) other debts, such as maintenance payments and rent; (d) municipal taxes.

amount was paid to an employee (in 2012, NIS 108,810), the amount to be paid by the liquidator to the insurance branch under preferential rights is transferred to the employee to cover a portion of the debt owed by the liquidator to the employee. In this instance, the branch becomes a regular creditor from the first shekel.

Under the same law, the branch will not be entitled to collect from the liquidator the linkage differentials that it paid to the entitled employee in respect of the period subsequent to the issue date of the receivership order or liquidation order, unless the liquidator decides to pay interest, linkage differentials or both in respect of the aforesaid period also to all other creditors during the bankruptcy or liquidation proceedings. For example, if an employee was paid wages and severance pay in the amount of NIS 35,000, of which NIS 2,000 constituted the linkage differential in respect of the period subsequent to the issue of the receivership or liquidation order, the remaining amount – NIS 33,000 – is divided into NIS 13,500 under preferential rights, while the balance – NIS 19,500 – is deemed a regular debt.

The significance of the foregoing is that the law limits the branch's ability to collect (if possible) partial amounts from liquidators on account of the benefits paid to employees and provident funds, which have eroded over time. Table 7 presents the amounts of debt under preferential rights and the percentage of those debts out of the total benefits paid in 2008 – 2012, as well as the amounts collected from the liquidators and the percentage of the collection out of the total debt under preferential rights during those years. This table shows that, in 2012, the Worker's Rights under Employer Bankruptcy and Corporate Liquidation branch was entitled to receive, under preferential rights, 61% of the benefits paid to employees and provident funds during that year.

In 2012, the NII succeeded in collecting NIS 31.7 million on account of benefit payments paid in the past, and this constitutes 17.6% of the debt under preferential rights during that year.

In 2012, the NII succeeded in collecting NIS 31.7 million on account of benefit payments paid in the past, and this constitutes 17.6% of the debt under preferential rights during that year

Table 7
Debts Under Preferential Rights, as a Percentage of Total Benefits Paid to Employees and Provident Funds, and Collection from Liquidators, as a Percentage of Total Debt Under Preferential Rights, 2008–2012

Year	Current debt under preferential rights		Collection from liquidators on account of past debts	
	Amount (NIS million)	As a percentage of total benefits	Amount (NIS million)	As a percentage of total debt
2008	69.0	35.0	10.0	14.5
2009	74.2	33.0	11.1	15.0
2010	126.0	43.5	32.1	25.5
2011	140.3	54.3	13.0	9.3
2012	180.6	61.0	31.7	17.6

Chapter 4

Collection: Activities and Trends

1. General

The National Insurance Institute is responsible for collecting national insurance contributions to fund the benefits payable under the National Insurance Law, and for collecting health insurance contributions as per the Health Insurance Law to fund the health system. National and health insurance contributions are collected from Israeli residents who are working (employees and the self-employed) and from those who are not working, at varying rates applicable to income liable for insurance contributions. In addition, since 1986, the Finance Ministry has been compensating the NII for losses of collection receipts due to the reduction in insurance contributions from employers and the self-employed. This compensation is called the Treasury indemnification, and it constitutes a component of the NII's receipts from national insurance contributions¹.

In 2012, as in previous years, collection from the public was affected by fluctuations deriving from economic developments in the country, from the average wage, from the number of employed individuals and from legislation in 2011 and 2012, which represented a continuation of the frequent legislative changes from previous years.

As of 2005 there has been a gradual reduction in employers' insurance contributions; concurrently, two insurance contribution rates for employers were introduced – reduced and regular – instead of the uniform rate applied to all income brackets liable for insurance contributions, similar to the rate structure for employees and the self-employed. Prior to the legislative amendment, employers paid 5.93% of the employee's salary, up to the maximum income liable for insurance contributions. Subsequent to the amendment, during the period January – August 2009, employers paid 3.45% at the reduced rate (up to 60% of the average wage) and 5.43% at the regular rate.

At the beginning of 2006 the following steps were also taken: The reduced rate for employees' insurance contributions was reduced from 1.4% of income to 0.4%; the regular rate was increased from 5.58% to 7%; and the reduced rate bracket was increased from 50% to 60% of the average wage. These revisions were made with a zero budget; i.e., without affecting the NII's total receipts. In order to avoid a loss in the total collection, the increase in the reduced rate bracket was also applied to the employer's share.

In July 2009, the Economic Efficiency Law For 2009-2010 was enacted, which included two amendments that affected collections from September 2009 through March 2011: the reduced rate of employers' insurance contributions was raised from 3.45% to 3.85% (in fact, reverting to the situation that prevailed in 2008) until March 31, 2011; and the ceiling for the payment of national and health insurance contributions was doubled, from five times the basic amount to 10 times the basic amount until December 31, 2010.

.....

1 The rate of the insurance contributions imposed on the government instead of on employers appears in the table of insurance contribution rates (Table 10 of the Law), and is prescribed in Section 32 of the National Insurance Law, which addresses all government participation in the funding of the various insurance branches.

In the Economy Arrangements Law for 2011-2012, the ceiling for the payment of national and health insurance contributions was raised to nine times the basic amount

In 2012, the NII's receipts from collection of national and health insurance contributions totaled NIS 52.7 billion: NIS 50.3 billion were collected directly from the public, and NIS 2.4 billion were transferred by the Treasury

Theoretically, these two amendments should have increased the total collection of national insurance contributions, but, in fact, the additional collection and the additional allocations pursuant to Section 32 were transferred in their entirety to the Finance Ministry, since the Ministry's participation in collection for the Children insurance branch was concurrently reduced from 210% to 207.5% in 2009, to 169% in 2010, and to 208% in 2011.

In the Economy Arrangements Law for the years 2011-2012 three additional changes were inserted: (a) the ceiling for the payment of national and health insurance contributions was raised to nine times the basic amount from January 1, 2011; (b) in 2012 the ceiling was supposed to rise to eight times the basic amount, but as a result of the Trachtenberg Law that was introduced following social protests, the ceiling was reduced to five times the basic amount from January 1, 2012; (c) the employer's regular insurance contributions were raised by 0.47% (from 5.43% to 5.9%), from April 1, 2011. These steps increased the collection of national insurance contributions but not the Treasury's portion; as a result, participation in the Children insurance branch was 200.5% from April 1, 2011 (204.5% in 2012). In August 2012 the Deficit Reduction Law was enacted, which gradually increased the normal rate of insurance contributions for employers from 2013 and restored the Treasury's participation in collection for the Children branch to 210% from June 1, 2012.

In 2012, the NII's receipts from collection of national and health insurance contributions totaled NIS 52.7 billion: NIS 50.3 billion were collected directly from the public, and NIS 2.4 billion were transferred by the Treasury under Section 32C.² of the Law³, which indemnifies the NII for the reduction in National Insurance contributions

Table 1
Collection from the Public and an Estimate of the Effect of Legislative Changes on Receipts (NIS Million), 2011-2012

	2011			2012			Percentage change 2012 versus 2011			
	Less legislative changes	Legislative changes*	Actual change	Less legislative changes	Legislative changes**	Actual change	Nominal		Real	
							Less legislative changes	Actual change	Less legislative changes	Actual change
Total	46,999	1,720	48,719	49,524	800	50,324	5.4	3.6	3.9	1.6
NI	29,805	1,500	31,305	31,406	800	32,206	5.4	2.9	3.6	1.2
Health Insurance	17,19	220	17,414	18,118	0	18,118	5.4	4.0	3.6	2.3

* Legislative changes in 2011 were four months with a reduced rate for employers (3.85% instead of 3.45%), 8 months of a regular rate for employers (5.90% instead of 5.43%) and a ceiling of 9 times the basic amount.

** Legislative changes in 2012 a regular rate for employers – 5.90% for 12 months and a ceiling of 5 times the basic amount.

2 See Table 13 in Chapter 1 of this Report.

3 Direct taxes collected from individuals include income tax (from employees, the self-employed and company directors), national insurance contributions and health insurance contributions. In addition to taxes collected from individuals, direct taxes also include company tax (National Revenues Administration, Annual Reports).

for employers and the self employed (Table 1). As in 2011, this year direct collection from the public, without the Treasury indemnification less legislative changes, increased by about 3.9% in real terms.

The collection of national insurance contributions from the public in 2012 increased by 1.2% (compared with an increase of 3.9% in 2011). Collection of health insurance contributions as a share of total collection from the public stabilized; in 2012 it reached 36.0% compared to 35.81% in 2011. The decrease in the rate of growth of collection of both national and health insurance contributions was mainly due to the lowering of the ceiling for payment back to 5 times the basic amount in 2012 (see above). The rate of collection from the public relative to GDP was 5.4% in 2012. The share of receipts from the public as a percentage of all direct taxes⁴ collected from individuals rose from 48% in 2011 to 49.6% in 2012, due to improvements in National Insurance collection processes.

The collection of national insurance contributions from the public in 2012 increased by 1.2%. Collection of health insurance contributions as a share of total collection from the public stabilized and reached 36.0%

2. Collecting National Insurance Contributions

a. Rates of national insurance contributions

In 1995 two rates of insurance contributions were instituted – reduced and regular – for all categories of insured persons. Since January 2006, the reduced rate has been imposed on that portion of the income liable for national insurance contributions that is 60% or less of the average wage⁴. The regular rate is imposed on the balance of the income up to the ceiling – for employees, employers and the self-employed, without differentiating between his share as an employee or as an employer. As Table 2 shows, the reduced rate applies to all insured persons – employees and non-employees – and, since August 2005, also to employers.

Table 2
Rates of National and Health Insurance Contributions by Type of Insured (percentages), 2010 and 2012

Type of insured	National insurance				Health insurance	
	Regular rate		Reduced rate		Normal rate	Reduced rate
	2010	2012	2010*	2012		
Salaried employee - Total	13.10	13.10	4.92	4.52	5.0	3.1
thereof: Employee	7.00	7.00	0.40	0.40	5.00	5.00
Employer	5.43	5.90*	3.85**	3.45*	-	-
Government	0.67	0.67	0.67	0.67	-	-
Self employed - Total	11.82	11.82	7.31	7.31	5.0	3.1
Worker	11.23	11.23	6.72	6.72	5.0	3.1
Government	0.59	0.59	0.59	0.59	-	-
Not employed or self-employed	7.00	7.00	4.61	4.61	5.0	5.0

* From 1.4.2011

** Up to 31.3.2011

4 The average wage as defined in the National Insurance Law – NIS 8,307 per month in 2010, and the basis for reduced rates was 50% of the average wage until the end of 2005.

In 2012 there were about 3.0 million salaried jobs for which NI contributions were paid – an estimated increase of 4.5% (Table 3). This group does not include employees from the Palestinian Authority, foreign workers, and Israeli insured with special characteristics, such as kibbutz members, early retirees, house cleaners, people in vocational training, and employees of the Ministry of Defense⁵.

When talking of non-salaried insured persons, it is customary to distinguish between two groups: (a) those who pay national insurance on the basis of their income (56.6% of all non-salaried insured); (b) those who have no income and pay national insurance on the basis of the minimum income (42.9%). The first group includes mainly the self employed (91.3%), but following changes in legislation in 2008, people with passive income (dividends and income from capital) are also liable for NI payments at a rate over 25% of the average wage, whether or not they have income as a salaried employee or as a self employed individual (8.7% of the insured in this group). The second group, who pay minimum national insurance contributions, are divided between those who do not work and have no income liable for insurance contributions (about 59%), and pupils and students (41%). In 2012 the number of insured who paid minimum contributions grew by 0.7%, and the number of people who were neither salaried or self employed fell

Table 3
Employers (by Size of Business) and Insured Liable for National Insurance Contributions, by Type of Insured, 2011 and 2012

Type of insured	2011	2012	Percentage change
Salaried employees*			
Total	2,916,000	3,046,000	4.5
Employers** - Total	241,449	235,792	2.3
Employ 1-5 people	177,046	170,470	3.7
Employ 6-20 people	44,904	45,499	1.3
Employ 21-99 people	15,681	15,900	1.4
Employ 100-499 people	3,177	3,258	2.5
Employ 500+ people	641	675	5.3
Non-salaried insured** - total	714,518	727,356	1.8
Liable for NI contributions on income** - total	404,545	415,278	2.7
From work (self employed)	374,465	379,028	1.2
Not from work	30,080	36,240	20.5
Pay minimum NI contributions*** - total	309,973	312,088	0.7
Not salaried, not self employed (minimum 15%)	195,485	184,566	5.6
Pupil and student (minimum 5%)	49,518	61,813	24.8
Yeshiva student (minimum 5%)	64,970	65,709	1.1

* Number of salaried insured reported by their employers (Form 102) – monthly average

** The data refer to the end of the year.

*** Basis for income is a percentage of the average wage.

5 Section 5 in this chapter gives brief information about these population groups.

by 0.7%. The number of students rose by 24.8%, and the number of yeshiva students rose by 1.1%.

The number of employers paying national insurance contributions for their employees decreased by about 2.3% in 2012 (Table 3).

b. Size of receipts of national insurance contributions

In 2012, receipts from national insurance contributions amounted to about NIS 34.6 billion: about NIS 32.2 billion collected from the public, and about NIS 2.4 billion transferred by the Finance Ministry as indemnification for the reduction in national insurance contributions for employers and the self employed (Table 4). That year, NI receipts from national insurance contributions increased by 1.0% in real terms, while collection from the public increased by 1.2% in real terms. The amounts transferred by the Finance Ministry as indemnification for the reduction in national insurance contributions for employers and the self employed also rose in real terms – by 1.9%. The share of direct collection from the public in 2012 was 93.0% of all receipts – similar to previous years.

In 2012, direct collection from salaried employees grew by 1.3% in real terms, compared to a growth of 4.7% in 2011. Direct collection from salaried employees and their employers was affected by the legislative changes mentioned and by changes in the labor market: the average wage for a salaried employee rose nominally in 2012 by 2.7% (compared to an increase of 4.1% in 2011). The number of jobs rose by 2.6% in 2012 (compared to an increase of 3.6% in 2011).

In 2012, direct collection from non-salaried insured persons fell by 0.4% in real terms, compared to a decrease of 1.1% in 2011. NI receipts for salaried workers (including the

In 2012, about NIS 32.2 billion were collected from the public, and about NIS 2.4 billion transferred by the Finance Ministry as indemnification for the reduction in national insurance contributions for employers and the self employed

In 2012, direct collection from salaried employees grew by 1.3% in real terms, compared to a growth of 4.7% in 2011

Table 4
Collection of National Insurance Contributions for the Branches of Insurance by Type of Insured, Current Prices (NIS million), 2008-2012

Type of insured	Absolute numbers					Real percentage change				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Total collection	27,827	28,229	31,335	33,736	34,645	1.2	-1.8	7.4	4.2	1.0
Salaried and employers	25,132	25,351	28,220	30,527	31,409	0.4	-2.4	7.7	4.7	1.2
Non-salaried	2,695	2,878	3,124	3,208	3,236	10.1	3.4	5.1	-0.9	-0.8
Total collection from the public	25,877	26,233	29,101	31,305	32,206	1.2	-1.9	7.4	4.1	1.2
Salaried and employers	23,319	23,519	26,139	28,268	29,131	0.3	-2.4	7.6	4.7	1.3
Non-salaried	2,558	2,714	2,962	3,037	3,075	10.2	2.7	5.6	-1.1	-0.4
Treasury indemnification - Total	1,950	1,996	2,234	2,431	2,439	1.9	-0.9	8.3	5.3	-1.3
For employers	1,812	1,832	2,072	2,260	2,278	1.3	-2.2	9.5	5.5	-0.9
For non-salaried	138	164	162	171	161	9.6	15.5	-4.5	2.2	-7.4

employee's share, the employer's share and the Finance Ministry share) as a portion of all receipts continued to grow slightly (from 90.5% in 2011 to 90.7% in 2012) because of changes in the Economy Arrangements Laws for the years 2009-2012, notwithstanding the return of the ceiling for payments to 5 times the basic amount.

Collection from the non-salaried for various branches of national insurance consists mainly of collection from the self employed (about 92%). In 2012 collection from the self employed – based on tax assessments from 2010 that were updated only according to price increases – fell by 0.3% in real terms. Collection from the non-salaried who pay national insurance contributions on the minimum basis and account for about 4% of all collection from the non-salaried, rose by 2.1% in real terms. A examination of the payment ethic of the self employed and the non-working and non-self employed emphasizes the difference between them: while collection from the self-employed as a percentage of their potential including the debt balance was about 95.90% in 2012, for the insured at the minimum level this percentage was only about 49.6%.

3. Collection for the Health System

a. Health insurance contributions

In January 1995 the National Health Insurance Law came into effect, stipulating the right of every resident of Israel to health insurance and defining a specific, uniform basket of health for all, where the responsibility for funding rests with the government. The law specifies sources of funding for the basket, the method by which the cost will be updated, and the formula for allocating resources between the Sick funds. An Israeli resident is entitled to choose one of the Sick funds recognized by the Ministry of Health, and each Health Fund must accept residents without any restrictions, preconditions or payment.

The health insurance contributions, which are one of the main sources of funding for the basket of health services, are collected by the National Insurance Institute and divided among the sick funds. For that purpose the NII maintains a constantly updated database of all individuals with health insurance, to provide information about membership of the various sick funds.

According to the law, every resident of Israel must pay health insurance contributions, even if he is not working, except for a few groups who are exempt. The health insurance contributions from salaried and non-salaried workers are collected in the same way as national insurance contributions, while the contributions of recipients of NII benefits (who have no other income) are deducted at source from their benefits.

Health insurance contributions are collected from people who work at two levels: a reduced level of 3.1% on that portion of income that does not exceed 60% of the average wage, and a normal level of 5.0% on the remaining income up to the ceiling of income liable for health insurance contributions, which is 5 times the “basic amount”. Here too the update is at the rate of price increases.

Those who are not working and those who receive benefits from the NII are in most cases eligible for special rates according to their level of income. Table 5 specifies the amounts of national insurance contributions deducted from benefit recipients, by type of benefit, as follows:

Health insurance contributions for recipients of benefits in lieu of salary (such as maternity benefit, injury benefit, reserve duty benefit and unemployment benefit) are deducted from their benefits at the rates in use for income from work.

Health insurance contributions for benefit recipients of working age who are not working are deducted from their benefits at the minimum rate defined by law.

Health insurance contributions for recipients of old age and survivors' pensions with income supplement are deducted from their benefits at the minimum rate, whatever the family composition.

Health insurance contributions for benefit recipients of working age who have income from work are applied only to their work income, and not to their benefits.

Since January 2006, the benefit amounts have been updated according to the rate of increase in the Price Index for the previous year (i.e., the index for the previous November compared to the November before that) and therefore the minimum amounts are also updated at this rate. Anyone who is not a salaried employee or self-employed and does not receive a benefit, pays the minimum health insurance contribution (NIS

Table 5
Health Insurance Contributions by Type of Benefit, 2012

Type of benefit	Monthly health insurance contribution
Benefits in lieu of salary	
Maternity Benefit	
Injury Benefit	
Unemployment Benefit	
Army Reserve Duty Benefit	
Accident Benefit	
Bankruptcy and Corporate Liquidation	3.1% of the benefit up to 60% of the average salary. 5% of the remaining benefit above 60% of the average salary up to the ceiling.
Old Age and Survivors	
With income supplement	NIS 100
Without income supplement:	
For a single person	NIS 189
For a couple	NIS 274
Other Benefits	
Income Support	
Maintenance (Alimony)	
General Disability	
Disability and Dependents from Work	
Survivors of Working Age	NIS 100

100 per month since January 2012). Certain groups are exempt from payment of health insurance contributions: housewives, new immigrants in the first six months following immigration, workers aged under 18; students aged under 21 who are not working and then join the army are exempt from payment for 12 months; and prisoners and detainees who have been sentenced to more than 12 months imprisonment receive health services from the Prisons Service.

In 2012, the NII collected about NIS 18.1 billion in health insurance contributions, an increase of 2.3% in real terms, compared to an increase of 3.3% in 2011. Salaried employees accounted for 81% of all amounts collected; non-salaried employees – about 9.6%; recipients of NII benefits – about 9.4%

In 2012, health insurance contributions amounting to NIS 1,703 million were deducted from benefits – a real increase of 3.6% compared to 2011

B. Receipts of health insurance contributions and their distribution among the sick funds

Until the beginning of 1997, the NII collected the parallel tax and health insurance contributions for the health system. On ratification of the Economy Arrangements Law for 1997, collection of the parallel tax was completely abolished, and State funding of the health services basket was increased accordingly. In 2012, the NII collected about NIS 18.1 billion in health insurance contributions, an increase of 2.3% in real terms, compared to an increase of 3.3% in 2011 (Table 6). Salaried employees accounted for 81% of all amounts collected; non-salaried employees – about 9.6%; recipients of NII benefits – about 9.4%. From the non-salaried insured, health insurance contributions were collected as follows: 71% from the self employed and 29% from the non-working non-self employed who pay the minimum health insurance contribution.

In 2012, health insurance contributions amounting to NIS 1,703 million were deducted from benefits – a real increase of 3.6% compared to 2011 (Table 7). Particularly striking is the increase in the amount deducted from unemployment benefit and bankruptcy compensation. About 71% of the health insurance contributions deducted from benefits were paid by recipients of old age and survivors' pensions (including recipients of the pension with income supplement). It should be noted that health insurance contributions are deducted from pensions only on condition that the pension recipient has no income from work or if he has other income that is exempt from the contribution. Married women who work only in their homes (housewives) are exempt from health insurance contributions, even if they receive a benefit in their own right from the NII, on condition that the benefit is not in lieu of salary.

Table 6
Collection of Health Insurance Contributions (NIS million), 2008-2012

Year	Total	Salaried	Non-salaried	Benefits recipients	Rate of change	
					Nominal	Real
3.6	8.3	1,394	1,426	11,755	14,574	2008
-0.4	2.9	1,492	1,528	11,975	14,995	2009
5.8	8.6	1,563	1,660	13,067	16,290	2010
3.3	6.9	1,617	1,692	14,105	17,414	2011
2.3	4.0	1,703	1,750	14,665	18,118	2012

Table 7
Health Insurance Contributions from Benefits by Type of Benefit
(NIS million), 2011 and 2012

Type of benefit	2011	2012	Percentage annual real growth
Old Age and Survivors	1,147.7	1,206.8	3.4
Work-related Disability	34.8	38.1	7.6
Disability	169.0	174.7	1.6
Income Supplement	76.7	78.3	0.4
Reserve Duty	0.3	0.3	-1.7
Maternity Benefit	103.1	111.1	6.0
Unemployment Benefit	52.4	59.9	12.4
Injury Benefit	11.4	12.4	6.9
Child Support	7.2	7.1	-3.1
Bankruptcy	3.5	3.9	9.6
Other	10.9	10.4	-6.2

The National Health Insurance Law stipulates that the money intended to fund the health basket is transferred directly to the sick funds by the National Insurance Institute. The principle for sharing the money is based on the capitation formula, which primarily considers the number of insured members of each sick fund, weighted by age. As of November 1, 2010, two new variables were added to the capitation formula: the gender of the insured, and the distance of their home from population centers.

The capitation system works in favor of Clalit sick fund because it is characterized by a high proportion of older members and members who live in places far from the center of the country (Table 8). For example, about 72% of the oldest insured (aged 85 and over) and 69% of residents of outlying areas are insured in the Clalit sick fund. At the end of 2012, Clalit sick fund members accounted for 53% of all health fund members, but Clalit received 56% of health insurance funds. On the other hand, this method reduces the amounts transferred to Maccabi and Meuchedet sick funds, whose members are younger. From 2001-2012 Clalit's share of health insurance funds fell from about 59% to about 56%.

From 2001-2012 Clalit's share of health insurance funds fell from about 59% to about 56%

It should be noted that as of August 1, 2006 the capitation rates are calculated each month instead of once a quarter, which was the case until then. Monthly capitation makes it possible to reduce the gap between the number of insured at the beginning of each quarter and the actual number of insured in each of the three months of the quarter.

- According to the National Health Insurance Law, health services are funded from a number of sources:
- Health insurance contributions, collected by the National Insurance Institute.
- Amounts transferred from the Fund for Compensation of Victims of Road Accidents (Karnit) to the NII (since 2010).

Table 8
Number of Insured and Key for Distributing Health Insurance Funds by Sick Fund (percentages), January 2001 – January 2012

Year	Total	Health Fund			
		Clalit	Leumit	Meuchedet	Maccabi
Total of all Insured					
1/2001	100.0	56.3	9.9	10.7	23.1
1/2005	100.0	54.4	9.8	11.7	24.0
1/2010	100.0	52.4	9.2	13.5	24.8
1/2011	100.0	52.3	9.2	13.6	24.9
1/2012	100.0	52.3	9.1	13.6	25.0
Distribution Key					
1/2001	100.0	61.262	9.140	9.069	20.529
1/2005	100.0	58.970	9.105	10.085	21.839
1/2010	100.0	56.822	8.607	11.647	22.924
1/2011	100.0	56.691	8.560	11.590	23.159
1/2012	100.0	56.451	8.517	11.627	23.405

According to the estimate for 2012, the cost of the basket of health under the responsibility of the sick funds grew nominally by about NIS 2.04 billion to about NIS 34.7 billion – a real increase of about 4.5% compared to 2011

- Direct receipts by the sick fund for health services provided for payment (such as medicines, visits to physicians, etc.).
- Additional amounts from the State budget intended to supplement various health expenses up to the cover provided by the health services basket.

According to the estimate for 2012, the cost of the basket of health under the responsibility of the sick funds grew nominally by about NIS 2.04 billion to about NIS 34.7 billion – a real increase of about 4.5% compared to 2011 (Table 9). In 2012, the government's share of funding the basket of health rose to about 40.6% compared to the share of health insurance receipts, which fell to 53%. It should be noted that the

Table 9
Cost and Sources for the Basket of Health Services Provided by the Sick Funds, 2008-2012

Source	2008	2009	2010	2011	2012*
Cost (NIS million)	26,583	28,141	30,333	32,668	34,711
Percentages					
Total of all sources	100.0	100.0	100.0	100.0	100.0
Health insurance contributions**	54.8	53.4	54.3	54.3	53.0
Government budget	38.8	40.2	39.3	39.3	40.6
Independent income	6.4	6.4	6.4	6.4	6.4

* Ministry of Health estimate (February 2013)

** Including amounts transferred from the Fund for Victims of Road Accidents (since 2010). In 2012, a total of NIS 425 million was transferred.

Table 10
The Cost per Head of the Health Basket by Age Bracket (NIS per annum, 2012 prices), 2011 and 2012

Age bracket	2011	2012*
Standardized total per head	3,810	3,873
Up to 1 year	6,296	6,396
1-4	3,257	3,310
5-14	1,531	1,556
15-24	1,535	1,560
25-34	2,203	2,238
35-44	2,605	2,647
45-54	4,089	4,156
55-64	6,663	6,773
56-74	10,935	11,116
75-84	14,135	14,375
85 and over	14,430	14,665

* Estimate

Economy Arrangements Law for 2008 stipulated that the receipts of the sick funds from payments by their insured members would be at the rate of 6.45% of the basket cost (instead of 5.4% up to 2007). This amendment explains the reduction of about 1% in the State's participation since 2008.

The cost of the standardized health basket per head facilitates an examination of the effect of the age of the insured on the sick fund's expenditure (Table 10). The cost of the basket per head is calculated for the sources of funding divided among the sick funds according to the capitation formula and does not include amounts that are not distributed on this account, such as the costs of severe illness, administrative costs, allocation to the Health Council and the Magen David Adom. In 2012 the weighted cost of the health basket per head was NIS 3,873 compared to NIS 3,746 in 2011 – a real increase of about 1.6%. The cost of the basket reflects the relative breakdown of expenditure between age brackets. Apart from children up to the age of 4, the cost of the younger age brackets is usually lower than for the old age brackets. For example, in 2012 the cost of the basket for the elderly population (over 85) was 3.8 times higher than the average cost for all sick fund insured, and 9.4 times higher than the basket for the 15-24 age bracket.

4. Sharing the Burden of Paying for National and Health Insurance

The national insurance system, as any insurance system, generally makes eligibility for a benefit conditional on payment of national insurance contributions. According to this concept, every insured, irrespective of his employment situation, must pay insurance

contributions. The parameters of the national insurance contribution, which as mentioned at the start of this chapter are a function of the minimum and maximum income liable for insurance contributions and the rates of the contributions for various categories of insured person, are typical of most social insurance systems in western countries.

Nobody doubts the fact that determining a floor and ceiling for income liable for national insurance is a regressive element in the collection system. The reform in the system introduced in 2006 – extending the base of income liable to national insurance and introducing a reduced rate over part of the income that does not exceed 60% of the average wage – was intended to mitigate the regressivity of sharing the burden of payments imposed on insured individuals. The decision to impose collection of health insurance contributions from 1995 on the National Insurance Institute, together with the perception that every resident is insured and the majority of those insured have to pay health insurance, led the policy makers to apply the elements of the function of national insurance contributions to the function of health insurance contributions as well.

The latest data on income available to us concern 2010. The figures in Tables 11 and 12 relate to the legal situation in 2010, that is, to the rate of insurance contributions that year and to the maximum income liable for national and health insurance (up to 10 times the basic amount). The effect of the steps taken as part of the tax reform introduced in 2006 (such as lowering the reduced rate for the employee from 1.4% to 0.4%, increasing the normal rate from 5.58% to 7.0% and increasing the bracket for the reduced rate from 50% of the average wage to 60% thereof) can also be seen in the rate of insurance contributions calculated on wages and income in 2010.

Table 11
Salaried Employees: Income (Average Per Working Month) and Burden of National Insurance Payments by Decile, 2010

Decile	Average income per working month	National insurance payments					
		Absolute numbers (NIS)			Percentage of income		
		Total	National insurance	Health insurance	Total	National insurance	Health insurance
1	899	32	4	28	3.5	0.4	3.1
2	2,155	76	9	67	3.5	0.4	3.1
3	3,249	114	13	101	3.5	0.4	3.1
4	4,135	145	17	128	3.5	0.4	3.1
5	5,021	194	34	160	3.9	0.7	3.2
6	6,123	326	111	215	5.3	1.8	3.5
7	7,620	506	216	290	6.6	2.8	3.8
8	9,935	783	378	405	7.9	3.8	4.1
9	14,233	1,299	679	620	9.3	4.8	4.4
10	28,400	3,000	1,671	1,329	10.6	5.9	4.7
Average	8,177	572	255	317	7.0	3.1	3.9

Table 11 shows data on income (average per working month), national insurance payments (the employee's share only) and the health insurance payments, on average per decile of the salaried population. Salaried employees are ranked by income liable for insurance contributions (on average per working month) and each decile contains 10% of salaried individuals⁶. Each of the first four deciles pays national insurance contributions at the rate of 0.4% of income, and the rate increases gradually to 5.9% in the top decile. A similar picture arises from the rates of health insurance paid by decile, although the lowest rate in the first five deciles is 3.1%.

Table 12 shows the rates of insurance payments by decile among the self employed in 2010⁷. In the first and second decile the burden of national insurance contributions is striking, since today the minimum payment (25% of the average wage) highlights the regressivity of the system at lower levels of income. The rate of national insurance contributions paid by the self employed (both as workers and as employers) is 6.7% in the third decile, rising gradually to 10.4% in the 10th decile.

The impact of the maximum income liable for NI payments is more striking among the self employed, since a larger portion of their income is higher than this maximum. A similar picture emerges from an analysis of the changes in rates of health insurance payments between the different deciles.

It should be noted that unlike the case with salaried employees, the income of the self employed in each decile is indicated in terms of the average per month over a year (and not per working month). Since collection from them is based on their reported annual income, this is the reason why the income of salaried workers as shown in Table 11 cannot be compared to that of the self employed as shown in Table 12.

Each of the first four deciles pays national insurance contributions at the rate of 0.4% of income, and the rate increases gradually to 5.9% in the top decile

Government Funding of the Social Security System in Countries of the European Union and In Israel, 2012

The issue of funding the social security system is on the agenda of social policy makers in Israel. Over the last decade the relative share of national insurance contributions as a portion of receipts has stabilized, and funding from the Israeli government has risen slightly. In other western countries the share of the government in funding social security has also risen in recent years, mainly to cover deficits.

In western countries the share of the government in funding social security has also risen in recent years, mainly to cover deficits

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- 6 In April 1999 an amendment to the law was introduced, whereby the minimum income for calculating national insurance contributions for salaried employees was made equal to the minimum wage in the economy, taking into account part-time work. In calculating the insurance payments, we have assumed that employers are fully compliant with the Minimum Wage Law, and the reported wages that are less than the minimum wage are due to part-time jobs. The bias in the average rate of insurance contributions as a share of the income in the lower deciles is negligible.
- 7 The latest year for which there are administrative data on the income of the salaried and the self employed.

A few countries (particularly the Baltic states such as Lithuania, Estonia and Slovenia) reduce the insurance contributions paid by low-paid workers, and benefits for these population groups are funded by the State treasury. In most European countries examined, child benefits are funded by the State budget only

The European Union (EU) is a suitable framework for comparing Israel's policy regarding government funding of social security with that of developed countries¹. The table in this box summarizes how governments participate in the funding of social security in the EU countries and in Israel, and it shows both State participation by insurance branches and the duty of covering the social security deficit by the State Treasury. The main findings emerging from this comparison are as follows:

1. In all countries of the European Union, the social security system is funded by a combination of three sources: insurance contributions paid by workers, contributions paid by employers for their employees, and the State Treasury.
2. Governments can participate in funding the various benefits in two main ways:
 - a. Participation in the insurance payments or relative to wages, on the spot or in addition to individual contributions: Luxembourg, Malta, Cyprus.
 - b. Participation in benefit payments: Germany (old age), Finland (unemployment).
3. A few countries (particularly the Baltic states such as Lithuania, Estonia and Slovenia) reduce the insurance contributions paid by low-paid workers, and benefits for these population groups are funded by the State treasury.
4. In most European countries examined, child benefits are funded by the State budget only. In just a few countries (such as France and Italy), they are funded both by insurance payments and by a government subsidy (similar to Israel).
5. In most of the 27 EU countries (unlike Israel), the State is obliged by law to cover the current deficit of the insurance branches, particularly the branches of Disability and Old age.

In the field of funding the social security system worldwide, there are two main approaches:

The Bismarck approach, which is based on the principle of insurance, whereby social security is funded by insurance payments made by insured individuals. This approach is found in countries such as France, Germany, Holland and Belgium, where the share of insurance contributions amounts to about 65% of all receipts.

The Beveridge approach, which is based on State funding from tax payments. This approach is found in Scandinavian countries, England and Ireland, where the share of insurance contributions amounts to 30%-40% of total receipts².

In recent years, the distinction between the two most common approaches in the western world has become blurred. Israel today too is a model of combining the two methods. Over the last decade, Israel has recorded a very slowly rising trend in

1 The figures regarding countries of the European Union were taken from the EU's computerized Mutual Information System on Social Protection (MISSOC), updated to January 2012.

2 The figures are taken from the Eurostat website (correct for 2009).

Government Participation in Funding Social Security in Israel and in Countries of the European Union, 2012

Country	Government funding
Israel	Participation in all branches of insurance (for the salaried and self employed), plus allocation to the branches of Children, Old Age and Disability (as a percentage of receipts from insurance payments)
Austria	25% funding for child allowances, subsidy of 70% of payments for maternity benefits, funding of deficit in disability, old age and unemployment insurance.
Italy	Participation in all branches up to cover of the deficit (excluding maternity)
Ireland	Funding of child benefits, cover of deficit in all insurance branches.
Estonia	Funding of child benefits, participation in insurance payments for some groups, cover of the deficit for old age and disability.
Bulgaria	Funding of child benefits, cover of the deficit for old age and disability.
Belgium	Participation as needed (to cover deficit) in all insurance branches.
Britain	Funding of child and unemployment benefits, cover of the deficit for old age and disability.
Germany	Participation in old age insurance (31% of total cost), total funding of child benefits, cover of deficit for unemployment
Denmark	Full funding for old age, disability and child benefits, deficit cover for unemployment.
Holland	Funding for child benefits only.
Hungary	Deficit cover for all branches of insurance, excluding unemployment.
Greece	Deficit cover for unemployment and children, participation in old age, disability and maternity benefits at the rate of 1% of GDP.
Luxembourg	Participation in disability and old age at the rate of 30% of insurance payments, deficit cover for remaining branches.
Latvia	Funding of child benefits, deficit cover for all insurance branches.
Lithuania	Funding of child benefits, participation in insurance payments for some groups
Malta	Participation of 50% of insurance payments for all branches
Slovenia	Funding of child benefits, participation in insurance payments for some groups, deficit cover for all insurance branches.
Slovakia	Funding of child benefits, deficit cover for all insurance branches.
Spain	Funding of child benefits, deficit cover for old age and disability.
Poland	Funding of child benefits, deficit cover for all insurance branches.
Portugal	Funding of child benefits, cover for minimum disability and old age benefits
Finland	Funding of child benefits, funding of 70% of all payments for unemployment, deficit cover for old age and disability.
Czech Republic	Funding of child benefits only.
France	Participation in all branches up to cover of the deficit
Cyprus	Participation of 4.3% of all liable income for all branches of insurance
Romania	Deficit cover of all insurance branches
Sweden	Funding of child benefits, partial funding of remaining insurance branches.

Over the last decade, Israel has recorded a very slowly rising trend in government funding, but the share of insurance contributions in total receipts remains fixed at about 50%

government funding (concurrently with a drop in income from interest), but the share of insurance contributions in total receipts remains fixed at about 50%.

The slow increase in the participation of the Treasury is due to legislation in the Economy Arrangements Law for 2005, whereby notwithstanding the gradual reduction of 1.5 percentage points in the rate of insurance contributions from employers, the Treasury's participation would gradually increase, so that the NII's overall income from this source would not be affected.

We should also note that the Economy Arrangements Law for 2009-2010 stipulated an increase in the reduced national insurance contributions for employers (from 3.45% to 3.85%) and a doubling of the ceiling from 5 to 10 times the basic amount. Meanwhile, from 1.1.12, the ceiling was again reduced to 5 times the basic amount. It was also decided that any addition to the collection from this move would be transferred to the State Treasury through participation in collection for the Children branch, particularly in 2010, when the rate of participation fell from 210% to 169% of collection and the amount was estimated at NIS 2.5 billion.

Weight of Collection for National Insurance Branches and Treasury Participation in Total Receipts in Israel (percentages), 2005-2012

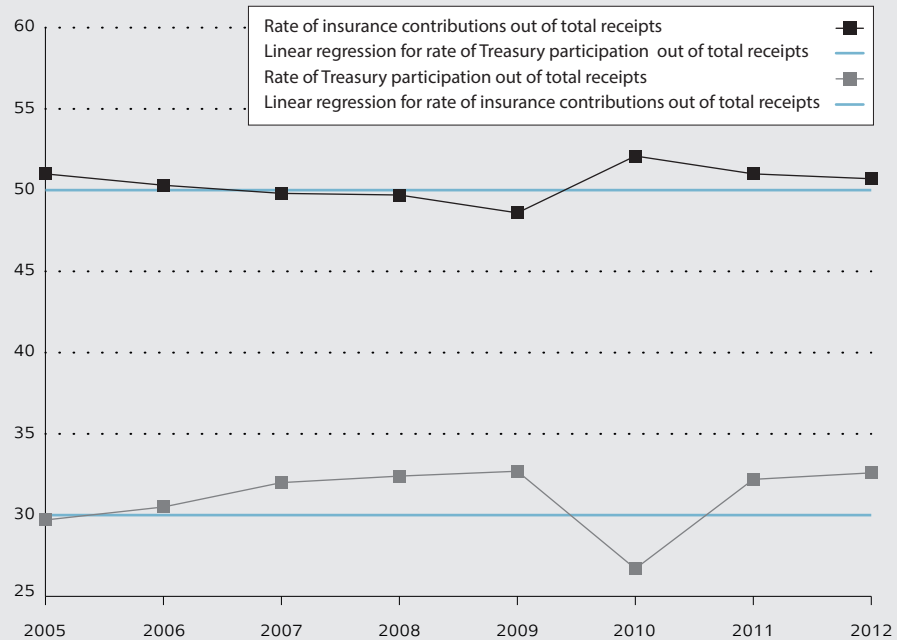


Table 12
Self Employed: Income (Average Per Month in a Year) and Burden of Insurance Contributions by Decile, 2010

Decile	Average income per month of a year	National insurance payments					
		Absolute numbers (NIS)			Percentage of income		
		Total	National insurance	Health insurance	Total	National insurance	Health insurance
1	640	197	135	62	30.7	21.0	9.7
2	1,719	197	135	62	11.4	7.8	3.6
3	2,275	224	153	71	9.8	6.7	3.1
4	3,225	317	217	100	9.8	6.7	3.1
5	4,218	414	283	131	9.8	6.7	3.1
6	5,393	566	388	178	10.5	7.2	3.3
7	7,088	838	575	263	11.8	8.1	3.7
8	9,572	1,236	849	367	12.9	8.9	4.0
9	13,936	1,937	1,332	605	13.9	9.6	4.3
10	33,282	5,042	3,469	1,573	15.1	10.4	4.7
Average	8,135	1,006	691	315	12.4	8.5	3.9

5. Special Populations Defined as Salaried Employees

The figures given in this chapter regarding the number of salaried employees refers to the numbers reported by employers on Form 102. The population of salaried employees, as defined in the National Insurance Institute, includes groups which special characteristics, as follows:

Kibbutz members: Members of kibbutzim and cooperative villages (moshavim) are defined by law as salaried employees of the Cooperative Association (the employer), who has the obligation and responsibility of registering them as salaried employees and paying national insurance contributions for them. Kibbutz and moshav members are insured under all NI branches, except for unemployment. In 2012 about 41,000 members on average were reported each month (aged 18 and over), and the insurance contributions paid for them amounted to about NIS 130 million for the year.

Household workers: The status and rights of people employed in housework are the same as those of other salaried employees, although the national insurance contributions paid for them are set at different rates. At the end of 2012, some 203,000 people reported that they were employing people in their homes, and total contributions of about NIS 60 million were collected from them for that year.

Workers from the Palestinian Authority: Workers from the territories and the Palestinian Authority who are employed by Israelis pay national insurance contributions in three branches: Work-related Injury, Maternity and Bankruptcy. The payments

for them are collected by the Payments Department of the Employment Service. In 2012, some 21,000 workers on average were reported each month, and the insurance contributions paid for them were about NIS 6.5 million for the year. The average monthly wage, which is the basis for the national insurance contributions, was about NIS 3,790.

Foreign workers: This group includes workers who are not Israeli residents but are employed by Israelis. Similarly to the workers from the Palestinian Authority, foreign workers are insured in the branches of Maternity, Work-related Injury and Bankruptcy, and the rates of contributions applicable to them are stipulated in a special regulation. In 2012 on average about 103,000 foreign workers were employed in Israel each month; their average monthly wage was about NIS 5,700 and the NI payments collected from them amounted to NIS 55 million for the year.

Workers who retired before reaching retirement age: These workers are required to pay national and health insurance contributions on their early pension. In 2012, this applied to about 55,000 people on average each month. The amount collected for them was about NIS 400 million for the year.

Insured persons in vocational training: This group includes people on vocational training provided by the Ministry of Industry, Trade & Employment (both not working and working) or in places approved for this in the NI Regulations. The national insurance contributions are imposed on the employer and the vocational trainee for two branches only: Work-related Injury and Maternity. In most cases, the Ministry of IT&E is the employer, unless the trainee was sent to the course by his employer. The average number of people on vocational training (who paid national insurance contributions) was about 38,000 per month in 2012, and payments for them amounted to about NIS 8 million for the year. This drop derives from the fact that in the middle of the year the employer stopped collecting insurance contributions from the vocational trainee as not working and not self employed, and sends the NII only his portion as an employee. The insured pays his portion as a non working person directly and separately to the National Insurance Institute.

Chapter 5 | Funds and Services

1. Funds of the National Insurance Institute

The main activities of the National Insurance Institute are payment of monetary and in-kind benefits to those entitled to them under law, as reflected in the NII budget, and collection of national and health insurance contributions. However, the benefits do not meet all the needs of the insured population, and in order to meet these other needs, the NII assists in the development of services in the community, mainly for at-risk population groups, by means of its special Funds.

The Funds (Service Development) Division was established in 2002 to gather under one roof the five National Insurance funds¹, all of which promote projects, programs and initiatives² to develop social services and infrastructures according to NII policy and the needs of target population groups.

The five Funds are: The Fund for Developing Services for the Disabled, the Fund to Promote Long-Term Care Programs for the Elderly, the Fund for Demonstration Projects, the Fund for Health and Safety in the Workplace (Manof), and the Fund for Children and Youth at Risk.

The Funds deal with the welfare of children and adults with special needs, frail elderly people in the community and in institutions, families and individuals suffering economic and social distress, the long-term unemployed, children and youth at risk, and workers facing risks of accidents at work.

In 2012 the Fund activities focused largely on helping population groups at risk with educational frameworks, preparation for employment, and work placements – which are the foundation stones of the social security policy of the NII, and the central areas of activity for three Funds: Development of Services for the Disabled, Demonstration Projects, and Children and Youth at Risk. The target populations for this assistance are the disabled, youth at risk, women in economic distress, unemployed young people and other special groups, such as those in peripheral areas, Arabs and the ultra Orthodox.

As mentioned, the authority of the Funds to develop welfare services is anchored in the National Insurance Law, which also defines the Code of Regulations for each Fund under which criteria for accepting projects for assistance are determined. The assistance is financed by means of a certain percentage of the insurance contributions collected for the insurance branch in which the particular Fund operates, up to a maximum annual budget.

Following is a brief description of each NII Fund:

-
- 1 Until then, each Fund operated as part of the insurance branch relevant to its activity, apart from the Children and Youth at Risk Fund (set up in 2004) and the Demonstration Projects Fund (which operated within the Research and Planning Administration of the NII).
 - 2 A project deals mainly with construction and equipping of infrastructure, a program deals mainly with operating a service, and an initiative is a system-wide project or program (in terms of its scope or cooperation among a number of Funds).

In order to meet these other needs, the NII assists in the development of services in the community

The Fund for Developing Services for the Disabled assists public organizations to develop services for disabled people in order to help integrate them into society

- **The Fund for Developing Services for the Disabled** assists public organizations to develop services for disabled people in order to help integrate them into the labor market and into society as a whole and to improve their welfare. This Fund is active in the following areas: special and early education, rehabilitation and employment, sheltered housing, leisure and sport activities, improving physical conditions in institutions for the disabled and the purchase of rehabilitation equipment and accessibility to public buildings. The Fund also helps to improve the quality of services in institutions for the disabled.
- **The Fund to Promote Long-Term Care Programs for the Elderly** helps develop and improve services for frail elderly people living both at home and in institutions: setting up day centers, purchasing accessories for special needs, training people to work with the elderly and improving services in long-term care institutions (nursing homes).
- **The Fund for Demonstration Projects** assists both public and private bodies to develop social services that have an experimental or innovative component in a range of fields and for a variety of groups, mostly at risk, such as dysfunctional families, youth and children at risk, people with special needs, and elderly people exposed to violence. Such services are intended to serve as models to be assimilated in the community as a whole and to be replicated in other parts of the country, and therefore are generally accompanied by a research evaluation.
- **The Fund for Children and Youth at Risk** promotes services for children (under the age of 18) who are at risk due to neglect, abuse, violence and/or sexual abuse, including young offenders, drug users and young people exposed to dangerous living conditions. The Fund also develops programs to prepare adolescents for independent living and to prevent their future dependence on benefits by enhancing their work skills. Furthermore, the Fund sponsors projects that treat the attention-deficit disorders that underlie risks, and helps children and youth who have been sexually abused. Programs that provide a strong and rehabilitative foundation for these young people are developed, in order to prevent them from lapsing into poverty and deprivation and help them integrate into educational and welfare frameworks.
- **The “Manof” Fund** finances activities to prevent workplace accidents and encourage programs that reinforce health and safety at work, including research in the field and the implementation of its conclusions through experimental projects, developing and improving new safety measures, and providing training, information and publicity in this field.

In 2012 the Funds signed contracts to develop welfare services through 241 different programs at a total cost of about NIS 180 million

Scope of the Activities

In 2012 the Funds signed contracts to develop welfare services through 241 different programs at a total cost of about NIS 180 million.

As stated, the extent of the assistance provided by each Fund is determined by law. The Fund for Developing Services for the Disabled is allocated the highest amount – more than half the total budget for all Funds – followed in descending order by the Long-Term Care Fund, the Demonstration Projects Fund, the Children and Youth at Risk Fund, and the Manof Fund (Graph 1). The main investment of the Fund for Developing

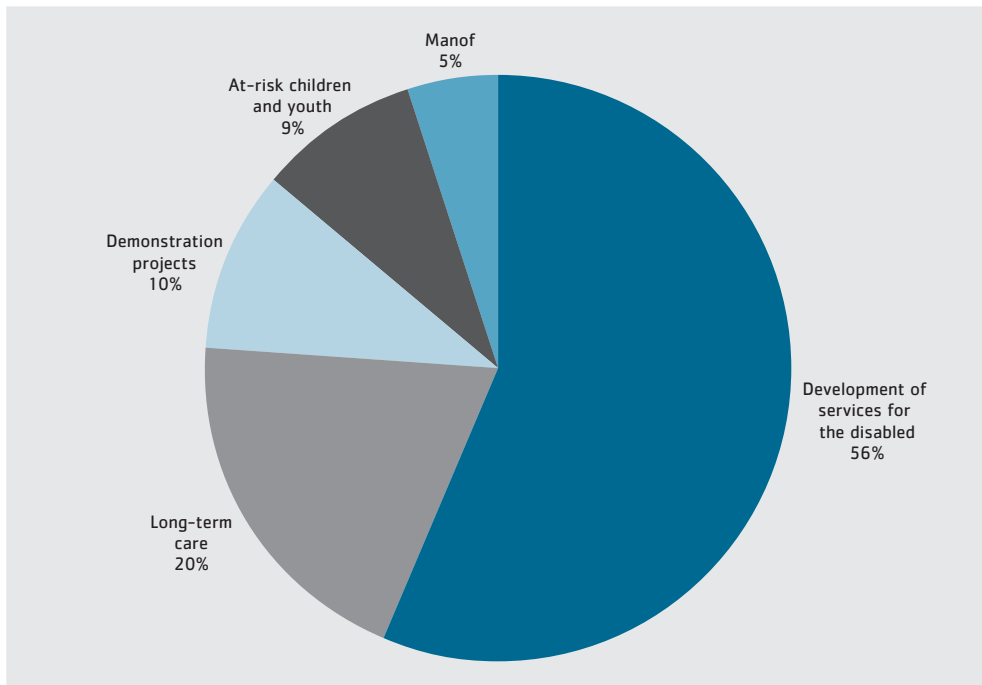
Table 1
Programs Approved and Scope of Assistance Approved
for each Fund, 2012

Fund	Number of programs approved	Amount of assistance approved (NIS)*	Percentage of division's budget	Average budget per program (NIS)
Services for the Disabled	137	101,413,161	56	740,242
Long-Term Care	34	35,285,424	20	1,037,807
Demonstration Projects	29	17,658,826	10	608,925
Children and Youth At Risk	28	16,288,852	9	581,745
Manof	13	8,552,572	5	657,890
Total	241	179,198,835	100	--**

* The financial data shown in the following tables refer to amounts approved in a particular year and not to actual usage.

** This figure is not relevant due to the difference in the nature of the programs of the various Funds.

Graph 1
Amount of Approved Assistance, by Fund, 2012



Services for the Disabled Fund and the Long Term Care Fund is on infrastructure, which is why they require the largest budgets. The Demonstration Projects Fund and the Children and Youth at Risk Fund work on developing and operating services, so that their legally determined budgets are lower. The scope of the activities derived from the stipulations of the Law and the nature of the projects or programs are reflected in the average budget per program in each Fund.

The NII Funds do not fully finance programs, but rather pool resources from various sources. The maximum rate of financing varies from Fund to Fund, and is defined in the Regulations of each Fund. In some Funds the rate is also determined by the social and economic characteristics of the target population or of the local authority, as ranked by the Central Bureau Statistics (CBS)), and in the case of the Long Term Care Fund – according to the economic characteristics of the body that operates the service.

In most cases, the rate of participation specified in the Regulations of the Fund for Developing Services for the Disabled is 80% of the total project cost and in certain conditions may rise to 90%. The maximum amount of assistance is NIS 2,350,000. In the Long-Term Care Fund, the threshold is NIS 3,200,000 per annum (in 2013), updated at the beginning of each year.

There is a distinction between projects in the community (such as day-care centers) and projects in institutions (such as old-age homes). In community projects, the rate of participation is determined according to the CBS clusters³, at 60%-90% of the total cost for all the resources with other bodies⁴. For institutional projects, the percentage of participation is determined according to the recommendation of the accountant who checks the financial stability of the applicant for assistance, and is 50%-70% of the total cost of all resources. The Children and Youth at Risk Fund assists with 50% of the program cost, the Demonstration Projects Fund can finance up to 80% on average of the program cost⁵, and the Manof Fund can even fund the full program cost.

From Table 2, which shows funding rates, it can be seen that the total assistance given by all the Funds together was about NIS 180 million, which was used to develop services for a total cost of about NIS 356 million; in other words, participation by the Funds made it possible to leverage programs to the extent of about 150%.

The leveraging ratio is the ratio between the total cost of the programs and the amount invested by the Funds. Leveraging the Fund contributions is very important, since it enables the program activity to increase considerably and to develop additional projects – which would be impossible without the pooling of resources between the Funds and the operating bodies. The higher the leveraging ratio, the better the integration

The total assistance given by all the Funds together was about NIS 180 million, which was used to develop services for a total cost of about NIS 356 million. The leveraging ratio is 150%

3 Classification of the CBS from The Face of Society Report No. 5, 5773-2012.

4 Mainly Eshel (the Israel Association for Developing Services for the Elderly) and the Claims Conference.

5 In programs that the Fund finances for a three- year period, participation declines over the course of this period from 100% to 50%.

Table 2
Total Program Costs, Participation of the Funds, and Rates of Assistance By Fund, 2012

The Fund	Program cost (NIS)	Approved assistance (NIS)	Assistance as % of total cost*
Services for the Disabled	169,923,089	101,413,161	60
Long-term Care	73,020,834	35,285,424	48
Demonstration Projects	30,657,586	17,658,826	58
Children and Youth at Risk	72,308,501	16,288,852	23
Manof	10,231,083	8,552,572	84
Total	356,141,093	179,198,835	50

* Taking into account the thresholds of assistance stipulated in the Regulations.

Table 3
NII Assistance to Programs, Percentage of Total Budget and Population*, by Region, 2012

Region	Approved assistance (NIS)	Percent of total budget	Population of region (% of total)
Jerusalem	29,102,863	19	12
North	30,965,599	21	17
Haifa	18,147,324	12	12
Central	20,536,875	14	24
Tel Aviv	30,055,122	20	17
South	21,559,899	14	14
Judea and Samaria	569,879	0.38	4
Total local programs	150,937,561	100	100
National national programs	28,261,274		
Total	179,198,835		

* The percentage was calculated from the total budget for programs in each location.

of sources of funding, and the greater the pooling of resources. Leveraging has many other advantages, apart from economic benefits; for example by enabling nation-wide deployment, providing a strategic perspective and setting standards that can sometimes lead to changes in regulations.

Most (about 85%) of the Funds' budgets is invested in locally run programs (municipalities, local councils and regional councils), and only about 15% in programs at the national level (such as the "computer for every disabled child" program). Table 3 presents the breakdown of the budgets by geographical region, showing that investment in peripheral areas amounts to about 35% of the total budget, and is higher than the percentage of the total population living in these areas (about 28%).

The table further shows that in 2012 the Funds invested in the Jerusalem, Tel Aviv and Northern regions more than the share of their residents in the total population, while in the Central region and in Judea and Samaria the investment was far less than their share of the population. In Haifa and the Southern region, the proportion of the investment matched that of the population in these regions.

Most (about 85%) of the Funds' budgets is invested in locally run programs, and only about 15% in programs at the national level

Table 4 shows the total investment by all the Funds by socio-economic cluster⁶. Residents of local authorities in the three lowest clusters of the index (1-3) are defined as having the lowest socio-economic status (12% of investment); clusters 4-7 represent the average socio-economic status (68%), and clusters 8-10 represent the highest socio-economic status (90%).

14% of the budget was invested in low status locations, 74% in average status locations, and 12% in high-status locations

Table 4 and Graph 3 show that 14% of the budget was invested in low status locations, 74% in average status locations, and 12% in high-status locations. In other words, the investment matched the proportion of the population in the various clusters, although in locations with low socio-economic status, it was slightly higher than their share of the total population (14% compared to 12% respectively), and in locations with high socio-economic status it was lower (12% compared to 20% respectively). One can also note that a town was classified as being within a particular socio-economic cluster according to the average of socio-economic indices in that town, and therefore all the town's residents belong to the same cluster, despite individual differences in income levels, so that even in places with medium or high socio-economic status, the Funds help populations in need.

The data on the amounts of assistance are for 2012, while the population data are for 2010.

The financial investment by the Funds in programs by socio-economic clusters is shown also in Graph 2.

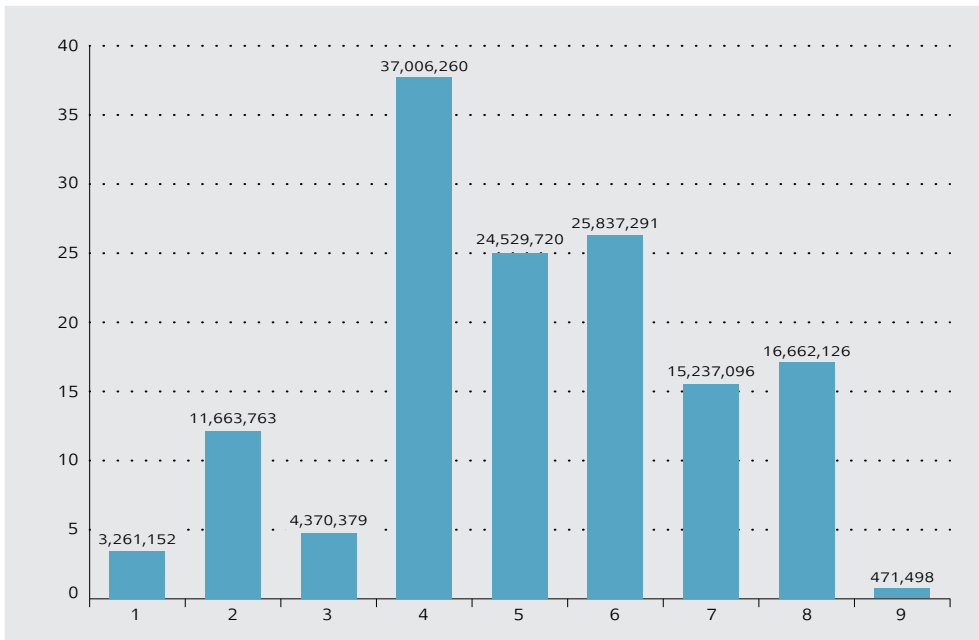
Table 4
Programs by Socio-Economic Cluster, Amount of NII Assistance, and Proportion of the Total Budget, 2012

Social cluster	Amount of approved assistance (NIS)	Percentage of total budget in cluster
1	3,261,152	2
2	11,663,763	8
3	4,370,379	3
4	37,006,260	27
5	24,529,720	18
6	25,837,291	19
7	15,237,096	11
8	16,662,126	12
9	471,498	0.34
Total	139,039,285	78
National programs and in places without a cluster	40,159,551	22

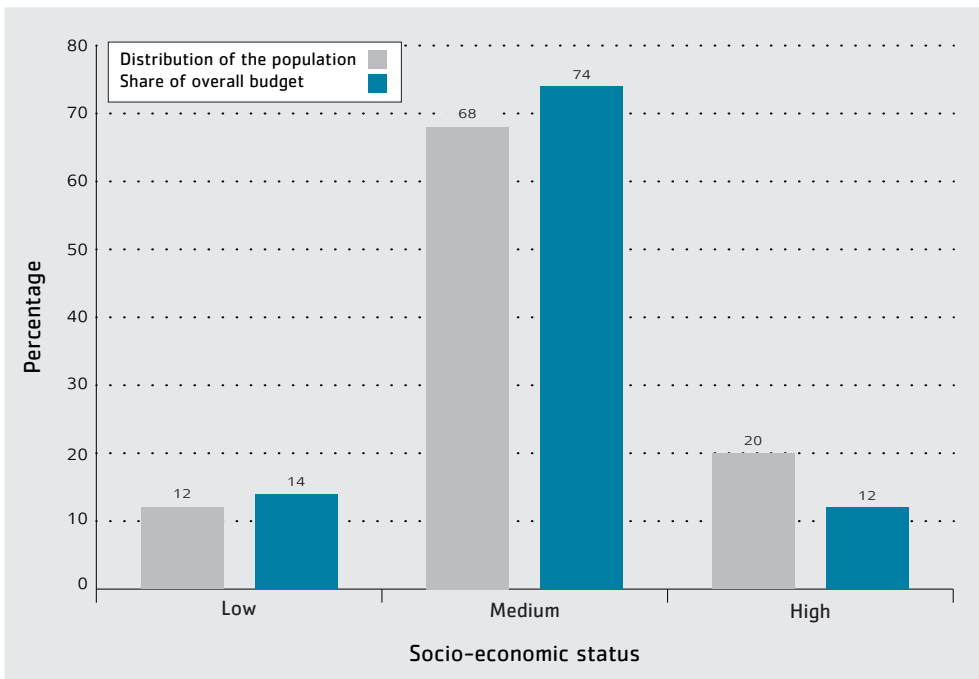
* The percentage was calculated from the total budget for programs in each location.

⁶ The CBS classification from the Face of Society Report no. 5, 5773-2012.

Graph 2
NII Assistance by Socio-Economic Cluster, 2012



Graph 3
Population and NII Assistance by Socio-Economic Level in Towns



Examples of Programs

In recent years, the NII has promoted several initiatives that involve professional and budgetary cooperation among the different Funds, such as preparing at-risk population groups for employment. While some of these initiatives have already expanded, others are still in the early stages of acquiring experience. Below is a review of some initiatives financed by more than one Fund in recent years.

1. Communication as Integration – Computer for Every Special Child

Familiarity with computers and the Internet is essential for integration into modern society. For the disabled as well, computers are a vital tool for access to information, studies and work, as well as for developing social contacts. While most children are exposed to computers and use them frequently, many children with special needs feel isolated and socially cut off as they are unable to use computers without adaptations to their needs.

The Communication as Integration program began as an experiment some five years ago, and is currently moving to nationwide deployment for pupils with all types of disabilities who learn in special education frameworks. The program is intended to help these pupils with training and assistance in using an adapted computer. Access to computers helps them bypass their handicaps and thus reduce the gaps between them and other children their age and is a tool for developing social contacts.

In the framework of the program, the pupils who meet the criteria are located and their communications needs are diagnosed, adapted computers and aids in their homes are provided, and training on computer use and ongoing assistance by a mentor at home are arranged for. At first (2007), the program helped pupils with serious physical disabilities in the Haifa and Northern region only. About a year ago, the program was extended to the Southern region, and pupils with other types of disabilities participated as well.

So far, the program has provided over 1,300 pupils with one or more tools (desktop or laptop computer or special aids). All the pupils received training and about half of them received a home mentor.

2. Support Centers for Students with Disabilities in Institutions of Higher Education

The NII encourages the development of services for people with disabilities⁷. In recent years, special emphasis has been placed on improving accessibility to services for disabled people in institutions of higher education. Studies show that the number of years of education is one of the most important predictors for integration of disabled

.....
7 A disabled person is defined as someone with a permanent or temporary physical, emotional or mental disability, including cognitive disability, which materially restricts his functioning in one or more of the main areas of daily living (Section 5 of the Equality for People with Disabilities Law, 5758-1998).

people in the work force⁸ and that education leads to an improvement in their quality of life⁹.

One of the barriers to the integration of students with disabilities in academic institutions is the lack of suitable support. In order to deal with this problem, the Funds Division¹⁰ has initiated a program – **Revolution in Higher Education** – to develop support centers for such students, which will make higher education more accessible to them and prevent them from dropping out of their studies. The goal of this initiative is to increase the number of students with disabilities accepted at institutions of higher education and acquiring academic qualifications, and as a result integrating into the normative labor force in positions that utilize their abilities and skills.

The support centers help the disabled students build a curriculum, improve their learning skills, make use of advanced technologies, acquire life skills and social skills and take up their rights. In the framework of the program, efforts are made to change the attitudes of staff, teachers and the community at large regarding the integration of the disabled in institutions of higher education, and to publicize the program and encourage the disabled to seek higher education. In the first stage, 12 support centers have so far been approved in various institutions, with NII participation of about NIS 10 million. The Funds are financing a special training and qualification plan for the staff of all the support centers. In 2012 a “public appeal” was published to broaden this initiative, and 23 more institutions responded.

In addition to this initiative, Tel Hai College is hosting a special program that integrates students with severe learning disabilities into employment by providing them with training, diagnosis, guidance and placement.

3. Support Groups for Families Caring for Elderly Members

Both experience and research indicate that the implementation of the Long-Term Care Insurance Law has not reduced the responsibility of the family for their elderly members, but rather has only reinforced their need for assistance. Frail elderly people are formally handled through government services, and informally by family members – usually children or spouses – who often feel a heavy burden that affects their personal and social lives, as well as their functioning at work.

About two-thirds of the family members looking after elderly people in Israel are their children, most of whom live close to or together with the elderly person, while

About two-thirds of the family members looking after elderly people in Israel are their children, most of whom live close to or together with the elderly person, while 20%-25% are their spouses. About two-thirds are women aged 55 and over

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- 8 Berman, A. and Gaon, D. (2004). Blind and hard of hearing university graduates: Contribution of the Aleh Association during their studies and follow up on their integration into employment. Research report, Brookdale Institute, 2004.
- 9 Pepperman, B. Integration of people with handicaps in the labor market: Changes in perceptions, development of tools and employment programs, access to employment, 10, 2010.
- 10 Sachs, R. and Schreuer, N. (2009), Academic support, human support and physical support as enablers of the participation of students with handicaps in institutions of higher education, in the final report of a study funded by the Research Fund of the National Insurance Institute.
- 10 Through the Fund for Developing Services for the Disabled and the Fund for Demonstration Projects.

20%-25% are their spouses. About two-thirds are women aged 55 and over. Against the background of demographic changes – such as more women joining the workforce, longer life expectancy, lower birth rates, and divorce – the care of aged parents has become an ever-more difficult physical and emotional burden on family members. One way of helping them is by providing them information and emotional support through support groups.

Such support groups, set up in 80 towns throughout Israel, operate according to a variety of models and cater to some 1,300 family carers. The family members participated in 12 sessions that were adapted to the specific population of each particular town (for example, culturally, or based on local needs). The sessions are led jointly by experienced, professional moderators and social workers from the local welfare offices, in order to enable the social workers to assimilate the model and eventually be able to run the program independently. The initiative ended in 2013.

4. Integration of At Risk Populations in the Labor Force

The Demonstration Projects Fund defined as one of its primary objectives the development of programs to integrate at-risk populations in the labor force. Activity in this field began some seven years ago, first as a response to proposals submitted to the Fund, and since 2007 at the Fund's initiative, through publicity in the media directed at the relevant bodies ("Public Appeal"): in 2006 – on social and occupational rehabilitation for the mentally ill; in 2007 – on the integration of vulnerable women into the labor force and the integration of people with disabilities into the open labor market; and in 2009 – on the integration of at-risk youth into the labor force.

Integration of women into the labor force began operating in 2009 in some 20 locations for women facing socio-economic problems: women receiving income supplement, women who had suffered sexual, physical and/or mental abuse and single mothers. The programs provide supplementary education, vocational training, personal empowerment, placement in salaried jobs, help in opening small businesses and in developing incubators for initiatives and on-going assistance after job placement. About 2,000 women are participating in this program.

Integration of at-risk youths into the labor force is aimed at young people (aged 20-35) who are at risk of encountering situations that may threaten their physical or mental health, condemn them to poverty or bring them into conflict with the law. Their number is estimated at around 200,000. These young people generally lack family support and are unable to extricate themselves from their situation on their own. Some of them are young couples in distress stemming from low income, debts and lack of housing and who therefore find it difficult to run a household and raise children. Others, suffering from undiagnosed learning disabilities, are at high risk for crime, living on the streets or engaging in prostitution. In most cases, a combination of factors increases the severity of the risk.

This population faces a number of central barriers to employment: their lack of basic work skills, the absence of family support, frequent technological changes and discrimination and prejudice on the part of employers, family members and the community – which reinforce negative norms on the subject of work – and the absence of suitable services for them.

In 2009-2012, 16 programs aimed at young people at risk were approved, and they are operating in towns throughout Israel, mainly in the periphery and in distressed neighborhoods. About 2,000 young men and women have participated in these programs.

Adults – Since 2005 the Demonstration Projects Fund has been helping to develop programs to integrate those aged 50 and over in the free labor market, and since 2009, the activity has extended to the 60+ age group. Centers set up in Tel Aviv and in Nahariya recruit employers and train and place people aged over 60 in work. The Fund is continuing to develop this activity in other regions of the country.

5. **Day Care Center Upgrade Program: Extending the use of a public resource**

In recent decades, day care centers for the aged have been set up and upgraded all over the country. Here frail elderly people can receive personal nursing care (washing, meals, laundry and other services) as well as relief from loneliness through social activities.

An investigation found that only 8% of recipients of a long-term care benefit visit the day care centers. In spite of efforts to improve the perception of the service at the centers, there were no changes in terms of objectives and attitudes. Today, after new thinking, a number of changes have been made in the traditional day-care center model, to extend their activity. Below are some examples:

Extending the activity of day centers in the afternoons to populations not requiring long-term care. This innovative program, operated through the Demonstration Projects Fund in conjunction with Eshel and the Ministry of Welfare, provides leisure and social activities and promotes a healthy lifestyle among the older population. In the framework of the program, the day centers are open in the afternoons for people aged 50 and over, based on the thinking that the centers should provide social and communal services to all the older population, and try to change the existing perception that they are designed only for the disabled. The program operates in Beer Sheva, Kiryat Bialik and Bnei Brak, and is being accompanied by a research evaluation.

Developing a model for flexible operation of day centers: Under the proposed model, elderly people who are eligible to attend day care centers for a certain number of hours under the Long-Term Care Insurance Law will be able to choose their hours (not necessarily in the morning) and receive the same range of services.

6. **The “Secure Future” Initiative: promoting employability among at-risk youth**

The term “employability” covers a whole range of abilities and skills that help people

One of the principal aims of the Fund for Children and Youth At Risk is to develop and promote a broad-based program, in conjunction with the Ministry of Welfare, the Ministry of Education and the IDF, to provide employment skills to at-risk young people

find work, attend work regularly and either gain advancement or move to another workplace for such advancement.

One of the principal aims of the Fund for Children and Youth At Risk is to develop and promote a broad-based program, in conjunction with the Ministry of Welfare, the Ministry of Education and the IDF, to provide employment skills to at-risk young people. The aim is to give them vocational skills that will enable them to find work or obtain further education, or integrate into IDF military service. The program is aimed at young people who have dropped out or who fail to function in regular study frameworks, those on the fringes of society and those who are exposed to abuse and poverty.

The **Secure Future** intervention model – developed by the Fund – gives these at-risk young people tools to integrate into employment and society at large, providing solutions that broaden their employment horizons, on the basis of the belief in their ability to function as independent adults and restricting their dependence on State institutions. So far this model has been introduced in about 40 local authorities covering some 2,000 young people. As part of this initiative, the **Leap into Industry** program was developed, to work with pupils at risk of dropping out of school and help them complete 12 years of school with a recognized technological matriculation certificate. In this framework, the pupils study engraving and metalwork, administration, electricity and computers at academic colleges or in recognized workshops, combined with paid work in industry, after which they enlist in the IDF. Partners in this initiative are the Ministry of Education, the National Insurance Institute and the **Heznek** Association, and some 1,000 pupils are participating.

The NII's total assistance to these two initiatives (Secure Future and Leap into Industry) is about NIS 30 million.

7. Treating children and youths affected by sexual abuse

This, a joint initiative of the Children and Youth at Risk Fund, the Rashi Foundation, and the Ministry of Welfare, has been active since 2007 and serves as a model for the structure of financing centers treating children who have suffered sexual abuse.

Over the last 30 years, the public both in Israel and abroad has become increasingly concerned with the extent of sexual abuse of children and young people and its consequences. It is vital to give these children proper treatment, as we now know about the long-term damage such abuse causes without suitable intervention, and of the positive effect the right treatment can have.

A national plan was drawn up to deal with minors who suffered sexual assault, based on education and information to prevent the abuse, locating affected youngsters and providing treatment. The program conforms to the professional standards formulated by the Ministry of Welfare, the Ministry of Health and the Ministry of Education. So far, 12 regional treatment centers have been opened, and in 2012 they treated 1,399 children.

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The responsibility for treating young victims of sexual assault is shared among a number of government ministries. The total investment by all partners in this initiative is about NIS 40 million.

8. Promoting safety among young people

Young people are society's future workers. As part of the preventive approach, the Manof Fund decided to reinforce awareness of workplace safety among youth.

Each year about 20,000 young people work during their summer vacation, and are exposed to the same risks as are adult employees, but their awareness of the risks and their rights is much lower. In 2006–2008 some 1,000 young persons were taken to hospital ERs after being injured at work, and 32 of them were kept in hospital. In 2011, 504 young people received injury allowance following work accidents.

Various frameworks of the Children and Youth at Risk Fund and **Miftanim** schools (operated by the Ministry of Welfare) hold workshops to train youngsters for the world of work, and to deepen their awareness of how to deal with workplace hazards. For that purpose, the Manof Fund, in conjunction with the **ORT** school network, has developed educational software dealing with safe behaviors at home, in school and in work, and this is available to everyone over the Internet.

The Manof Fund paid for an information campaign dealing with safety at work produced by the **Beterem** organization. The campaign was aimed at young people working during their vacation, and included a Facebook page with links to the ORT application for distribution to all youth sites. There was also training for young people working in summer camps for children.

2. The NII Research Fund and the Research Room

The National Insurance Institute supports research by giving grants for studies in the fields of social security, the labor market, social conditions, and social policy. Research is funded pursuant to Section 36 of the National Insurance Law (1955). Researchers submit proposals for research studies in these fields by December each year, and decisions about whether or not to approve funding for the studies and to what extent are made the following year. The approval process consists of several stages: a discussion of the proposals in the NII's internal research committee with recommendations, discussion in the research sub-committee of the NII Council based on the recommendations of the internal committee, and a decision by the Council's finance committee. Approved research proposals must be approved also by the Minister of Welfare and Social Services. Preference is given to proposals that are closely related to the NII's objectives and its fields of activity, to proposals that will generate knowledge that will help to shape and assess socio-economic policy, and to proposals that have other sources of funding apart from the NII Research Fund.

The National Insurance Institute supports research by giving grants for studies in the field of social security

The types of assistance provided by the Fund:

- Regular research grant – partial or full funding for a study that meets the required criteria.
- Comprehensive research grant – The NII can initiate comprehensive research in its areas of responsibility, or make its participation in a proposed study contingent on the involvement of other bodies, including the NII, in the case of a subject included in its work plan and list of priorities.
- Grant to set up and maintain large databases relevant to the NII's work.
- Student grants – To encourage young researchers to engage in the fields mentioned above, grants are given each year to two or three students in Israel who are submitting doctoral theses.

When completed, the research is published on the NII internet site, indicating that it was supported by the Fund. This year, the site contains all the studies carried out with the Fund's support since its establishment: about 160 research projects, assistance to databases and research grants for students, some of whom are still involved in the work. The criteria for obtaining funding from the Fund and guidelines on submitting applications can be found on the NII website under the **Funds** tag.

Since its establishment, the NII has funded partially or fully about 160 research projects, assistance to databases and research grants for students

Research Room

As a way of expanding research options, in 2011 the NII's Research and Planning Administration (in the head office in Jerusalem) opened a research room, where researchers can make use of the Institute's databases by means of files prepared specially for this purpose without identifying details. The Research Room has three workstations with applications suitable for data processing, such as STATA, SPSS and SAS. Arrangements regarding use of the Research Room are still being finalized, as this is a new activity whose scope cannot be accurately foreseen.

Use of the Room is subject to a procedure that requires all researchers wishing to use the room to undergo a security check, including signing a confidentiality document.

As is the practice in the Research Fund, when their work is completed the researchers are asked to coordinate publication of the findings with the National Insurance Institute.

3. Counseling Service for the Elderly

The rights granted to the elderly by the National Insurance Institute – such as monetary benefits and benefits in kind – are an important foundation for their subsistence in dignity. The elderly are also eligible for a range of benefits and services provided by other public and government organizations. The Counseling Service for the Elderly

improves access to services for the elderly, helps them exercise their rights and provides a permanent and supportive social contact for those who need it.

a. Counseling

Notwithstanding technological advances, many elderly people still have difficulty in exercising their rights, whether in the NII or in other organizations. Furthermore, supplementary services granted to the elderly by local authorities and others are not always consistent and are not sufficiently accessible. The volunteer advisers in the Counseling Service for the Elderly collect all the relevant information and pass it on to the elderly by various means (translation, discussion, active referral and practical assistance). The counseling is given in local NII branches during reception hours or by telephone at the national call center (in various languages) or through initiated calls, mainly to people living in the periphery. In 2012 some 170,000 elderly people received such counseling.

b. Initial home visits

Initial home visits are paid to those elderly who are defined as being at risk, such as those aged over 80, those receiving a long-term care benefit, those for whom a benefit recipient has been appointed, or those whose claim for benefit has been rejected, as well as widows and widowers. The visits are a tool for monitoring and locating those suffering neglect and other problems, and the information obtained helps the NII ensure that the benefits it pays are indeed being used for the right purposes. The initial visits are also an important tool for ensuring that elderly with physical handicaps receive what is due to them (income support and long term care benefit).

Volunteers are provided with regular training and guidance on home visits. Their impressions are the basis for professional evaluation of the elderly and for decisions on further intervention or referral to other departments of the NII or community services. In 2012 there were some 30,000 initial home visits.

c. Regular social home visits

Elderly people confined to their homes and those who live alone are deprived of regular social contacts and support. Meetings with carers or service providers are not perceived by them as social contacts, nor are contacts with a spouse who looks after them. The regular home visitors maintain personal contact with those who have requested such visits or who have reported feelings of loneliness. The visit is also an important source of information about the individual's situation.

The elderly people and the volunteer visitors form relationships – sometimes close friendships – that over the years have made an important contribution to the elderly

The Counseling Service for the Elderly improves access to services for the elderly, helps them exercise their rights and provides a permanent and supportive social contact for those who need it.

In 2012 there were some 30,000 initial home visits. Some 9,000 elderly people received regular home visits

person's quality of life and wellbeing. The visits are arranged on the basis of existing resources and professional judgment. In 2012 some 9,000 elderly people received regular home visits.

d. Support groups for the widowed

Becoming widowed in old age is a crisis that affects many aspects of quality of life. For some 30 years, the Center providing counseling for the elderly in all local NII branches have arranged support groups for elderly widows and widowers, to assist, support and advise them at times of crisis.

Other activities for widow/ers involve trained volunteers: telephone calls to offer sympathy and make contact, invitations to special events that provide information about their rights, and offers to participate in support groups. Contact is usually made soon after the crisis.

In 2012 there were about 50 such support groups dispersed throughout Israel.

e. Information days

Information days are a means for providing information through direct contact with the elderly on a range of subjects: information for the newly retired, the rights of widows and widowers, Holocaust survivors' rights, support for dementia sufferers and so on. The Counseling Service sends personal letters to the target populations for each subject, inviting them to an encounter where they can learn about rights and services in the NII and in the community at large.

Information on rights in the periphery: Elderly people living in the periphery of the country often do not have easy access to the whole range of services, and lack representation in official bodies. Therefore special events have been arranged in these places, in conjunction with the local social services departments, in which individuals can obtain answers to all their questions.

Table 5
Number of Recipients of Services from the Counseling Service
for the Elderly, by Type of Service, 2011-2012

Type of service	2011	2012
Advice	151,900	168,416
Initial home visits	25,566	26,832
Regular social home visits	8,577	8,458
Support groups	45	51
Information days	92	112

Contact is usually made soon after the crisis. In 2012 there were about 50 support groups dispersed throughout Israel.

Table 6
Number of Recipients of Services from the Counseling Service for the Elderly by Branch, 2011-2012

Local NII branch	2011					2012				
	Advice	Initial home visits	Regular social visits	Support groups	Information days	Advice	Initial home visits	Regular social visits	Support groups	Information days
Ashdod	4,219	861	204	2	1	4,056	1,007	213	1	2
Ashkelon	3,627	508	294	2	5	3,923	566	282	2	6
Beer Sheva	5,646	648	322	2	11	6,994	770	337	2	9
Bnei Brak	1,669	191	38	0	3	2,099	315	38	0	4
Hadera	3,418	710	279	1	3	5,354	707	273	1	2
Holon	5,528	764	144	2	5	5,324	907	140	1	5
Haifa	7,800	1,068	559	3	1	8,398	1,044	557	6	2
Tiberias	5,827	619	620	4	2	5,694	634	571	3	2
Jaffa	12,264	1,490	420	3	9	10,628	1,213	431	2	5
Jerusalem	9,752	2,495	698	2	5	11,316	2,441	722	3	6
Kfar Saba	6,356	898	388	2	1	6,902	697	341	2	2
Karmiel	3,207	630	247	1	2	4,430	741	236	1	4
Nahariya	3,739	1,346	396	1	2	3,931	1,381	389	1	3
Nazareth	5,559	3,086	190	3	1	6,420	3,913	177	1	3
Netanya	11,249	1,829	685	2	10	12,337	1,878	692	3	5
Afula	2,337	774	228	0	0	3,908	956	230	3	4
Petach Tikva	7,248	1,354	466	3	2	9,078	1,051	431	2	7
Krayot	5,386	1,126	498	2	4	5,506	1,274	512	2	4
Rishon Lezion	9,216	1,347	469	2	3	9,263	1,752	507	4	3
Rehovot	9,792	885	447	1	4	10,147	860	451	1	10
Ramle	5,076	794	256	0	1	6,523	645	262	1	4
Ramat Gan	10,542	937	340	2	5	11,315	1,164	317	2	8
Tel Aviv	12,443	1,206	389	5	12	14,870	916	349	7	12
Total	15,1900	25,566	8,577	45	92	168,416	26,832	8,458	51	112

Appendices



Insurance Branch Tables

A. General

Table A/1
Receipts and Payments (current prices¹, NIS million), 2008-2012

	2008	2009	2010	2011	2012
Total receipts	72,834.7	75,654.9	79,171.4	86,176.5	8,187.9
thereof: for national insurance branches	58,260.2	60,660.4	62,876.7	68,654.6	71,070
Collection for national insurance branches	27,819.3	28,228.8	31,334.5	33,735.5	34,586.6
Government participation under National Insurance Law	14,937.9	15,657.3	14,296.9	17,303.8	18,206.4
Interest	6,150.0	6,660.0	7,004.7	7,304.1	7,629.9
Miscellaneous	365.0	442.4	493.1	429.6	457.7
Government allocation for non-contributory payments ¹	8,988.0	9,665.9	9,747.5	9,881.6	10,126.5
Collection under other laws	14,574.5	14,994.5	16,294.7	17,521.9	18,117.8
Total payments of national insurance branches¹	48,839.7	54,266.2	57,962.2	61,312.4	65,506.0
For contributory benefits	39,851.7	44,600.3	48,214.7	51,430.8	55,379.5
For non-contributory benefits	8,988.0	9,665.9	9,747.5	9,881.6	10,126.5
Current surplus	2,446.7	-1,125.9	-3,006.1	-994.2	-3,144.9
Assets at end of year²	135,702.7	171,328.6	183,519.7	194,467.7	212,842.4

1. Not including administrative expenses.

2. As of 2009 according to market value.

Table A/2
Receipts and Payments (2012 prices¹, NIS million), 2008-2012

	2008	2009	2010	2011	2012
Total receipts	81,307.7	81,744.6	83,303.3	87,650.1	89,187.9
thereof: for national insurance branches	65,037.7	65,543.2	66,158.2	69,828.6	71,070.1
Collection for national insurance branches	31,055.6	30,501.0	32,969.8	34,312.4	34,568.6
Government participation under National Insurance Law	16,675.6	16,917.6	15,043.0	17,599.7	18,206.4
Miscellaneous	407.5	478.0	518.8	436.9	475.7
Government allocation for non-contributory payments ¹	10,033.6	10,443.9	10,256.2	10,050.6	10,126.5
Collection under other laws	16,269.9	16,201.5	17,145.1	17,821.5	18,117.8
Total payments of national insurance branches¹	54,521.3	58,634.3	60,987.2	62,360.0	65,506.0
For contributory benefits	44,487.7	48,190.3	50,731.0	52,310.3	55,379.5
For non-contributory benefits	10,033.6	10,443.9	10,256.2	10,050.6	10,126.5
Current surplus	2,631.3	-1,216.5	-3,162.9	-1,011.2	-3,144.9

1. Not including administrative expenses.

Table A/3
Payments and Receipts – Old-Age and Survivors Branch¹
(NIS million), 2008-2012

	2008	2009	2010	2011	2012
Current prices					
Total payments	18,425.4	19,947.7	21,801.6	23,284.1	24,569.1
thereof: for national insurance branches	14,842.4	16,290.1	17,961.0	19,408.2	20,706.0
Receipts					
Collection for national insurance branches	12,559.8	12,791.6	14,200.2	15,082.1	15,344.6
Government participation under National Insurance Law	2,054.2	2,159.7	2,550.3	2,522.5	2,674.6
Interest	2,370.0	2,506.0	2,608.1	2,697.0	2,697.0
Current surplus	-412.6	-1,520.3	-1,365.4	-2,004.8	-2,862.0
Surplus including interest	1,957.4	985.7	1,242.7	692.2	-107.7
Assets at end of year²	51,675.3	64,152.3	68,131.52	70,481.6	75,208.7
2012 prices					
Total payments	19,882.9	20,834.6	22,181.5	23,682.3	24,569.1
thereof: for national insurance branches	16,016.5	17,014.4	18,268.1	19,740.1	20,706.0
Receipts					
Collection for national insurance branches	13,553.3	13,360.3	14,443.0	15,340.0	15,344.6
Government participation under National Insurance Law	2,216.7	2,355.7	2,593.9	2,565.6	2,674.6
Current surplus	-445.2	-1,587.9	-1,388.7	-2,039.1	-2,862.0

1. Not including administrative expenses.

2. As of 2009 according to market value.

Table A/4
Payments and Receipts – General Disability Branch¹
(NIS million), 2008-2012

	2008	2009	2010	2011	2012
Current prices					
Total payments	9,328.9	9,987.8	10,796.9	11,269.4	12,133.8
thereof: under National Insurance Law	7,983.1	8,628.2	9,343.1	9,740.4	10,422.7
Receipts					
Collection for national insurance branches	4,558.7	4,665.7	5,178.4	5,518.4	5,604.3
Government participation under National Insurance Law	607.0	630.0	791.0	735.4	771.0
Interest	540.0	100.9	326.9	199.4	97.6
Current surplus	-2,934.3	-3,506.6	-3,445.4	-3,606.4	-4,168.3
Surplus including interest	-2,394.3	-3,075.6	-3,118.5	-3,407.0	-4,070.6
Assets at end of year²	10,435.5	9,589.8	6,649.5	3,432.3	0
2012 prices					
Total payments	10,414.1	10,791.8	11,360.4	11,462.1	12,133.8
thereof: under National Insurance Law	8,911.8	9,322.7	9,830.7	9,907.0	10,422.7
Receipts					
Collection for national insurance branches	5,089.0	5,041.3	5,448.7	5,612.8	5,604.3
Government participation under National Insurance Law	677.6	680.7	832.3	748.0	771.0
Current surplus	-3,275.7	-3,788.9	-3,625.2	-3,668.1	-4,168.3

1. Not including administrative expenses.

2. As of 2009 according to market value.

Table A/5
Payments and Receipts – Work Injury Branch¹ (NIS million), 2008–2012

	2008	2009	2010	2011	2012
Current prices					
Total payments	3,320.9	3,621.5	3,788.0	4,059.5	4,371.3
thereof: under National Insurance Law	2,895.3	3,182.5	3,369.1	3,548.7	3,870.1
Receipts					
Collection for national insurance branches	1,680.8	1,659.9	1,855.1	2,297.2	2,514.2
Interest	240.0	200.0	156.3	112.2	45.3
Current surplus	-1,142.0	-1,350.6	-1,460.7	-1,252.2	-1,341.1
Surplus including interest	-902.0	-1,150.6	-1,304.4	-1,140.0	-1,265.8
Assets at end of year²	4,673.8	4,473.7	3,489.2	2,362.7	1,079.8
2012 prices					
Total payments	3,707.2	3,913.0	3,985.7	4,128.9	4,371.3
thereof: under National Insurance Law	3,232.1	3,438.7	3,544.9	3,609.4	3,870.1
Receipts					
Collection for national insurance branches	1,876.3	1,793.5	1,951.9	2,336.5	2,514.2
Current surplus	-1,274.9	-1,459.3	-1,536.9	-1,273.6	-1,341.1

1. Not including administrative expenses.
2. As of 2009 according to market value.

Table A/6
Payments and Receipts - Maternity Branch¹ (NIS million), 2008-2012

	2008	2009	2010	2011	2012
Current prices					
Total payments	4,080.6	4,538.8	4,965.4	5,276.9	5,705.0
thereof: under National Insurance Law	3,853.1	4,301.4	4,721.8	5,039.9	5,486.1
Receipts					
Total collection from the public	2,139.3	2,187.5	2,426.8	2,686.8	2,761.7
Government participation under National Insurance Law	160.0	166.6	168.2	190.9	203.0
Interest	50.0	-30.0	-115.0	0.0	70.2
Current surplus²	-1,606.7	-1,998.7	-2,181.7	-2,226.3	-2,579.1
Surplus including interest	-1,556.7	-2,028.7	-2,296.7	-2,226.3	-2,509.0
Assets at end of year	276.0	-1,860.82	0.0	0.0	0.0
2012 prices					
Total payments	4,555.3	4,904.1	5,224.5	5,367.1	5,705.3
thereof: under National Insurance Law	4,301.3	4,647.6	4,968.2	5,126.1	5,486.1
Receipts					
Total collection from the public	2,388.2	2,363.6	2,553.5	2,732.7	2,761.7
Current surplus	-1,793.6	-2,159.6	-2,295.6	-2,264.4	-2,579.1

1. Not including administration expenses.
2. As of 2009 according to market value.

Table A/7
Payments and Receipts – Children Branch¹ (NIS million), 2008–2012

	2008	2009	2010	2011	2012
Current prices					
Total payments	5,109.4	5,578.1	6,204.5	6,890.1	7,244.9
thereof: under National Insurance Law	4,931.7	5,406.4	6,024.2	6,708.9	7,057.9
Receipts					
Collection for national insurance branches	5,557.0	5,552.0	6,176.6	6,485.5	6,585.4
Government participation under National Insurance Law	11,405.4	11,937.4	9,994.6	12,973.0	13,620.0
Interest	2,700.0	3,400.0	3,983.6	4,111.6	4,406.1
Current surplus	11,954.2	12,013.0	10,075.0	12,640.8	13,075.8
Surplus including interest	14,654.2	15,413.0	14,058.8	16,752.4	17,481.9
Assets at end of year²	64,235.2	91,829.8	100,691.8	112,988.3	130,529.0
2012 prices					
Total payments	5,703.8	6,027.1	6,528.3	7,007.9	7,244.9
thereof: under National Insurance Law	5,505.4	5,841.6	6,338.6	6,823.6	7,057.9
Receipts					
Collection for national insurance branches	6,203.5	5,998.9	6,499.0	6,596.4	6,585.4
Government participation under National Insurance Law	12,732.2	12,898.3	10,516.2	13,194.8	13,620.0
Current surplus	13,344.9	12,980.0	10,600.8	12,857.0	13,075.8

1. Not including administrative expenses.

2. As of 2009 according to market value.

Table A/8
Payments and Receipts - Unemployment Branch¹
(NIS million), 2008-2012

	2008	2009	2010	2011	2012
Current prices					
Total payments	1,840.2	3,027.8	2,535.0	2,506.0	2,838.9
thereof: under National Insurance Law	1,826.2	2,943.0	2,468.2	2,483.5	2,814.1
Receipts					
Collection for national insurance branches	525.9	535.8	595.0	677.5	701.5
Interest	0.0	0.0	-37.0	0.0	0.0
Current surplus	1,355.7	-2,468.1	-1,944.9	-1,881.7	-2,187.5
Surplus including interest	1,355.7	-2,468.1	-1,981.9	-1,881.7	2,187.5
Assets at end of year²	0.0	0.0	0.0	0.0	0.0
2012 prices					
Total payments	2,054.3	3,271.5	2,667.3	2,548.9	2,838.9
thereof: under National Insurance Law	2,038.6	3,179.9	2,957.0	2,526.0	2,814.1
Receipts					
Collection for national insurance branches	587.1	578.9	626.1	689.1	701.5
Current surplus	-1,513.4	-2,666.8	-2,046.4	-1,913.9	-2,187.5

1. Not including administrative expenses.

2. The deficit in the Unemployment branch is covered by a transfer of funds from the reserves of the Children branch.

Table A/9
Payments and Receipts - Long-Term Care Branch
(NIS million), 2008-2012

	2008	2009	2010	2011	2012
Current prices					
Total payments	3,302.3	3,681.2	3,996.2	4,203.8	4,683.2
thereof: under National Insurance Law	3,300.0	3,598.7	3,992.8	4,201.4	4,680.4
Receipts					
Collection for national insurance branches	468.4	498.6	529.4	591.2	614.8
Government participation under National Insurance Law	701.4	752.9	782.6	870.8	932.3
Interest	100.0	0.0	93.8-	0.0	81.4
Current surplus	-2,163.3	-2,376.9	-2,719.5	-2,786.2	-3,181.5
Surplus including interest	-2,063.3	-2,376.9	-2,813.3	-2,786.2	-3,100.1
Assets at end of year	1,057.8	-1,092.5	0.0	0.0	0.0
2012 prices					
Total payments	3,686.5	3,977.5	4,204.8	4,275.7	4,683.2
thereof: under National Insurance Law	3,683.9	3,888.4	4,201.2	4,273.2	4,680.4
Receipts					
Collection for national insurance branches	522.9	538.7	557.0	601.3	614.8
Current surplus	-2,415.0	-2,568.2	-2,861.4	-2,833.8	-3,181.5

B. Old Age and Survivors

Table B/1
Recipients of Old Age and Survivors' Pensions (monthly average), 2001–2012

Year	Grand total	Old age			Survivors			
		Total	Under National Insurance Law	Not under National Insurance Law	Total ¹	Under National Insurance Law		Not under National Insurance Law (new immigrant survivors)
						Total	thereof: Maintenance Allowance for Orphans ²	
All pension recipients								
2001	677,018	571,200	472,761	98,439	105,818	105,188	6,079	630
2002 ³	698,995	594,376	498,353	96,023	104,619	104,012	6,539	607
2003	709,279	604,786	510,779	94,008	104,493	103,813	6,060	592
2004	722,264	617,832	527,364	90,469	104,431	103,859	6,170	572
2005	719,921	614,886	528,273	86,613	105,035	104,457	6,397	577
2006	727,517	622,335	539,266	83,069	105,182	104,623	6,392	558
2007	728,891	623,691	544,631	78,061	105,199	104,659	6,233	540
2008	735,796	630,904	555,507	75,397	104,892	104,378	6,228	515
2009	746,901	642,534	570,854	71,680	104,368	103,884	6,022	484
2010 ⁴	758,490	656,034	587,949	68,085	102,456	102,026	6,681	431
2011	780,107	678,134	613,476	64,658	101,973	101,590	6,572	383
2012	802,491	701,289	640,110	61,178	101,202	100,842	6,564	360
Recipients of income supplement as percentage of total								
2001	30.3	30.0	16.4	95.1	32.0	31.4	-	84.1
2002 ³	29.2	28.9	16.1	95.1	31.4	31.1	-	80.1
2003	28.5	28.1	15.8	95.0	30.8	30.5	-	78.5
2004	27.5	27.1	15.4	95.0	30.0	29.8	-	78.3
2005	27.0	26.6	15.4	95.0	29.4	29.2	-	79.4
2006	26.6	26.2	15.6	95.1	29.1	28.8	-	77.4
2007	26.2	25.8	15.8	95.1	28.5	28.3	-	76.1
2008	25.7	25.3	15.8	95.1	28.1	27.9	-	75.5
2009	25.2	24.8	16.0	95.0	27.9	27.7	-	72.5
2010 ⁴	24.8	24.2	16.1	94.9	28.3	28.1	-	70.3
2011	24.0	23.4	15.9	94.6	28.0	27.9	-	66.6
2012	23.3	22.6	15.8	94.3	27.9	27.8	-	66.1

1. Under an amendment to the National Insurance Law, since January 2002, recipients of survivors' pensions only include those entitled to a full survivors' benefit.
2. The annual number of recipients of maintenance allowance for orphans relates to the month of August of every year.
3. The data for 2002 are correct to December 2002.
4. Since 1980, the number of recipients includes recipients of split pensions, each of which is counted as a separate unit; as of 2010, they are counted as a single unit.

C. Long-Term Care

Table C/1
Insureds Entitled to Long-Term Care Benefit, by Gender
(monthly average), 1990, 1995, 2000 – 2012

Year	Total	Women	Men
		Absolute numbers	
1990	27,684	19,016	8,668
1995	59,023	42,367	16,656
2000	95,754	69,714	26,039
2001	105,384	76,571	28,813
2002	112,250	81,266	30,984
2003	113,028	81,454	31,575
2004	113,423	81,516	31,907
2005	115,014	82,232	32,783
2006	120,461	85,922	34,539
2007	125,401	89,020	36,381
2008	131,076	92,892	38,184
2009	136,632	96,615	39,747
2010	141,064	99,959	41,105
2011	144,924	102,813	42,111
2012	152,712	108,324	44,388
		Percentages	
1990	100.0	68.7	31.3
1995	100.0	71.8	28.2
2000	100.0	72.8	27.2
2001	100.0	72.7	27.3
2002	100.0	72.4	27.6
2003	100.0	72.1	27.9
2004	100.0	71.9	28.1
2005	100.0	71.5	28.5
2006	100.0	71.3	28.7
2007	100.0	71.0	29.0
2008	100.0	70.9	29.1
2009	100.0	70.9	29.1
2010	100.0	70.9	29.1
2011	100.0	70.9	29.1
2012	100.0	70.9	29.1

Table C/2
Insureds Entitled to Long-Term Care Benefit, by Benefit Level
(monthly average), 1990, 1995 – 2012

Year	Total	Very dependent (91%)		Severely dependent (150%)		Totally dependent (168%)	
		Full benefit	Partial benefit	Full benefit	Partial benefit	Full benefit	Partial benefit
Absolute numbers							
1990	27,684	20,643	324	6,516	201	-	-
1995	59,023	45,092	1,109	12,354	468	-	-
1996	65,995	50,207	1,314	13,928	546	-	-
1997	72,912	55,476	1,548	15,267	621	-	-
1998	80,927	61,546	1,760	16,907	714	-	-
1999	88,185	66,462	1,951	18,968	803	-	-
2000	95,754	70,807	2,157	21,868	921	-	-
2001	105,384	77,312	2,379	24,662	1,032	-	-
2002	112,250	81,352	2,479	27,226	1,193	-	-
2003	113,028	79,846	2,550	29,188	1,444	-	-
2004	113,423	76,871	2,537	32,243	1,772	-	-
2005	115,014	73,972	2,620	36,250	2,173	-	-
2006	120,461	73,646	2,814	41,401	2,599	-	-
2007	125,401	71,535	2,752	31,981	1,999	15,982	1,153
2008	131,076	72,351	3,035	30,776	1,950	21,392	1,574
2009	136,362	73,780	3,373	31,542	2,100	23,775	1,792
2010	141,064	74,718	3,787	32,837	2,233	25,484	2,006
2011	144,924	75,509	4,183	33,867	2,431	26,710	2,222
2012	152,712	78,049	4,429	35,757	2,549	29,516	2,412
Percentages							
1990	100.0	74.6	1.2	23.5	0.7	-	-
1995	100.0	76.4	1.9	20.9	0.8	-	-
1996	100.0	76.1	2.0	21.1	0.8	-	-
1997	100.0	76.1	2.1	20.9	0.9	-	-
1998	100.0	76.1	2.2	20.9	0.9	-	-
1999	100.0	75.4	2.2	21.5	0.9	-	-
2000	100.0	73.9	2.3	22.8	1.0	-	-
2001	100.0	73.4	2.3	23.4	1.0	-	-
2002	100.0	72.5	2.2	24.3	1.1	-	-
2003	100.0	70.6	2.3	25.8	1.3	-	-
2004	100.0	67.8	2.2	28.4	1.6	-	-
2005	100.0	64.3	2.3	31.5	1.9	-	-
2006	100.0	61.1	2.3	34.4	2.2	-	-
2007	100.0	57.0	2.2	25.5	1.6	12.7	0.9
2008	100.0	55.2	2.3	23.5	1.5	16.3	1.2
2009	100.0	54.1	2.5	23.1	1.5	17.4	1.3
2010	100.0	53.0	2.7	23.3	1.6	18.1	1.4
2011	100.0	52.1	2.9	23.4	1.7	18.4	1.5
2012	100.0	51.1	2.9	23.4	1.7	19.3	1.6

Table C/3
Insureds Entitled to Long-Term Care Benefit, by Age
(monthly average, percentages), 2000, 2005 – 2012

Year	Total	Up to 64	65-69	70-74	75-79	80-84	85+
2000	100.0	1.5	6.8	14.4	22.4	21.5	33.2
2005	100.0	0.8	5.4	12.4	20.7	27.2	33.4
2006	100.0	0.8	4.7	11.9	20.4	27.6	34.6
2007	100.0	1.0	5.4	12.8	21.5	28.2	31.1
2008	100.0	1.0	4.8	12.4	21.0	28.0	32.7
2009	100.0	1.0	4.3	11.9	20.5	27.5	34.9
2010	100.0	0.8	4.0	11.5	19.5	27.2	36.9
2011	100.0	0.8	3.8	10.9	19.2	26.7	38.6
2012	100.0	0.8	4.0	10.4	18.9	26.6	39.4

Table C/4
Value of Average Long-Term Care Benefit
(NIS, monthly average), 1990 – 2012

Year	Current prices	2012 prices
1990	658	2,044
1991	732	1,940
1992	796	1,931
1993	895	1,959
1994	1,007	1,960
1995	1,144	2,024
1996	1,284	2,042
1997	1,420	2,072
1998	1,563	2,163
1999	1,634	2,152
2000	1,747	2,272
2001	1,921	2,472
2002	1,913	2,329
2003	1,844	2,229
2004	1,826	2,217
2005	1,879	2,252
2006	2,011	2,360
2007	2,073	2,421
2008	2,160	2,371
2009	2,269	2,411
2010	2,489	2,620
2011	2,557	2,602
2012	2,651	2,651

D. Children

Table D/1
Families Receiving a Child Allowance,
by Number of Children in Family, Selected Years

Period	Total	Number of children in family						
		1 ¹	2 ¹	3	4	5	6	7+
Absolute numbers								
IV 1975	402,877	205,000		86,731	44,387	24,436	16,497	25,826
1980	579,247	156,793	182,805	120,094	54,370	26,078	16,000	23,107
1985 ²	531,283	64,758	202,935	144,026	59,675	26,170	14,896	18,823
1990	493,505	44,965	168,189	154,660	66,217	27,797	14,719	16,958
1995	814,652	268,323	251,039	158,201	72,172	30,819	16,230	17,868
2000	912,481	320,956	276,949	165,702	76,293	34,507	17,882	20,192
2005 ³	956,294	322,671	292,772	178,588	81,311	38,495	20,095	22,363
2010	1,030,062	329,790	316,483	207,260	90,675	41,375	21,186	23,293
2011	1,048,644	331,545	322,331	214,196	93,181	42,190	21,548	23,697
2012	1,068,097	334,337	328,383	220,744	95,688	42,718	22,012	24,216
Percentages								
1980	100.0	50.9		21.5	11.0	6.1	4.1	6.4
1985	100.0	26.5	32.1	22.4	9.3	4.2	2.4	3.1
1990	100.0	12.2	38.2	27.1	11.2	4.9	2.8	3.5
1995	100.0	33.3	30.8	19.1	8.8	3.8	2.0	2.2
2000	100.0	35.2	30.4	18.2	8.4	3.8	2.0	2.2
2005	100.0	33.8	30.6	18.7	8.5	4.0	2.1	2.3
2010	100.0	32.0	30.7	20.1	8.8	4.0	2.1	2.3
2011	100.0	31.6	30.7	20.4	8.9	4.0	2.1	2.3
2012	100.0	31.3	30.7	20.7	8.9	4.0	2.1	2.3

1. From 1965 until 1975, an allowance was paid for the first and second child solely to employed families, and, for this period, there is no separate breakdown for the first and second child.
2. From April 1984 until February 1993, entitlement to the child allowance was according to an income test (the above data do not include employed and unemployed families who received a refund). Since March 1993, the child allowance is being paid once again to all families, with no income test.
3. Since August 2003, a uniform allowance is being paid to children born since June 1, 2003, regardless of their order of birth in the family.

Table D/2
Children for Whom Allowances were Paid,
by Order of Birth in the Family, Selected Years

Year	Total	Child's order of birth in the family					
		First-born ¹	Second child ²	Third child	Fourth child	Fifth child	Sixth and subsequent
Number of children (thousands)							
1980	1,512.9	579.3	422.4	239.6	119.6	65.2	86.8
1985	1,334.6	354.3	466.5	263.6	119.6	59.9	70.7
1990	1,306.5	331.0	443.8	281.1	126.0	59.5	65.1
1995	1,927.6	814.7	546.3	295.3	137.1	64.9	69.3
1999	2,076.0	891.5	581.6	309.8	146.0	70.8	76.2
2000	2,118.8	912.5	591.5	314.6	148.9	72.6	78.7
2005 ³	2,260.6	956.3	633.6	340.8	162.3	80.9	86.7
2006	2,297.3	968.3	646.5	348.1	164.9	82.2	87.3
2007	2,333.1	980.6	658.9	355.9	167.4	82.9	87.5
2008	2,372.5	994.8	671.8	364.4	170.0	83.8	87.8
2009	2,416.7	1,012.0	685.3	373.5	172.9	84.6	88.4
2010	2,456.6	1,030.1	700.3	383.8	176.5	85.9	89.0
2011	2,519.1	1,048.7	717.1	394.8	180.6	87.4	90.4
2012	2,572.9	1,068.1	733.8	405.4	184.8	88.9	92.1
Percentages							
1980	100.0	38.3	27.9	15.9	7.9	4.3	5.7
1985	100.0	26.6	35.0	19.8	9.0	4.5	5.1
1990	100.0	25.4	34.0	21.5	9.6	4.5	5.0
1995	100.0	42.2	28.4	15.3	7.1	3.4	3.6
1999	100.0	42.9	28.0	15.0	7.0	3.4	3.7
2000	100.0	43.1	27.9	14.9	7.0	3.4	3.7
2005	100.0	42.3	28.0	15.1	7.2	3.6	3.8
2006	100.0	42.1	28.1	15.2	7.2	3.6	3.8
2007	100.0	42.0	28.2	15.3	7.2	3.6	3.7
2008	100.0	41.9	28.3	15.4	7.2	3.5	3.7
2009	100.0	41.9	28.4	15.5	7.2	3.5	3.6
2010	100.0	41.8	28.4	15.6	7.2	3.5	3.6
2011	100.0	41.6	28.5	15.7	7.2	3.5	3.6
2012	100.0	41.5	28.5	15.6	7.2	3.5	3.8

1. See note 1 to Table D/1.

2. See note 2 to Table D/1.

E. Maternity

Table E/1
Number of Recipients of Maternity Benefits, Selected Years

Year	Hospitalization grant	Maternity allowance	
		Number of recipients	Percentage of all women giving birth
1955	44,500	8,735	19.6
1960	51,500	13,118	25.5
1965	60,550	17,225	28.4
1970	79,335	24,843	31.3
1975	96,966	34,918	36.0
1980	96,687	39,785	41.1
1985	101,329	42,688	42.1
1990	105,373	43,711	41.5
1995 ¹	113,892	55,597	48.8
1996	118,051	58,097	49.2
1997	115,067	60,416	52.2
1998	127,526	64,205	50.3
1999	124,168	65,858	53.0
2000	135,785	70,641	52.4
2001	132,044	71,176	53.9
2002	134,187	71,377	53.2
2003	142,363	73,948	51.9
2004	143,387	77,505	54.1
2005	142,890	77,025	53.9
2006	143,599	82,676	57.6
2007	147,245	86,042	58.4
2008	152,319	93,630	61.5
2009	157,702	97,715	62.0
2010	166,694	103,318	62.0
2011	163,402	105,750	64.7
2012	169,166	112,014	66.2

1. In 1995, the figure refers to the birth grants paid for a layette for the newborn.

F. Disability

Table F/1
 Recipients of General Disability Pensions,
 by Degree of Incapacity and Percentage of Medical Disability, December 2012

Medical disability percentage	Total	Degree of incapacity							
		60%		65%		74%		100%	
		Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages
Total	219,678	24,135	11.0	14,299	6.5	4,350	2.0	176,894	80.5
40-49	31,459	5,425	2.5	2,390	1.1	603	0.3	23,041	10.5
50-59	59,827	8,376	3.8	4,683	2.1	1,144	0.5	45,624	20.8
60-69	37,435	5,735	2.6	3,689	1.7	1,046	0.5	29,965	12.3
70-79	31,222	2,916	1.3	2,022	0.9	790	0.4	25,494	11.6
80-89	21,272	1,315	0.6	1,091	0.5	525	0.2	18,341	8.3
90-100	38,463	368	0.2	424	0.2	242	0.1	37,429	17.0

Table F/2
Recipients of General Disability Pensions, by Number of Children,
Marital Status and Gender (absolute numbers and percentages),
December 2012

	Marital status	Total	Number of children under age 21				
			None	1	2	3	4 or more
Total - numbers		219,678	157,807	26,583	16,342	9,630	9,366
Men	Total	127,666	95,791	13,777	7,981	4,962	5,155
	Unmarried	63,820	57,578	3,593	1,645	604	400
	Married	63,846	38,213	10,184	6,336	4,358	4,755
Employed women	Total	75,889	54,844	9,867	6,068	3,012	2,098
	Unmarried	51,231	42,401	4,926	2,377	959	568
	Married	24,658	12,443	4,941	3,691	2,053	1,530
Housewives	Total	16,123	7,172	2,889	2,293	1,656	2,113

Table F/3
Recipients of Benefit for Disabled Child
by Grounds for Eligibility, December 2012

Grounds for eligibility	Number of eligible	Grounds for eligibility	Number of eligible
Total	33,308	Down syndrome + attendance	10
3 medical sections, incl. attendance	533	Down syndrome + constant attendance	150
3 medical sections, incl. blood pressure stabilizers	7	Down syndrome + great dependence on assistance from others	417
3 medical sections, including hospitalization	41	Gastrosotomia	20
3 treatments, including supervision	201	Impaired functioning in two limbs	91
3 treatments, not including supervision	667	Infusions	474
4 items from 2 diseases	5	Intravenous feeding	136
Absence of limbs	25	Jejunostomy	20
Assistance in communicating	273	Kidney and urinary tract disorders	332
Autism	2,722	Lack of function in two limbs	50
Blood tests out of the home	109	Malignant disease	318
Chronic bone infections	3	Needs supervision	748
Colostomy	44	P.D.D.	5,712
Considerable dependence on others	3,667	Partial blindness	947
Constant attendance	1,620	Partial deafness	128
Continued payment for malignant disease	136	Partial deafness + highly dependent on assistance from others	1
Continuous feeding	132	Partial deafness +Down syndrome	4
Cystostomy	8	Pathological bone fractures	127
Deafness	3,775	Psychosis	756
Deafness + attendance	3	Rare syndrome	431
Deafness + constant attendance	10	Respiratory treatments	224
Deafness + Down syndrome	58	Secondary illnesses of cancer	48
Deafness + considerable dependence on assistance from others	80	Secondary immunosuppression	26
Developmental delay	523	Total dependence on others	4,766
Diabetes	1,287	Uncontrollable urge to eat	75
Down syndrome	880	Urethrostomy	8
		Vision impaired	139

Table F/4
Rates of Eligibility for Benefit for Disabled Child,
by Grounds for Eligibility, December 2012

Grounds for eligibility	Rate of eligibility	Age limitation	Grounds for eligibility	Rate of eligibility	Age limitation
Total	100	91 days	Down syndrome	50	none
2 items, incl. 45 day hospitalization	100	91 days	Dialysis	100	91 days
2 items, incl., incl. blood pressure stabilizers	100	91 days	Gastrosotomia	100	91 days
2 items plus supervision	100	91 days	Infusions	100	91 days
2 items plus attendance	100	91 days	Jejunostomy	100	91 days
3 items from one disease	100	91 days	Lack of function in two limbs	50	91 days
4 items from 2 or more diseases	100	91 days	Malignant disease	100	91 days
Absence of two limbs	100	91 days	Oxygen	100	91 days
Assistance in communicating	50	3 years	P.D.D.	100	91 days
Autism	100	91 days	Partial deafness	100	none
Blindness	100	91 days	Pathological bone fractures	100	91 days
Blood tests in the home	50	91 days	Psychiatric situation	100	91 days
Blood tests out of the home	100	91 days	Psychosis	100	91 days
Catheterisation	100	91 days	Rare syndrome	100	91 days
Chronic infections	100	91 days	Secondary immunosuppression	100	91 days
Colostomy	100	91 days	Trachosomatia	100	91 days
Constant attendance	100	91 days	Uncontrollable urge to eat	100	91 days
Considerable dependence on others	50	3 years	Urethrostomy	100	91 days
Total dependence on others	123	3 years	venous	100	91 days
Continuous feeding	100	91 days	Vision impaired	100	91 days
Cystostomy	100	91 days			
Deafness	100	none			
Chronic infections	100	91 days			
Colostomy	100	91 days			
cyotoxics	100	91 days			
Developmental delay	100	91 days to 3 years			

G. Work Injury

Table G/1
Recipients of Work Injury Benefits¹, Selected Years

Period	Injury allowance				Permanent disability pensions		Dependents' benefits	
	Recipients of injury allowance		Number of days for which allowance was paid		Employees	Self-employed	Employees	Self-employed
	Employees	Self-employed	Employees	Self-employed				
IV 1965	54,852	6,455	747,803	132,948	1,766	150	891	-
IV 1975	65,291	10,819	1,067,250	237,112	4,183	508	2,134	-
1980 ²	63,234	10,679	1,017,877	235,617	6,592	950	2,477	382
1990	51,367	5,346	1,159,645	248,234	10,183	1,412	3,022	490
1995	75,284	9,600	2,340,717	370,817	12,600	1,760	3,260	570
1997	74,586	9,483	2,203,184	319,963	13,745	1,887	3,364	574
1998	73,239	9,272	2,256,143	323,803	15,584	2,127	3,445	576
1999	66,008	7,977	2,104,592	294,229	16,362	2,250	3,508	593
2000	57,785	7,180	2,419,266	374,165	17,442	2,371	3,564	594
2001	52,991	6,509	2,378,497	347,133	18,309	2,501	3,601	598
2002	53,373	6,781	2,194,914	351,520	19,140	2,633	3,647	606
2003	46,850	5,943	1,667,332	256,862	20,176	2,784	3,698	608
2004	51,639	5,844	1,789,878	252,287	21,083	2,920	3,740	609
2005	50,059	5,482	1,726,788	230,934	22,120	3,059	3,792	607
2006	50,316	5,372	1,707,724	214,053	23,216	3,227	3,834	613
2007	52,880	5,308	1,780,131	211,411	24,406	3,393	3,868	614
2008	52,745	5,382	1,867,424	224,471	25,603	3,573	3,905	611
2009	52,165	5,374	1,863,182	230,180	27,069	3,803	3,954	619
2010	53,990	5,357	1,955,207	232,790	28,319	4,012	3,941	624
2011	54,249	5,159	1,970,333	229,904	29,797	4,197	3,981	622
2012	55,917	5,438	2,053,673	249,617	31,231	4,423	4,013	625

1. The number of recipients of disability pensions and dependents' benefits is the average number of recipients per annum, while the number of recipients of an injury allowance is the number of recipients throughout the year.
2. Since 1980, the annual figure presented under permanent disability pensions is the average number of recipients per month.

Table G/2
Recipients of Permanent Disability Pension, by Gender,
Age and Degree of Disability, December 2012

Age	Total	Degree of disability (percentage)					
		Up to 19 ¹	20 – 39	40 – 59	60 – 79	80 – 99	100
Total population							
Numbers	35,539	1,458	20,734	7,176	2,899	1,473	1,799
Percentages	100.0	4.1	58.3	20.2	8.2	4.1	5.1
Up to 21	55	0	39	7	6	7	2
22 – 29	767	9	455	207	78	41	67
30 – 39	3,212	169	2,037	727	302	172	237
40 – 49	6,177	465	4,019	1,398	542	306	343
50 – 59	8,241	521	5,790	1,914	720	389	407
60 – 64	4,855	223	3,478	1,075	423	186	254
65+	7,842	71	4,916	1,848	828	372	489
Men							
Numbers	31,149	1,369	17,918	6,322	2,587	1,339	1,614
Percentages	100.0	4.4	57.5	20.3	8.3	4.3	5.2
Up to 21	55	0	36	6	5	6	2
22 – 29	767	9	389	195	75	40	59
30 – 39	3,212	157	1,755	655	272	155	218
40 – 49	6,177	437	3,442	1,234	480	279	305
50 – 59	8,241	476	4,798	1,635	632	347	353
60 – 64	4,855	219	2,962	913	367	166	228
65+	7,842	71	4,536	1,684	756	346	449
Women							
Numbers	4,390	89	2,816	854	312	134	185
Percentages	100.0	2.0	64.1	19.5	7.1	3.1	4.2
Up to 21	5	0	3	1	1	1	0
22 – 29	76	0	66	12	3	1	8
30 – 39	404	12	282	72	30	17	19
40 – 49	783	28	577	164	62	27	38
50 – 59	1,365	45	992	279	88	42	54
60 – 64	695	4	516	162	56	20	26
65+	478	0	380	164	72	26	40

1. Pension recipients who have a partial capitalization.

H. Hostile Action Casualties

Table H/1
 Recipients of Benefits due to Hostile Actions: Disabled,
 by Status, and Dependents, by Family Composition, 2000–2012

Year	Recipients of disability benefits					Recipients of dependents' benefits				
	Total	Regular	Unable to earn a living	Needy	Benefit to widow/er of a disabled spouse who deceased	Total	Widows/widowers without children	Widows/widowers with children	Bereaved parents	Other
2000	1,693	1,573	34	72	25	962	301	129	485	37
2001	1,720	1,589	35	72	25	998	303	138	507	38
2002	1,807	1,678	36	72	22	1,287	340	199	668	52
2003	2,195	1,751	49	82	23	1,583	383	248	846	68
2004	2,499	1,905	50	87	23	1,727	417	266	924	77
2005	2,753	2,041	54	98	25	1,767	423	267	946	82
2006	3,022	2,164	66	121	22	1,851	447	267	999	88
2007	3,275	2,283	80	124	21	1,902	463	271	1,029	90
2008	3,564	2,372	89	137	22	1,908	474	265	1,028	91
2009	3,861	2,480	96	143	30	1,935	481	255	1,028	96
2010	4,113	2,538	95	151	39	1,991	510	251	1,032	116
2011	4,216	2,552	96	159	43	1,974	536	239	1,023	127
2012	4,288	2,558	106	168	46	1,946	543	226	1,023	127

I. Unemployment

Table I/1
Recipients of Unemployment Benefits,
Who had been Previously Employed, by Status of the Unemployed
and Type of Employment Bureau (percentages), 2000-2012

Year	Total	Job seekers	Receiving vocational training	Job seekers		
				Total	College graduates	Not college graduates
Absolute numbers						
2000	88,109	77,906	10,203	77,906	13,789	64,117
2001	99,703	86,434	13,269	86,434	17,928	68,507
2002	90,875	77,790	13,085	77,790	17,121	60,669
2003	63,450	59,208	4,242	59,208	14,444	44,764
2004	52,852	52,186	666	52,186	12,968	39,218
2005	52,433	51,863	570	51,863	12,891	38,972
2006	49,294	48,728	566	48,728	12,816	36,478
2007	45,936	45,517	419	45,517	12,179	33,338
2008	47,559	47,131	428	47,131	13,291	33,840
2009	72,654	72,073	581	72,073	20,901	51,172
2010	58,343	57,993	350	57,993	16,412	41,581
2011	57,065	56,856	457	56,608	16,077	40,532
2012	61,431	61,062	369	61,062	17,586	43,476
Percentages						
2000	100.0	88.4	11.6	100.0	17.7	82.3
2001	100.0	86.7	13.3	100.0	20.7	79.3
2002	100.0	85.6	14.4	100.0	22.0	78.0
2003	100.0	93.3	6.7	100.0	24.1	75.9
2004	100.0	98.7	1.3	100.0	24.8	75.2
2005	100.0	98.9	1.1	100.0	24.9	75.1
2006	100.0	98.9	1.1	100.0	26.1	73.9
2007	100.0	98.8	0.9	100.0	27.6	73.3
2008	100.0	99.1	0.8	100.0	28.2	71.8
2009	100.0	99.2	0.7	100.0	29.0	71.0
2010	100.0	99.4	0.6	100.0	28.3	71.7
2011	100.0	99.2	0.8	100.0	28.4	71.6
2012	100.0	99.4	0.6	100.0	28/8	71.2

Measurement of Poverty and Data Sources

Within the framework of research activities being carried out in Israel on the issue of poverty and income distribution, a relative approach to measuring poverty was formulated in the early 1970s, which is accepted by most researchers and social policy makers in the Western world.

Under this relative approach, “poverty” is a phenomenon of relative hardship that should be evaluated in correlation with the society’s standard of living: A family is considered poor not when it is unable to purchase a basic basket of products it needs for its subsistence, but rather, when its living conditions are significantly inferior to those of society as a whole.

The relative approach also recognizes that hardship is not expressed merely by low income, but may also be expressed by the level of property ownership, by housing conditions, by education and by the public services available to those in need. However, since there is no generally accepted index that reflects all aspects of hardship, and since the NII possesses data only on the current nominal income of households in Israel (based on income surveys of the Central Bureau of Statistics), the measurement of poverty is limited to the aspect of the nominal income.

The relative approach offers some practical methods for measuring poverty based on the level of nominal income, the common denominator being a comparison between the income level of families at the bottom of the income scale and that of all other families. The determination of the “poverty line” as some percentage of the “representative income” of the society’s standard of living is the foundation of any method for measuring poverty. A family whose income is below the poverty line is considered a poor family, without this necessarily implying that the family is going hungry, is suffering from malnutrition, is wearing threadbare clothing or living in dilapidated housing. A poor family, therefore, is simply a family whose income is significantly lower than the representative income.

In Israel, the method for measuring poverty is based on three principles:

- a. **The first principle** is viewing the family’s disposable income as the income that is relevant for examining the phenomenon of poverty. “Disposable income” is defined as the family’s economic income (from work and from ownership of physical means of production and from financial assets) plus transfer payments (payments other than in consideration for economic activity, such as national insurance benefits, support from institutions and from individuals in Israel and abroad), and net direct taxes (income tax, national and health insurance contributions).
- b. **The second principle** is viewing the median disposable income of the population as the society’s representative income.¹ The “median income” is defined as the threshold, when 50% of the families have income that is equal to or below it, while the income

1 In order to represent the typical standard of living, use of the median income is preferable to the average income, since the average income is affected by extreme values in income distribution (that is, by very high or very low incomes).

of the other 50% is above it. The poverty line is defined as the income level that is equal to 50% of the median disposable income. Therefore, a family whose disposable income is less than half of the median disposable income is considered to be a poor family. Economic growth, which stimulates an increase in the level of the median disposable income, also raises the poverty line. A family that is not poor, but whose disposable income is growing at a slower pace than the rise in the poverty line, is liable to become a poor family.

- c. **The third principle** is based on adjusting the poverty line to the size of the family. The assumption is that the size of a family affords advantages in terms of consumption: when a family grows by one additional member, its consumption needs do not increase proportionately, but rather, at a lower rate, so that the additional income needed by a family in order to maintain the same standard of living decreases as the size of the family increases. In order to facilitate a comparison between the standards of living of families of different sizes, an equivalence scale was developed that made it possible to measure the needs of these families compared with the needs of a family of a given basic size. Specifically, the equivalence scale translates the number of persons in a family to the number of “standard” persons (or “standard” adults) in the family. According to the equivalence scale, the basic family is comprised of two persons, which is assigned a value of two standard persons. According to this scale, a one-person family is assigned a value of 1.25 standard persons. In other words, the needs of a one-person family are not assessed as being equal to half of the needs of a two-person family, but rather, slightly more than half. Similarly, the needs of a family of four (which is assigned a value of 3.2 standard persons) are not double those of a family of two (which is assigned a value of two standard persons), but rather, are less than double (only 1.6 times greater).

Based on these principles, the “poverty line per standard person in Israel” was defined as a level equivalent to 50% of the median disposable income per standard person. A family in Israel is considered part of the poor population when its disposable income, divided by the number of standard persons in the family, is under the poverty line per standard person. The poverty line for a family may be calculated in a similar manner – by multiplying the poverty line per standard person by the number of standard persons in the family.

As in many Western countries, the analysis of the dimensions of poverty in Israel is based primarily on the two aggregate poverty indices that are the most generally accepted in empirical studies – “incidence of poverty” and “depth and intensity of poverty” (reflected in the income gap ratio of the poor and the FGT index). The incidence of poverty index indicates the extent of poverty in terms of the percentage of poor families in the entire population. The poverty gap index reflects the depth of poverty: the poverty gap of any poor family is defined as the difference between the poverty line (adjusted to family size) and its actual income, while the poverty gap of the entire population is defined as

the sum of the poverty gaps of all of the poor families. The poverty gap index may be standardized and defined as the ratio between the average income gap for a poor family and the poverty line (hereinafter: “the income gap ratio of the poor”). The FGT Index (also called the Foster Index) was developed by Foster, Greer and Thorbecke in 1989 and became the most accepted index for expressing the depth and intensity of poverty. Contrary to the income gap ratio of the poor, it gives greater weight to those whose income is the farthest from the poverty line.² Another aggregate index is the SEN Index, which combines these two indices with the component of inequality in the distribution of income among the poor.

The Data Sources

The income data are used as a basis for calculating the dimensions of poverty and the distribution of income in Israel are the annual income surveys conducted by the Central Bureau of Statistics (hereinafter: “the CBS”). Up to and including 1997, the population surveyed included solely households headed by an employee or a non-working person in urban communities of at least 2,000 residents, and excluded East Jerusalem.³

In 1998, the CBS decided to produce a combined income survey, elicited from the data from the current income survey and the data from the household expenditure survey. The combined income survey has been published since 1997, when the CBS began preparing a current household expenditure survey in addition to the current income survey. The combined survey is based on a larger sampling (1.8 times larger than the previous sampling) and encompasses 95% of all households in most types of communities in Israel. In addition to the employees and non-working persons residing in urban communities, the combined survey also encompasses the self-employed, residents of moshavs, rural communities and community settlements and, in principle, also the residents of East Jerusalem. The populations that are not yet included in the survey are mainly the kibbutzim, as well as Bedouin not residing in permanent communities. The residents of East Jerusalem were included in the combined survey for the years 1997-1999,⁴ but not in 2000, due to the security situation, which made it difficult to conduct

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2 The FGT index accepts values of between 0 (if the income of the poor is at the poverty line) and the incidence of poverty (if the income of the poor is zero). The index is calculated according to the following formula:

$$\frac{1}{n} \sum_{i=1, y_i < z_i}^n \left(\frac{z_i - y_i}{z_i} \right)^2$$

where z_i is poverty-line income and y_i is the family's income.

3 Up to and including 1994, the income surveys included non-Jewish communities with at least 10,000 residents (excluding East Jerusalem). Since 1995, the income survey was expanded to also include non-Jewish communities of between 2,000 and 10,000 residents.

4 The sampling of the combined income surveys included residents of East Jerusalem fully in 1998 and 1999, and only partially (approximately 65%) in 1997.

a survey. In order to present comparisons for 1997-2000, the poverty and inequality data for 1997-1999 were re-generated, excluding the residents of East Jerusalem.⁵

A household (defined as a group of individuals who reside together most of the week and who have a common household budget) serves as the unit under examination in income and expenditure surveys.⁶ For the sake of convenience, it is customary to use the term “family” instead of “household,” even if the terms do not have identical connotations.

When using the historical data presented in the Poverty and Inequality Tables appendix, it is important to take into consideration the following major milestones in the CBS’s income surveys and the NII’s calculations of the poverty line and dimensions of poverty and inequality over the years:

1. In the poverty calculations published by the NII up until 1985 on the basis of income surveys, the poverty line had been defined as the income level that was equal to 40% of the gross median income (after transfer payments, but before deducting direct taxes). Since 1988, the definition of the poverty line has been revised to 50% of the median disposable income.
2. The income surveys conducted since 1985 differ from previous income surveys in their research and measurement methodologies, in terms of the duration of the research period.
3. Up to and including 1997, the population surveyed in the CBS’s income surveys included households headed by an employee or non-working individual (i.e., the surveys did not include households headed by a self-employed individual, which constitute about 10% of all households) in urban communities with at least 2,000 residents, excluding East Jerusalem.
4. Up to and including 1994, non-Jewish communities with at least 10,000 residents (excluding East Jerusalem) had been included in the income surveys. Since 1995, the income survey has been broadened to also include non-Jewish communities with 2,000-10,000 residents.
5. Since 1998, the CBS has been producing the income survey based on the data from the current income survey and the data from the household expenditure survey. The combined survey is based on a larger sampling (1.8 times larger than the previous sampling) and encompasses 95% of all households in most types of communities in Israel.
6. Regarding the new series of surveys since 1997: In 2000 and 2001, no survey was conducted among residents of East Jerusalem. The income survey sampling included the residents of East Jerusalem fully in 1998 and 1999, and since 2002, but only partially (approximately 65%) in 1997.

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 5 The Annual Survey for 1999 presents data on the dimensions of poverty in 1997 – 1999 in relation to the population that also includes East Jerusalem.

6 Since 1995, a “head of household” is defined as that member of the household with the greatest “degree” of participation in the labor force, regardless of age or gender.

Following an initiative proposed by the NII, the CBS carried out a feasibility study that showed that it is possible to produce findings on poverty and income distribution on a bi-annual basis. Consequently, since 2004, in addition to data on the calendar year, the CBS publishes findings relative to the second half of the previous year and the first half of the current year. For example, in addition to the 2007 Survey, a survey covering 2007/8 is published, which relates to the second half of the 2007 Survey and the first half of the 2008 Survey. No individual survey with its own sampling framework is conducted to analyze poverty and income distribution for these interim periods; instead, a database was built that is comprised of both parts of the annual surveys. Accordingly, the report on poverty for these periods is more succinct in nature and is used primarily to show the forecasted trends relative to poverty and social gaps in the coming calendar year.

Poverty and Inequality Tables

Table 1
Dimensions of Poverty Among the Entire Population, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Deriving from transfer payments only	Deriving from transfer payments and direct taxes
2008					
The poor population					
Families	680,900	363,000	420,100		
Persons	2,283,300	1,486,900	1,651,300		
Children	931,300	723,700	783,600		
Incidence of poverty (%)					
Families	32.3	17.2	19.9	46.7	38.3
Persons	32.7	21.3	23.7	34.9	27.7
Children	40.4	31.4	34.0	22.3	15.9
2009					
The poor population					
Families	706,100	380,400	435,100		
Persons	2,405,400	1,589,100	1,774,800		
Children	982,300	781,700	850,300		
Incidence of poverty (%)					
Families	33.2	17.9	20.5	46.1	38.4
Persons	33.9	22.4	25.0	33.9	26.2
Children	41.9	33.3	36.3	20.4	13.4
2010					
The poor population					
Families	712,300	382,400	433,300		
Persons	2,383,800	1,602,200	1,773,400		
Children	958,500	777,300	837,300		
Incidence of poverty (%)					
Families	32.6	17.5	19.8	46.3	39.2
Persons	32.8	22.0	24.4	32.8	25.6
Children	40.4	32.8	35.3	18.9	12.6
2011					
The poor population					
Families	728,000	384,000	442,200		
Persons	2,499,100	1,647,200	1,838,600		
Children	1,014,600	796,500	860,900		
Incidence of poverty (%)					
Families	32.8	17.3	19.9	47.2	39.3
Persons	33.7	22.2	24.8	34.1	26.4
Children	41.9	32.9	35.6	21.5	15.1

Table 2
Dimensions of Poverty Among Jews, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	516,800	234,200	278,100		
Persons	1,452,400	814,800	916,400		
Children	514,100	369,700	397,000		
Incidence of poverty (%)					
Families	28.4	12.9	15.3	54.7	46.2
Persons	26.0	14.6	16.4	43.9	36.9
Children	30.6	22.0	23.6	28.1	22.8
2009					
The poor population					
Families	529,700	238,900	278,800		
Persons	1,517,500	855,600	961,300		
Children	546,800	398,000	432,100		
Incidence of poverty (%)					
Families	28.9	13.0	15.2	54.9	47.4
Persons	26.7	15.1	16.9	43.6	36.7
Children	31.8	23.2	25.1	27.2	21.0
2010					
The poor population					
Families	525,700	232,100	269,600		
Persons	1,475,200	837,300	943,100		
Children	519,500	384,700	418,600		
Incidence of poverty (%)					
Families	28.0	12.4	14.3	55.8	48.7
Persons	25.4	14.4	16.2	43.2	36.1
Children	29.9	22.2	24.1	25.9	19.4
2011					
The poor population					
Families	533,600	227,400	270,200		
Persons	1,538,000	833,300	956,500		
Children	557,600	390,600	426,900		
Incidence of poverty (%)					
Families	28.1	12.0	14.2	57.4	49.4
Persons	26.1	14.1	16.2	45.8	37.8
Children	31.5	22.1	24.2	30.0	23.4

Table 3
Dimensions of Poverty Among Post-1990 Immigrants, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	163,400	58,300	72,400		
Persons	386,000	166,700	191,000		
Children	94,200	61,500	65,200		
Incidence of poverty (%)					
Families	40.7	14.5	18.0	64.3	55.7
Persons	34.7	15.0	17.2	56.8	50.5
Children	35.1	22.9	24.3	34.7	30.8
2009					
The poor population					
Families	163,700	57,500	70,800		
Persons	405,800	179,500	208,100		
Children	111,200	73,800	79,300		
Incidence of poverty (%)					
Families	40.3	14.1	17.4	64.9	56.7
Persons	35.2	15.6	18.0	55.8	48.7
Children	39.2	26.0	27.9	33.7	28.7
2010					
The poor population					
Families	157,500	51,500	66,500		
Persons	384,000	168,200	204,300		
Children	101,300	69,200	78,200		
Incidence of poverty (%)					
Families	39.5	12.9	16.7	67.3	57.8
Persons	34.1	14.9	18.2	56.2	46.8
Children	37.3	25.4	28.8	31.7	22.8
2011					
The poor population					
Families	173,400	55,500	70,100		
Persons	416,500	174,400	207,900		
Children	108,000	71,000	77,600		
Incidence of poverty (%)					
Families	40.4	12.9	16.3	68.0	59.6
Persons	34.6	14.5	17.3	58.1	50.1
Children	36.4	23.9	26.1	34.2	28.2

Table 4
Dimensions of Poverty among non-Jews (as of 1990), 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	164,100	128,700	142,000		
Persons	830,900	672,200	734,900		
Children	417,200	354,000	386,600		
Incidence of poverty (%)					
Families	57.1	44.8	49.4	21.5	13.5
Persons	60.0	48.6	53.1	19.1	11.5
Children	67.0	56.9	62.1	15.1	7.3
2009					
The poor population					
Families	176,400	141,500	156,300		
Persons	887,900	733,500	813,500		
Children	435,500	383,700	418,200		
Incidence of poverty (%)					
Families	60.3	48.4	53.5	19.8	11.4
Persons	62.7	51.8	57.4	17.4	8.4
Children	69.5	61.3	66.8	11.9	4.0
2010					
The poor population					
Families	186,600	150,300	163,600		
Persons	908,600	764,900	830,400		
Children	439,000	392,600	418,600		
Incidence of poverty (%)					
Families	60.7	48.9	53.2	19.4	12.3
Persons	61.9	52.1	56.6	15.8	8.6
Children	69.0	61.7	65.8	10.6	4.6
2011					
The poor population					
Families	194,400	156,700	171,900		
Persons	961,100	814,000	882,100		
Children	457,000	405,900	434,000		
Incidence of poverty (%)					
Families	60.4	48.7	53.5	19.4	11.5
Persons	63.2	53.5	58/0	15.3	8.2
Children	70.0	62.2	66.5	11.2	5.0

Table 5
Dimensions of Poverty Among Families Headed by an Elderly Person,
2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	230,700	68,900	93,700		
Persons	360,100	118,200	149,800		
Children	8,400	6,500	6,500		
Incidence of poverty (%)					
Families	55.9	16.7	22.7	70.1	59.4
Persons	52.5	17.2	21.8	67.2	58.4
Children	62.6	48.7	48.7	22.1	22.1
2009					
The poor population					
Families	228,800	63,100	84,400		
Persons	361,200	113,400	143,900		
Children	11,500	9,300	10,100		
Incidence of poverty (%)					
Families	54.5	15.0	20.1	72.4	63.1
Persons	51.0	16.0	20.3	68.6	60.2
Children	70.8	57.3	62.1	19.1	12.3
2010					
The poor population					
Families	244,000	68,200	87,100		
Persons	395,600	135,700	162,900		
Children	16,600	14,900	14,900		
Incidence of poverty (%)					
Families	54.8	15.3	19.6	72.0	64.3
Persons	52.3	17.9	21.5	65.7	58.8
Children	82.4	73.9	73.9	10.3	10.3
2011					
The poor population					
Families	251,600	67,400	89,600		
Persons	397,900	121,500	156,000		
Children	10,500	8,200	8,200		
Incidence of poverty (%)					
Families	54.4	14.6	19.4	73.2	64.4
Persons	50.5	15.4	19.8	69.5	60.8
Children	64.2	50.3	50.3	21.7	21.7

Table 6
Dimensions of Poverty among Families with Children, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	300,000	219,400	238,200		
Persons	1,634,200	1,236,600	1,339,400		
Children	931,300	723,700	783,600		
Incidence of poverty (%)					
Families	30.9	22.6	24.5	26.8	20.6
Persons	35.2	26.6	28.9	24.3	18.0
Children	40.4	31.4	34.0	22.3	15.9
2009					
The poor population					
Families	318,700	239,100	261,800		
Persons	1,734,900	1,339,300	1,470,500		
Children	982,300	781,700	850,300		
Incidence of poverty (%)					
Families	32.6	24.4	26.8	25.0	17.9
Persons	36.8	28.4	31.2	22.8	15.2
Children	41.9	33.3	36.3	20.4	13.4
2010					
The poor population					
Families	316,300	240,100	262,600		
Persons	1,700,300	1,338,100	1,456,800		
Children	958,500	777,300	837,300		
Incidence of poverty (%)					
Families	32.0	24.3	26.6	24.1	17.0
Persons	35.5	28.0	30.5	21.3	14.3
Children	40.4	32.8	35.3	18.9	12.6
2011					
The poor population					
Families	331,000	244,900	269,200		
Persons	1,818,900	1,394,500	1,524,000		
Children	1,014,600	796,500	860,900		
Incidence of poverty (%)					
Families	32.9	24.4	26.8	26.0	18.7
Persons	37.2	28.5	31.2	23.3	16.2
Children	41.9	32.9	35.6	21.5	15.1

Table 7
Dimensions of Poverty among Families with One to Three Children,
2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	193,400	131,500	143,500		
Persons	834,400	578,800	632,000		
Children	381,300	269,400	295,400		
Incidence of poverty (%)					
Families	24.0	16.3	17.8	32.0	25.8
Persons	24.2	16.8	18.3	30.6	24.3
Children	25.5	18.0	19.7	29.3	22.5
2009					
The poor population					
Families	212,100	150,300	164,300		
Persons	920,700	662,200	727,100		
Children	425,800	313,600	340,400		
Incidence of poverty (%)					
Families	26.0	18.4	20.2	29.2	22.5
Persons	26.1	18.8	20.6	28.1	21.0
Children	27.8	20.4	22.2	26.4	20.1
2010					
The poor population					
Families	208,600	147,400	163,800		
Persons	897,400	649,100	722,600		
Children	408,200	303,000	332,600		
Incidence of poverty (%)					
Families	25.6	18.1	20.1	29.3	21.5
Persons	25.4	18.4	20.5	27.7	19.5
Children	26.7	19.8	21.7	25.8	18.5
2011					
The poor population					
Families	218,900	151,300	169,700		
Persons	969,900	683,600	769,500		
Children	434,300	310,800	346,200		
Incidence of poverty (%)					
Families	26.4	18.2	20.4	30.9	22.5
Persons	26.9	19.0	21.4	29.5	20.7
Children	28.0	20.0	22.3	28.4	20.3

Table 8
Dimensions of Poverty Among Families With 4 or More Children,
2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	106,500	88,000	94,700		
Persons	799,700	657,800	707,300		
Children	550,000	454,300	488,200		
Incidence of poverty (%)					
Families	65.1	53.7	57.8	17.4	11.1
Persons	67.3	55.3	59.5	17.8	11.6
Children	68.2	56.3	60.5	17.4	11.2
2009					
The poor population					
Families	106,500	88,000	94,700		
Persons	814,200	677,000	743,400		
Children	556,600	468,100	510,000		
Incidence of poverty (%)					
Families	65.5	54.6	59.9	16.6	8.6
Persons	68.1	56.6	62.1	16.8	8.7
Children	68.6	57.7	62.8	15.9	8.4
2010					
The poor population					
Families	107,700	92,700	98,800		
Persons	802,800	688,900	734,200		
Children	550,300	474,300	504,700		
Incidence of poverty (%)					
Families	62.4	53.7	57.2	13.9	8.3
Persons	64.1	55.0	58.6	14.2	8.5
Children	65.3	56.3	59.9	13.8	8.3
2011					
The poor population					
Families	112,100	93,700	99,500		
Persons	849,000	710,900	754,500		
Children	580,300	485,700	514,700		
Incidence of poverty (%)					
Families	63.8	53.3	56.7	16.5	11.2
Persons	66.0	55.2	58.6	16.3	11.1
Children	66.9	56.0	59.3	16.3	11.3

Table 9
Dimensions of Poverty Among Single-Parent Families, 2008–2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	52,500	30,700	32,200		
Persons	203,900	127,400	132,500		
Children	110,900	74,000	76,600		
Incidence of poverty (%)					
Families	46.9	27.4	28.8	41.5	38.6
Persons	50.0	31.2	32.5	37.5	35.0
Children	54.1	36.1	37.4	33.2	30.9
2009					
The poor population					
Families	59,300	36,600	38,900		
Persons	221,000	144,600	152,900		
Children	121,500	84,600	88,700		
Incidence of poverty (%)					
Families	49.3	30.5	32.3	38.3	34.5
Persons	50.3	32.9	34.8	34.6	30.8
Children	55.9	39.0	40.8	30.4	27.0
2010					
The poor population					
Families	58,800	35,700	38,200		
Persons	217,700	139,700	149,900		
Children	123,500	84,300	89,100		
Incidence of poverty (%)					
Families	46.9	28.5	30.5	39.3	35.1
Persons	48.3	31.0	33.2	35.8	31.2
Children	55.1	37.6	39.8	31.7	27.9
2011					
The poor population					
Families	58,200	35,400	37,700		
Persons	232,900	148,400	157,200		
Children	127,500	85,800	89,800		
Incidence of poverty (%)					
Families	47.5	28.9	30.8	39.1	35.2
Persons	51.7	32.9	34.9	36.3	32.5
Children	57.7	38.8	40.6	32.7	29.6

Table 10
Dimensions of Poverty Among Families Headed by Someone
With 8 Years of Schooling, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	165,000	92,200	107,100		
Persons	475,800	332,600	362,400		
Children	156,200	138,400	144,300		
Incidence of poverty (%)					
Families	68.7	38.4	44.6	44.1	35.1
Persons	67.4	47.1	51.3	30.1	23.8
Children	79.5	70.5	73.5	11.4	7.7
2009					
The poor population					
Families	160,300	86,800	98,900		
Persons	459,500	324,700	352,400		
Children	156,100	141,700	148,700		
Incidence of poverty (%)					
Families	68.1	36.9	42.0	45.8	38.3
Persons	67.7	47.8	51.9	29.3	23.3
Children	77.9	70.7	74.2	9.2	4.8
2010					
The poor population					
Families	170,100	92,500	104,000		
Persons	476,900	339,600	365,100		
Children	152,400	140,700	144,000		
Incidence of poverty (%)					
Families	69.7	37.9	42.6	45.6	38.9
Persons	68.8	49.0	52.7	28.8	23.4
Children	81.4	75.2	76.9	7.7	5.5
2011					
The poor population					
Families	168,600	91,500	104,500		
Persons	481,400	342,100	369,800		
Children	154,900	142,900	146,700		
Incidence of poverty (%)					
Families	71.3	38.7	44.2	45.7	38.0
Persons	70.9	50.4	54.5	28.9	23.2
Children	83.2	76.8	78.9	7.7	5.3

Table 11
Dimensions of Poverty in Families Headed by Someone
With 9–12 Years of Schooling, 2008–2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	267,700	155,600	176,200		
Persons	1,013,600	700,600	768,400		
Children	440,700	354,100	380,900		
Incidence of poverty (%)					
Families	33.5	19.5	22.1	41.9	34.2
Persons	35.4	24.5	26.9	30.9	24.2
Children	45.3	36.4	39.1	19.6	13.6
2009					
The poor population					
Families	297,200	170,800	194,800		
Persons	1,137,000	769,900	874,900		
Children	491,500	393,000	435,800		
Incidence of poverty (%)					
Families	36.9	21.2	24.2	42.5	34.5
Persons	39.0	26.4	30.0	32.3	23.1
Children	50.0	40.0	44.3	20.0	11.3
2010					
The poor population					
Families	301,100	178,700	198,500		
Persons	1,138,900	809,200	891,800		
Children	490,900	405,400	438,300		
Incidence of poverty (%)					
Families	36.3	21.5	23.9	40.6	34.1
Persons	38.1	27.1	29.9	29.0	21.7
Children	49.3	40.7	44.0	17.4	10.7
2011					
The poor population					
Families	302,200	173,400	197,600		
Persons	1,143,600	795,100	885,700		
Children	481,400	391,000	424,400		
Incidence of poverty (%)					
Families	36.1	20.7	23.6	42.6	34.6
Persons	38.3	26.6	29.7	30.5	22.6
Children	49.5	40.2	43.7	18.8	11.8

Table 12
Dimensions of Poverty Among Families Headed
by Someone With 13 Years or More of Schooling

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	248,200	115,100	136,800		
Persons	793,800	453,700	520,500		
Children	334,400	231,300	258,500		
Incidence of poverty (%)					
Families	23.2	10.8	12.8	53.6	44.9
Persons	23.3	13.3	15.3	42.8	34.4
Children	29.5	20.4	22.8	30.8	22.7
2009					
The poor population					
Families	248,700	122,800	141,500		
Persons	808,900	494,500	547,400		
Children	334,700	246,900	265,800		
Incidence of poverty (%)					
Families	22.9	11.3	13.0	50.6	43.1
Persons	23.1	14.1	15.6	38.9	32.3
Children	28.8	21.2	22.9	26.2	20.6
2010					
The poor population					
Families	241,100	111,200	130,800		
Persons	768,000	453,500	516,500		
Children	315,200	231,300	255,000		
Incidence of poverty (%)					
Families	21.7	10.0	11.8	53.9	45.7
Persons	21.3	12.6	14.4	40.9	32.7
Children	26.5	19.4	21.4	26.6	19.1
2011					
The poor population					
Families	257,200	119,200	140,100		
Persons	874,100	510,100	583,100		
Children	378,300	262,600	289,800		
Incidence of poverty (%)					
Families	22.4	10.4	12.2	53.7	45.5
Persons	23.3	13.6	15.6	41.6	33.3
Children	30.0	20.8	23.0	30.6	23.4

Table 13
Dimensions of Poverty Among Families Headed by Someone Working, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	298,400	167,100	194,400		
Persons	1,351,300	856,200	978,800		
Children	646,400	460,900	519,200		
Incidence of poverty (%)					
Families	18.8	10.5	12.2	44.0	34.8
Persons	23.2	14.7	16.8	36.6	27.6
Children	32.1	22.9	25.8	28.7	19.7
2009					
The poor population					
Families	311,500	184,000	213,000		
Persons	1,431,200	938,100	1,085,500		
Children	677,800	501,900	568,800		
Incidence of poverty (%)					
Families	19.5	11.5	13.4	40.9	31.6
Persons	24.2	15.9	18.4	34.5	24.2
Children	33.3	24.7	28.0	26.0	16.1
2010					
The poor population					
Families	321,700	190,300	219,200		
Persons	1,458,300	988,100	1,122,300		
Children	692,400	529,700	587,100		
Incidence of poverty (%)					
Families	19.4	11.5	13.2	40.9	31.9
Persons	23.8	16.1	18.3	32.2	23.0
Children	32.9	25.2	27.9	23.5	15.2
2011					
The poor population					
Families	340,100	200,300	233,800		
Persons	1,587,200	1,061,500	1,214,300		
Children	751,300	556,400	619,900		
Incidence of poverty (%)					
Families	20.0	11.8	13.8	41.1	31.3
Persons	25.3	16.9	19.3	33.1	23.5
Children	34.9	25.8	28.8	25.9	17.5

Table 14
Dimensions of Poverty Among the Families of Employees, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	268,100	147,700	169,400		
Persons	1,205,500	756,800	855,600		
Children	565,900	404,300	450,900		
Incidence of poverty (%)					
Families	19.3	10.6	12.2	44.9	36.8
Persons	23.7	14.9	16.8	37.2	29.0
Children	32.5	23.2	25.9	28.6	20.3
2009					
The poor population					
Families	281,100	163,400	187,800		
Persons	1,289,300	835,900	958,300		
Children	604,100	447,600	500,900		
Incidence of poverty (%)					
Families	20.2	11.7	13.5	41.9	33.2
Persons	25.1	16.3	18.7	35.2	25.7
Children	34.5	25.5	28.6	25.9	17.1
2010					
The poor population					
Families	287,800	168,100	190,600		
Persons	1,302,000	883,400	988,900		
Children	614,200	475,200	519,600		
Incidence of poverty (%)					
Families	20.0	11.7	13.3	41.6	33.8
Persons	24.6	16.7	18.7	32.2	24.0
Children	33.9	26.2	28.7	22.6	15.4
2011					
The poor population					
Families	304,900	176,100	203,000		
Persons	1,418,500	940,400	1,060,400		
Children	664,600	491,200	538,800		
Incidence of poverty (%)					
Families	20.6	11.9	13.7	42.3	33.4
Persons	26.0	17.3	19.5	33.7	25.3
Children	35.7	26.4	29.0	26.1	18.9

Table 15
Dimensions of Poverty Among Families of the Self-Employed,
2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	30,200	19,500	25,000		
Persons	145,800	99,400	123,100		
Children	80,500	56,600	68,300		
Incidence of poverty (%)					
Families	15.3	9.9	12.7	35.6	17.3
Persons	20.0	13.7	16.9	31.8	15.6
Children	29.9	21.1	25.4	29.7	15.1
2009					
The poor population					
Families	30,400	20,600	25,200		
Persons	141,900	102,200	127,200		
Children	73,600	54,200	67,900		
Incidence of poverty (%)					
Families	15.2	10.3	12.5	32.4	17.3
Persons	18.5	13.3	16.6	28.0	10.3
Children	26.2	19.3	24.2	26.3	7.7
2010					
The poor population					
Families	33,900	22,100	28,600		
Persons	156,300	104,700	133,500		
Children	78,100	54,500	67,500		
Incidence of poverty (%)					
Families	15.5	10.1	13.1	34.7	15.5
Persons	18.9	12.7	16.1	33.0	14.6
Children	27.0	18.9	23.4	30.3	13.6
2011					
The poor population					
Families	35,200	24,200	30,700		
Persons	168,700	121,100	154,000		
Children	86,700	65,300	81,000		
Incidence of poverty (%)					
Families	16.0	11.0	14.0	31.1	12.6
Persons	20.2	14.5	18.5	28.2	8.7
Children	29.4	22.2	27.5	24.7	6.5

Table 16
Dimensions of Poverty Among Those of Working Age Who Aren't Working, 2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	169,900	129,900	135,600		
Persons	606,600	520,200	532,100		
Children	278,000	257,400	258,900		
Incidence of poverty (%)					
Families	89.5	68.4	71.4	23.5	20.2
Persons	93.0	79.7	81.6	14.3	12.3
Children	97.9	90.6	91.2	7.4	6.8
2009					
The poor population					
Families	182,700	135,300	140,200		
Persons	644,600	542,200	550,900		
Children	293,800	270,800	271,800		
Incidence of poverty (%)					
Families	89.8	66.5	68.9	25.9	23.3
Persons	93.8	78.9	80.2	15.9	14.5
Children	98.4	90.7	91.0	7.8	7.5
2010					
The poor population					
Families	168,000	126,000	130,100		
Persons	570,400	483,700	495,200		
Children	251,100	233,700	236,200		
Incidence of poverty (%)					
Families	90.6	67.9	70.1	25.0	22.6
Persons	94.5	80.2	82.1	15.2	13.2
Children	98.7	91.8	92.8	6.9	5.9
2011					
The poor population					
Families	158,700	120,000	124,100		
Persons	559,200	473,900	481,700		
Children	254,300	232,500	233,600		
Incidence of poverty (%)					
Families	90.4	68.4	70.7	24.4	21.8
Persons	94.7	80.2	81.5	15.3	13.9
Children	99.1	90.6	91.0	8.6	8.1

Table 17
Dimensions of Poverty Among Families With One Wage Earner,
2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	257,500	146,800	168,300		
Persons	1,113,700	738,600	827,100		
Children	535,500	404,400	446,300		
Incidence of poverty (%)					
Families	35.3	20.1	23.0	43.0	34.7
Persons	47.9	31.8	35.6	33.7	25.7
Children	60.5	45.7	50.4	24.5	16.7
2009					
The poor population					
Families	263,200	159,800	180,500		
Persons	1,156,500	805,400	901,000		
Children	561,100	444,100	487,000		
Incidence of poverty (%)					
Families	36.4	22.1	24.9	39.3	31.4
Persons	49.7	34.6	38.7	30.4	22.1
Children	63.9	50.6	55.5	20.9	13.2
2010					
The poor population					
Families	275,800	164,900	187,100		
Persons	1,196,100	837,100	931,600		
Children	580,100	458,200	501,100		
Incidence of poverty (%)					
Families	37.8	22.6	25.6	40.2	32.2
Persons	51.4	36.0	40.0	30.0	22.1
Children	64.7	51.1	55.9	21.0	13.6
2011					
The poor population					
Families	276,500	166,400	189,200		
Persons	1,220,700	853,700	948,500		
Children	587,000	463,500	501,200		
Incidence of poverty (%)					
Families	37.8	22.7	25.9	39.8	31.6
Persons	52.7	36.9	40.9	30.1	22.3
Children	68.1	53.8	58.1	21.0	14.6

Table 18
Dimensions of Poverty Among Families With Two Wage Earners,
2008-2011

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
2008					
The poor population					
Families	40,800	20,400	26,200		
Persons	237,500	117,600	151,700		
Children	110,900	56,500	72,900		
Incidence of poverty (%)					
Families	4.7	2.4	3.0	50.1	35.9
Persons	6.8	3.4	4.4	50.5	36.1
Children	9.8	5.0	6.5	49.1	34.2
2009					
The poor population					
Families	48,400	24,200	32,500		
Persons	274,700	132,700	184,500		
Children	116,700	57,800	81,800		
Incidence of poverty (%)					
Families	5.6	2.8	3.7	50.0	32.7
Persons	7.7	3.7	5.2	51.7	32.8
Children	10.1	5.0	7.1	50.5	29.9
2010					
The poor population					
Families	45,900	25,400	32,100		
Persons	262,200	150,900	190,700		
Children	112,300	71,500	86,000		
Incidence of poverty (%)					
Families	4.9	2.7	3.5	44.7	30.0
Persons	6.9	4.0	5.0	42.4	27.2
Children	9.3	5.9	7.1	36.3	23.4
2011					
The poor population					
Families	63,600	33,900	44,600		
Persons	366,500	207,800	265,800		
Children	164,300	93,000	118,700		
Incidence of poverty (%)					
Families	6.6	3.5	4.6	46.7	29.9
Persons	9.2	5.2	6.7	43.3	27.5
Children	12.7	7.2	9.2	43.3	27.7

Table 19
Average Salary Per Family Among Different Population Groups by Their Sources of Income and the Ratios of These Difference Sources Before Taxes, 2011

Population group	Source of income*							Income before taxes	Disposable income
	Work payments	Total transfer payments	NII benefits	Government payments	Support from private sources or abroad	Other income (property, pension)	Income before taxes		
Total	NIS 11,349 (%) 77.5	1,930 13.2	1,458 10.0	201 1.4	273 1.9	1,330 9.1	14,638 100.0	12,356 84.4	
Jewish family	NIS 12,126 (%) 77.5	1,980 12.7	1,445 9.2	229 1.5	308 2.0	1,509 9.6	15,648 100.0	13,124 83.9	
Non-Jewish family	NIS 6,765 (%) 77.9	1,633 18.8	1,536 17.7	35 0.4	62 0.7	277 3.2	8,679 100.0	7,828 90.2	
Family whose head of household is elderly	NIS 2,999 (%) 30.6	3,479 35.5	2,802 28.6	290 3.0	387 4.0	3,279 33.5	9,801 100.0	8,697 88.7	
Immigrant family	NIS 9,006 (%) 76.7	2,394 20.4	1,690 14.4	251 2.1	453 3.9	333 2.8	11,746 100.0	10,270 87.4	
Family with children	NIS 14,324 (%) 86.6	1,668 10.1	1,243 7.5	180 1.1	248 1.5	527 3.2	16,545 100.0	13,835 83.6	
Family with 1-3 children	NIS 15,349 (%) 88.0	1,495 8.6	1,099 6.3	145 0.8	255 1.5	567 3.2	17,438 100.0	14,478 83.0	
Family with 4 children	NIS 9,482 (%) 76.9	2,487 20.2	1,927 15.6	345 2.8	215 1.7	343 2.8	12,327 100.0	10,799 87.6	

Table 19 (continued)
Average Salary Per Family Among Different Population Groups by Their Sources of Income and the Ratios of These Difference Sources Before Taxes, 2011

Population group	Source of income*									
	Work	Total transfer payments	Thereof:				Support from private sources or abroad	Other income (property, pension)	Income before taxes	Disposable income
			NII benefits	Government payments	Government payments	Government payments				
Family with 5 children	NIS 7,590 (%) 69.5	2,994 27.4	2,249 20.6	513 4.7	232 2.1	305 2.8	10,914 100.0	9,876 90.5		
Single-parent family	NIS 8,293 (%) 72.1	2,616 22.7	1,603 13.9	178 1.5	835 7.3	526 4.6	11,506 100.0	10,115 87.9		
Employment status of head of household										
Working	NIS 14,818 (%) 86.2	1,387 8.1	1,049 6.1	139 0.8	201 1.2	962 5.6	17,199 100.0	14,345 83.4		
Employee	NIS 14,570 (%) 86.4	1,409 8.4	1,061 6.3	147 0.9	201 1.2	854 5.1	16,867 100.0	14,169 84.0		
Self-employed	NIS 16,486 (%) 84.8	1,238 6.4	971 5.0	83 0.4	197 1.0	1,690 8.7	19,438 100.0	15,532 79.9		
Family headed by someone of working age who isn't working	NIS 87 (%) 1.9	3,447 74.9	2,323 50.5	521 11.3	603 13.1	1,067 23.2	4,602 100.0	4,331 94.1		
	(%) 4.9	70.3	46.3	10.1	13.9	23.9	100.0	93.5		

Table 19 (continued)
Average Salary Per Family Among Different Population Groups by Their Sources of Income and the Ratios of These Difference Sources Before Taxes, 2011

Population group	Source of income*							Income before taxes	Disposable income
	Work	Total transfer payments	NII benefits	Government payments	Support from private sources or abroad	Other income (property, pension)			
Family with one wage earner	NIS 8,269 (%) 72.8	1,929 17.0	1,414 12.4	208 1.8	311 2.7	1,123 9.9	11,360 100.0	9,682 85.2	
Family with two and more wage earners	NIS 19,767 (%) 91.5	978 4.5	773 3.6	86 0.4	118 0.5	840 3.9	21,613 100.0	17,869 82.7	
Education of head of household									
Up to 8 years of schooling	NIS 2,809 (%) 42.3	2,875 43.3	2,408 36.3	179 2.7	288 4.3	950 14.3	6,639 100.0	6,145 92.6	
Between 9-12 years of schooling	NIS 9,117 (%) 75.2	1,889 15.6	1,541 12.7	154 1.3	194 1.6	1,102 9.1	12,125 100.0	10,710 88.3	
Thirteen or more years of schooling	NIS 14,744 (%) 81.3	1,765 9.7	1,201 6.6	239 1.3	327 1.8	1,576 8.7	18,128 100.0	14,843 81.9	

* Prices of the middle of the survey period in 2010, for a population that includes residents of eastern Jerusalem.

Table 20
Influence of Transfer Payments and Direct Taxes on Inequality
in Income Distribution Among Working Families (percentages),
2010-2011

Decile*	(%) Proportion of each decile of the total income**					
	Economic income		Income before tax		Disposable income	
	2010	2011	2010	2011	2010	2011
Lowest	1.4	1.4	2.1	2.1	2.4	2.4
2	2.7	2.7	3.3	3.4	3.8	3.8
3	3.8	3.9	4.5	4.6	5.0	5.1
4	5.2	5.3	5.7	5.8	6.3	6.4
5	6.7	6.8	7.0	7.1	7.7	7.8
6	8.4	8.4	8.6	8.6	9.2	9.2
7	10.4	10.3	10.3	10.2	10.8	10.8
8	13.0	12.8	12.6	12.5	12.8	12.7
9	17.1	16.7	16.3	16.0	15.8	15.7
Highest	31.3	31.7	29.5	29.8	26.1	26.1
The ratio between the income of the highest and lowest quintiles	23.1	23.3	13.9	14.3	10.8	11.0
Gini index***	0.442	0.443	0.402	0.402	0.359	0.356
Percentage drop in Gini index	-	-	9.1	9.3	18.9	19.6

* The families in every column were ranked by the level of adjusted income per standard person. Each decile contains 10% of the population

** In terms of income per standard person

*** The Gini index of inequality of income distribution was calculated on the basis of individual observations and not on the basis of quintiles.

Table 21
Average Monthly Salary Per Family in Each Decile (Total Population)
in 2011 Survey Prices, 2010-2011

Decile*	Before transfer payments and taxes			After transfer payments and taxes		
	2010	2011	Real change	2010	2011	Real change
Lowest	-	-	-	2,700	2,883	6.8
2	1,993	2,272	14.0	4,691	4,729	0.8
3	4,468	4,523	1.2	5,479	5,409	-1.3
4	6,360	6,324	-0.6	7,138	7,196	0.8
5	8,501	8,458	-0.5	9,255	9,174	-0.9
6	11,057	10,807	-2.3	10,968	11,002	0.3
7	13,659	13,439	-1.6	13,131	12,959	-1.3
8	16,974	16,726	-1.5	15,192	15,323	0.9
9	22,559	22,261	-1.3	18,634	18,458	-0.9
Highest	39,619	37,088	-6.4	28,282	27,073	-4.3
Total	12,953	12,709	-1.9	12,433	12,356	-0.6

* To determine the deciles, families were ranked by adjusted income per standard person. Each decile constitutes 10% of the entire population.

Table 22
Incidence of Poverty Among All Families in the Population,
Before Transfer Payments and Direct Taxes and After Them
(percentages), 1979-2011

Year	Before transfer payments and direct taxes	After transfer payments alone	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments alone	Stemming from transfer payments and direct taxes
1979	27.9	16.4	17.2	41.1	38.4
1980	28.1	13.9	15.7	50.6	44.1
1981	28.8	14.2	15.7	50.8	45.4
1982	29.8	9.1	10.8	69.5	64.0
1983	29.5	11.1	12.5	62.4	57.7
1984	30.7	12.9	14.6	58.0	52.5
1985	31.3	10.3	11.4	67.1	63.5
1988	32.6	13.3	14.3	59.2	56.0
1989	33.0	11.7	12.8	64.5	61.2
1990	34.3	13.4	14.3	60.9	58.2
1991	35.1	14.2	14.9	59.5	57.5
1992	34.7	16.4	17.2	52.7	50.4
1993	34.6	16.0	16.7	53.8	51.7
1994	34.2	17.6	18.0	48.5	47.2
1995	33.7	14.7	16.8	56.4	50.1
1996	34.3	13.6	16.0	60.4	53.3
1997	34.3	13.6	16.2	60.5	52.7
1997*	32.0	14.9	17.7	53.4	44.6
1998	32.8	14.3	17.5	56.4	46.6
1999	32.2	15.1	18.0	53.1	44.1
2002	33.9	14.5	18.1	57.2	46.6
2003	33.9	15.4	19.3	54.6	43.1
2004	33.7	16.5	20.3	51.2	39.9
2005	33.6	17.1	20.6	49.1	38.5
2006	32.9	17.1	20.0	48.0	39.2
2007	32.3	17.1	19.9	47.0	38.3
2008	32.3	17.2	19.9	46.7	38.3
2009	33.2	17.9	20.5	46.1	38.4
2010	32.6	17.5	19.8	46.3	39.2
2011	32.8	17.3	19.9	47.2	39.3

* Including Eastern Jerusalem – new sampling.

Table 23
The Gini Index of Inequality of Income Distribution Among Families,
Before Transfer Payments and Direct Taxes and After Them, 1979–2011

Year	Before transfer payments and direct taxes	After transfer payments alone	After transfer payments and direct taxes	Percentage drop	
				Stemming from transfer payments alone	Stemming from transfer payments and direct taxes
1979	0.432	0.366	0.318	15.2	26.3
1980	0.434	0.369	0.324	14.9	25.3
1981	0.439	0.372	0.319	15.4	27.4
1982	0.444	0.367	0.312	17.3	29.7
1983	0.439	0.360	0.301	17.9	31.6
1984	0.472	0.398	0.327	15.8	30.8
1985	0.468	0.373	0.312	20.2	33.3
1988	0.457	0.370	0.322	19.1	29.6
1989	0.474	0.378	0.325	20.3	31.4
1990	0.480	0.376	0.326	21.7	32.0
1991	0.490	0.377	0.327	23.1	33.2
1992	0.498	0.393	0.339	21.1	31.9
1993	0.494	0.383	0.329	22.5	33.4
1994	0.502	0.399	0.344	20.4	31.4
1995	0.497	0.397	0.337	20.2	32.3
1996	0.496	0.387	0.329	22.0	33.7
1997	0.505	0.395	0.333	21.8	34.0
1997*	0.509	0.414	0.353	18.6	30.6
1998	0.512	0.413	0.352	19.2	46.6
1999	0.517	0.421	0.359	18.4	44.1
2002	0.537	0.431	0.368	19.7	31.5
2003	0.527	0.424	0.369	19.3	30.0
2004	0.523	0.430	0.380	17.8	27.4
2005	0.526	0.434	0.388	17.4	26.2
2006	0.513	0.432	0.383	15.8	25.4
2007	0.524	0.438	0.392	16.4	25.1
2008	0.512	0.432	0.385	15.6	24.7
2009	0.510	0.429	0.389	15.8	23.7
2010	0.505	0.426	0.384	15.6	23.9
2011	0.497	0.418	0.379	16.0	23.7

* Including Eastern Jerusalem – new sampling.

Table 24
The Incidence of Poverty and the Gini Index of Inequality of Income Distribution Among All Families in the Population (Except East Jerusalem) Before Transfer Payments and Direct Taxes and After Them (percentages), 2000-2010

Year	After transfer payments and direct taxes	After transfer payments alone	Before taxes and transfer payments	Percentage drop	
				Stemming from transfer payments and direct taxes	Stemming from transfer payments alone
Incidence of poverty in families					
2000	45.3	54.3	17.6	14.7	32.2
2001	47.2	57.0	17.7	14.3	33.7
2002	47.2	57.0	17.7	14.4	33.5
2003	42.7	54.0	19.2	15.4	33.5
2004	39.2	50.6	20.3	16.5	33.4
2005	39.0	48.4	20.3	17.2	33.3
2006	38.4	46.9	20.2	17.4	32.7
2007	38.4	46.6	19.5	16.9	31.7
2008	38.2	46.1	19.6	17.1	31.8
2009	38.7	46.1	20.0	17.6	32.7
2010	39.8	47.0	19.3	16.9	32.0
2011	40.1	47.6	19.3	16.9	32.2
Gini inequality index					
2000	31.2	19.3	0.350	0.411	0.509
2001	32.4	25.9	0.357	0.420	0.528
2002	32.0	20.0	0.362	0.426	0.532
2003	30.4	19.6	0.363	0.419	0.521
2004	27.7	18.0	0.375	0.426	0.519
2005	26.1	17.1	0.383	0.430	0.519
2006	25.4	16.5	0.387	0.433	0.518
2007	25.9	16.1	0.375	0.425	0.507
2008	25.2	15.9	0.378	0.425	0.506
2009	24.2	16.1	0.382	0.422	0.503
2010	25.2	15.9	0.378	0.425	0.506
2011	24.4	16.4	0.369	0.409	0.489

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6. General disability insurance

Ofir Pinto and Rivka Prior

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8. Hostile action casualties

Rivka Prior and Natalia Gitelson

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10. Unemployment insurance

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