

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

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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.

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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

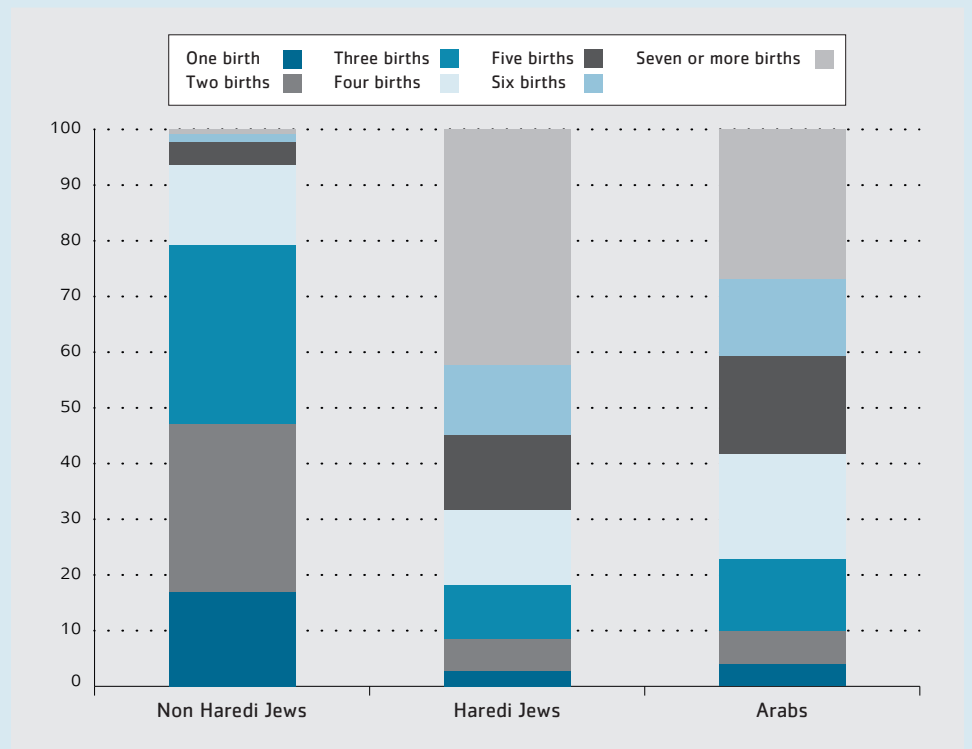
lifetime) or the type of population (non-Haredi and Haredi Jewish women and Arab women)?

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.

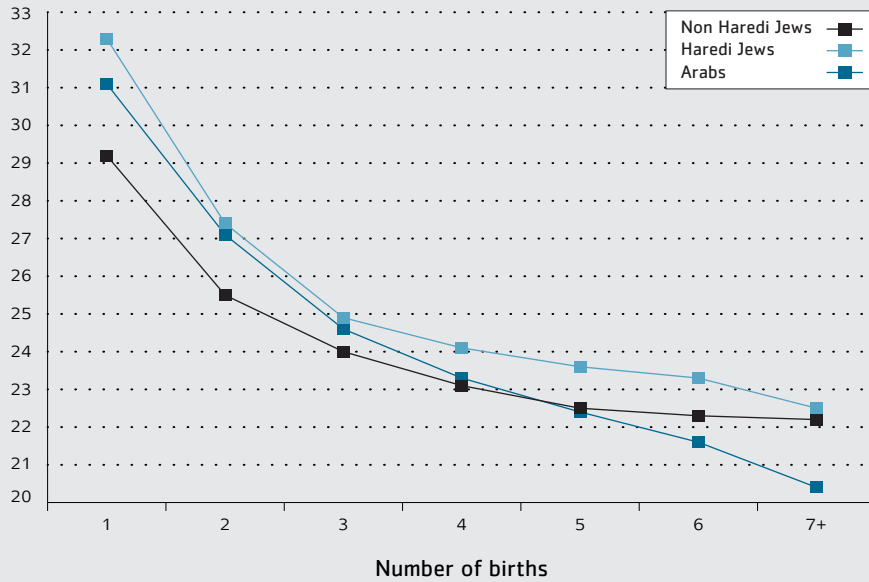
The average number of births per woman was particularly high among the Haredi Jews: 6.4 children, compared to 5.3 for the Arabs and 2.7 for the non-Haredi Jews (Graph 1).

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).

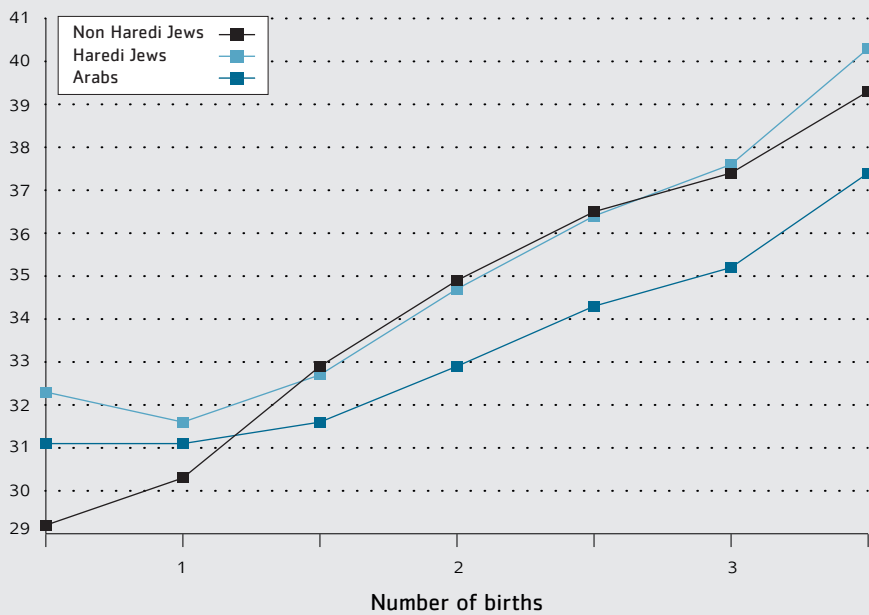
Graph 1
Women by Number of Births and Type of Population



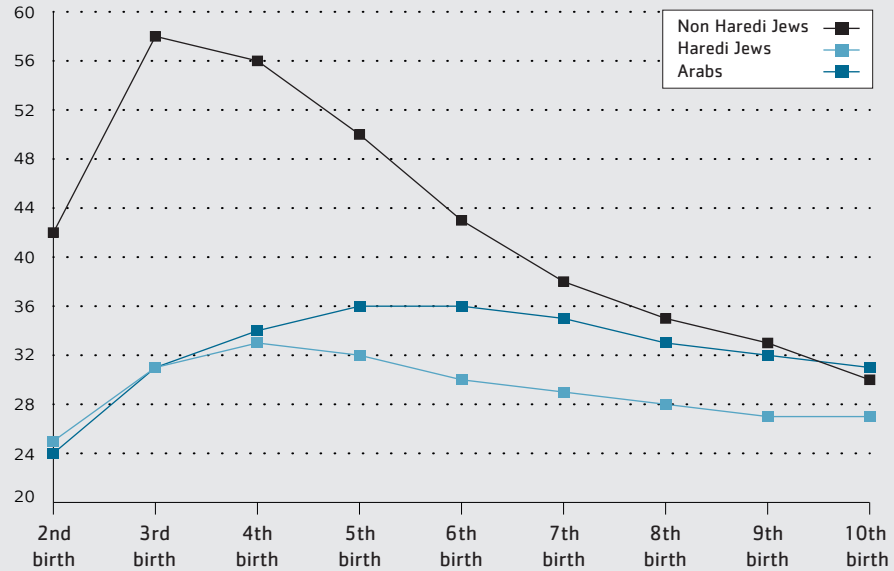
Graph 2
Average Age of Women when First Giving Birth, by Number of Births and Type of Population



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.

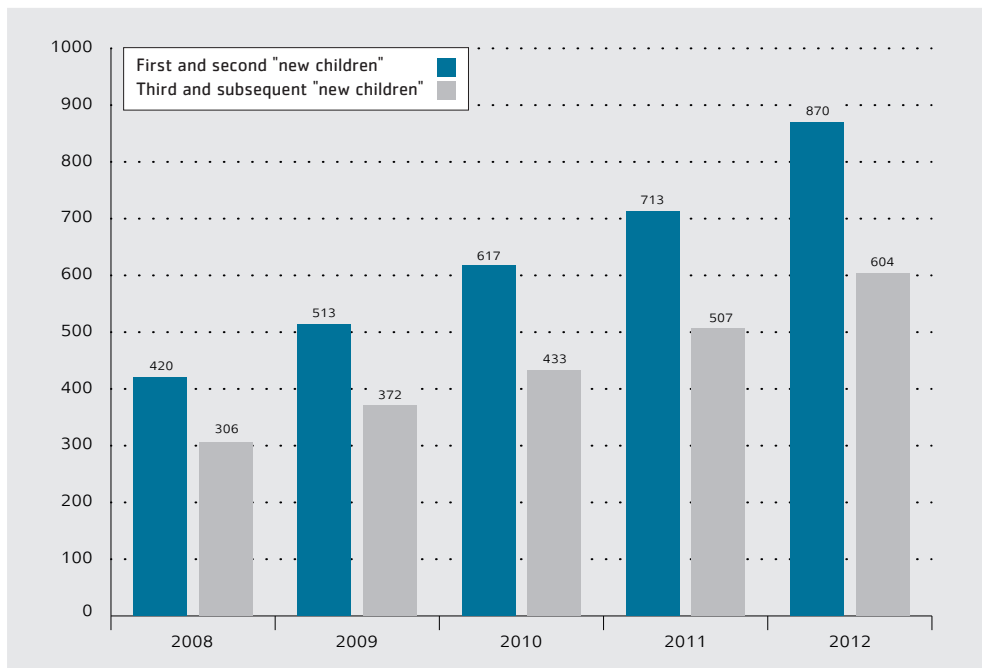
2. The “new children”

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

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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

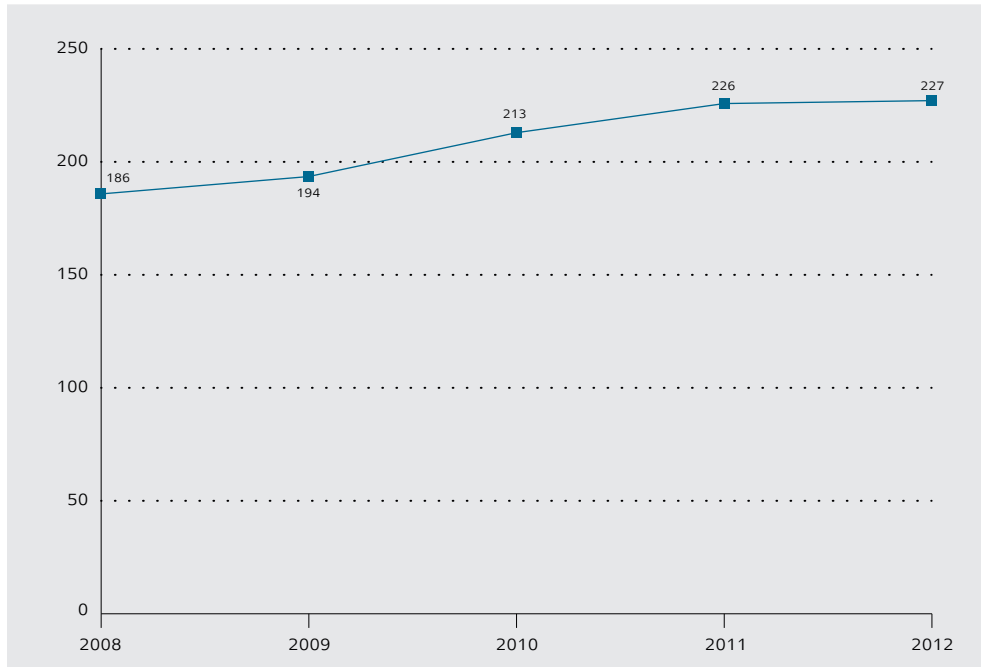
Since January 2006, the child allowance has been calculated according to the “basic amount,” which is updated according to the rise in the Consumer Price Index. Accordingly, between 2011 and 2012, the child allowances for the firstborn child increased from NIS 169 to NIS 173, and for the second child – 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.

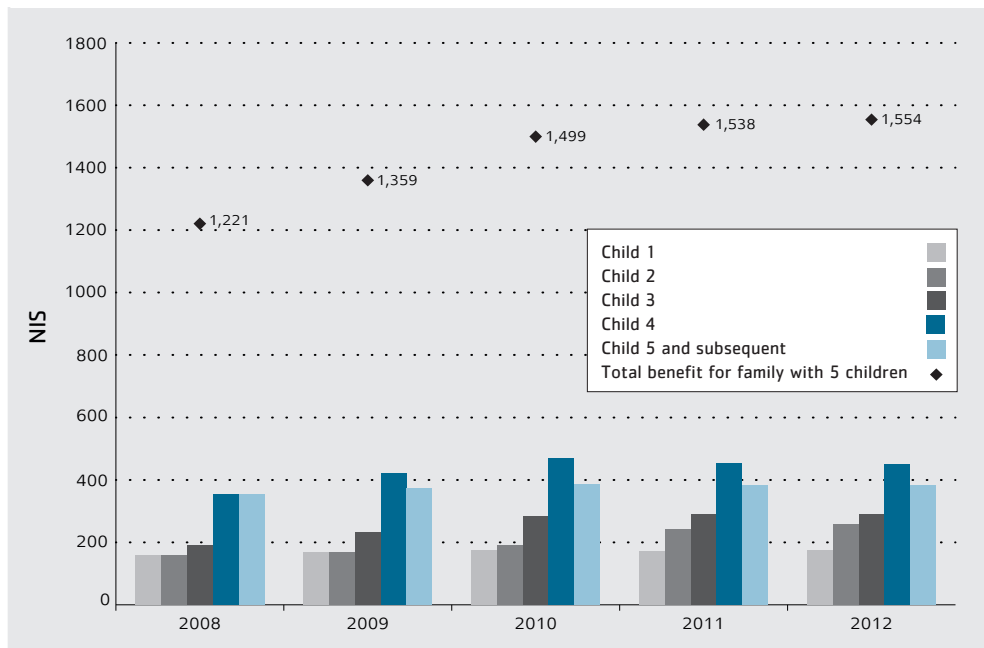
In 2012, the NII paid study grants to approximately 84,000 families, of whom approximately 60,000 were single-parent families, and the rest were families with four or more children who are receiving subsistence allowances

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

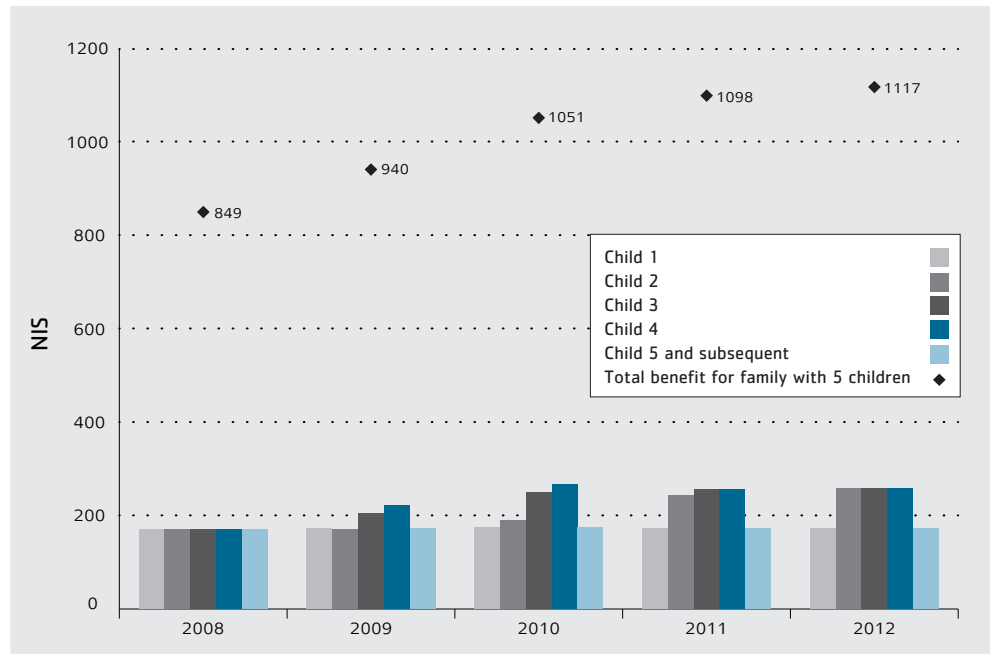


Graph 3
Monthly Allowances for Children Born Before 1.6.2003 by Position in Family Order, and Total Allowance for a Family with Five Children (NIS, 2012 prices), 2008-2012



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

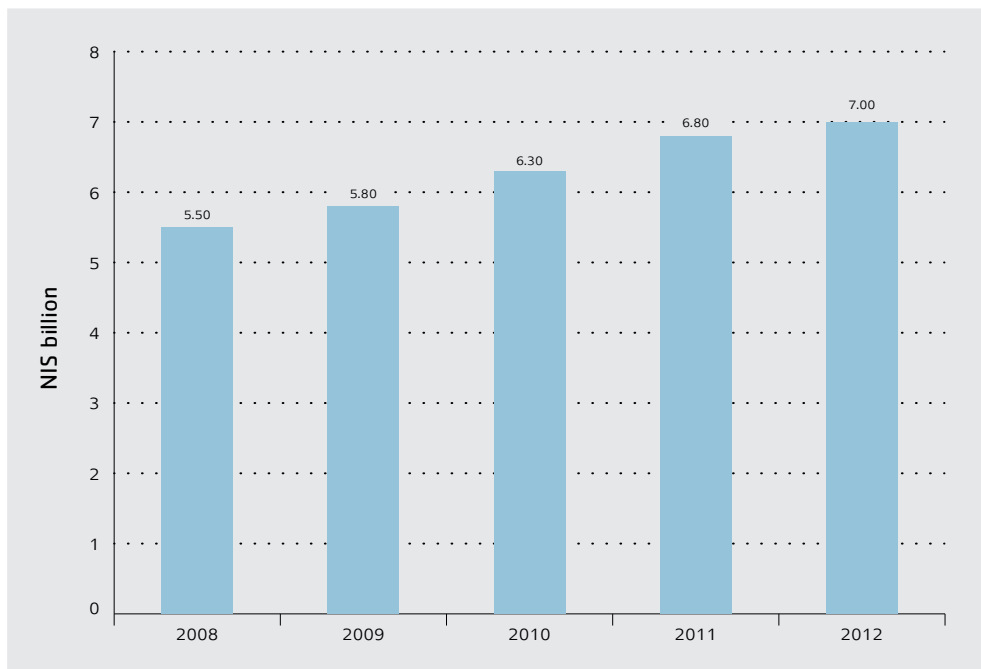
In 2012, child allowance payments rose by approximately 2.7% in real terms compared with 2011 (Table 4). On the one hand, this rise is comprised of a moderate increase in the number of children for whom the allowance is paid and from the increase in the rate of the allowance for the second, third and 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).

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