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Opening Remarks

In 2014 the National Insurance Institute celebrated 60 years of existence. This is a good time to look back and assess the situation of social security until now, and also to examine the NII's readiness for the challenges faced by insured persons and policy makers.

Chapter 1 discusses the main goals of social security and the link between them and benefit clusters, and presents a program to achieve financial sustainability and reinforce the link between NII subsistence benefits and a decent standard of living. In 2014, in the framework of the 'War on Poverty' Committee, the Research & Planning Department presented various options for a decent living standard, but today there is no consensus on such a minimum.

Chapter 2 describes the situation of poverty and social gaps in Israel, with the emphasis on a comparison with OECD countries. It presents some other indices of poverty, based on both the expenditure aspect and the income aspect of families, and a comparison between Israel and the OECD countries in terms of expenditure in cash and in kind on welfare for the elderly and the working age population.

Chapter 3 presents the core of National Insurance activity, payment of benefits, and specifies the main developments in this area: benefit levels, payments and number of recipients. Chapter 4 deals with developments in the NII's collection system, and also presents the most important legislative changes.

Chapter 5 reviews the activity of the NII's five funds for the development of various aspects concerning the community (such as the development of services for the disabled, promotion of nursing programs, special enterprises, services for at-risk children and youth, and prevention of work accidents) as well as of the Research Fund and the Research Room which are available to external researchers in order to promote empirical research in Israel.

As always, this report also includes special sections ('boxes') on a range of topics: for example a joint project of the National Insurance and Jerusalem Municipality to map poverty in the capital; an international comparison of maintenance payments; the activity of the Advisory Service for the Elderly; the effect of lengthening maternity leave on mothers returning to work; changes in tests of eligibility for the Special Services Allowance; the issue of unemployment insurance for the self-employed; a historical analysis of the Treasury's participation in collection of NII contributions; and the phenomenon of child neglect.

The whole report is translated into English, and a summary is also translated into Arabic. All versions can be found on the NII website.

My thanks go to the staff of the Research & Planning Administration who helped to prepare this report. Special thanks to Miri Endeweld for the scientific editing;

to Dr. Jacques Bendelac for administrative coordination; to Maya Orev-Hatal for linguistic editing and production; and to Nira Amir for typing and assistance with the production.

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

Prof. Daniel Gottlieb

Deputy Director-General for Research and Planning

Annual Report 2014 – Foreword

From the Director General

The National Insurance Institute strives to be an advanced, generous and comprehensive social security system, and sees this as an expression of the State's responsibility for helping people who are in temporary or ongoing distress. This goal is expressed in the effort to achieve optimal utilization and implementation of rights, and to initiate legislative processes to increase existing rights, all within the limits of budgets and priorities.

As always, in 2014 the National Insurance Institute operated 32 social programs, covering 130 types of payments and services. These payments constitute the socioeconomic safety net of the State of Israel, and include among others, old age pensions, child allowances, nursing care allowance, income support and the various types of disability benefits. The NI has about 4,000 employees, who in 2014 handled about 15 million interactions with the insured public in 78 branches and service centers, by telephone and over the Internet.

Figures and Trends

In 2014 Israel invested 16.5% of its GDP in welfare, mainly expenditure on welfare services and National Insurance benefits. In an international comparison, Israel is at the bottom of the OECD scale in its expenditure on welfare – only Mexico, Chile and South Korea are lower. National Insurance supports the gradual increase of public expenditure on welfare to 21.6% of GDP, which is the average rate in OECD countries. (For illustrative purposes, one percent of Israeli GDP is worth about NIS 11 billion.)

Israel in 2014 was characterized by positive developments in terms of growth in employment compared to developed countries. GDP grew by 2.8%, unemployment remained low, and the number of people employed in the economy continued to rise, this year by about 3%. Payments of benefits granted by the National Insurance in cash and services totaled some NIS 71.6 billion, compared to NIS 69.3 billion in 2013. These amounts include other payments, mainly to Government Ministries, plus the costs of developing services in the community, and the costs of administration and operation of the wide-ranging NII system. The real growth in total payments reached 2.7% in 2014. Legislative changes this year, above all the cut in child allowances from August 2013, partly offset the rise in benefit payments.

The National Insurance Institute's revenues from the collection of NI contributions and health insurance payments rose in real terms by 4.6% in 2014, compared to 4.7% in 2013. Revenues for the various NI branches rose by 4.9% - higher than the increase in revenues for the health system – 4.1%. The growth in NI payments and revenues derives from the demographic increase in pension recipients, the rise in the number of workers in the labor market, and the growth in wages.

New Aspects of Social Policy

In recent years there have been growing calls from the public to expand and improve National Insurance services and conditions of eligibility for the various benefits. The National Insurance listens to these calls and is working to develop new social programs based on these principles:

Initiative: However generous and proper benefits may be, they are not effective if in practice they fail to reach the people eligible for them. Therefore initiatives to ensure full take-up of benefits by eligible Israeli residents are at the top of the NI agenda. This concept puts the insured individual at the center, and NI employees and managers work to exercise his or her rights quickly, efficiently and sensitively. Not only that: the aim is to achieve automatic utilization of rights as far as possible, while reducing cumbersome bureaucratic processes. Among other things, this involves developing convenient and accessible digital services.

Encouragement of employment: At present it is hard to encourage benefit recipients to join the labor market, because any income, however small, leads to withdrawal of benefits. This creates what is called the poverty trap. The National Insurance seeks to limit the poverty trap as much as possible, for example by planning benefits that can be adjusted to starting employment, and by encouraging recipients to find work.

Prevention: In addition to a “caring” social policy that deals with people who are already in socioeconomic distress, National Insurance also designs “preventive” social policy, where the goal is to prevent the occurrence of social, economic or health situations of distress. Examples are the development of social “bonds” to prevent diabetes and drawing up and operating a long term savings program for children to prevent inter-generational poverty.

Legislative Changes in 2014

In 2014 a number of legislative changes were introduced that improved the criteria of eligibility for benefits and therefore increased the number of recipients. The following are the main ones:

Nursing: Anyone who employs a foreign carer or renews a frozen permit to employ a foreign carer can choose, when submitting the application, to receive the benefit in the form of services or cash.

Income support: The Cold Areas Order was updated, which specifies locations where old age and survivors’ pensions recipients with income support are eligible for a heating grant. The eligibility of those who were already receiving this grant was not affected.

Survivors: The definition of “child” in the survivors’ pension was extended: a child aged 18-20 who is studying at an educational institution as defined in law for at least 20 hours per week can be eligible for the survivors’ pension.

Special Services: Eligibility for the special services allowance for the severely disabled is also now being determined by the IADL test (help with running a home) as well as the ADL test (daily activities). This has led to a sharp increase in the number of people eligible for the allowance.

Disability: People with a special disability are entitled to an additional monthly benefit of 11.5% of the full single person's benefit.

Maternity: A special benefit is paid to a disabled woman who gives birth and is unable to care for the infant.

Collection: The normal contribution rates for employers were supposed to rise by 0.5% in 2014, but were actually increased by only 0.25%.

The Protective Edge Campaign

The Protective Edge Campaign began on July 8, 2014 and lasted almost 50 days, making it one of the longest battles in Israel's history. The fighting took place in the Gaza Strip, but some 75% of the country's territory was under the threat of rockets, and residents of Israel experienced a real emergency situation. This drawn-out campaign and the large areas that came under fire forced the Israeli authorities, including the National Insurance Institute, to make special preparations.

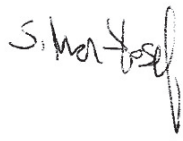
The social security system plays a central role in maintaining the country's national strength in times of routine and peace, but even more so in times of emergency and warfare: when existential security is threatened, preserving and reinforcing social security is essential. The National Insurance faced to primary goals: to ensure continuation of the work routine in all its branches in spite of the situation, and to provide a quick and comprehensive response to all the special needs that arose because of the emergency, with the aim of providing citizens with maximum utilization of their rights.

Continuity of work in the branches was indeed maintained: reception hours and regular services continued as normal all over the country throughout the fighting, even in branches that were subject to frequent rocket attacks: Ashdod, Ashkelon, Rechovot and Beer Sheba and their sub-branches. Staff at these branches demonstrated dedication and responsibility, turning up for work each day in impressive numbers. They were authorized to use their judgement and be flexible in complex situations. In order to ensure the continuity and quality of the service to the public, the NII Administration took special care of staff in the South: summer camps were held for children in the branches, and during and after the campaign staff members and their children went for refreshing breaks in the North.

The response to special needs in the population was also fast and professional: allowances for reservists on active duty were paid automatically into their bank account and of their employer; recipients of unemployment pay and income support were given

exemption from the obligation of reporting to the Employment Service, and legislation was quickly passed extending the period of eligibility for unemployment pay for people living within 40 km of the Gaza Strip.

I wish to express my deep appreciation for the staff and management of the National Insurance for their work in 2014, and particularly during the Protective Edge Campaign, and for their dedication to Israeli society and its social needs. I hope that the National Insurance Institute will continue to promote socioeconomic security for the country's residents, and that we shall achieve a strong, united society, in which each individual prospers.

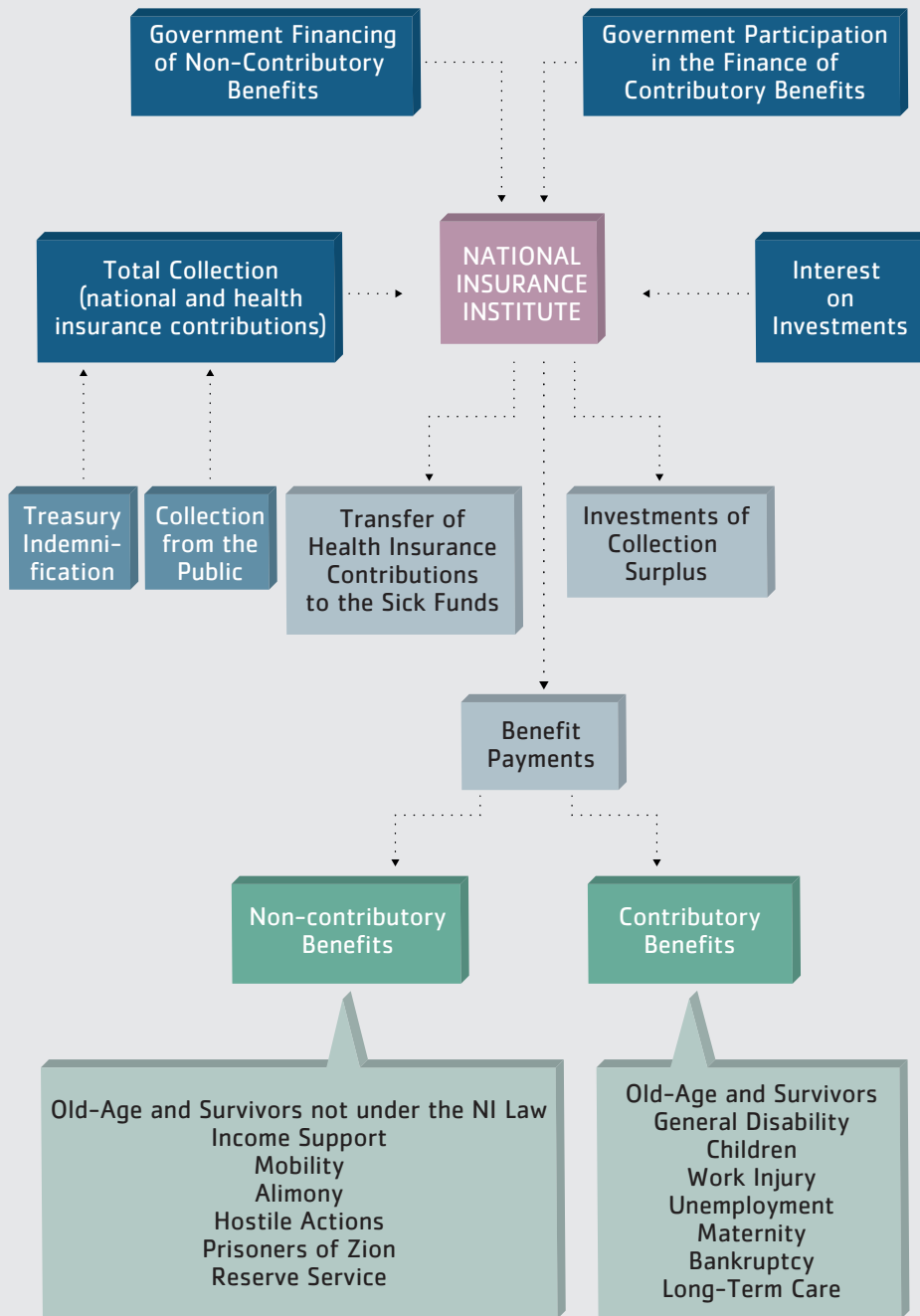
A handwritten signature in black ink, appearing to read "Shlomo Mor-Yosef". The signature is written in a cursive style with a prominent vertical stroke at the end.

Prof. Shlomo Mor-Yosef
Director General

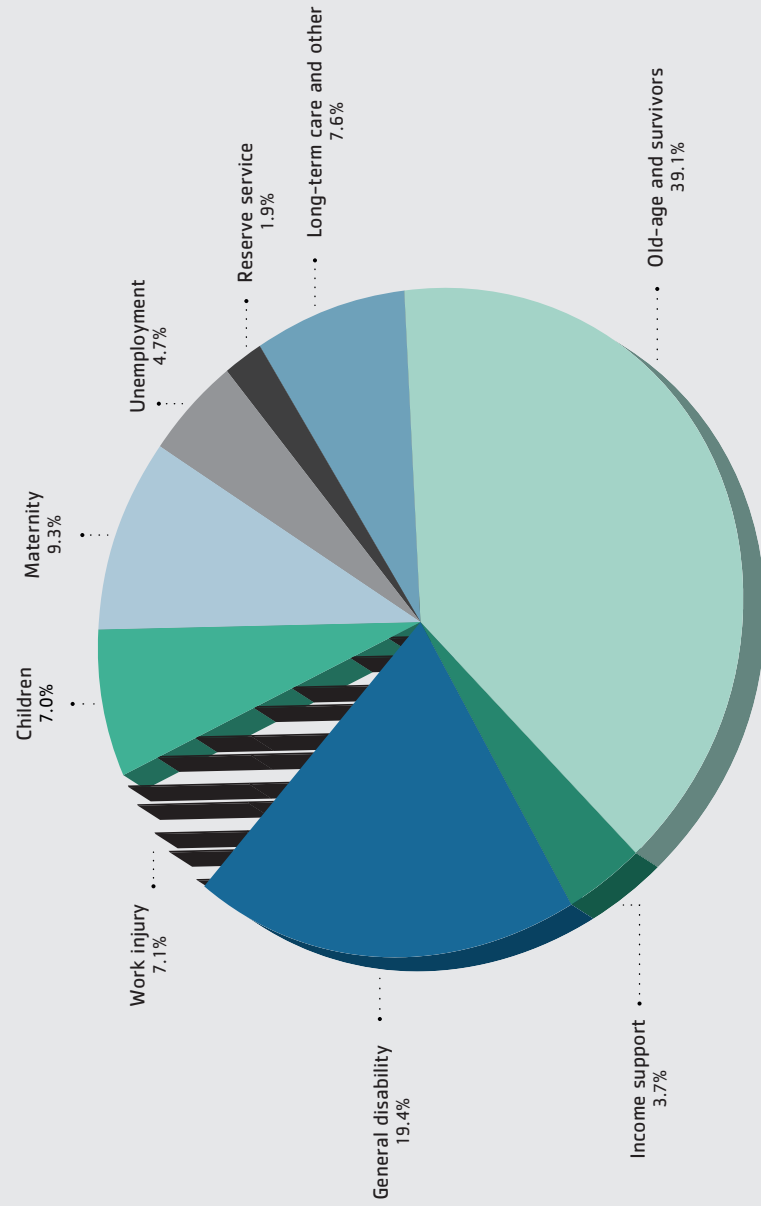
Selected Graphs



תרשים 1 המוסד לביטוח לאומי - מקורות ושימושים

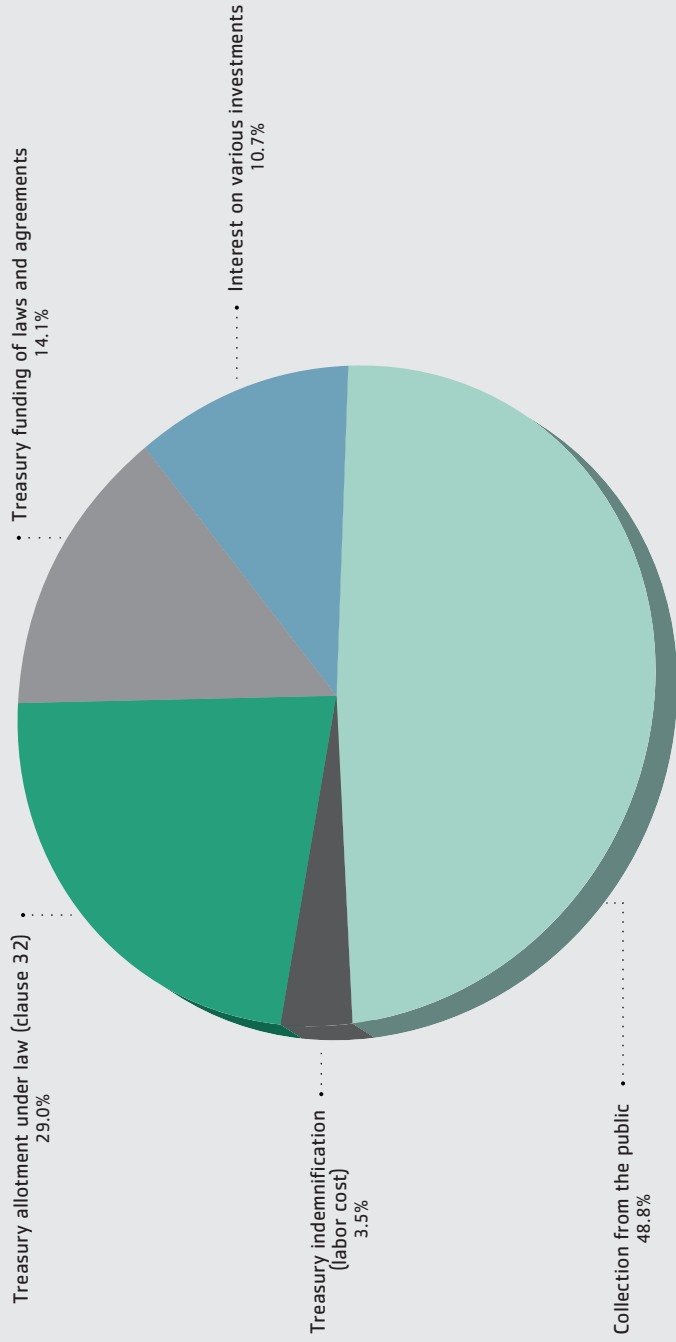


Graph 2
Benefit Payments by Insurance Branch, 2014



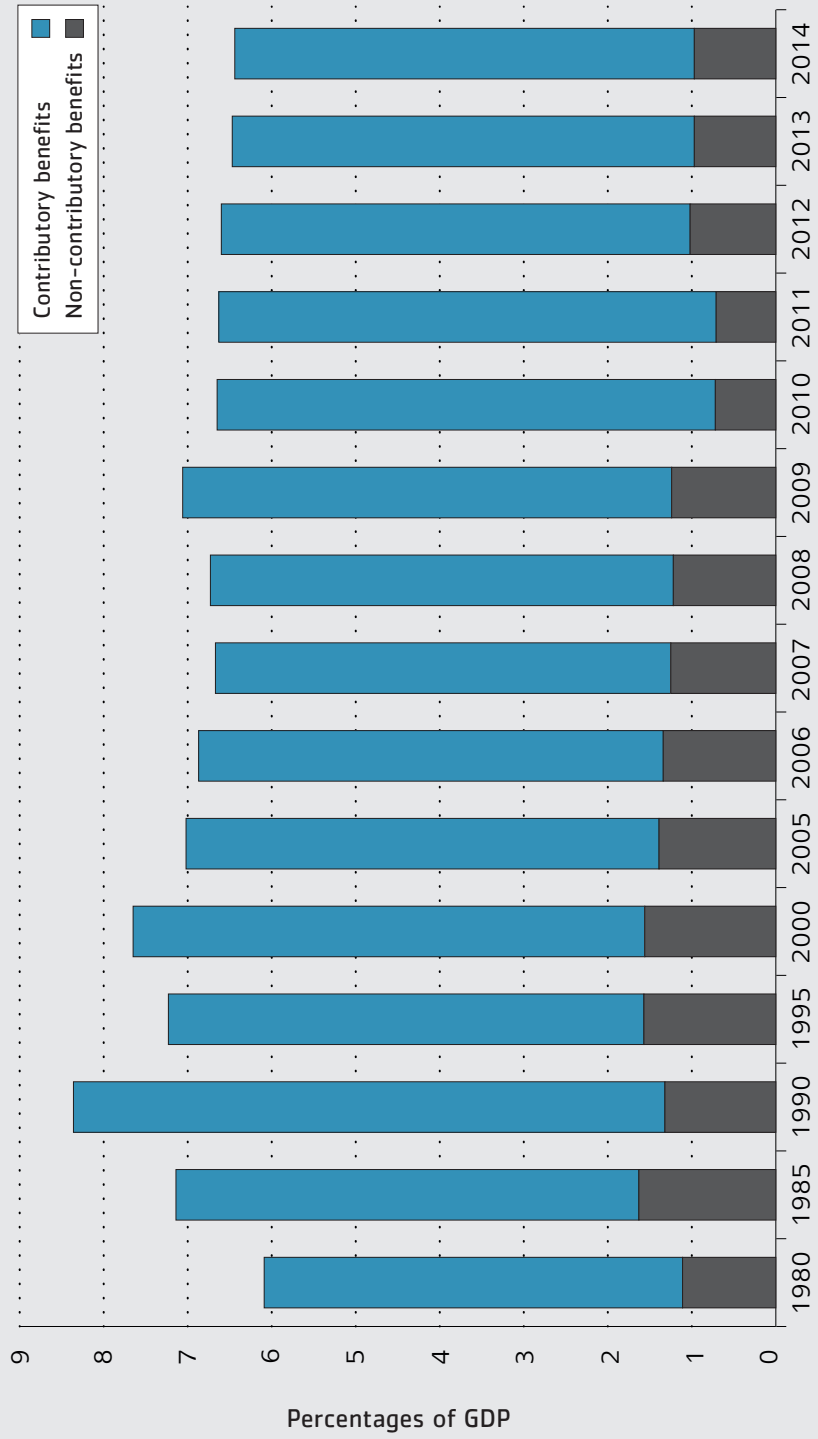
* These payments do not include administrative expenses

Graph 3
Receipts of National Insurance Branches by Source of Financing, 2014

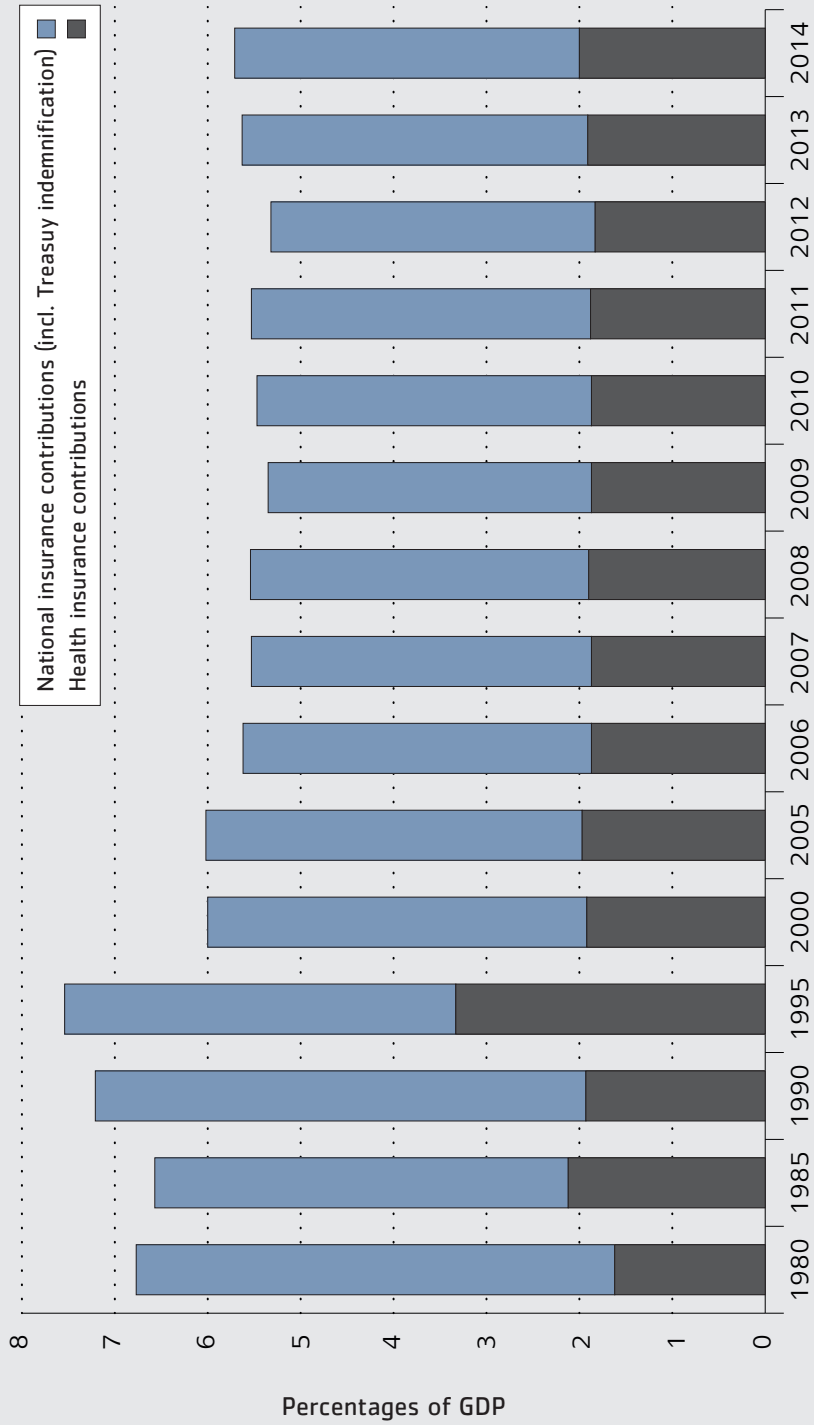


* These payments do not include administrative expenses

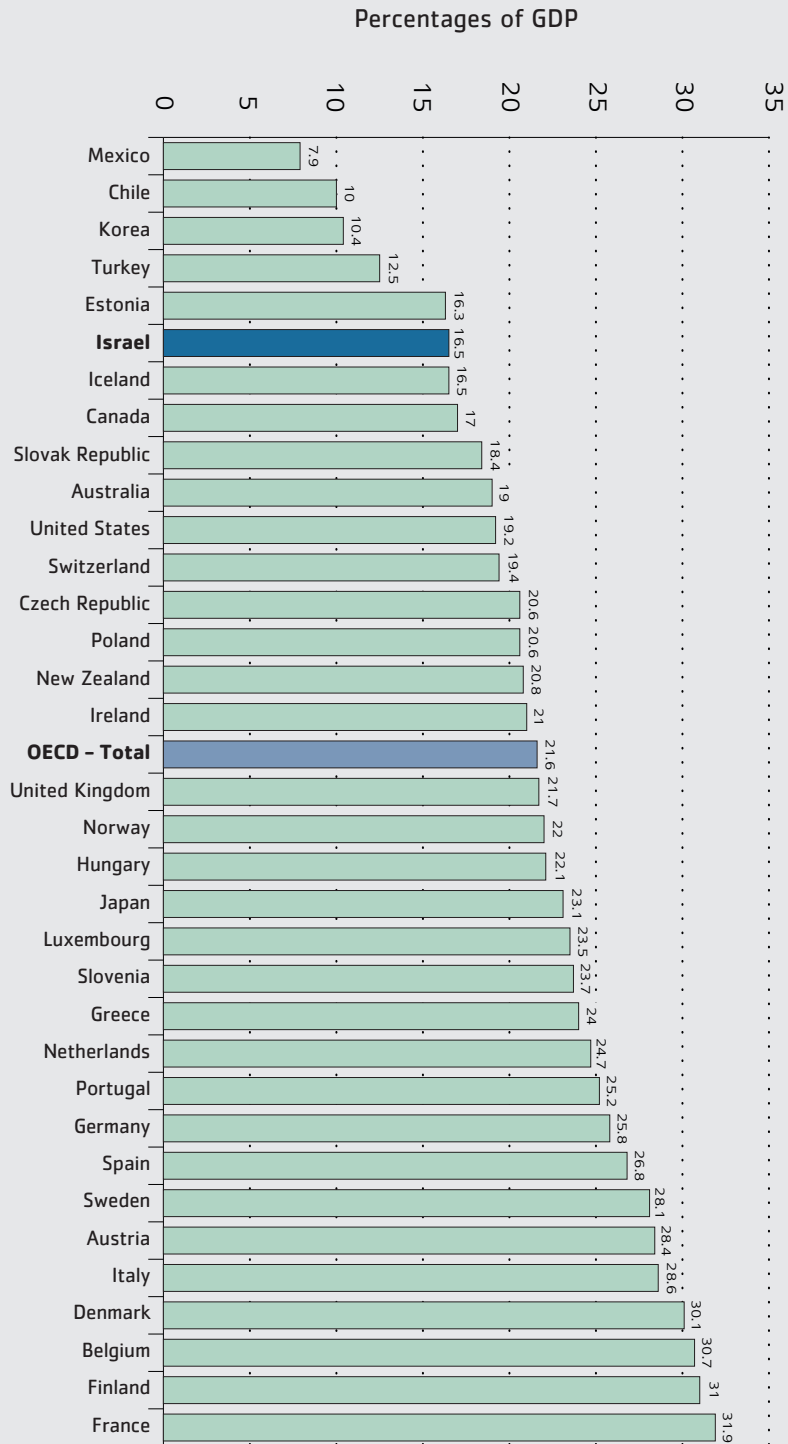
Graph 4
Benefit Payments as Percentage of GDP, 1980-2014



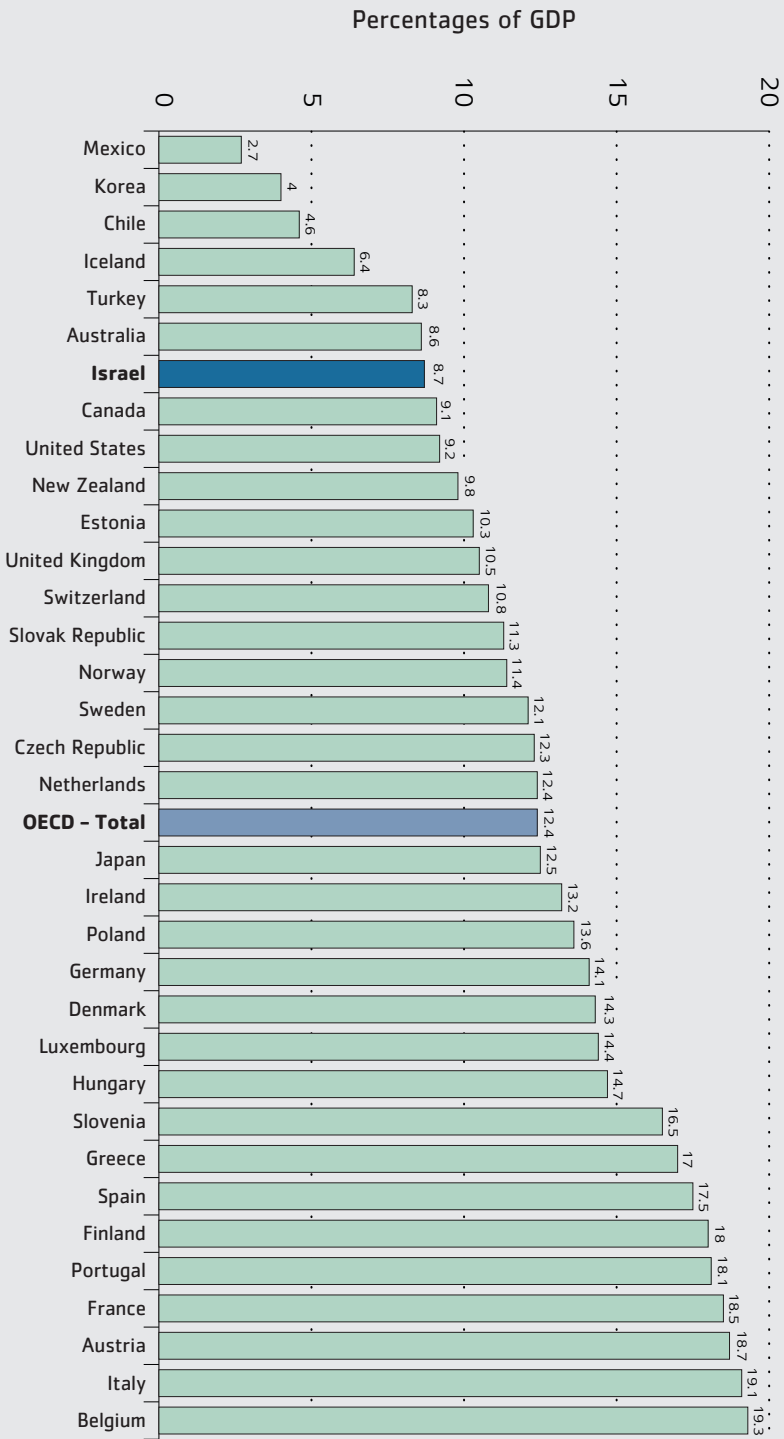
Graph 5
Collection of Insurance Contributions as Percentage of GDP, 1980-2014



Graph 6
Public Social Expenditure as Percentage of GDP, OECD Countries and Israel, 2014*

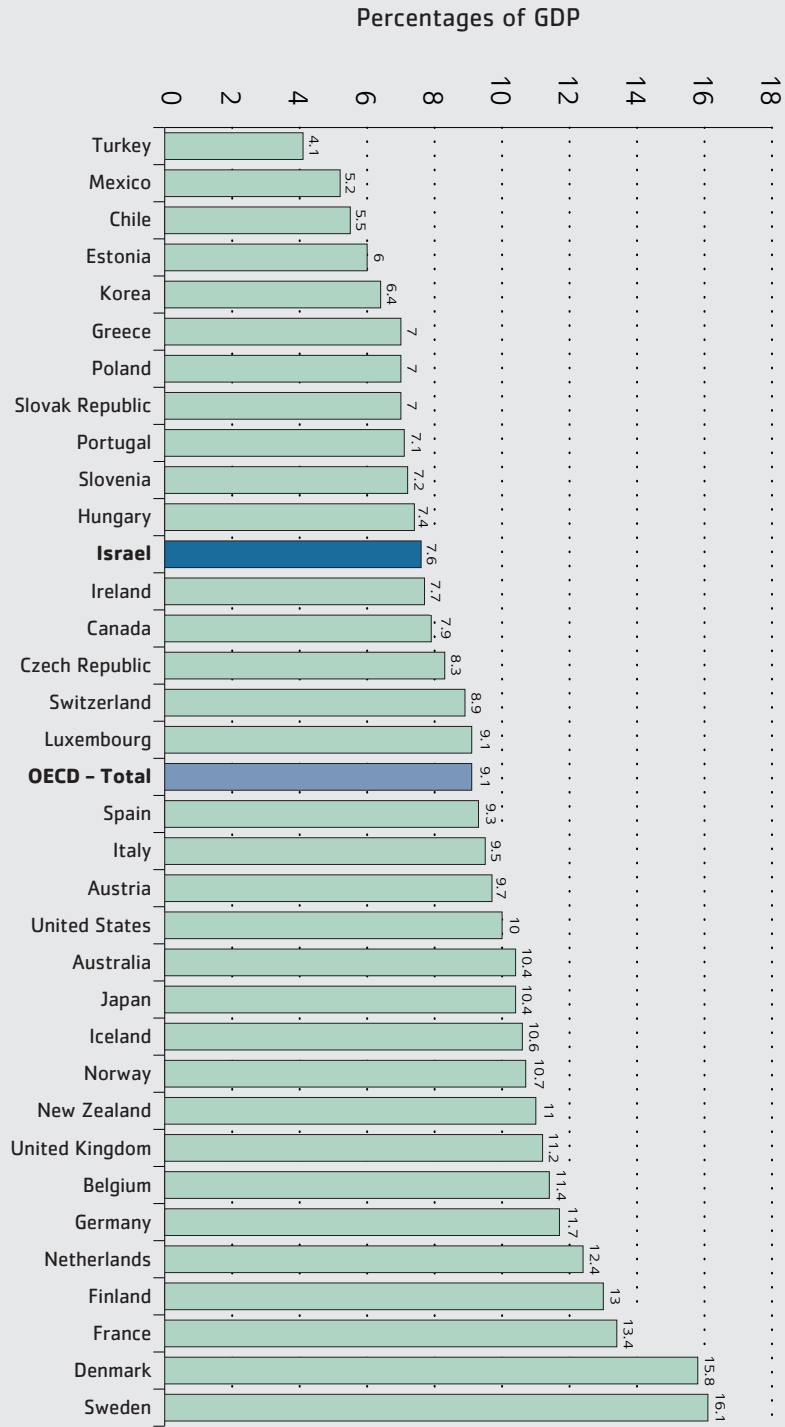


Graph 7
Public Social Expenditure on Cash Benefits as Percentage of GDP, OECD Countries and Israel, 2014*

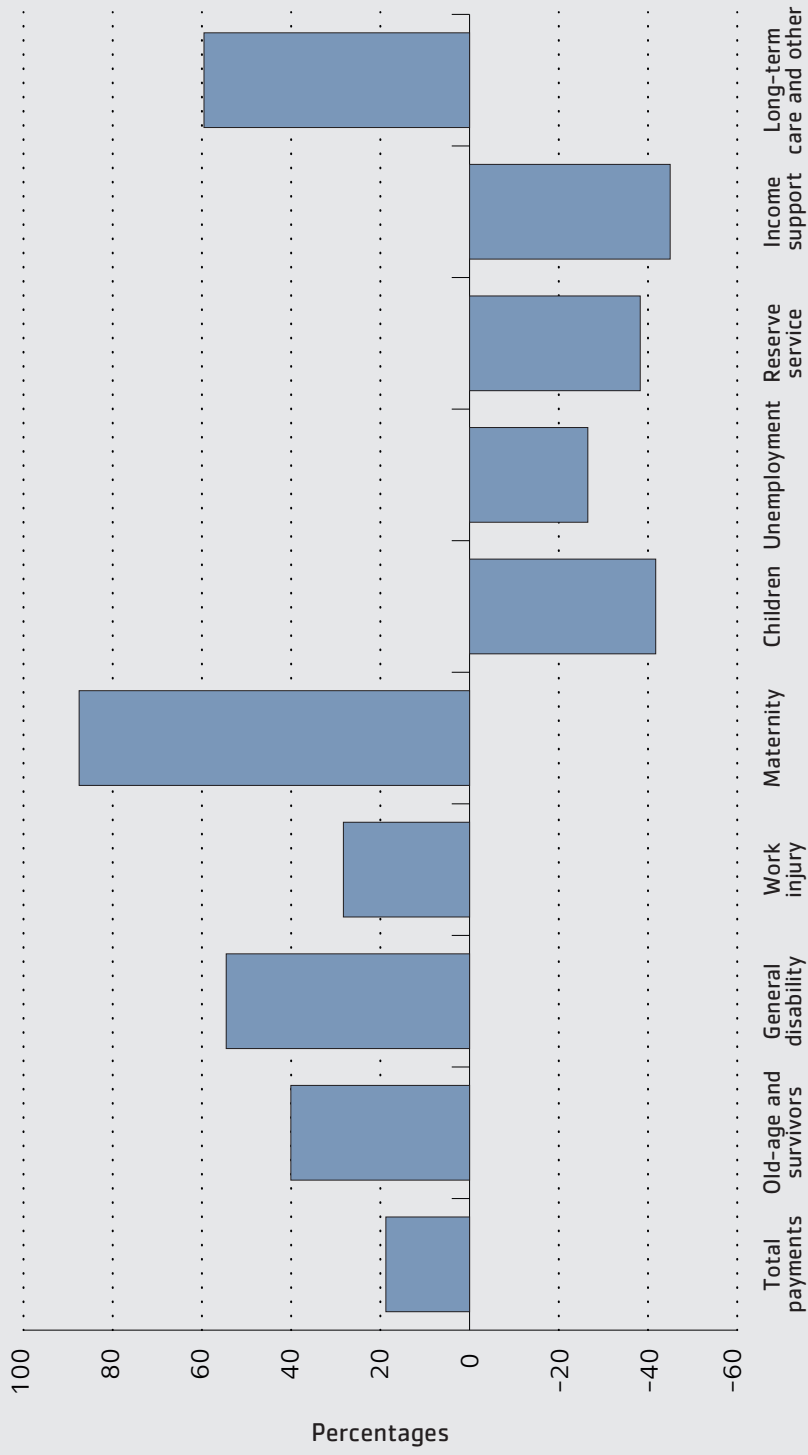


* Source of international data: OECD; source of data for Israel: the National Insurance Institute and the Israeli Central Bureau of Statistics

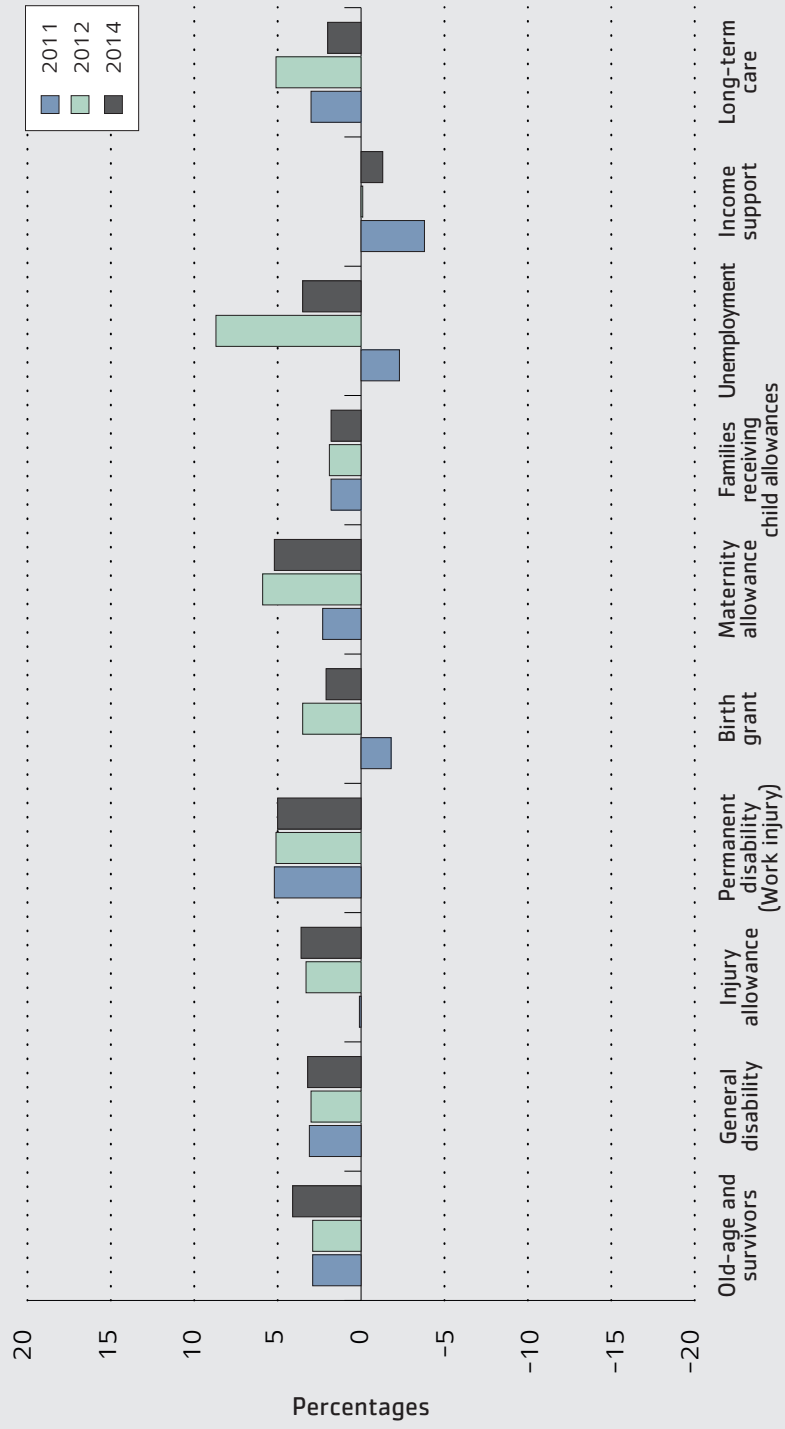
Graph 8
Public Social Expenditure on in-kind Benefits as Percentage of GDP, OECD Countries and Israel, 2014*



Graph 9
 Rate of Real Cumulative Change in Benefit Payments, 2014 Compared to 2002



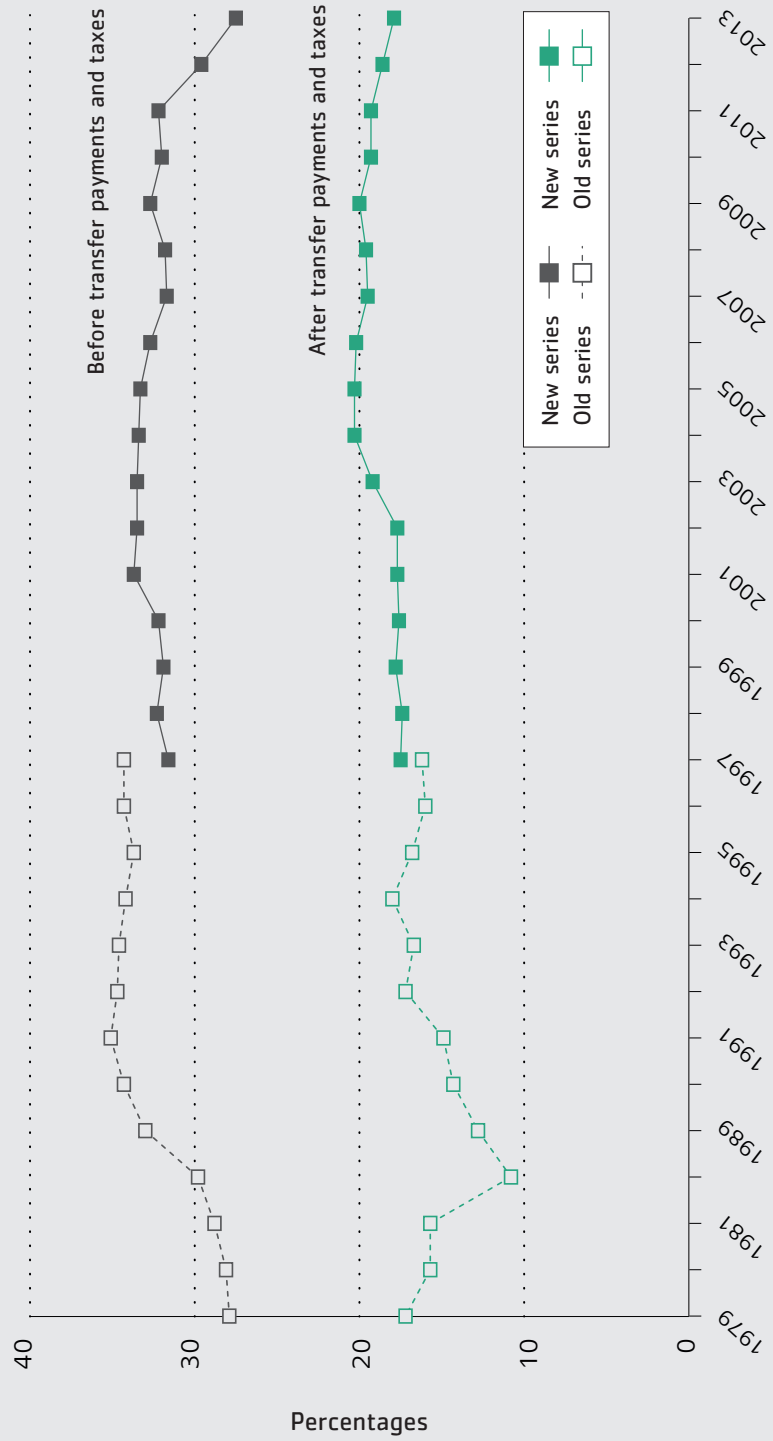
Graph 10
Rate of Change in Number of Benefit Recipients, by Branch, 2011-2014



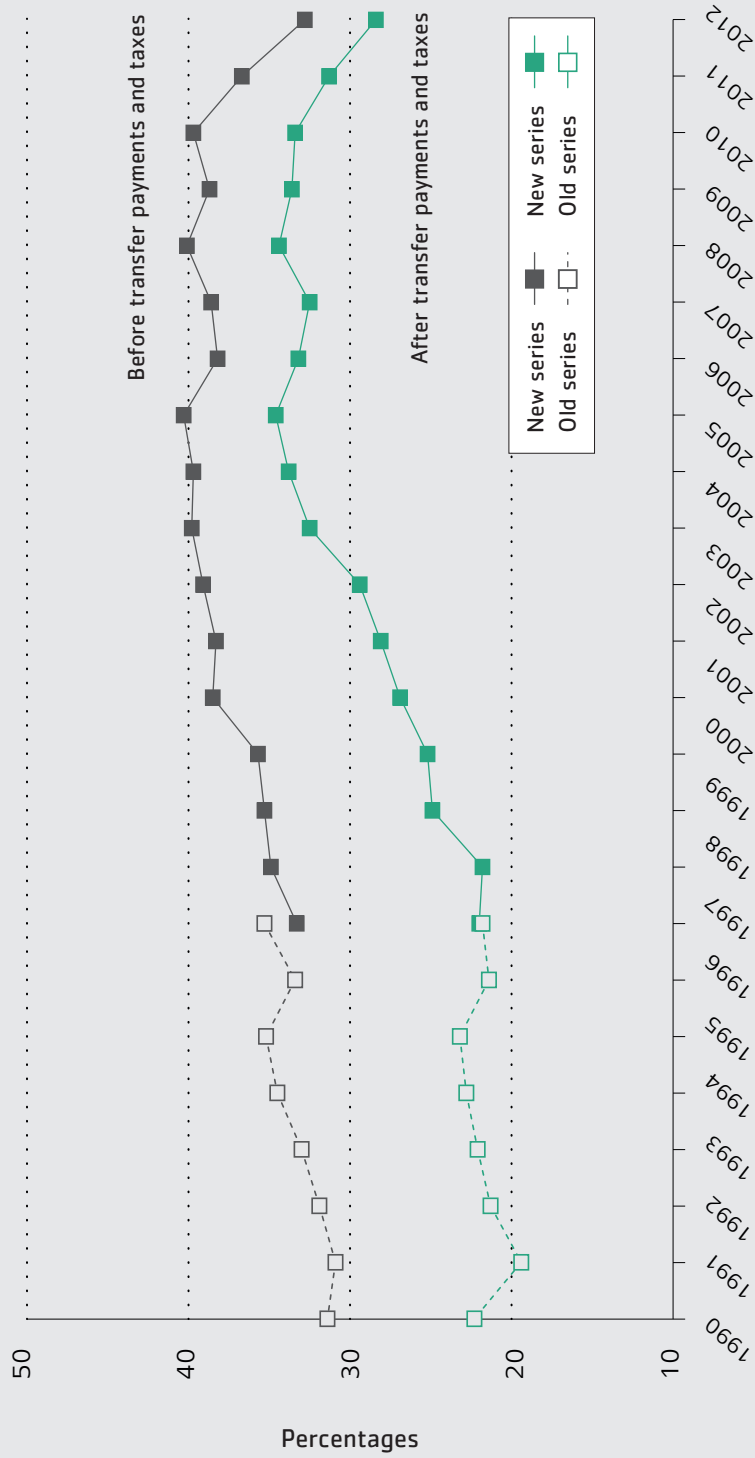
Graph 11
 Unemployment Rate and Rate of Recipients of Unemployment Benefits Over Time, 2001-2014



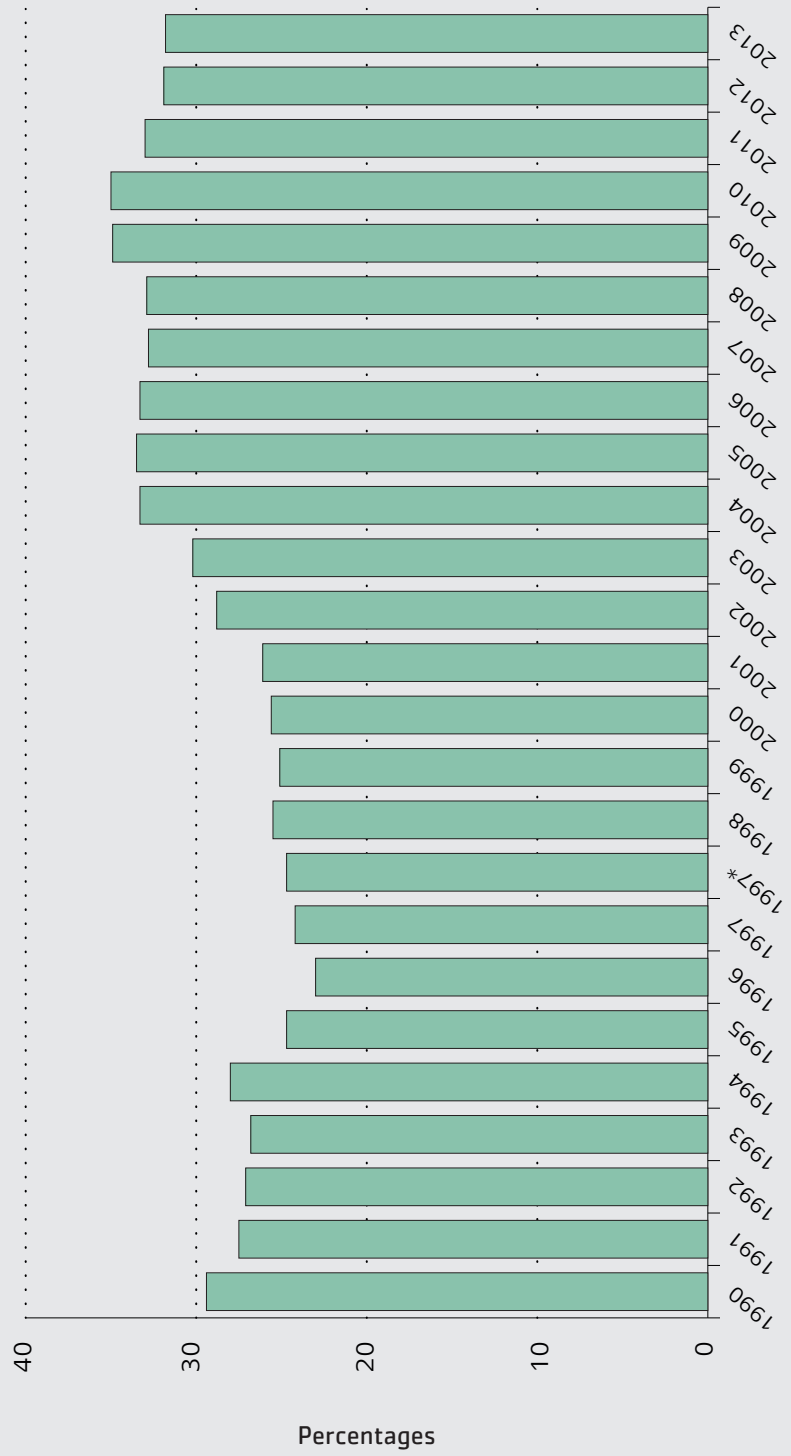
Graph 12
 Poverty in Total Population, Before and After Transfer Payments and Direct Taxes:
 Families (percentages), 1979-2013 (not including East Jerusalem)



Graph 13
Poverty Among Children, Before and After Transfer Payments and Taxes (percentages),
1990-2013 (not including East Jerusalem)

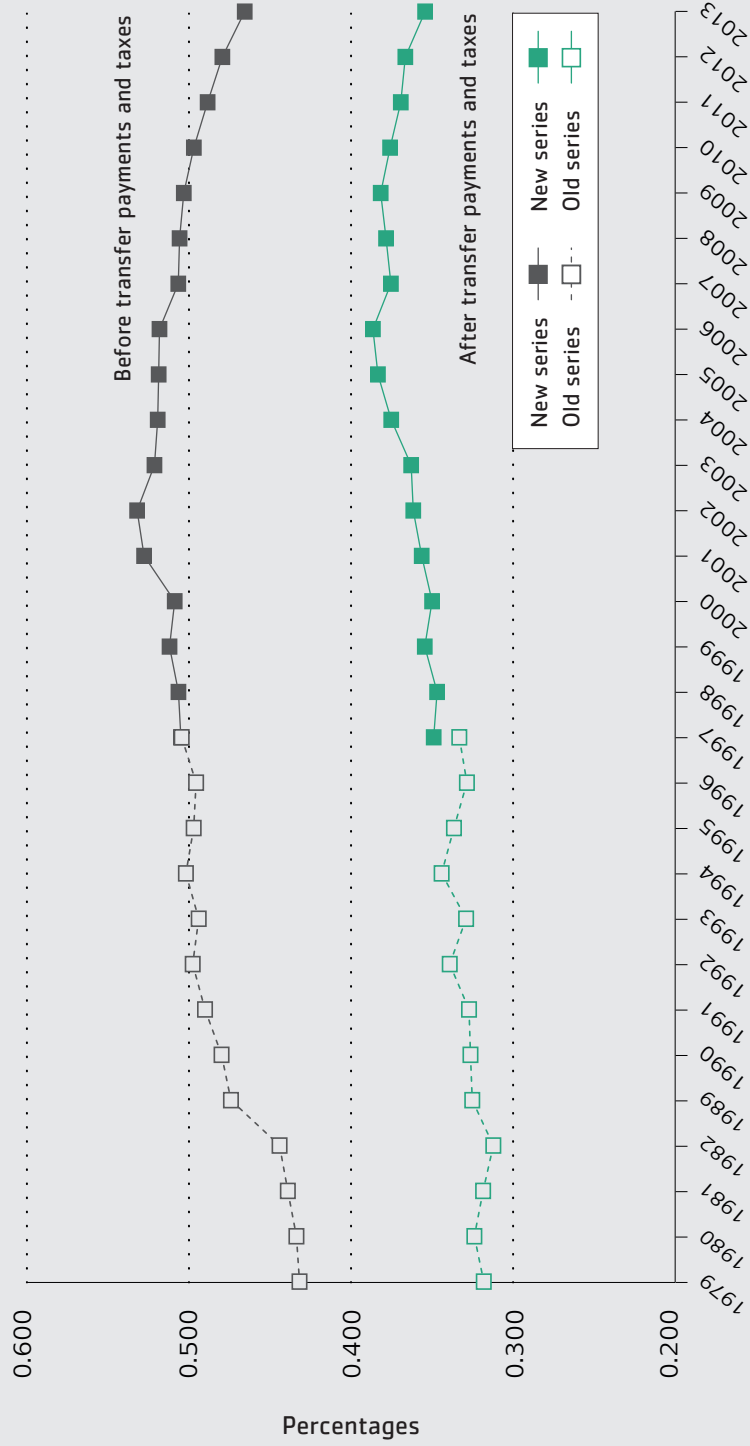


Graph 14
Poverty Gap Ratio Index, 1990-2013 (total population, not including East Jerusalem, percentages)

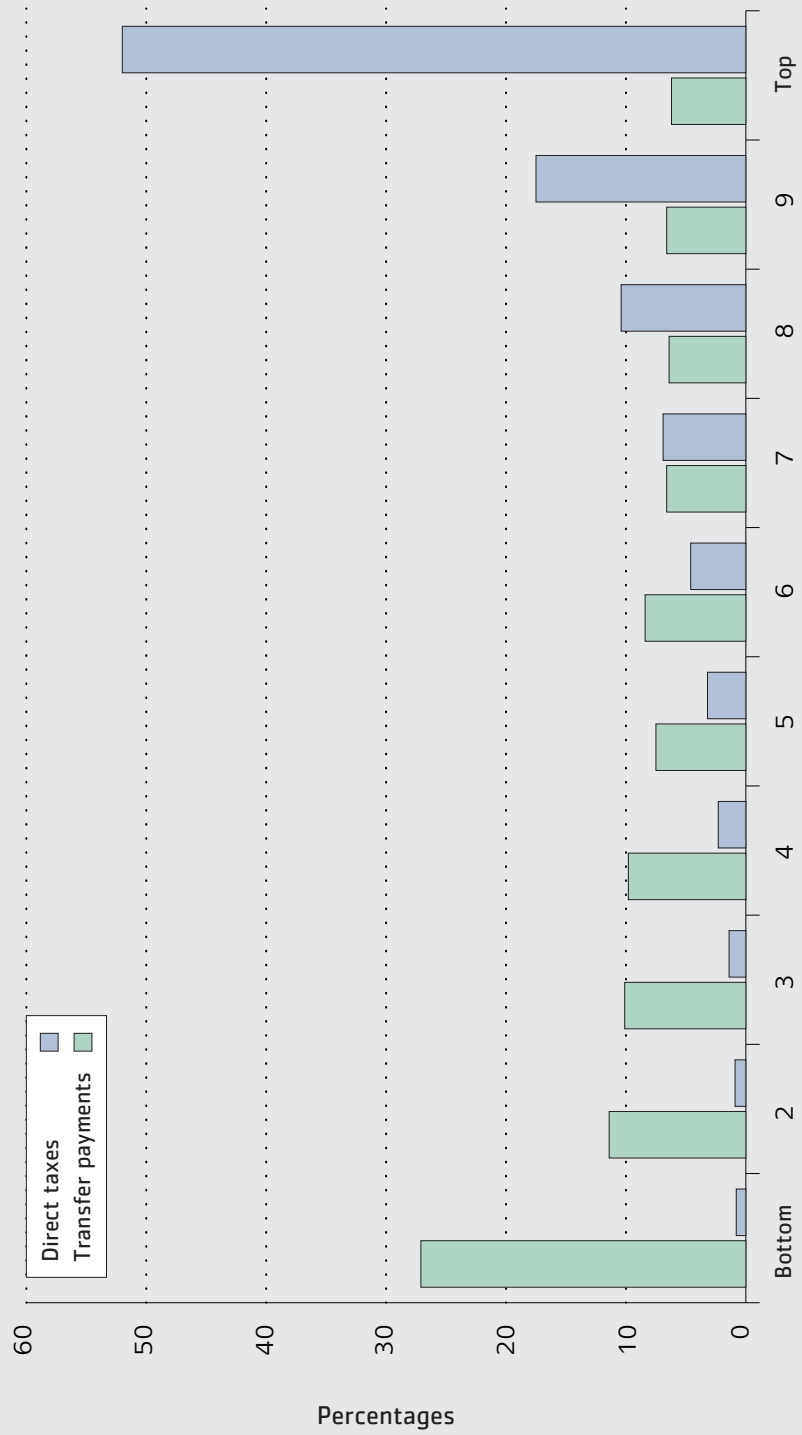


* From 1997, new series

Graph 15
The Gini Index for Inequality in Income Distribution Among Families, Before and After Transfer Payments and Taxes, 1979-2013 (not including East Jerusalem)

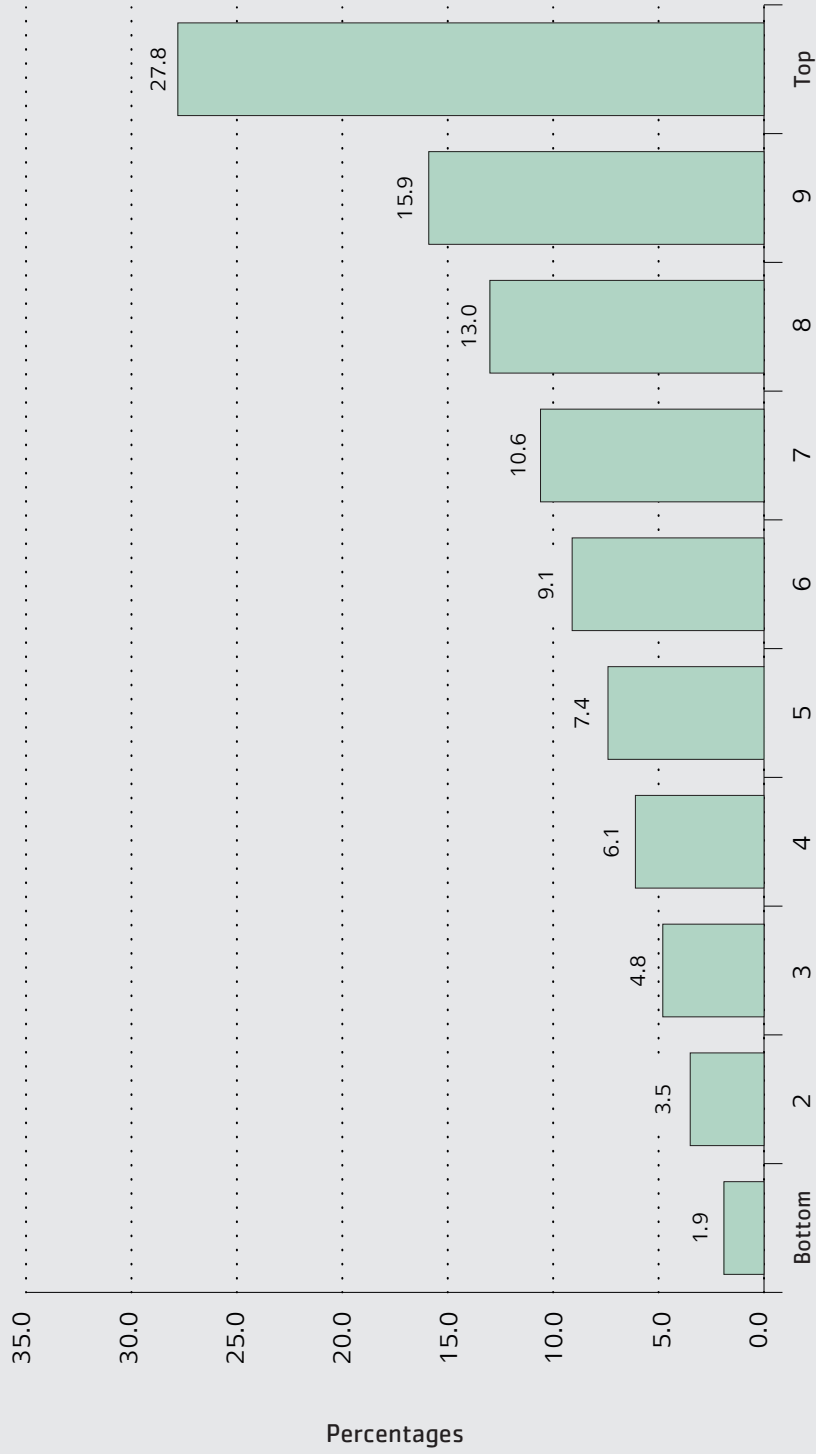


Graph 16
 The Share of Each Decile in Total Transfer Payments and in Total Direct Taxes -
 Total Population (percentages), 2013



* The taxes and transfer payments were calculated per standard individual; Every decile contains 10% of the total population

Graph 17
The Share of Each Decile in Total Net Income (percentages), 2013



* The net income is calculated per capita; every decile includes 10% of all persons.

Chapter 1

Social Policy and Trends in National Insurance Development

1. National Insurance – Historical Overview and Future Challenges: Introduction

At the beginning of April 2014, the National Insurance Institute celebrated 60 years of existence. This is a good time to look back and assess the social security situation, as well as to examine the NII's readiness for the challenges faced by insured persons and policy makers. This chapter analyses the development of social security in two parts – insurees and non-insured, according to the central goals of social security. It is proposed to divide all benefits into four groups – substitutes for income from work, universal, function-linked and subsistence benefits.

Universal benefits have eroded from 58% of all benefits to 48%, while the share of subsistence benefits has remained fairly stable. The rate of function-linked benefits has grown rapidly – from 1.5% to 12% of the total. In spite of their insurance importance, they are mostly selective, which harms the role of the NII as insurer. Instead of basing social security on rights that are accumulated by payment of premiums, benefit payments are gradually becoming dependent on the priorities of the government of the day, which erodes the insurance concept. This process has developed in spite of the fact that funding based on the Benefits Act has always constituted about 70% of the NII budget compared to funding through state contributions (Diagram 6).

The main challenges that the NII faces are to improve its financial stability while minimizing harm to social strength, in other words to the rights of insurees. The solution lies partly in eliminating distortions such as removing payments from the benefits budget to other institutions, above all the hospitalization grant – the recommendation is to transfer this to hospitals and government ministries without affecting the NII's revenues. Financial stability can also be improved in other ways: continuously raising the eligibility age for old age pensions, while keeping to a minimum the impact on those who have already accumulated rights, and to transfer the subsidy inherent in the government's interest payments as open and steady support for the NII's budget. Another important challenge is to link the subsistence benefits system to a suitable standard of living, with proper consideration of the negative effect on employment. The data show the need to increase the income support benefit for families with children, particularly large families.

In conclusion, we suggest a new role for social insurance: to initiate and encourage changes in behavior with the aim of reducing the incidence of insured risk situations, for example – to encourage sports activity to improve health or offer a reduction in insurance premiums for employers who take steps to reduce accidents at work.

2. Benefit Payments in 2014 and a Historical Overview

The NII, which is responsible for social security in Israel, has two functions:

- Social insurance: payment of benefits to insurees according to the National Insurance Act, funded by their **insurance premiums** and other revenues (hereinafter **the**

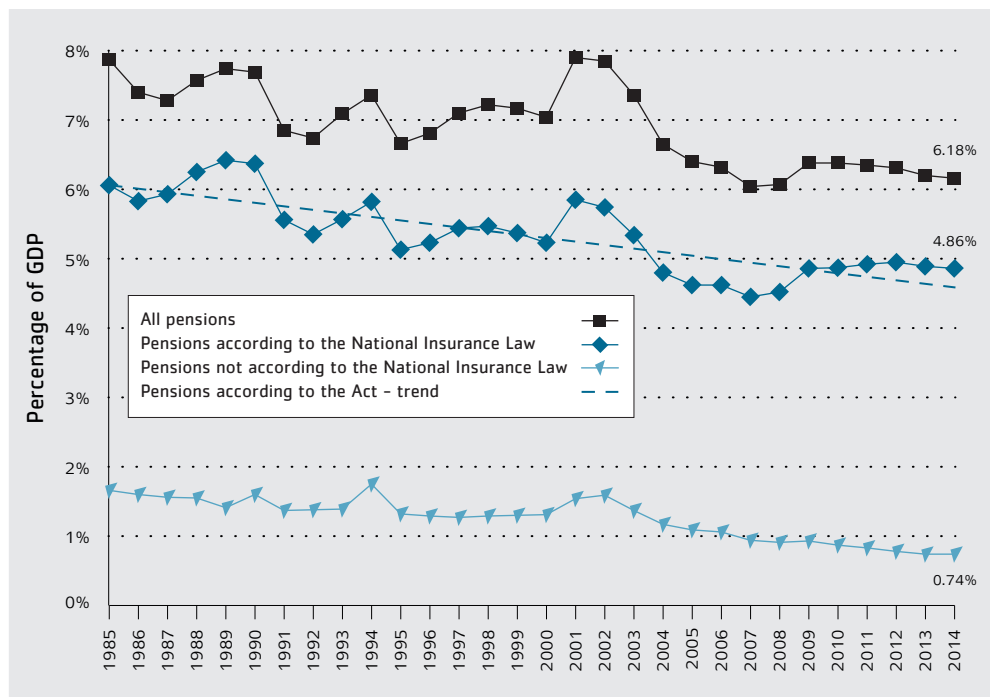
insurance function, insured benefits, benefits by law). Eligibility for these benefits is supposed to be granted by payment of the premiums.

Payments fully funded by the government for all residents, even those who are not insured (pursuant to Section 9 of the National Insurance Act and other agreements, hereinafter the **non-insurance function, non-insured benefits, benefits not by law).**

The aim of the NII as an insurer is to limit possible harm to the livelihood of insured persons in times of temporary or extended distress. This is the NII's main expenditure: in 2014 it funded about 88% of social security payments. The non-insured expenditure – about 12% of all payments – was mainly used for selective benefits, that is, benefits depending on a means test, other payments for those who had not accumulated insured rights (mainly new immigrants), and various types of compensation. These payments represent redistribution to the public of tax revenues, according to social considerations, which is one of the classic functions of government.

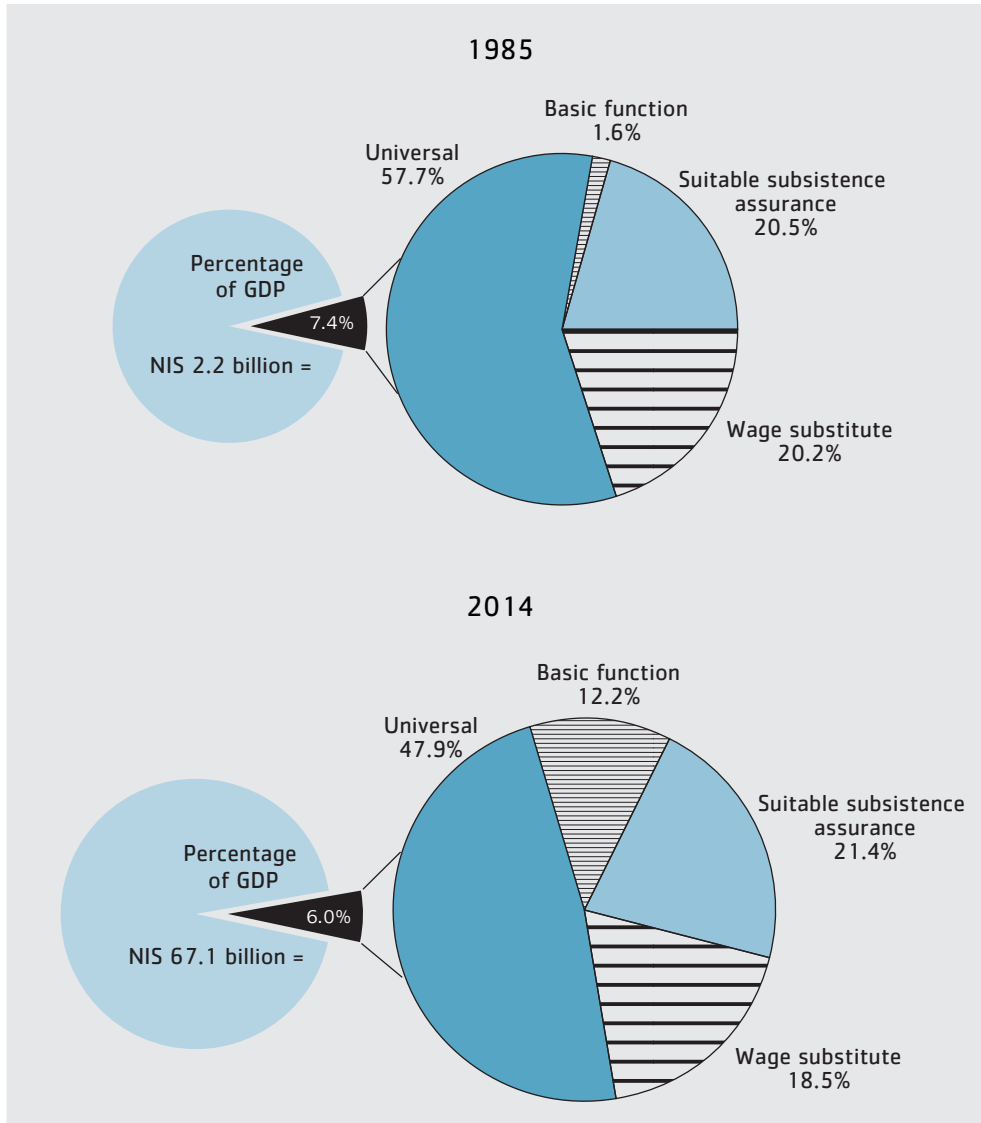
The extent of social security payments when measured as a percentage of GDP, that is, compared to the standard of living index, has been falling for some time (Diagram 1). This means that the total expenditure on social security paid through the NII – both insured and non-insured benefits -has eroded relative to the general standard of living as

Diagram 1
Benefit Payments By Law and Not By Law (Percentage of GDP), 1985-2014



measured by GDP¹. In 2014 social security payments reached 6.2% of GDP. In times of economic recession it is possible to distinguish a sharp but temporary rise in this

Diagram 2
National Insurance Budget by Benefit Clusters (% of GDP), 1985 and 2014



1 Measuring the development of social security services relative to GDP is intended to estimate how far social security has risen with the general standard of living, since if these services are growing more slowly than GDP (which reflects the “income” of the economy), this means they are being eroded. Instead of being a social security system for the whole population, the erosion of these services could return it to being “welfare for the poor”. Stiglitz, Sen and Fitoussi, with an impressive list of experts, wrote a report that critically examines the suitability of GDP as a measure of standard of living: Stiglitz, J., Sen, A.&Fitoussi, J.P. (2009). *The commission on the measurement of economic performance and social progress*, September, 1-291.

proportion, with the reverse reaction in times of rapid growth. It should be noted that during the last recession there was indeed a rise in social security payments, and contrary to previous cases of recession, it was actually the insured payments that stabilized at a higher level.

In the 1950s there were only three main branches in national insurance – old age and survivors, maternity, and victims of work accidents. Over the years other branches have been added – work accidents for the self-employed, children, unemployment, general disability, child disability benefits, and payments intended to finance special expenses required for daily function, mainly in the homes of people with disabilities. Later the branches of long-term nursing care, bankruptcy and accident victims were also added.

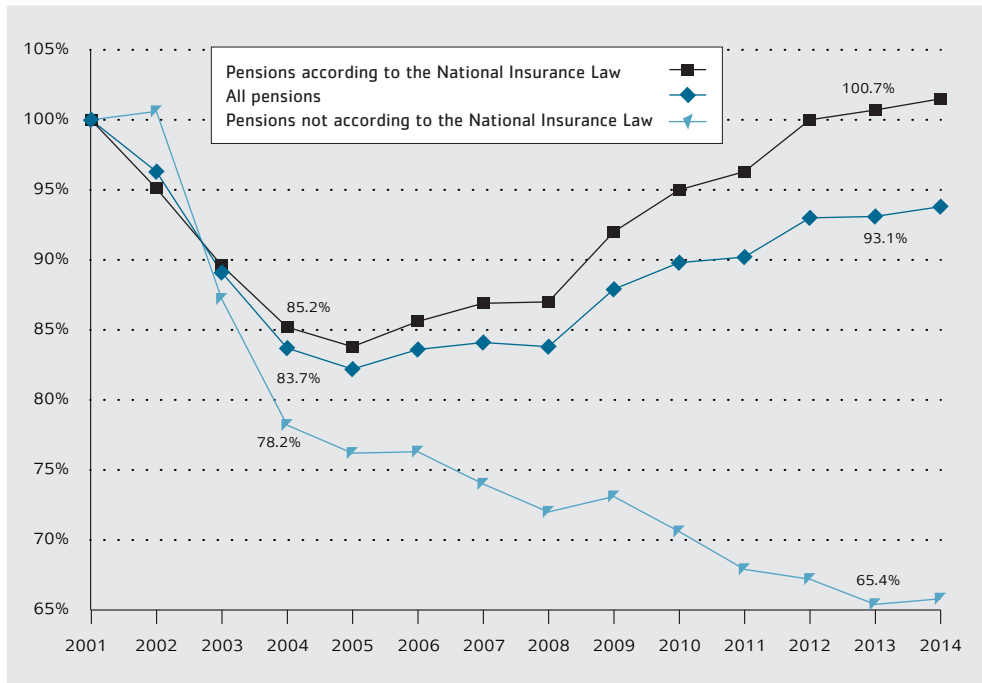
Benefits that were not based on the National Insurance Act, most of which were added since the 1970s, were mainly subsistence benefits – income support or income supplement for those of working age (including maintenance) and in old-age, including for new immigrants who had not managed to accumulate eligibility for insurance. In the 1990s benefits were added for special population groups, such as Russian Prisoners of Zion who immigrated to Israel, victims of hostile actions, AIDS sufferers and sufferers of scalp ringworm. In recent years compensation has also been paid to victims of polio because of failed treatments they received from the State.

Two other benefits that are not enshrined in the National Insurance Act but which are essentially insured benefits, are payments to army reservists (which were formerly part of the insured benefits) and the mobility benefit, which is intended to improve the mobility of physically disabled persons outside their homes. In insurance terms it would have been more correct to include these benefits in the insured framework – payment to reservists as a replacement for income, and mobility benefits as a function-based allowance (see Section 3 below). In 1985 the non-insured benefits accounted for some 26% of all social security payments, and at the end of the period under review (2014) this had dropped to 12%.

In the years 2002-2004 two governments made extensive cuts to social security, at the height of a recession that hit the economy following soon after two macro-social and economic events – the Second Intifada and the bursting of the high-tech bubble in 2000 and 2001. The anti-cyclical nature of the social security system is generally intended to protect the public at times of economic slowdown or recession by means of unemployment and subsistence benefits, but in fact that was when the governments decided to cut benefits, thus making life very difficult for the public. These decisions left their mark on the sharp rise in the proportion of poor families and the severity of poverty as shown by the **2013 Report on Dimensions of Poverty and Social Gaps**.² While benefits paid under the National Insurance Act (“insured”) recovered and returned to

2 http://www.btl.gov.il/Publications/oni_report/Documents/oni2013.pdf

Diagram 3
Changes in Benefits (2001=100%, 2014 Prices), 2001–2014



their real level before the cuts, subsistence benefits were never amended and have since eroded in fixed price terms. All benefits have been eroded as a proportion of GDP.

The main damage from these cuts was absorbed by the child allowances, but since they are also a political-social issue, they were rehabilitated in 2009 following coalition agreements. Another attempt to reduce them was made in 2013, but apparently this cut will also not last for long, since – again due to a coalition agreement – some change at least is expected in the 2015–2016 budget. Thus the insured benefits appear to have become a pendulum driven to and fro by politics. This situation is damaging for recipients who rely on more stable social security: it is based on the insurance premiums they have paid and the eligibility they have accumulated thereby.

By 2005, the sharp cuts in benefits in 2002–2004 reduced the benefits not paid by law (non-insured) by about 24% in real terms (Diagram 3). Since then, they have fallen by another 10%, due to failure to update income support and stricter conditions on the means test (reduction of the disregard and so on). Insured benefits were cut temporarily and ultimately rose in fixed prices and returned to slightly more than their original level. Seeing them in terms of fixed prices is absolute in nature and ignores the continuing rise in the standard of living as expressed by GDP, and therefore the erosion is greater than reflected in real prices (as shown in Diagram 1). Benefits linked to support for families where the head of the household is of working age – unemployment, child allowance

Diagram 4
Cuts in Benefits (Unemployment, Income support & Child)
 (2001=100%, 2014 Prices), 2001-2004

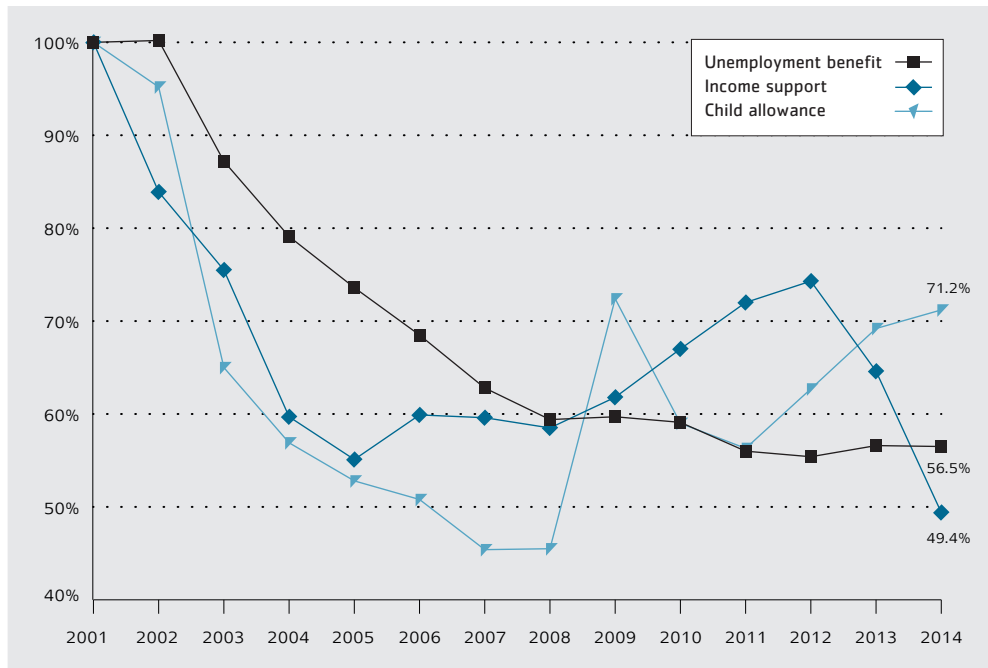
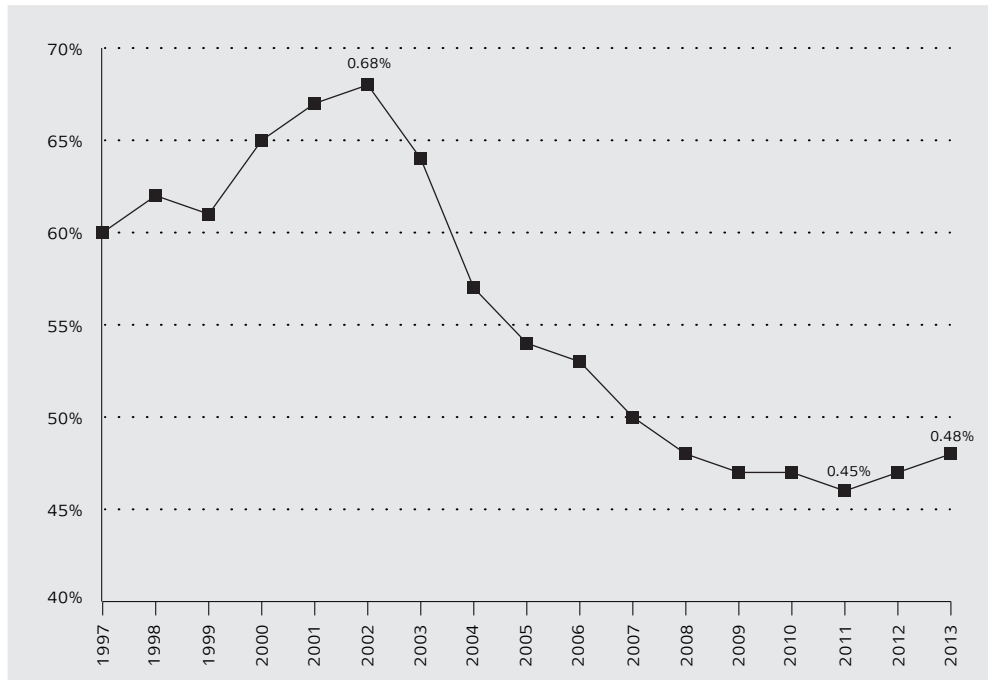


Diagram 5
Recipients of Subsistence Allowances Compared to Poor Families, 1997-2013



and income support – were more sharply affected by the policy of cuts (Diagram 4). The cut in income support was severe and became more so until 2011, when it stabilized at a low level – a cut of about 44%. In child allowances, the cumulative cuts up to 2014 were about 51% with a temporary reduction of cuts in 2004-2012. Unemployment benefits also went through reversals – with temporary improvement in 2009, as a response to the world economic crisis, and recently there have been other improvements for unemployed daily workers.

Tightening up selective benefits is clearly shown in Diagram 5: the rate of poor families receiving income support (working age) or income supplement (in old age, including survivors) grew until 2002, but the cuts in the early 2000s sharply affected the coverage provided by these benefits. In 2012 and 2013 there was a relatively moderate improvement, and today fewer families living in poverty receive these benefits.

3. National Insurance Revenues in 2014 and a Historical Overview

National insurance is funded by contributions paid by the insured population and from the State. In 2014 the rate of funding through insurance contributions (including indemnity for employers) was about 61% of revenues under the National Insurance Act (Table 1). A further 10% is funded through interest paid by the government to the NII for investment in the Surplus Fund (reserve) which has accumulated from past surplus contributions. Since the source of the surpluses is mainly contributions, interest revenues should also be treated as funding from insurees, but in fact the payer is the borrower, that is, the government. According to this calculation, about 70% of the insurance budget is funded directly and indirectly by insurees from all periods, and the remaining 30% is funded by the government through participation in Section 32 – the section expressing solidarity with the insurance system paid from the State budget. The rate of funding the national insurance budget as presented in Table 1 includes insurance payments (including employer indemnity) and interest receipts, without the subsidy embodied in interest on the IBAL bonds³ (Diagram 6), and third party compensation (mainly settling up with insurance companies).

The subsidy embodied in the interest of the IBAL bonds (Table 1) is here included in the State participation similar to Section 32, since essentially there is no difference between the participation in Section 32 and the participation through subsidizing interest. A few years ago the government decided to cancel this subsidy, but it did not

3 Receipts of interest on government debts to insurees are usually shown as one component, but here the two parts are shown separately for the first time: interest receipts without the subsidy embodied in IBAL bonds (as estimated by the Research & Planning Administration), and the subsidy. The source of the non-subsidized interest receipts are the surplus revenues over time, while the subsidy is the State's participation in the national insurance budget. It should be noted that this approach matches the demand of the State Comptroller in his last report, that the State subsidy must be transparent.

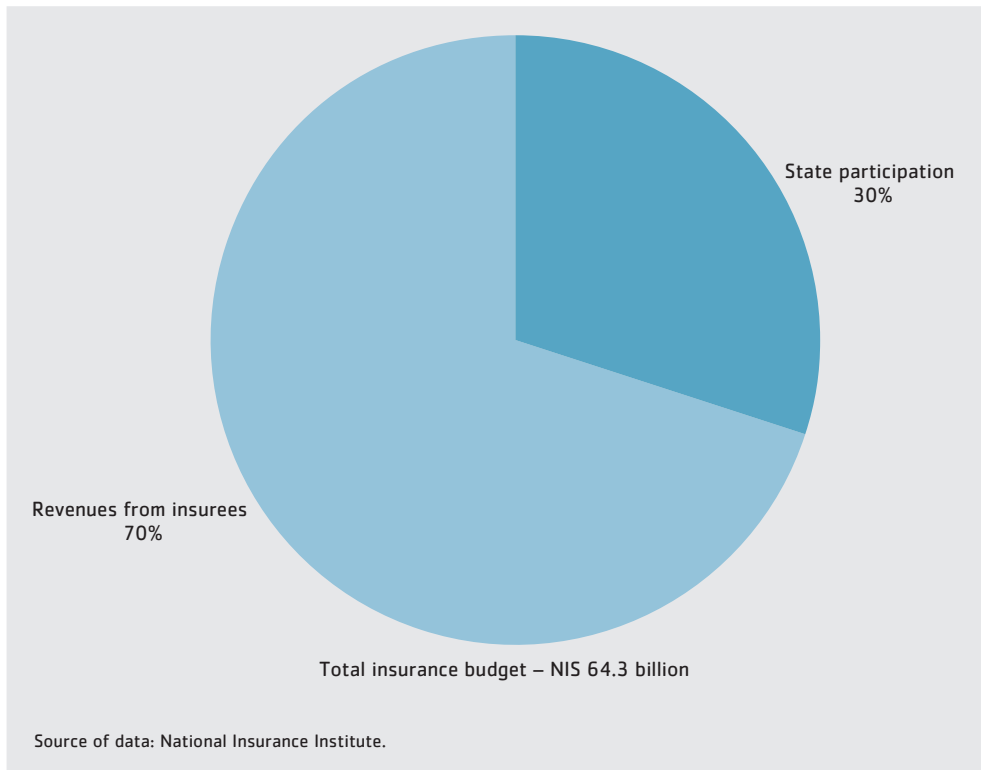
Table 1
Composition of Social Security Funding (Current Data and Percentages)

Year	The Insurance-Based Budget											Non-insurance budget (section 9, laws and other agreements), % of total budget	
	Revenues from Contributions					Government Participation					Numbers	Percent	
	Receipts of the Insurance Budget	Total	Employer indemnity	Investment from Fund (excl. interest subsidy)	Compensation from 3rd parties	Total	Government allocation under NII Act (Section 32)	Subsidy on IVAL bond interest	Numbers	Percent			
1998	34,384	28,035	19,824	71	17,052	2,698	74	8,211	29	7,392	818	6,349	42
1999	37,677	30,610	21,791	71	18,685	3,028	78	8,819	29	8,117	702	7,067	42
2000	40,996	33,061	24,088	73	20,751	3,267	70	8,974	27	8,334	640	7,935	41
2001	45,886	36,347	25,618	70	22,236	3,289	94	10,728	30	9,940	788	9,539	44
2002	48,407	38,055	26,835	71	23,113	3,549	172	11,220	29	10,504	716	10,352	45
2003	47,671	38,476	27,087	70	22,809	3,862	417	11,389	30	10,796	592	9,195	43
2004	47,322	38,967	27,226	70	23,021	3,866	340	11,741	30	10,989	751	8,355	42
2005	49,496	41,101	28,392	69	24,301	3,859	231	12,709	31	11,700	1,009	8,395	43
2006	52,085	43,340	29,847	69	25,240	4,369	239	13,493	31	12,569	924	8,745	43
2007	54,693	46,025	30,898	67	26,290	4,310	299	15,127	33	13,855	1,271	8,668	44
2008	58,246	49,258	32,859	67	27,827	4,675	357	16,398	33	14,905	1,493	8,988	44
2009	60,512	50,853	33,672	66	28,128	5,103	441	17,182	34	15,619	1,563	9,659	44
2010	62,879	53,123	37,186	70	31,335	5,359	493	15,937	30	14,291	1,646	9,756	41
2011	68,648	58,766	39,547	67	33,735	5,382	429	19,220	33	17,298	1,922	9,882	42
2012	71,070	60,944	40,814	67	34,569	5,770	476	20,130	33	18,206	1,923	10,127	43
2013	73,672	63,479	42,997	68	36,969	5,382	646	20,481	32	18,115	2,366	10,194	42
2014	74,835	64,322	44,755	70	38,930	5,261	565	19,567	30	17,015	2,551	10,513	40

implement the decision. In his last report, the State Comptroller called for the subsidy to be recorded openly.⁴

Total social security funding (that is, including benefits fully funded by the State) takes the rate of Government participation from 30% to 40%. The extent of interest subsidy changes over time as it depends on market interest rates: the lower the rate, the higher the subsidy (Diagram 7). In 2014 the low interest rate in the market caused the subsidy to reach 4% of all funding needs. The average subsidy in 1998-2014 was 2.7%.

Diagram 6
Insurance Budget (for Benefits by Law) by Source of Funding, 2014



4. National Insurance – A Social Insurer or Government Agent?

Benefit payments provide a social safety net for the public. There is a difference in principle between payments funded by insurance contributions (the insured part) and those funded by taxation (the non-insured part). The insured part **grants** eligibility to the insured by virtue of premiums that they pay and is not supposed to be dependent on the state of the national budget or government priorities. By contrast, the non-insured

4 The NII accepts this demand of the State Comptroller and therefore Table 1 shows the interest subsidy in a transparent manner.

part is dependent on government priorities and its ability to finance it, and these factors can change with the micro-economic situation and budget pressures, or with the social perceptions of the government in power. So if the social security system is sufficiently independent and financially stable, eligibility for insured benefits should remain steady.

One of the factors hindering the independence of social security is the fact that the insurer (NII) performs two roles simultaneously – insurer and government agent, which blurs the system’s independence in the eyes of insurees. This contradiction becomes more serious if the role of agent (payer of non-insured benefits and collector of health insurance contributions) grows relative to the role of insurer and sometimes clashes with insurance rights⁵ – payment of insured benefits and collection of **national** insurance premiums. The vaguer the situation becomes, the more the NII is perceived by insurees less as a trustee and more as a government agent, as indicated by the way the public refers to it as “income tax B” and health insurance premiums as “health tax”.

Another central cause of erosion in the role of the NII as insurer lies in the uncertainty regarding the Surplus Fund, since the government (the borrower) has not kept the reserves in a separate account to facilitate using them as required. Contrary to other government debts, the debt to insurees is not even recorded as such, unlike the government debt to public holders of government bonds – a total of NIS 180 billion (about 18% of product), even though it is a public debt to all intents and purposes. If this debt were properly recorded, the rate of total public debt in GDP would not be 67.6% as published in the Bank of Israel Report⁶, but about 85.6% of GDP!

There is further confusion over the NII’s independence arising from the recording of hospitalization costs (**hospitalization grant** of about NIS 2.7 billion in 2014) as a national insurance benefit, since the NII pays it, but in fact this expense should be recorded in the health budget, particularly since the National Health Insurance Act was enacted. Even if before this Act there was some logic in recording hospitalization costs as a benefit to new mothers and infants, this should have changed in 1995 following passage of the Act. Recording this amount in national insurance creates an artificial situation in which the financial stability of the NII appears weaker than in reality. Proper recording would hugely reduce this problem⁷.

The Surplus Fund is a safety net, essential at a time of adverse effects on financial stability and when a plan to correct the problem is taking shape, or during the time required to obtain government and Knesset approval of the plan. For example, in 2013

5 Thus for example, amounts owed by insurees in health tax payments to the health system are offset in National Insurance benefits, that is, the insuree’s National Insurance rights are affected by his debts to the health system.

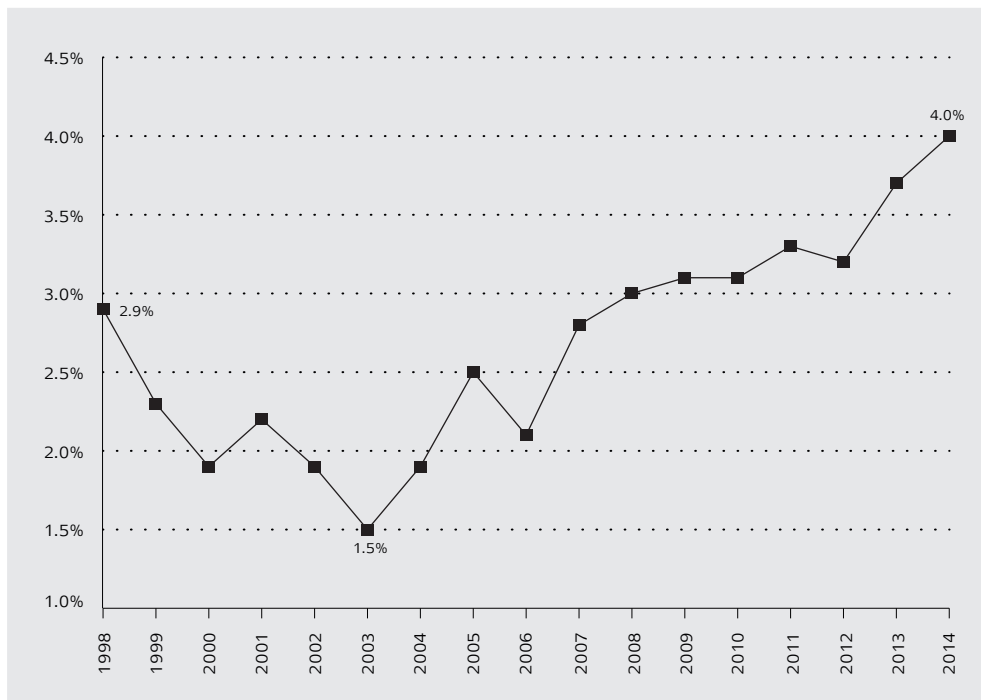
6 See Chapter 6, **Bank of Israel Report 2014**, p. 139.

7 For an estimate of the scope of the effect, see **National Insurance Report 2013** (Chapter A, p. 26, diagram 3): removing the hospitalization grant from national insurance benefits without affecting current insurance contributions, would improve its financial stability as expressed by postponing the elimination of the Fund balance in about 8 years.

the NII gave great prominence to the actuarial report stressing the actuarial problem, and now in 2015, it is preparing proposals for the government to solve this problem. Therefore the reserve is needed to bridge the time between recognition of the problem and government decision regarding the plan, legislative changes and actual implementation of the plan.

Today there is a **chronic** deficit in the government's current budget, although each year the NII deposits its surpluses in the State budget, roughly NIS 2-5 billion a year. In this situation, the independence of the social security system is undermined, since the accumulation of these deposits, that is, the addition to NII reserves, is swallowed up by the government's current deficit, meaning that the reserve is theoretical only. The test of the government's commitment to this debt will come when the NII current surplus, heaven forbid! becomes a current deficit due to population aging, assuming that no remedial steps are taken by then. If the debt were to be recorded according to proper accounting principles, the government's deficit would be NIS 6-7 billion larger each year and the **surplus** in the NII budget would grow by about half that. (See also the latest actuarial report⁸.) If the government wishes to deal with this situation, it must take a

Diagram 7
Interest Subsidy as a Proportion of the NII Budget according
to the National Insurance Act, 1998-2014



8 <https://www.btl.gov.il/Publications/aktuarial/Documents/2010Triennial%20Report.pdf>

number of steps (see Section 6 below), including raising taxes or cutting other budgets in order to honor its debt repayments to the NII, according to the schedule for clearing debt to insurees (currently about NIS 15 billion per annum: about NIS 10 billion repayment of principal and NIS 5 billion interest payments, excluding the subsidized component⁹). This step would break the immediate existing link between changes in the NII surplus and the government deficit. In this way, the independence of the social security system would be considerably increased.

The insurance component developed consistently from the establishment of the NII on April 1st 1954 to 1980. In 1981-1982 the State changed its welfare policy in the income support and income supplement systems – the two branches for which means tests are required (in other words, the benefits are paid selectively)¹⁰. That is the reason why these two branches were financed from the start from the State budget (Section 9 of the National Insurance Act, and other agreements and laws). Later, various payments that the NII pays on behalf of the State were added, that have no connection with social security. Today, the benefits paid under the National Insurance Act are over six times larger than those not paid under this Act.

5. Types of Benefits According to Social Security Goals

A. National insurance activity in terms of justice

In order to properly shape the work of social security, it is important to examine it in the light of its fundamental goals, which are formulated in terms of justice (Diagram 8).

The concepts of justice that are relevant in the context of social security are:

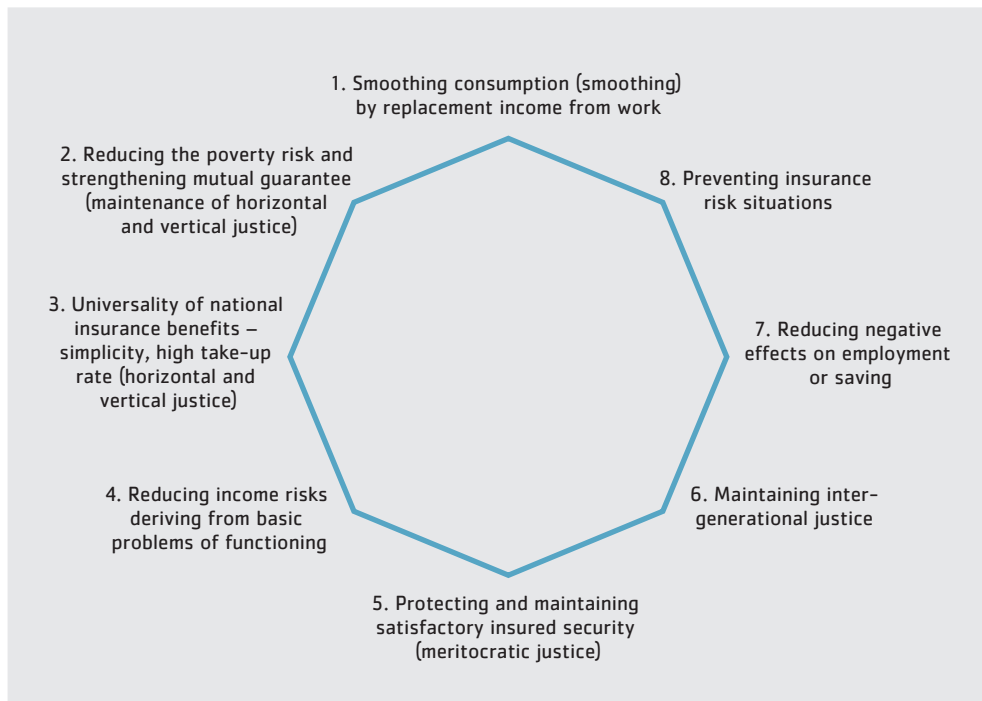
- **Distributive justice** – focuses on the redistribution of income (usually by means of benefits and progressive taxation) to limit inequality (objectives 2 and 3). Two components of this can be distinguished:
- **Horizontal justice** – to ensure that similar people (or similar in their welfare situation) are treated similarly. For that purpose, for example, weighted scales were developed in order to create a common denominator in terms of welfare between families of different sizes and other characteristics.
- **Vertical justice** – which aspires to allow people on low incomes to be eligible for relatively higher benefits than people in better economic circumstances, or for the taxes imposed on high income earners to be higher than those on low earners, etc. This effect is achieved, for example, by a universal and uniform allowance, or through a progressive income tax system.

9 An original and different way would be to imitate Norway and secure the government debt to the insured population using revenues from natural resources – particularly from the gas reserves recently discovered off Israel's coast.

10 Of course there are some exceptions, such as Milton Friedman's proposal regarding basic income, which is intended to be universal, but contains requirements to reduce the social security system that disqualify it.

- **Multi-generational justice** – seeks to safeguard the rights of those still unborn or who do not participate in the decision making process (children) regarding the current generation (objective 6). Such actions may be biased in favor of the current generation, inter alia because of the democratic system from which children and future generations are naturally excluded. For example, the issue of financial and social strength refers to this concept of justice.
- **Meritocratic justice**¹¹-intended to balance distributive justice (objective 5). While distributive justice regards human needs as equal and imposes higher taxes on those with greater economic means, meritocratic justice stresses the individual’s right to the added value of what he created with his own hands. On this principle, the size of benefits that substitute for wages was determined as a proportion of the last wage, as a way of providing insurance compensation when wages are affected (for example, for maternity allowances or after injury at work). According to meritocratic considerations, that insurance contributions to fund wage-substitution benefits should not increase progressively but rather linearly, is justified. Since these benefits are the backbone of the social security system, meritocratic justice is a foundation of the system no less than the demand for social solidarity, as reflected in universal benefits.

Diagram 8
The Social Security System – Objectives



11 Derives from ‘merit’, in other words: ‘I deserve it’.

The objectives of social security differ from each other in terms of the justice concepts relevant to determining the size of benefits and how they are funded. Therefore it is important to understand the link between the main branches of insurance and the basic goals of social security. Distributing allowances to clusters based on branches with similar characteristics helps with a rational determination of their criteria and funding¹². Four main types of benefits may be listed: wage replacement, universal benefits, allowances (or reimbursement of expenses) to ensure basic function, and subsistence allowances to provide a minimum dignified standard of living.

There are other objectives, to increase financial stability, to restrain negative incentives for employment and savings, and to reduce risks through preventive action (Diagram 8).

B. Benefits that replace income from work

These benefits are paid to workers who experience a break in their work that reduces their income. The benefits help the workers and their families maintain their normal standard of living in terms of consumption of products and services (in the language of economists: they enable “smoothing of consumption over time”¹³). These benefits are paid following events such as giving birth, unemployment, accidents at work, or disability from work¹⁴. Of all social security benefits, these have the closest link to the concept of meritocratic justice: they give insurees a sense of ‘insurance’ – the sum is determined by an individual’s economic achievements to date, and his/her rights are vested in previous premium payments.

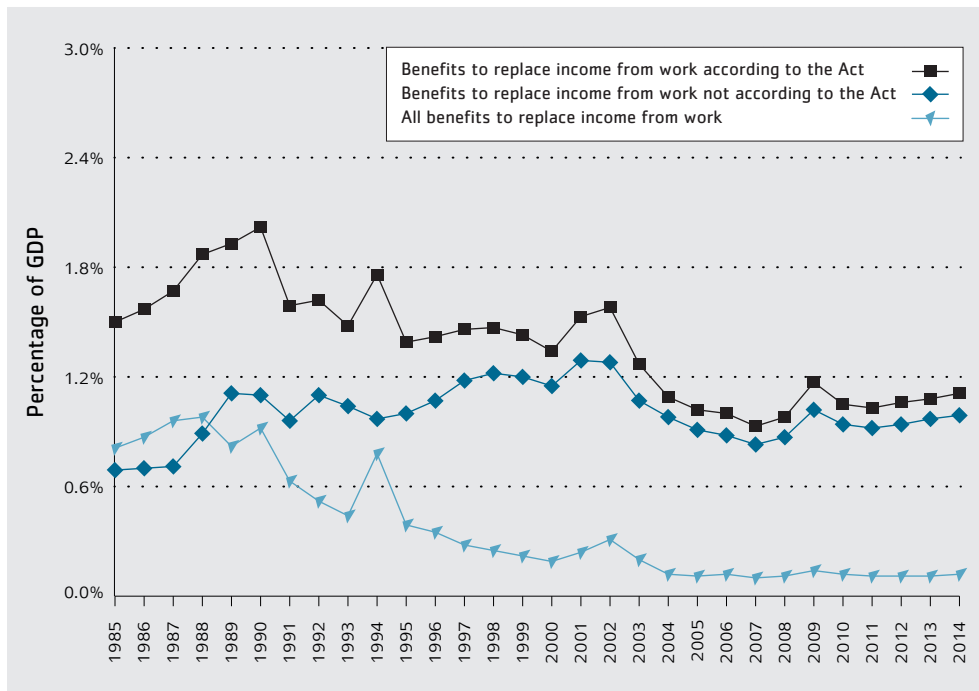
Introducing means tests as a condition of eligibility for benefits that replace wages is like inserting a foreign body that harms the sense of insurance. Maintaining the meritocratic principle in these benefits is what also justifies taking increased premiums from people with higher income without the payment being seen as progressive taxation, since these benefits increase with income. An example of a breach of this principle is the unemployment benefit: the ceiling for payment is the average wage, while the maximum used to calculate the insurance premium is five times the average wage, and in the past even ten times. This gap blurs and even damages the sense of insurance (objective 5). The difference in the number of days for which unemployment is paid depending on age and family status also harms the sense of insurance, and is a kind of irrelevant discrimination,

.....

- 12 The Financial Stability Committee defined the clusters in terms of balance between benefits and revenues, and did not refer to the basic objectives of benefits or the differences in their risks, as is usual and as the clusters are presented in this chapter.
- 13 This is the argument underlying Milton Friedman’s theory of permanent income: Friedman, M. (1957). **A theory of the consumption function**, and of **the life cycle theory** of Albert Ando and Franco Modigliani (1963): **The “Life Cycle” hypothesis of saving: Aggregate implications and tests**.
- 14 Some also consider the old age pension as a substitute for income, but we decided not to include it in this cluster because of its universal level and the absence of any link to the individual’s last wage. In addition, it is also paid to those who have never worked and thus it stresses the component of distributive justice and universality.

since the conditions for the benefit should be set according to uniform rules, for example, compliance with a qualifying period. Reducing the number of days of eligibility for young people to only 50, for example, compared to an unemployed person aged 45 and over who is eligible for 175 days, and limiting the size of the benefit to the average wage, are examples of real damage to the insurance principle, and therefore also to how social security functions as social insurance.

Diagram 9
Expenditure on Benefits that Substitute
for Income from Work (Percentage of GDP), 1985–2014

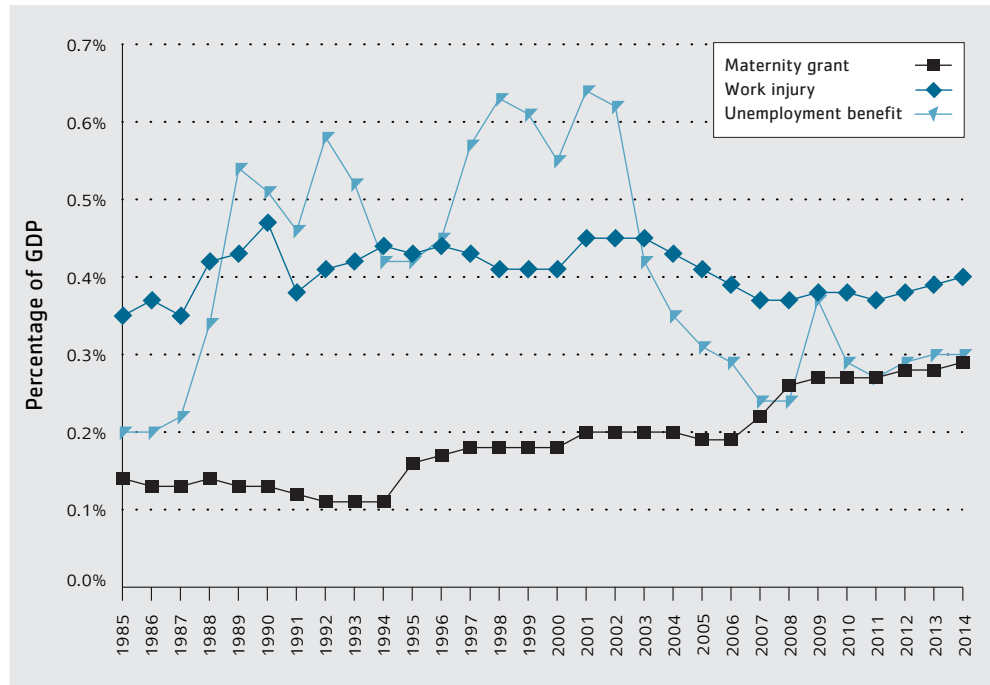


More than the question of tension between the solidarity goals (objectives 2 and 3) and retaining the insurance aspect of the benefit (objectives 1 and 5), it appears that the damage to the nature of the wage substitute, such as unemployment pay, is largely a type of budgetary selectiveness. The reason is that we are not dealing with an improvement in the situation of low earners (who receive in general, 70% of their last wage), but a worsening of the insurance return for those who earn above the average wage, whose earnings are not high, and it could even affect poor working families, and certainly lower middle class families. Therefore the damage to the insurance aspect does not only affect high earners but also workers with lower wages. However, wage-substitute benefits have more or less remained at a fixed proportion of GDP (Diagram 9).

The historical development of each of the wage-substitute benefits is different (Diagram 10): in the last three decades, not only have maternity grants kept their level

relative to standard of living but have even risen, and their weight in GDP has more than doubled; the work accident allowance has maintained a high, stable ratio; and it is only unemployment insurance – which for almost two decades fulfilled an important social and economic function as an anti-cyclical benefit – that rapidly declined in the period 2002-2004, following cuts in the social security system. Its temporary revival in 2009, through a special agreement intended to halt the impact of the global financial crisis on employment in Israel, slightly postponed the decline of unemployment benefits to a low level. The latest amendment concerning unemployed day workers slightly improved the role of the benefit as a shield against unemployment, but the primary damage caused in the early 2000s is still clearly visible.

Diagram 10
Expenditure on Benefits that Substitute for Income
from Work Funded by the Insured (Percentage of GDP), 1985-2014



C. Universal benefits (objective 3)

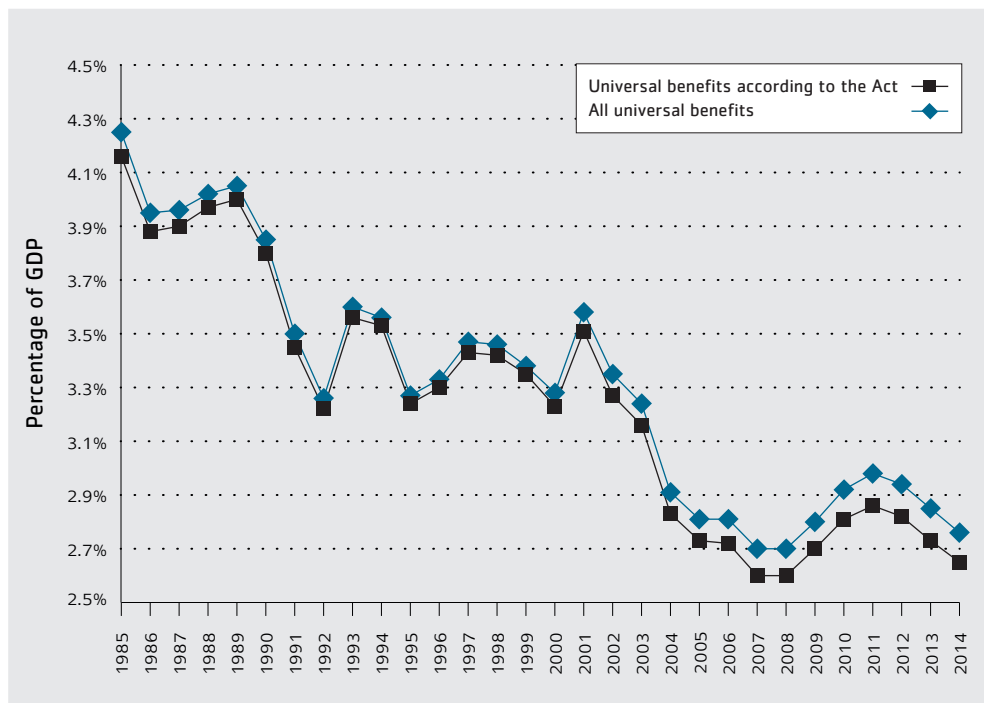
Universal benefits are characterized by **no means testing** (objective 3). The main ones are the child allowance and old age and survivors' pensions¹⁵, and they are paid according to the ages of insurees or their children. Universal benefits reflect the solidarity of the

15 These include, for example, the widow/er's pension which is subject to a means test, and the old age pension at the conditional age, for which recipients are means-tested at relatively low wage levels. These are not shown here, but included under the selective benefits discussed later.

social security system, since they achieve progressiveness (vertical justice – objective 2 in Diagram 7) without using a means test – that is – without affecting system efficiency. Since they are uniform, these benefits promote vertical justice while retaining simplicity, which means they have **the highest rate of take-up** (full utilization)¹⁶.

One of the most serious blows to social security benefits has been aimed at child allowances – which were gradually cut from 1.5% of GDP in 1985 to about a third of that in 2013 (Diagram 12). The old age pension was also considerably reduced at the end of the 1980s and early 1990s – by about 0.7% of GDP, mainly due to the rapid growth in per capita GDP. Universal benefits declined sharply relative to standard of living, as may be perceived by presenting the benefits as a percentage of GDP.

Diagram 11
Expenditure on Universal Benefits (Percentage of GDP), 1985-2013



The drop in the ratio of old age pensions to GDP from 1991 to the mid-1990s is explained by the rapid growth in per capita product at that time, when the Israeli economy successfully absorbed a huge, mostly educated wave of immigration, so that the GDP grew fast relative to the payment of pensions to elderly insurees (Diagram 12).

16 The mobility allowance, paid with no means testing, is included here as a functional benefit of an insurance type, but the influence of pressure groups seem to have led to it being funded from the State budget and not from insurance contributions as it should be, in other words by the NII.

Diagram 12
Expenditure on Universal Benefits According to Law (Percentage of GDP), 1985-2014

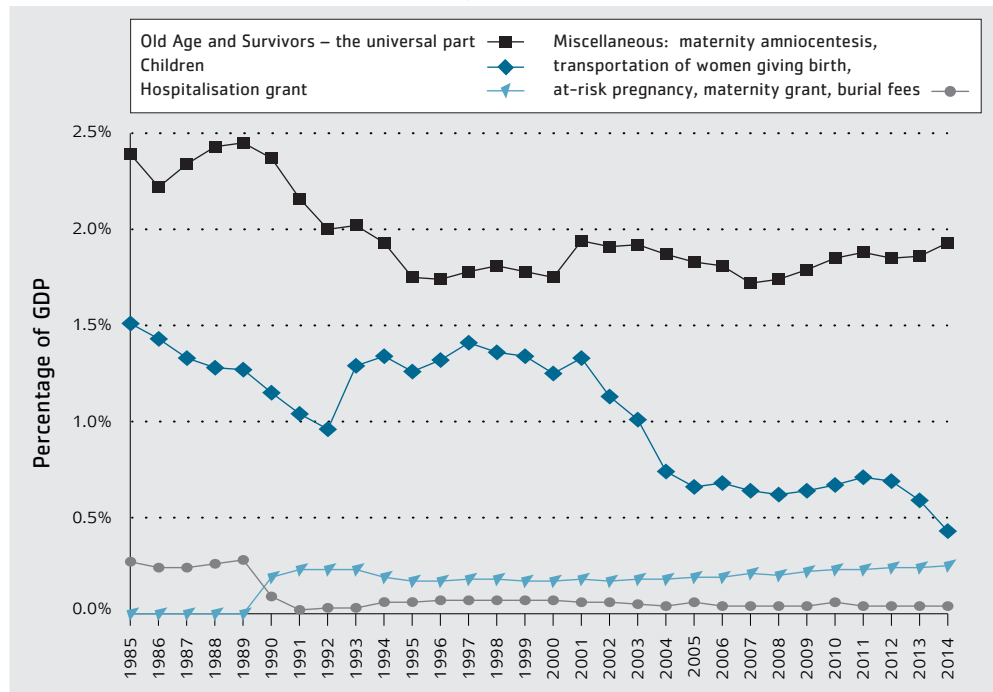
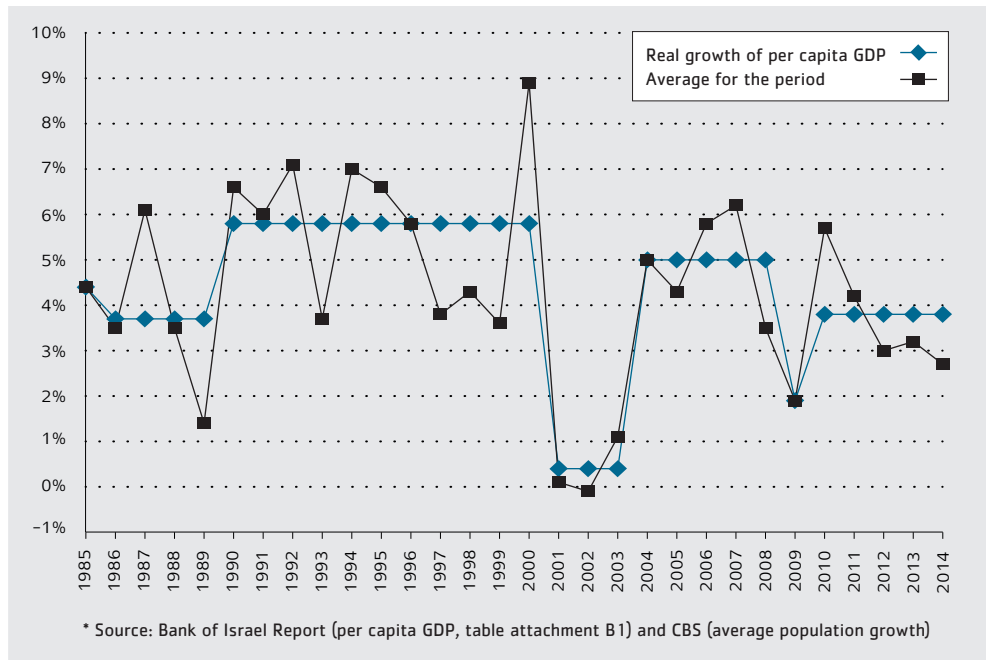


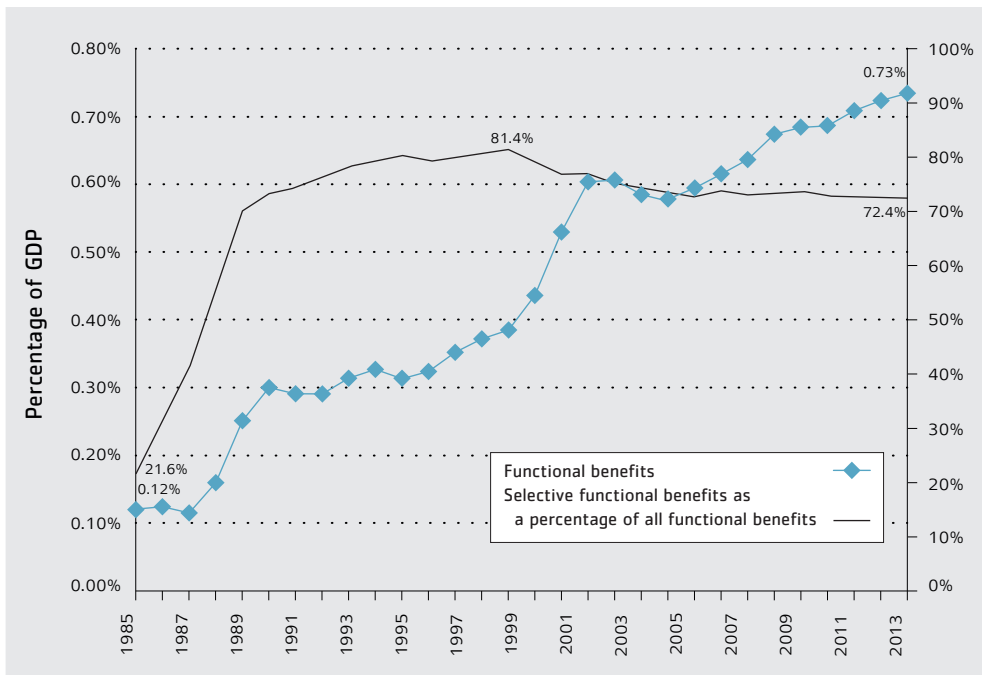
Diagram 13
Real Growth of Per Capita GDP (Percentage), 1985-2014



D. Benefits to provide basic functions (objective 4)

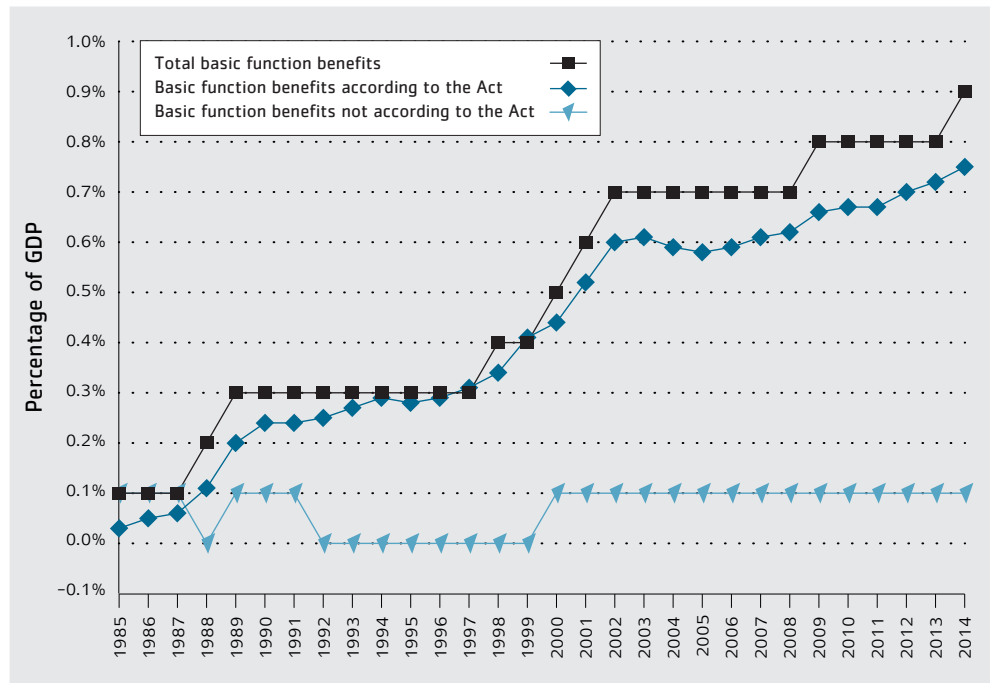
These benefits are paid to people with physical or mental disabilities, and so are based on the results of functional tests such as the ADL (activities of daily living) or IADL (instrumental activities of daily living). The benefits include payments for long-term care, special services, mobility and the child disability allowance¹⁷. They express the high costs required to maintain basic function which insurees are unable to pay from their own income. The main benefit – long-term care – although funded by insurance contributions, **includes a means test**, and therefore becomes selective (Diagrams 14 and 15). The motive for the selective aspect is not a subsistence minimum, but the need ‘to save costs’ – a motive that is inimical to the insurance concept. So we will refer to this as **budgetary selectiveness**, as distinct from existential selectiveness (such as income support). If the means test affects rights at income levels typical of the middle class, the insurance aspects severely damaged, and in this case reducing the allowance by half affects a large number of people. Not only that: the impact on the rich with their high income is inefficient, as in any case they are few in number so the ‘saving’ is insignificant

Diagram 14
Expenditure on Basic Function Payments – Proportion of Selective Payments and Percentage of GDP, 1985-2014



17 General disability and work disability benefits are not included in this cluster but in the selective benefits presented later (general disability) and wage-substitute benefits (disability from work and injury benefit). As stated, the mobility allowance is not paid by virtue of the National Insurance Act but is fully funded by the government.

Diagram 15
Expenditure on Basic Function Benefits (percentage of GDP), 1985-2014



in terms of the NII budget, and its effect on the State budget is extremely marginal (through the deposit of NII surpluses). So this damage is unnecessary and inefficient.

The arguments about insurance damage are also true for another classical functional benefit, the special service allowance, which is also subject to a means test. And it is actually the mobility allowance, which is also in essence a functional allowance and as such suitable to be insurance-based, that is funded by the State Treasury (Section 9 and agreements), so that it is outside social insurance. Nevertheless it is paid without a means test, as one might expect for an insurance-based benefit.

E. Selective benefits to insure adecent standard ofliving (objectives 2 and 7)

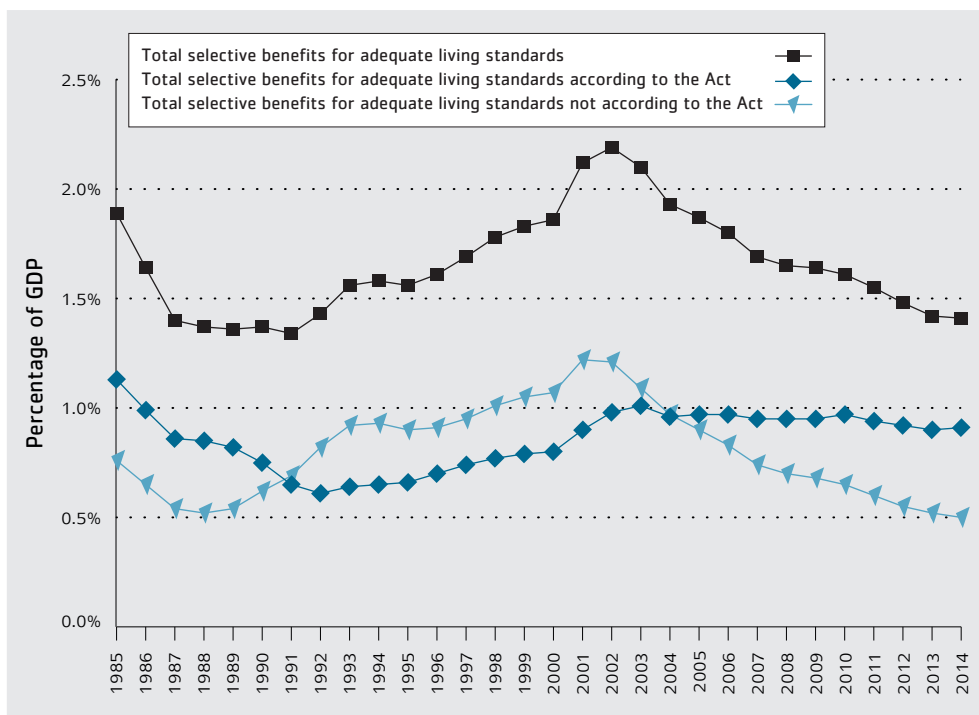
These benefits provide a solution to existence below a decent standard of living, once an individual or his family have exhausted their eligibility for other benefits. They promise a last chance for adequate conditions, even for those who are not insured. If eligibility was defined in terms of severe **damage** to the family's income, with the emphasis on acute change, it would also be possible to pay this benefit to insured persons whose standard of living had fallen significantly from the level to which they had been accustomed over a long period before the blow. In such cases the benefit would be a solution not only to poverty but also to severe deterioration in living standards. Without such cases we are dealing with subsistence benefits –income support and income supplement at

working ages and income supplement in old age – and then this group is less suited to social security, since payment of the allowance in fact constitutes a redistribution of income. That is a classic government role: only it has a monopoly that enables it and the legislature to impose taxes for the purpose of granting minimal income. In this case the NII is the government's emissary.

The **General Disability Benefit** is an exception that cannot easily be fitted into the other clusters: wage-substitute benefits are not relevant, since eligibility also extends to people who have never worked. Universal benefits are also irrelevant, since the disability benefit is a classic case where use of a means test as a condition of eligibility is justified. Also the benefit cannot be recognized as an allowance to improve functioning, since the disabled are eligible for function allowances such as special services and mobility. The barriers to finding work are certainly greater for people with disabilities. The general disability benefit, being subject to a test of earning power, is in fact a selective insurance-based benefit. Unlike other benefits of this kind, it is logical to include it in social insurance and but to leave the earning power test in place.

After a few years of increases in the scope of general disability payments as a proportion of GDP, in the 2000s the ratio stabilized and has even fallen slightly over the last three years. The non-insurance-based selective benefits – mainly income support and income

Diagram 16
Expenditure on Selective Benefits for Proper Living Standards (Percentage of GDP), 1985-2014

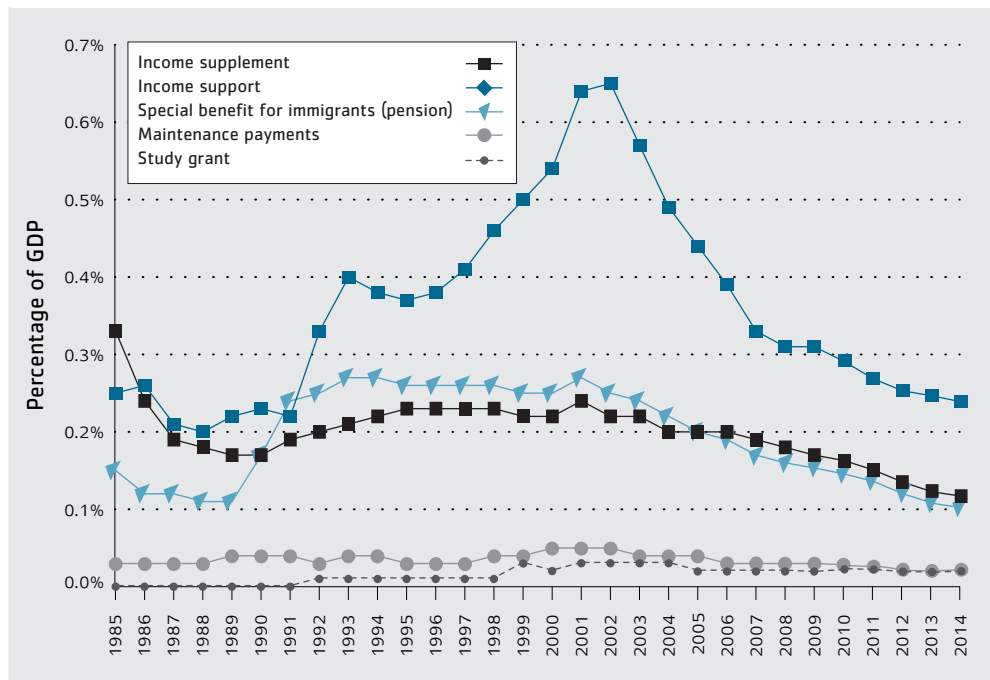


supplement – have declined over the years in terms of their proportion of GDP, although in most of these years poverty rates were high and in some years even rose. The absence of this coefficient derives inter alia from the ongoing erosion of subsistence benefits, particularly for those of working age, and have thus fallen far short of what is required for decent living standards (Diagrams 4 and 15). The decline in selective benefits could also be due to the difficulty of qualifying for the allowance because of means tests and the stigma attached to these benefits¹⁸.

A common argument concerning selective working-age benefits is that they reduce the incentive to work, and largely for that reason the government tightened the criteria for eligibility in 2002-2004. The stricter criteria have remained in place, in spite of the increase in the extent of poverty in the period 2002-2011.

Objective 7 focuses on limiting the unavoidable distortions created by benefits on the incentive to work (mainly income support and general disability) or to save (old age pensions). To some extent this objective contradicts the others and is not a goal in itself; it should be among the goals of the Ministry of the Economy and the Finance Ministry as they strive to achieve a high rate of employment, greater work productivity

Diagram 17
Expenditure on Selective Benefits not in the
National Insurance Act (Percentage of GDP), 1985-2014



18 So far no study confirming this claim has been published. The NII's Research & Planning Administration is currently working on a study about income support allowance in one year (2013).

and higher pay. A high rate of employment is also an important goal for social security, since it ensures a high standard of living and proper level of funding through collection of insurance payments from employed people. Therefore this objective is formulated here in terms of restraining rather than preventing damage to the incentive to work, since the NII should above all ensure a living minimum in the context of subsistence benefits. Some impact on the incentive to work is almost unavoidable, since there will certainly be people who delay returning to work – most recipients of income support apparently have difficulty finding work, due to low demand for their skills or various individual barriers. Dealing with employment problems requires additional tools apart from manipulating the benefit size, such as vocational training or employment subsidies. These tools can help supplement the benefit level, to provide a suitable standard of living.

It is sometimes argued that the basic old age pension should not be so high that it works as a negative incentive to save. It seems that this phenomenon exists only at higher levels of the benefit. The universal old age pension is a central tool for promoting equality in old age, since pension income is not distributed equally in the population and many people lack suitable pension cover. This is of course the case for people who never fully managed to integrate into work during their working years. This problem is more severe among people with little education and few work skills. Although there has been a mandatory pension law since 2008, many people have still not accumulated pension rights and the law is not yet fully enforced. For these reasons, an old age pension based on insurance irrespective of employment history is an essential layer of social security¹⁹.

Objective 6 deals with maintaining inter-generational justice: aiming for a situation of financial stability which does not come at the expense of the social stability for future generations (see Section 5 above, on future challenges for the NII).

The problem of financial stability is first and foremost the outcome of demographic development, which according to NII forecasts is expressed by an increase in the proportion of the population eligible for old age pensions and long-term care allowances. This problem is expected to be more moderate in Israel than in other developed countries, as Israel has a relatively high birth rate. Therefore the issue of financial stability is closely linked to success in increasing the employment rate among young people, Arab women and Haredi men. The Research & Planning Administration (see Chapter 1 in the NII Annual Report 2013) expects to see an upward process, albeit slow, of the latter two groups, but this is not enough, since financial stability is also affected by wages: the higher the wages, the greater the stability, since contributions from wages constitute the foundation of NII revenues.

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19 In this context there is some discrimination against women, particularly housewives, since their insurance is less than for women who worked. A man is fully insured even if he never worked, as he is defined as owing the minimum insurance payment and is insured even if he owes payments to the NII. The status of housewife should therefore be eliminated and these women should have the right to full old-age insurance.

Another aspect of financial stability is amending the historical anomaly of recording hospital payments (**hospitalization grant**), mainly for births and premature infants, as national insurance benefits. Rectifying this would increase financial stability and by means of the difference in receipts, the retirement and pension eligibility ages should be reduced. The rise in women's retirement age from 62-64 has already been legislated, and is expected to be gradually implemented by 2017. The supplement necessary to raise the retirement age in order to reach actuarial balance is not large.

In recent years the tension between the ongoing rise in the State budget deficit and the shrinking surplus in the NII budget has become more acute. The tension actually began with the establishment of the NII: at first, the insurance contributions were larger than necessary to pay benefits and pensions, since eligibility for some of them was postponed to allow the accumulation of assets and to complete legal qualifying periods. The growing reserves of the NII came face to face with the young State's need for huge financial resources to set up infrastructure in areas such as defense, transportation, education and health. So right from the start the NII, as historical representative of insurees, and the government agreed that the reserve would be invested as a **constructive investment**, that is, spent on developing economic and social infrastructure. Non-negotiable bonds were issued to the NII, some at 5.5% interest, and from a certain stage, at market interest rates. In the past, the 5.5% interest did not necessarily include a subsidy, since the yield on investment in infrastructure was higher than this rate. The capital market began to develop only after the reduction in inflation, from the second half of the 1980s. Instead of earmarking the NII deposits for constructive investments, that is, for its development budget as required by law, the borrower – the government of Israel – deposited the money in its current budget, contrary to the spirit of the agreement.

Recording the investments in the current account is improper in terms of the principles of debt management and bookkeeping in general, and ultimately harms the asset owner – the insured public: instead of accumulating capital and receiving a yield, the asset was being used for the government's current expenses and was therefore never available for its original purpose – to secure social security for future generations. However, it is clear that the Israeli economy is capable of repaying its debt to insurees based on the existing repayment schedule, should it decide to do so, because its basic strength permits the government to raise taxes whenever necessary without causing great harm, thereby reducing the deficit. In any event, the **government budget's** stability has improved particularly since the discovery of gas fields, a natural resource that will bring the country considerable revenue. But governments, particularly those standing for privatization and low tax rates, are not usually prepared to raise taxes, and in the fact the reverse – they see tax reduction as an important task. This creates a forlorn situation for the asset owners, the NII's insurees: the resources are not available for their use, but the government does not raise taxes in order to correct this distortion.

The outcome is a situation in which the State is the NII's only borrower, sees the NII as part of the government system, and therefore allows itself the freedom to change repayment of the debt as it deems convenient. This can be seen in the report of the Inter-Ministerial Committee, whose members included the director general of the NII and representatives from the Bank of Israel, the Prime Minister's Office and the academic world, but no representation from the NII's professional team (**the Financial Stability Committee**²⁰, the Dominisini-Nissan Committee). The Committee recommended converting fund and interest repayments into an increase of the NII allocation in section 21 of the Act over the next 40 years. Such a process would in fact amount to rescheduling of the debt, a unilateral change in repayment terms by the borrower making it more convenient. Global rating companies such as Standard and Poor's or Fitch generally see similar situations as a kind of bankruptcy of the borrower. The collapse of Greece was linked, inter alia, to a lack of transparency in the government's public debt, since it failed to include the whole of the pension debt. Because the State of Israel does not record its commitment to NIIinsurees as a public debt, even if it is careful each year to pay the NII accurately and on time, some could regard the possible stoppage of payments to the NII as a breach of State debt payments to the general public (NIIinsurees), similar to the Greek case.

A possible cancellation of the repayment schedule means denying the debt to the insured and rolling the Government's deficit to the door of the NII: such a step would lead immediately to a deficit in the NII's current budget – about NIS 8 billion (interest) and of course another NIS 10 billion of debt repayment, particularly if the policy makers do not activate a plan to improve the necessary financial stability. Instead of calling the government – the real budget deviant – to order, such a step could lead to unjustified pressure on the social security system. In order to avoid this possibility, the government must explicitly recognize its debt to insurees, first of all by including it in the disclosure of public debt by the Bank of Israel. At present this debt is not included in reporting official public debt. As a material step, the government should prepare to honor this debt through fiscal steps of increasing taxes (or reducing expenditure). At the same time, policy makers must act astutely to rehabilitate the NII's financial stability²¹. Clearly the NII has no right, either moral or practical, to waive full repayment of the government's debt to its insured as defined in the existing debt repayment schedule.

The Financial Stability Committee's idea to link repayment of the debt in Section 32 of the National Insurance Act is problematic, since this section expresses the current

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 20 See the conclusions of this committee that examined ways of maintaining the long term financial stability of the NII, April 2012, particularly section 5.5: increasing participation of the State budget in order to transfer the value of the current Surplus Fund (p. 124-130) and critical discussion of proposals in the 2013 NII Report (Chapter 1, p. 55-62): https://www.btl.gov.il/Publications/more_publications/Documents/Finance.pdf.

21 This is a central macro-economic and macro-social debt, since the NII has publically announced the existence of an actuarial deficit. See: <https://www.btl.gov.il/Publications/aktuarial/Documents/2010Triennial%20Report.pdf>. The idea

participation of the government budget (i.e. the taxpayer) in the social security system. While it is legitimate to express the distress of the (government's) budget in Section 32 according to the situation of the State budget, it is not legitimate to do so in connection with the obligation to repay a debt in the time stated on the promissory note. This obligation must not be dependent on the State's shifting financial situation. It goes without saying that the NII requires the reserve as collateral particularly at a time when it is preparing a recovery program to improve financial stability while taking account of social strength. The participation plays a central role in supplementing social security, since the insured part must be based on principles of financial stability, and therefore any addition to social security that is not backed by insurance contributions must be funded from the State budget.

Objective 8 deals with the attempt to limit insurance risk situations by influencing the conduct of insurees. The tools for achieving this can be various incentives, for example, a reduction of NII contributions to employers who take action to reduce work accidents, encouraging sports activity in order to improve health and reduce the need for disability benefits, and so on.

6. Future Challenges of the National Insurance Institute

The NII faces several challenges for the future:

1. **Improvement of existing benefit levels:** particularly for families with children, while taking measured account of the possible negative effect on incentive to work, with an attempt to co-ordinate the effects of changes in benefits and the effects of other policy tools, particularly the work grant and benefits in kind.
2. **Improvement of the NII's financial stability:** in the coming decade – the time required to develop a deficit in the NII if no steps are taken to prevent it. This must be done while retaining social security's achievements thus far, and by the government honoring its debt to the insured public according to the original repayment schedule. This goal can be achieved through a number of steps:
 - **Transfer of payments that are not benefits** (for example hospitalization grant to the State budget: it is particularly desirable for the Government to participate only in its traditional roles – redistribution of resources (for example by funding the subsidy of NII contributions) and funding improvements in insurance benefits to those who are already unable to pay for them, such as improvement in the old age pension for people beyond working age.
 - **Further efforts by the government to increase employment rates of population groups with low employment:** this can be done by paying fair wages according to the rules of the Minimum Wage Act for the weakest working group, while retaining relatively reasonable wages for those with better skills. This process should reduce poverty rates and increase income tax revenues.

- **Moving the retirement age, the eligibility age, and the age of the oldest old:** according to two principles: (1) retaining the gender achievement, in other words enabling insurees to receive the pension for several years, based on the rates in Table 2; (2) raising the age of retirement, eligibility and the age of the oldest old to the maximum extent only for the young who have not yet paid insurance contributions.
- When setting the effective age for adults, insurance contributions already paid will be taken into account. For example, for a managed 60 who has already paid 86% of his potential contributions, the effective age will increase by only 14% of the maximum increase.

Table 2
Number of Years of Benefit Payments
as a Percentage of Life Expectancy at Birth, by Sex

	Women		Men	
	2015	2017+	2015	2017+
Conditional age (retirement age)	62	64	67	67
Age of eligibility	70	70	70	70
Heroic age	80	80	80	80
Life expectancy	84	84	80	80
Pension payments as a percentage of life expectancy				
Conditional age (retirement age)	26%	24%	16%	16%
Age of eligibility	17%	17%	13%	13%
Heroic age	55	5%	0%	0%

3. **After improving financial stability – strengthening the insurance component in the National Insurance Act:**
 - There must be strict protection of the rights to insurance-based benefits that will be a function of contributions already paid as a proportion of all potential contributions paid during working age. This protection must also be extended to benefits that substitute for wages, universal benefits and functional benefits.
 - It is necessary to abolish the means tests that have become rooted in what should be insurance-based benefits (benefits enshrined in the National Insurance Act). In this report we have called them benefits with a “selective-budgetary” character.
 - The mobility allowance should be defined as part of the functional-insurance benefits that have the clear insurance character of ensuring suitable function and not benefits operated by virtue of an agreement with the Treasury.
4. **Greater take-up of rights for the main benefits:** particularly the selective ones.
5. **Assistance to the government in the fight against poverty,** although this is clearly hard to achieve only by increasing benefits. There is a need to increase subsistence benefits in order to relieve the severity of poverty, but they cannot eliminate it. For

this purpose it is necessary to raise the income support benefit for working age recipients to a reasonable level - particularly for large families,.

7. Scope of Payments

Payments of NII benefits in money and kind – both those based on contributions and non-contributory ones – amounted to NIS 71.56 billion in 2014, compared to NIS 69.32 billion in 2013. These amounts also include other payments made by the NII particularly to government ministries, for the costs of developing services in the community, as well as the administrative and operating costs of the wide-ranging national insurance system (totaling about NIS 1.5 billion).

The real growth in total national insurance payments was 2.7% in 2014, deriving mainly from the rise in the number of recipients for all types of benefits, at various rates. The number of employed people working in the labor market, which rose at a rate of 3.0% in 2014, and the real increase in wages of about 1.3%, also contributed to the growth in payments, while legislative changes in 2014, particularly the cut in child allowances (see below), partly offset these increases. In January 2014 benefits were updated by 1.9% in line with the rise in the index between November 2012 and November 2013.

Table 3
Benefit Payments and Collection from the Public
(excluding Administrative Costs) as a Percentage of GDP, 1980-2014*

Year	Benefit Payments		Collection	
	Total	Collection-based	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
2005	7.02	5.63	6.00	4.03
2006	6.87	5.53	5.80	3.75
2007	6.67	5.42	5.76	3.66
2008	6.73	5.51	5.86	3.64
2009	7.06	5.82	5.64	3.48
2010	6.65	5.93	5.46	3.60
2011	6.63	5.92	5.53	3.65
2012	6.60	5.58	5.32	3.49
2013	6.47	5.50	5.63	3.72
2014	6.44	5.47	5.70	3.71

* General note on data as a percentage of GDP in the whole report: there may be differences compared with previous years due to retroactive changes in definitions of GDP measurement to bring it in line with OECD definitions when Israel joined the OECD.

** Includes collection for the health system.

*** Includes Finance Ministry indemnity for the reduction in employers' national insurance contributions.

Despite this, in terms of percentage of GDP, there was a **decrease** of 0.03% (Table 3). In GDP terms, the benefit rate has fallen steadily in recent years from about 7% in 2009 to 6.44% in 2014, returning to the level in 2007-2008 from a high of 8.7% in 2002.

In 2014, collection as a percentage of GDP remained at the 2013 level – 5.7%, and the collection rate of insurance contributions remained at the 2013 level of 3.7%.

In total, the 2014 payments for collection-based benefits prescribed by the National Insurance Act rose by 2.7% in real terms. Payments for non-contribution-based benefits – paid by virtue of laws or agreements with the Treasury and fully funded by the State (such as income support, mobility, child support, old age and survivors' pensions for the non-insured [mainly new immigrants] and reserve duty payments) – rose at a similar rate of 2.6%. In 2014 these payments, including administrative costs, totaled NIS 10.5 billion, which constitutes about 15% of all benefit payments.

Analysis of the main trends in benefit payments by insurance branch shows that payments of old age and survivors' pensions rose by 5.4% in 2014²², after a rise of 3.2% in 2013 and higher increases in 2009 and 2010 (Table 4). In 2008-2011 these pension payments increased largely due to changes in legislation: in April 2008, the basic old age and survivors' pensions were increased from 16.2% to 16.5% of the basic amount²³, and those aged 80 and over received a special supplement at the rate of 1% of it. In August 2009, under the Economic Efficiency Act, old age and survivors' pensions were raised again, from 16.5% to 17% of the basic amount. In January 2010 they were increased to 17.35%, as part of the process at the end of which, in January 2011, the basic pension was increased to 17.7% of the basic amount. The gradual and ongoing increase in old age pensions, from 16.2% to 17.7% of the basic amount, was accompanied by a process in which income supplements were increased according to the age of eligible individuals. The effects of the legislative changes described were exhausted in 2011, and as stated, even the annual update of the pensions did not produce a real increase. Therefore the rise in pension payments in 2014 is explained solely by the increase in recipients.

Child allowance payments fell in real terms by 23% from 2012 to 2013, after a drop of 13% in 2013. In July 2013, in the framework of the Economic Efficiency Act, a decision was taken for a steep, immediate cut in allowances for all children, so apart from the allowance for older children (born before 1.6.2003) who are the third or later child in their family, the allowance for every child was set at a uniform NIS 140 per month. Since this change only came into force in August 2013, the drop in 2013 was only partial, and further results of this move are expressed in the figures for 2014.

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22 chapters reviewing benefits, since the data on which this chapter is based include administrative costs and may also include other smaller components added to the payments total, such as the education grant added to child allowances.

23 **The basic amount** is the amount by which most pensions have been calculated since 2006. The amount is updated on January 1 each year according to the rise in the consumer price index over the preceding year. The basic amount has various tariffs for the purpose of updating the various benefits. In 2014 the basic amount for most benefits was NIS 8,648.

Table 4
National Insurance Benefit Payments (including Administrative Costs), 1995-2014

Year	Total payments	Old age & survivors**	General disability	Work injuries, border & hostile actions	Maternity	Child	Unemployment	Reserve duty	Income support***	Nursing & other
NIS millions (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
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
2013	69,321	25,980	13,137	4,961	6,168	6,465	3,252	1,133	2,728	5,498
2014	71,564	27,519	13,964	5,238	6,586	4,986	3,361	1,390	2,747	5,771
Real annual growth (percentages)										
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
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
2013	2.2	3.2	3.3	6.2	5.2	-13.0	9.9	-2.8	2.0	5.9
2014	2.7	5.4	5.8	5.1	6.3	-23.2	2.9	22.1	0.2	4.5
Breakdown by branches (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
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
2013	100.0	37.5	19.0	7.2	8.9	9.3	4.7	1.6	3.9	7.9
2014	100.0	38.5	19.5	7.3	9.2	7.0	4.7	1.9	3.8	8.1

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

** Includes income supplement payments.

*** For working age population.

Unemployment benefit payments rose by about 3% in 2013 (after a steep rise of 10% in 2012). This increase is mainly due to the large increase in the number of recipients, and to legislative changes in March 2013, when the criteria for eligibility and the use of pay

to calculate benefits for unemployed day workers were aligned with those of unemployed monthly workers – a step that increased the proportion of daily workers in the total of recipients of the benefit. Other wage-substitute benefits – maternity and work injuries – that are affected by labor market development, also recorded fairly high increases of 5%–6%. The increase in the maternity grant was a continuation of the rise in the number of eligible women and in the average maternity payment in recent years, following on the rise in the rate of employment and wages of working women over time.

Payments for long-term nursing care also increased substantially, by 5% in 2014, mainly due to the increase in the number of eligible individuals in general, and of those eligible for the higher benefit in particular. Disability benefits rose in real terms by 5.8% in 2014, a higher increase than the 3.3% rise recorded in 2013, which was mainly due to the rise in the number of recipients.

Income support payments for working age recipients rose by 0.2% after a rise of 2% in 2013 and following three years of various decreases in these payments. The increase in the last two years is due to a number of factors: legislative changes (relating to expanding the number of recipients with cars), a slight rise in recipient numbers and the rise in average benefit levels.

The scope of payments to reservists on active duty grew in 2011–2012, but fell in 2013. In 2014 payments rose again by 22% in real terms, due to the Protective Edge Campaign, and total payments amounted to about NIS 1.4 billion.

The share of most benefits in the total payment rose in 2014, at the expense of child allowances (Table 4). Payments in the largest branch, old-age and survivors, accounted for 38.5% of total payments in 2014, a rise of 1% compared to 2013, in view of the pension increase that was higher than the average rise in all benefits. Payments for general disability accounted for 19.5% of all benefits in 2014 – an increase of 0.5% compared to the previous year. As expected, the share of the third largest branch, child benefits, fell by 2.3% and now accounts for 7% of all payments – lower than the share of benefit payments for work injuries, maternity and nursing care. Unemployment benefits remained at 2013 levels – 4.7% of all payments. There was a halt to the downward trend in recent years in the share of income support payments, and it remained at 3.8% of total payments, as in the previous year – less than its share in 2002, when it accounted for 8% of all payments.

8. Benefit Levels

In January 2014, benefits were updated at the rate of the increase in the CPI for the period from November 2012 to November 2013, a rate of 1.9%. This rate updates the **basic amount**²⁴, according to which most benefits have been calculated since January

24 See note 23.

2006, following the Economy Recovery Program Act in June 2003. Before that, benefits were updated according to rises in the average wage. In 2014 the average wage rose at a similar rate to prices, so that the increase in benefits was similar to that of the average wage. However, since 2002, the average wage has increased at a cumulative rate that is slightly lower than the rise in the CPI over the same period. This trend, whereby the average wage has stopped growing at higher rates than prices over time, in fact cancels out the erosion in benefits that was expected based on past experience, following the change to updates based on the CPI instead of the average wage.

In 2014 old-age pensions rose following completion in 2011 of the process of increasing the basic individual pension, as prescribed in the Economic Efficiency Act of 2009. The pension reached 17.7% of the basic amount for single pensioners up to the age of 80. In the same way, the pension for the 80+ age group was also slightly increased, maintaining the gap of 1% of the basic amount in favor of the older pensioners, and the allowances for other family compositions, including old-age and survivors' pensions including income support, were also increased accordingly (Table 5).

Stopping the plan of raising the old age-pension and the real increase in the average wage left their mark in a drop in the pension level in terms of the average wage in 2013 compared to 2012, and its stabilization in 2014 (Table 10): in both the first age groups (up to 70 and up to 79) the pension fell from 16.9% of the average wage in 2012 to 16.7% in 2014, and for the 80+ age group it fell from 17.9% to 17.7%. It should be noted that pensions as a percentage of the average wage, as shown in Table 10, are lower than as a percentage of the basic amount (in percentage points), because the absolute level of the basic amount is lower than that of the average wage.

The level of income support in its various definitions is shown in Table 6. The minimum assured income for the working-age population as a percentage of the average wage has also eroded compared to 2012, due to the real increase in the average wage (compared to the rate of updating the basic amount and pensions, which remained without real change). For example, the benefit for single mothers²⁵ up to age 55 with two children was 39% of the average wage in 2014 (compared to 42.9% in 2012 and 41.0% in 2013). The benefit is also far less than its 2000 level, just before the deep cut in income support benefits in the framework of the 2002-2003 economic plan, when it was 51.6% of the average wage. The benefit for a single person aged under 55 was 18.9% of the average wage in 2014, compared to the higher rate of 23.6% for those aged 55 and over. These rates are similar to and even slightly higher than the rates prior to the aforesaid cut in the early 2000s.

The deep cut in child allowances that began in August 2013 (and was fully achieved in 2014) is expressed in the value of child allowance points (Table 7). In each of the last few

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25 Includes single fathers.

Table 5
Old Age and Survivors' Pensions and Minimum Assured
Income for the Aged and Survivors (Fixed Prices and as a
Percentage of the Average Wage*), Monthly Average, 1975-2014

Year	Age	Basic Old Age and Survivors' Pension				Minimum Assured Income (including Child Allowance)			
		Single old person				Single old person		Widow/er with two children	
		2014 prices (NIS)	% of average wage	2013 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage	2013 prices (NIS)	% of average wage
1975		762	14.9	1,267	24.8	1,306	25.5	2,537	49.6
1980		840	17.1	1,628	33.1	1,474	30.0	2,988	60.9
1985		947	18.2	1,835	35.3	1,889	36.4	3,791	73.0
1990		1,192	16.4	2,308	31.7	1,873	25.7	3,795	52.1
1995		1,207	15.5	2,340	30.1	2,021	26.0	4,465	57.3
2000		1,348	15.0	2,612	29.0	2,253	25.0	4,958	55.0
2005		1,374	15.2	2,663	30.2	2,440	27.6	5,100	57.8
2010	Up to 70**	1,485	16.8	2,872	32.4	2,739	30.9	5,604	63.6
	70-79	1,485	16.8			2,811	31.8		
	80+	1,570	17.8			2,940	33.2		
2011	Up to 70	1,498	16.9	2,903	32.7	2,744	30.9	5,689	64.0
	70-79	1,498	16.9			2,825	31.8		
	80+	1,583	16.9			2,953	33.2		
2012	Up to 70	1,511	16.9	2,929	32.7	2,769	30.9	5,753	64.2
	70-79	1,511	16.9			2,850	31.8		
	80+	1,596	17.9			2,979	33.2		
2013	Up to 70	1,509	16.7	2,924	32.4	2,765	30.6	5,691	63.0
	70-79	1,509	16.7			2,846	31.5		
	80+	1,594	17.7			2,975	32.9		
2014	Up to 70	1,531	16.7	2,964	32.4	2,803	30.6	5,701	62.2
	70-79	1,531	16.7			2,887	31.5		
	80+	1,617	17.7			3,016	32.9		

* As measured by the Central Bureau of Statistics

** Since 2008 the pension levels have been split by age.

years (since 2009) each pension point was worth 2%, and fell to 1.5% of the average wage in 2014, with a similar decrease for each type of family. For example, in families with four children, the allowance paid for children fell from 11.4% of the average wage to 6% of it. The percentage decreases in child allowance change for different types of family, and also differ for 'older' and 'new' children (born after June 2003). For example, in families receiving the allowance for two children, whether 'older' or 'new', the allowance fell in real terms by about 29% from 2013 to 2014. In families with four children, the real drop was higher if the children were all 'new' (27%) compared to a family where all children were 'older' (18%). The drop in child allowances in 2014 completely offset the rises recorded

in recent years following the plan to raise child allowances. These gaps increase with the number of children in the family.

9. Recipients of Benefits

The number of recipients of old-age and survivors' pensions rose by 4.1% in 2014 (Table 8). The NII paid pensions to 868,300 old people and survivors on average each month. This represents an increase of 4.8% in the number of old-age pension recipients, which

Table 6
Minimum Assured Income for Working Age Population (Fixed Prices NIS and % of the Average Wage*), Monthly Average, 2000-2014

Year	Single person				Single mother* with 2 children		Couple with 2 children (including Child Allowance)			
	Normal rate		Increased rate		(Including Child Allowance)		Normal rate		Increased rate	
	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage
The oldest person in the family is under 55 years of age										
2000	1684	18.7	2,106	23.4	4,649	51.6	3,992	44.3	4,624	51.3
2005	1,634	18.5	1,839	20.8	3,480	39.4	3,031	34.4	3,480	39.4
2006	1,644	18.4	1,850	20.7	3,559	39.8	3,108	34.8	3,559	39.8
2007	1,635	18.0	1,840	20.3	3,542	39.0	3,093	34.0	3,542	39.0
2008	1,674	18.6	1,884	20.9	3,611	40.0	3,151	34.9	3,611	40.0
2009	1,694	19.3	1,906	21.7	3,653	41.6	3,188	36.3	3,653	41.6
2010	1,712	19.3	1,926	21.8	3,708	41.9	3,238	36.6	3,708	41.9
2011	1,693	19.1	1,905	21.4	3,723	41.9	3,258	36.7	3,723	41.9
2012	1,708	19.1	1,921	21.4	3,768	42.1	3,298	36.8	3,768	42.1
2013	1,705	18.9	1,919	21.3	3,700	41.0	3,231	35.8	3,700	41.0
2014	1,730	18.9	1,946	21.2	3,653	39.9	3,177	34.7	3,653	39.9
At least one member of the family is aged 55 or older										
2000	2,106	23.4	2,106	23.4	4,650	51.6	4,625	51.3	4,625	51.3
2005	2,043	23.1	2,043	23.1	4,383	49.7	4,338	49.2	4,338	49.2
2006	2,054	23.0	2,054	23.0	4,500	50.3	4,422	49.5	4,422	49.5
2007	2,044	22.5	2,044	22.5	4,478	49.3	4,400	48.4	4,400	48.4
2008	2,093	23.2	2,093	23.2	4,569	50.6	4,490	49.8	4,490	49.8
2009	2,117	24.1	2,117	24.1	4,622	52.6	4,543	51.7	4,543	51.7
2010	2,140	24.2	2,140	24.2	4,687	53.0	4,607	52.1	4,607	52.1
2011	2,117	23.8	2,117	23.8	4,690	52.8	4,611	51.9	4,611	51.9
2012	2,135	23.8	2,135	23.8	4,744	53.0	4,664	52.1	4,664	52.1
2013	2,132	23.6	2,132	23.6	4,690	51.9	4,595	50.9	4,595	50.9
2014	2,162	23.6	2,162	23.6	4,680	51.1	4,561	49.8	4,561	49.8

* As measured by the Central Bureau of Statistics

** Refers also to single fathers

Table 7
Pension Points and Child Allowance (Fixed Prices and as Percentage of Average Wage), Monthly Average, 1990-2014

Year	Value of pension point		Allowance for two children		Allowance for four children		Allowance for five children	
	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage
1990	230	3.2	460	6.3	1,780	24.4	2,525	34.7
1995	222	2.9	445	5.8	1,788	23.0	2,543	32.7
2000	227	2.5	454	5.0	1,827	20.3	2,600	28.8
2005	147	1.7	293	3.3	924	10.5	1,414	16.0
2006	177	2.0	354	4.0	961	10.8	1,355	15.2
2007	176	1.9	353	3.9	956	10.5	1,348	14.8
2008	173	1.9	346	3.8	937	10.4	1,321	14.6
2009	175	2.0	351	4.0	1,034	11.8	1,424	16.2
2010 older	177	2.0	370	4.2	1,136	12.8	1,529	17.3
new	177	2.0	370	4.2	848	10.1	1,025	12.1
2011 older	175	2.0	422	4.8	1,179	13.3	1,569	17.7
new	175	2.0	422	4.8	936	10.6	1,111	12.6
2012 older	176	2.0	439	4.9	1,194	13.3	1,586	17.6
new	176	2.0	438	4.9	961	10.7	1,137	12.7
2013 older	161	1.8	374	4.2	1,046	11.4	1,422	15.6
new	161	1.8	374	4.2	800	9.0	961	10.8
2014 older		1.5		3.1		8.6	1,142	12.5
new	140	1.5	280	3.1	560	6.1	700	7.6

was offset by the drop of 1.1% in recipients of survivors' pension. In the **children** branch, as in previous years, the number of families receiving child allowances increased by 1.8% due to natural population increase. In 2014, child allowances were paid for about 2.5 million children living in about 1.1 million families.

Between 2013 and 2014 the number of recipients of the **unemployment benefit** rose steeply by 0.6%, after a sharp increase of 11.6% from 2012 to 2013. The rise in the number of recipients in 2013 and 2014 was due, inter alia to the growth in the number of people employed and to legislative changes affecting daily workers, since the rate of unemployment fell (from 6.2% in 2013 to 5.7% in 2014 according to the CBS data). At the same time, there was an improvement in the cover of unemployment insurance.

The sharp increase in the number of recipients in the last two years comes against a background of a fall in the number of recipients in previous years: From 2003 to 2008 the number fell steadily due to the state of the economy and changes in eligibility criteria. Following the economic crisis and the rise in unemployment that began at the end of 2008, an Emergency Regulation was introduced in 2009 to help the unemployed who were not entitled to the unemployment benefit under the National Insurance Act by

Table 8
Recipients of Benefits in the Main Branches of Insurance (Monthly Average), 1990-2014

Year	Old age & survivors*			General Disability			Work Injury			Maternity		Children		Income support (working age)****		
	General disability*	Special services	Disabled child	Mobility allowance	Injury grant***	Permanent disability	Maternity grant*	Maternity allowance*	Families receiving child allowance***	Unemployment pay	Nursing Care					
1990	442.6	6.5	5.8	11.4	59.1	11.8	107.7	43.7	532.5	50.6	25.0	30.8	50.6	30.8	25.0	
1995	553.9	10.2	10.3	13.2	84.9	14.6	113.4	55.2	814.7	61.5	59.0	74.8	61.5	74.8	59.0	
2001	677.0	18.9	16.4	19.3	59.5	20.8	127.2	71.2	928.2	104.7	105.4	141.8	104.7	141.8	105.4	
2005	719.9	24.0	21.0	24.9	56.0	25.2	148.4	77.0	956.3	58.8	115.0	139.9	58.8	139.9	115.0	
2008	735.8	29.4	25.3	28.9	58.1	29.2	152.0	93.6	994.8	48.0	131.1	111.8	48.0	111.8	131.1	
2009	746.9	31.2	26.5	30.4	57.5	30.9	156.4	97.7	1,012.0	73.0	136.6	111.8	73.0	111.8	136.6	
2010	758.5	33.1	27.9	31.6	59.3	32.3	166.7	103.3	1,030.1	57.7	141.4	109.4	57.7	109.4	141.4	
2011	780.1	35.2	29.5	33.0	59.4	33.9	163.4	105.7	1,048.7	57.4	145.6	105.3	57.4	105.3	145.6	
2012	802.5	37.8	32.1	34.1	61.4	35.7	169.2	112.0	1,068.1	62.4	152.8	103.8	62.4	103.8	152.8	
2013	833.9	40.9	36.0	35.3	64.2	37.4	169.7	114.4	1,088.3	69.6	156.5	104.4	69.6	104.4	156.5	
2014	868.3	46.2	40.5	36.6	66.5	39.3	173.2	120.4	1,107.5	70.0	159.5	103.0	70.0	103.0	159.5	
					Annual Growth (Percentage)											
1990-1986	3.4	7.2	7.7	1.5	-0.1	3.6	0.5	0.5	-0.5	20.9	17.4	8.6	20.9	8.6	17.4	
1995-1991	5.0	9.4	12.2	3.0	8.4	4.4	1.8	4.8	8.9	4.0	18.7	19.4	4.0	19.4	18.7	
2000-1996	7.6	10.2	8.2	4.9	-2.1	6.3	3.1	5.0	2.3	8.5	10.2	11.4	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	10.1	10.6	13.1	10.6	10.1	
2005	-0.3	5.2	7.2	5.9	-2.9	5.0	-	-0.6	1.1	0.7	1.4	-3.3	0.7	-3.3	1.4	
2008	0.9	4.0	6.3	5.9	3.8	5.0	3.3	8.8	1.4	-3.6	4.7	-6.8	-3.6	-6.8	4.7	
2009	1.5	2.6	4.7	5.2	-1.0	5.8	3.7	4.4	1.7	52.1	4.2	0.0	52.1	0.0	4.2	
2010	1.5	3.5	5.3	3.9	3.1	4.5	6.6	5.7	1.8	-21.0	3.5	-2.1	-21.0	-2.1	3.5	
2011	2.8	6.4	5.7	4.3	0.2	5.0	-1.8	2.3	1.8	-0.5	3.0	-3.7	-0.5	-3.7	3.0	
2012	2.9	7.4	8.8	3.3	3.4	5.3	3.5	6.0	1.8	7.7	4.9	-1.4	7.7	-1.4	4.9	
2013	3.9	2.3	12.2	3.6	4.6	4.9	0.3	2.1	1.9	11.6	2.4	0.6	11.6	0.6	2.4	
2014	4.1	13.0	12.5	3.7	3.6	5.1	2.1	5.2	1.8	0.6	1.9	-1.3	0.6	-1.3	1.9	

* Since 2010, recipients of old age and survivors' pensions who received separate pensions have been counted as one unit.

** Number of various recipients during the year

*** The 1985 and 1990 data include families whose benefits for the 1st and 2nd child were paid through their employer. In 1993 the allowance became universal again.

**** From 2004 a pension split between several recipients is credited to one only. The monthly average including all recipients of a split benefit was 145,600 in 2014.

paying them special allowances. As a result many temporary recipients were added to the numbers which increased by over 50%. This steep rise was partly offset in 2010 when the Emergency Regulation expired and the number of recipients fell by 21%, with a further moderate decrease in 2011.

In the second largest branch, **General Disability**, there was no change in the number of recipients. Since the 1990s the average number of recipients each year has increased by 3%-8%. The other benefits derived from the General Disability benefit continued to rise at a similar rate to previous years. The number of recipients of the special services allowance rose by 13% (compared to 8% in 2013), mobility allowance recipients by 3.7%, and child disability allowance by 12.5%, similar to the rise in 2013, mainly due to broadening the grounds for eligibility to this benefit.

In the **work injury** branch, which is generally influenced by rates of employment (which rose in 2014), the number of recipients of the injury benefit rose by 3.6% and recipients of permanent disability benefits rose by 5.1% - similar to the annual rate in each year of the last decade. The number of recipients of the **long term-care benefit** rose moderately compared to recent years - by 1.9%. In the **maternity branch**, the number of recipients of maternity grant rose fairly moderately by 2.1%, while the number receiving maternity benefits rose by 5.2% after a more measured rise of 2% the previous year.

In 2014 the number of working age recipients of **income support** fell slightly by 1.3%, after a rise of about 0.5% in 2013. In 2005-2013 the number of recipients fell by about 8%. It should be noted that the moderate rise in 2013 was apparently due to legislative changes (in car ownership, see the chapter on Income Support) which extended the circle of eligibility.

10. Collection of Insurance Contributions from the Public and Sources of Benefit Funding

NII benefits are funded from four sources: (a) Collection of national insurance contributions (direct collection from the public and Finance Ministry compensation for the reduction in contributions from employers and the self-employed). (b) Government participation in funding collection-based benefits. (c) Government funding for non-collection based benefits. (d) Revenues from interest on investment of surpluses, mainly in government bonds. The NII also collects health insurance contributions and transfers them to the Health Service Providers.

The Arrangements Act for 2011-2012 introduced some amendments: (a) On 1.1.2011 the ceiling for national and health insurance contributions rose to 9 times the basic amount. (b) In 2012 the ceiling was supposed to rise to 8 times the basic amount, but after the Trachtenberg Act that passed following the social protests, on 1.1.2012 the ceiling for payments was restored to 5 times the basic amount. (c) The normal employer's contribution was increased by 0.47% on 1.4.2011 (from 5.43% to 5.9%). These moves increased collection

of NI contributions but not the share of the State Treasury, and therefore participation in the Children's Branch was 200.5% from 1.4.2011 (204.5% in 2012).

In August 2012 the Deficit Reduction Act was passed, which from 2013 gradually increased the normal employer's contribution by 0.6%, and it was applied to insurance branches for which there is no Treasury assistance, so its participation returned to 210% of collection for the Children's Branch.

In 2014 the normal rates of employer's contributions were supposed to rise by 0.5%, but on 1.1.14 they were increased by 0.25% to 6.75%, and as a result it was decided to postpone the increase to 7.5% until 2016 rather than 2015, as was thought earlier.

Table 9
Collection for the National Insurance and Health Systems, 2010-2014

	2010	2011	2012	2013	2014
Current Prices (NIS millions)					
Total collection of contributions	47,626	51,150	52,701	55,891	58,720
Total collection from the public	45,392	48,719	50,276	53,420	56,146
For National Insurance branches	29,102	31,305	32,144	34,498	36,536
For the Health system	16,290	17,414	18,132	18,922	19,790
Compensation from the Treasury	2,234	2,431	2,425	2,471	2,574
Indicators of development in collection from the public					
Real rate of change					
Total collection from the public	7.2	3.7	1.5	4.7	4.6
For National Insurance branches	8.0	4.0	1.0	5.7	4.9
For the Health system	5.8	3.3	2.4	2.8	4.1
As a percentage of GDP					
Total collection from the public	5.2	5.3	5.1	5.1	5.2
For National Insurance branches	3.3	3.4	3.2	3.3	3.4
For the Health system	1.9	1.9	1.9	1.8	1.8
As a percentage of direct taxes on individuals					
Total collection from the public	48.4	48.4	48.1	47.9	47.0
For National Insurance branches	31.1	31.1	30.8	30.9	30.4
For the Health system	17.3	17.3	17.3	17.0	16.6
As a percent of direct taxes					
Total collection from the public	35.4	35.4	34.5	33.4	33.8
For National Insurance branches	22.7	22.7	22.1	21.6	21.9
For the Health system	12.7	12.7	12.4	11.8	11.9

A. Collection of national insurance contributions from the public

NII revenues from collections of national insurance and health insurance contributions rose in real terms by 4.6% in 2014 (compared to 4.7% in 2013). Revenues for NII branches rose by 4.9%, higher than the rate of increase in collection for the health system, which was 4.1% (Table 9). The rise was largely due to developments in the labor market

– widening the circle of the employed and real growth in wages, plus legislative changes that increased employer contributions.

In 2014 total collection amounted to NIS 58.7 billion: NIS 36.5 billion for NII branches and NIS 19.8 billion for the health system (Table 9). To the revenues collected from the public were added about NIS 2.6 billion transferred from the State Treasury as compensation for the reduction in NII employers' contributions and those of the self-employed (according to Section 32c(1) of the Act).

However, as a percentage of GDP, total collection rose to 5.2%, of which 3.4% was for NII branches (a rise of 0.1% over 2013) and 1.8% for the health system (similar to the percentage in 2012). In all years shown in the Table, collection ranges around 5% of GDP, lower than the rate at the start of the decade: in 2003, collection from the public reached 6.3% of GDP. Collection from the public as a proportion of total individual taxes fell slightly, from 47.9% in 2013 to 47.0% in 2014.

Rates of increase in collection are different for the salaried and the non-salaried. In 2014, direct collection from salaried employees rose by 4.8% in real terms compared to 5.9% in 2013. Direct collection from employees and employers was affected by the legislative changes surveyed and also by changes in the labor market: the average wage rose nominally by 2.0% in 2014 (compared to 3.0% in 2013), and the number of jobs rose by 2.2% in 2014 (compared to 1.5% in 2013). In recent years, insurance contributions (from the employee, the employer and the Treasury) have accounted for 90.7% of all revenues. By contrast, direct collection from the non-salaried public rose in real terms by 5.4% from 2013 to 2014, and by 3.9% from 2012 to 2013. In all, collection for national insurance in 2014 amounted to some 34% of the total direct tax collection in Israel, of which 65% were insurance contributions and 33% were health tax payments. The decrease as a percentage of total direct taxes was noticeable in the last four years – from 35.4% in 2011 to 33.8% last year.

B. Sources of pension funding

Total NII revenues to fund the branches of national insurance in 2014 rose by 1.1% in real terms, reaching NIS 75.2 billion in current prices (Table 10). The steep increase of 4.8% in collection from the public²⁶ was offset by the drop in other sources: Government participation in keeping with Section 32 of the Act fell by 6.5% in 2014, funding of pensions by the government rose at a higher rate of 2.7%, and interest payments that are about a tenth of NII revenues rose at a similar rate (0.3%).

In the decade since 2005, revenues have increased by about 24% in real terms, mainly due to a rise of 37% in collection of NII contributions. Both parts of the government's participation rose by about half that – at a rate of about 15%, while interest revenues

26 This rate is slightly different from the rate given in the previous section, since the collection of national insurance contributions given in this table includes compensation from the Treasury.

Table 10
Sources of Funding of National Insurance Branches, 1995-2014

Year	Total revenues*	Collection of contributions**	Government participation***	Government pension funding	Receipts from interest
Current prices, NIS millions					
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	71,398	34,569	18,206	10,454	7,693
2013	74,017	36,969	18,115	10,539	7,748
2014	75,201	38,930	17,015	10,879	7,812
Real annual growth (percentage)					
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	0.5	-2.2	1.2	4.1	4.9
2010	2.2	8.3	-6.4	-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
2013	2.1	5.4	-2.0	-0.7	-0.8
2014	1.1	4.8	-6.5	2.7	0.3
Breakdown (percentage)					
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
2013	100.0	49.9	24.5	14.2	10.5
2014	100.0	51.8	22.6	14.5	10.4

* Including third party compensation

** Including Treasury indemnity

*** According to Section 32(a) of the Act

rose steeply by 32%. The cumulative rise in the elements of government participation was therefore the most moderate of all components of revenues, which led to an increase in national insurance contributions as a proportion of all revenues, from 48.9% in 2005 to 51.8% in 2014. However, an examination of data over a longer period shows that collection from the public as a proportion of revenues fell from its highest rate of about half of all revenues in 1995, to the lowest proportion at the start of the decade. This indicates erosion of the independence of the NII.

C. Surpluses/ deficits and financial reserves

Aside of interest on the NII's investments, its budget deficit (excluding interest) rose to about NIS 4.2 billion in 2014, compared to NIS 3 billion in 2013. The last year in which there was a budget surplus was 2008. The size of this deficit is the result of increased payments in all NII branches except the Children branch, where the budget surplus grew by half a billion shekels, an increase that was offset by increases in all other branches (Table 11).

Table 11 shows that the NII's financial activity ends with a surplus once interest receipts are included. The operating deficit becomes a surplus of NIS 3.6 billion compared to NIS 4.7 billion in the previous year. However, all branches that had a deficit without inclusion of interest on investments remained in shortfall after its inclusion.

Table 11
Surpluses/ Deficits in NII Branches
(NIS millions, current prices), 2011-2014

Branch of insurance	Excluding interest				Including interest			
	2011	2012	2013	2014	2011	2012	2013	2014
Total	-994.2	-3,145	-3,053	-4,175	6,310	4,548	4,696	3,637
Old age & survivors	-2004.8	-2862	-3,374	-4,233	692	-107	-692	-1,583
General disability	-3,606.4	-4,168	-5,046	-5,043	-3,407	-4,096	-4,349	-4,958
Work-injury	-1,252.2	-1,341	-857	-640	-1,140	-1,266	-836	-640
Maternity	-2,226	-2,579	-2,604	-2,771	-2,226.3	-2,613	-2,549	-2,724
Children	12,641	13,076	13,976	14,480	16,752	17,738	18,579	19,204
Unemployment	-1,881.7	-2,188	-2,456	-2,498	-1,881.7	-2,188	-2,456	-2,498
Long-term care	-2,786.2	-3,182	-3,428	-3,596	-2,786.2	-3,228	-3,360	-3,530
Other	123	99	134	126	307	307	358	365

Chapter 2

Welfare, Poverty and Social Gaps

1. Introduction

Measurement of poverty in Israel, as in most Western countries and international organizations, is based on the relative approach, whereby poverty is a condition of relative distress that must be evaluated in relation to the typical standard of living in a given society. A family is defined as poor if its standard of living as expressed by its disposable income per standard individual is less than half the median disposable income in the population. The findings presented in this chapter, which have been processed by the NII's Research & Planning Administration, are based on the annual surveys of income and expenditure done regularly by the Central Bureau of Statistics¹. However, like last year, there will be a summary of findings on the dimensions of poverty and the poverty line obtained according to three alternative poverty indices calculated regularly by the Administration and addressing the perspectives of both expenditure and income of families.

The chapter opens with Israel's status in terms of public welfare expenditure in 2014 and then presents findings and selected analyses pertaining to the dimensions of poverty and inequality² in Israel as compared to OECD countries (Section 2 below). That is followed by principal findings on dimensions of poverty and standard of living in the general population, according to the measurement methods used in Israel³ (Section 3), and finally there is a short survey of three alternative poverty indices developed by the NII Research & Planning Administration over the years, and the findings they yield for 2012 and 2013 (Section 4).

The chapter contains three boxes: (1) **Nutritional Security of the Elderly**, which presents data on the level of food security in elderly families from a study in preparation based on two surveys of nutritional security conducted by the NII (in 2011 and 2012); (2) **Findings of an International Comparison of Levels of Pay and Productivity in Israel**; (3) **Mapping Poverty in Jerusalem** – selected findings from a poverty mapping project by statistical area and population group in Jerusalem, carried out in collaboration with the Jerusalem Municipality Community Services Administration.

This chapter has two appendices (in the last section of the Report): **Measuring Poverty and Sources of Data**, with a detailed description of the poverty measuring method and sources of data, and **Tables of Poverty and Inequality**, which provide further information.

2. An International Comparison of the Israeli Social Situation

A. Public welfare expenditure in Israel

In 2014, public welfare expenditure constituted 16.5 percentage points of GDP. This rate, which peaked in 2001-2003 (at about 20% of GDP), fell consistently until 2006

1 Further details and explanations of the method of measurement and the sources of data are presented in the appendix to this publication, Poverty Measurement and Sources of Data.

2 Growing Unequal Income Distribution and Poverty in OECD Countries, OECD (2008)

3 The findings presented in Section 3 are in fact a brief summary of the publication, Dimensions of Poverty and Social Gaps Annual Report, 2013, which can be found on the NII website.

and leveled at 16%-17% of GDP. For the last six years, since 2009, the rate has remained steady at around 16.3%-16.5% of GDP (Table 1, Diagram 1).

In 2014, more than half the expenditure – 8.7% of GDP – was earmarked for monetary support, and most of the remainder (7.6%) for support in-kind, namely financing services for citizens, mainly health services. Over the years, the proportion of monetary support out of total welfare expenditure in terms of GDP has been eroded to some extent compared to the proportion of services in-kind, which has risen slightly. In the years 2011-2014 expenditure in-kind as a proportion of total welfare expenditure rose by about 3 tenths of a percent in GDP terms.

Financial support for working-age people has gradually and continually declined from 5.6% of GDP at its peak in 2001 to 3.9% in 2014. This decline largely reflects the cut in child allowances that began in August 2013 and continued through 2014. At the same time, the share of monetary support for the elderly increased from 4.6% in 2013 to 4.9% of GDP in 2014. As for support in-kind, its share of expenditure on health has been very stable – 5.6% of GDP – for the last six consecutive years.

Table 1
Public Expenditure on Welfare by its Components, 2005-2014

Component of public welfare expenditure	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	16.6	16.3	15.8	15.9	16.5	16.4	16.3	16.3	16.4	16.5
Monetary support – total	8.9	8.8	8.5	8.5	8.9	8.8	8.8	8.8	8.7	8.7
Support for working-age population	4.3	4.2	4.0	4.1	4.3	4.2	4.2	4.2	4.1	3.9
National Insurance	3.3	3.2	3.1	3.1	3.3	3.2	3.2	3.2	3.1	2.8
War and hostilities	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.8
Other monetary benefits*	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3
Support for the elderly**	4.6	4.6	4.5	4.4	4.6	4.6	4.6	4.6	4.6	4.9
National Insurance	2.6	2.5	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5
Pensions for state employees	2.0	2.1	2.1	1.9	2.1	2.0	2.0	2.1	2.1	2.3
Assistance with rent	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Support in-kind – total	7.5	7.3	7.1	7.3	7.4	7.4	7.3	7.4	7.5	7.6
Support for the elderly	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Health and nursing	5.7	5.5	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.6
Other***	1.7	1.6	1.5	1.6	1.7	1.7	1.6	1.7	1.8	1.9
Other****	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1

Source: Data from the CBS processed by the Research Administration, based on OECD classification rules in the SOCX questionnaire.

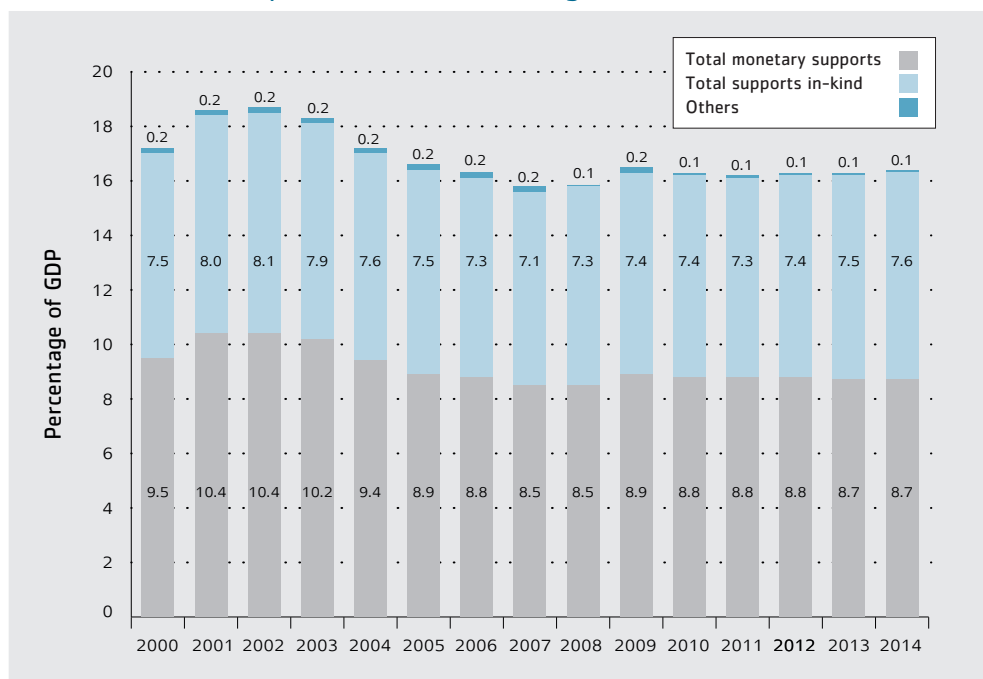
* Assistance with rent for working-age families is included in Other monetary benefits under support for working-age population. This item also includes income support, income grant (negative income tax) and other.

** Survivors' pensions were transferred to "Support for the elderly" although a small number are paid to people of working-age.

*** Pensions in-kind linked to monetary benefits in the areas of survivors, unfitness for work, family etc.

**** Mainly active intervention in the labor market.

Diagram 1
Public Welfare Expenditure as a Percentage of GDP – Israel, 2000–2014



* Source of the data on Israel: Central Bureau of Statistics

B. International comparison of employment and poverty in Israel

Since work provides households' main income, its impact on poverty in Israel is significant. This year we have focused on a comparison between countries in terms of the number of household breadwinners and the effect of this number on the poverty rate. The figures for all countries have been updated to around 2010 (generally 2010, 2011 or 2012) according to availability⁴, and the figures for Israel refer to 2012. Comparisons were made according to a definition of poverty in line with the definition used by the OECD⁵.

Contrary to the opinion held by some researchers in this field, the rate of non-working families in Israel is low by international comparison, and is in fact among the lowest of some 40 countries compared (Diagram 2). A relatively high rate is noticeable in Egypt, South America, Serbia and Ireland. At the same time, the proportion of families with one or two breadwinners is higher in Israel. A fairly high rate of families with

4 The data for the countries shown in the international comparisons were processed from the latest LIS (Luxembourg Income Study) files available for each country.

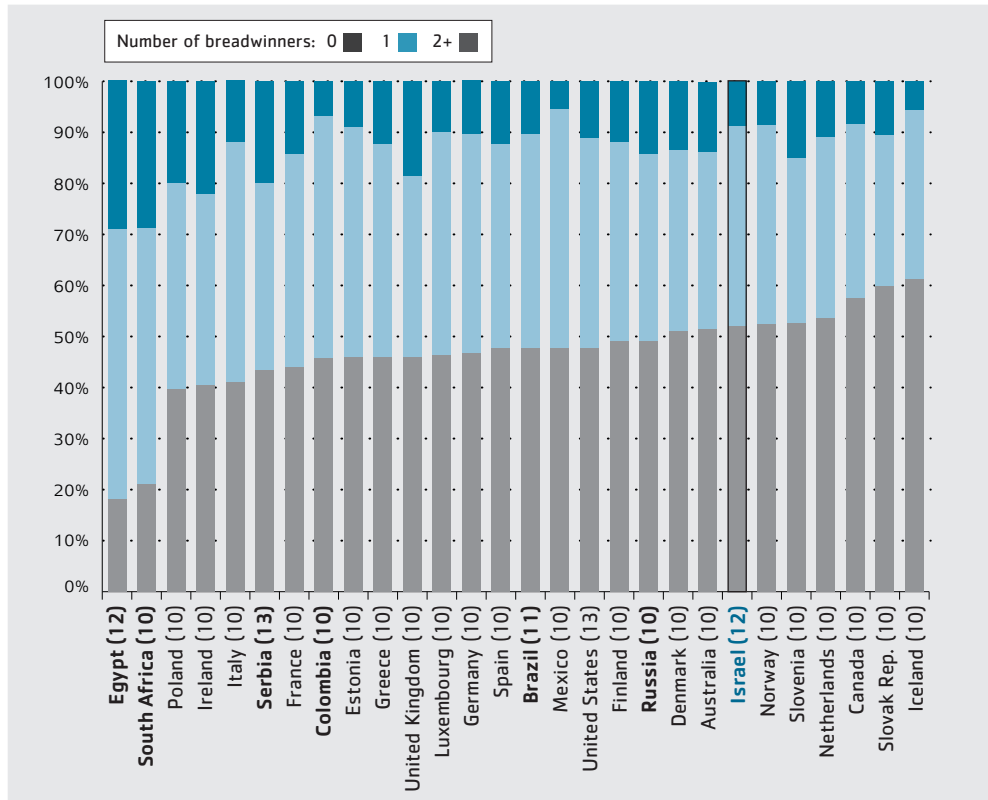
5 As in Israel, measurement of poverty in OECD countries is based on the poverty line calculated as half the median disposable income per standard person. However, there are small differences, mainly affecting the weighting scale (the mechanism used to compare the standard of living between families of different sizes).

two breadwinners is found, apart from Israel, in North European countries (Denmark, Norway and Holland), Canada and Australia, as well as Slovakia, Slovenia and Iceland.

An international comparison of poverty among working-age families by number of breadwinners shows that 64.1% of families without a breadwinner, 20.2% of families with one breadwinner, and 2.7% of families with two or more breadwinners are poor (Diagrams 3a-c). Israel's high position (fifth place) in the existence of poverty among non-working families (Diagram 3a) derives from work's relatively central role in reducing poverty in Israel, which is the mirror image of the limited part played by other measures, such as benefits and transfer payments, compared to other developed countries.⁶

Israel continues to head the list for high poverty rates among families with one breadwinner. In Israel the chances that a single breadwinner will rescue a household

Diagram 2
Rate of Working-age Families* by Number of Breadwinners –
International Comparison, Selected Years**



* Head of household aged 25-64.

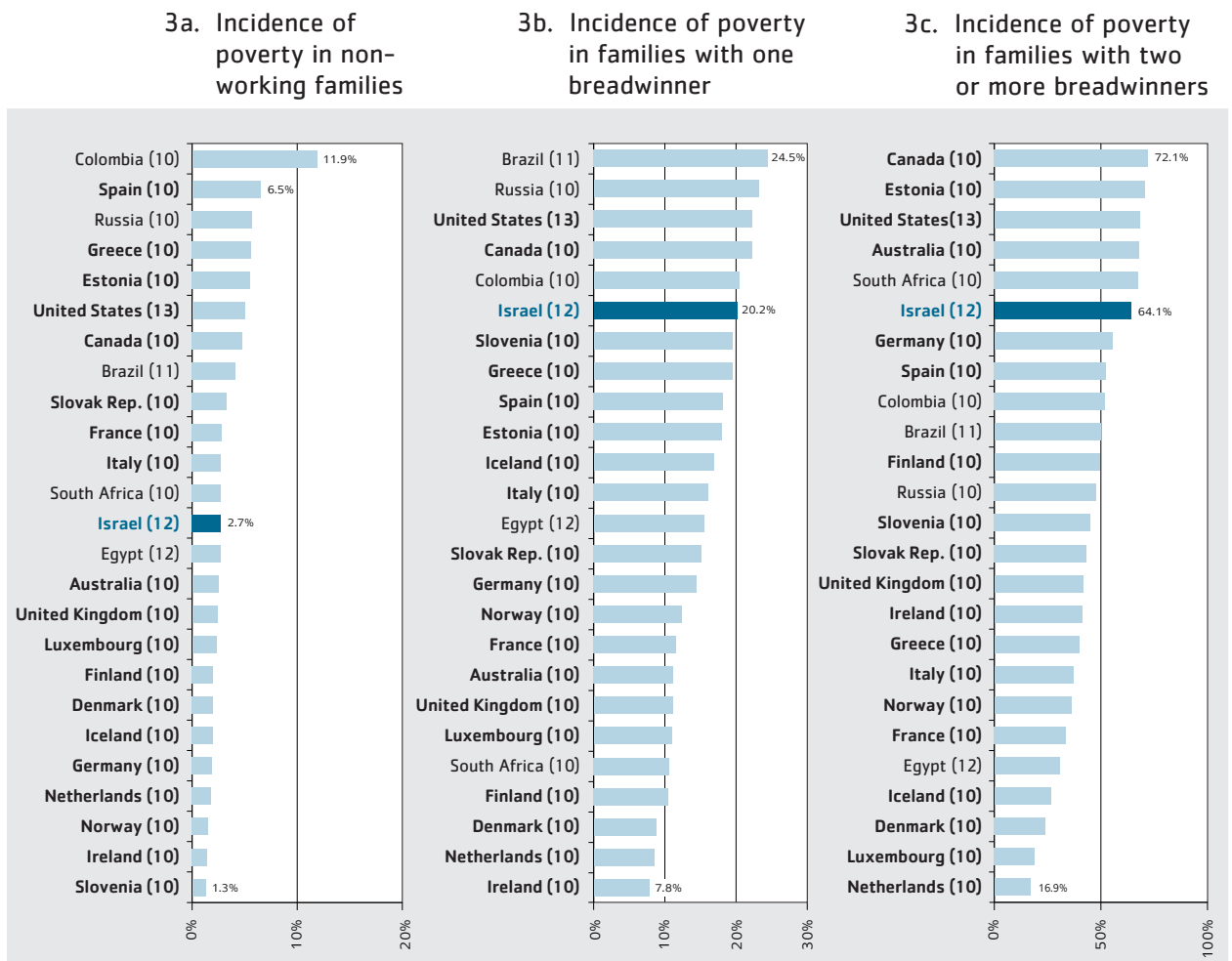
** Numbers in brackets indicate the survey year on which the figures were calculated; countries in color are OECD members.

Source of data: Israel – CBS Survey of Household Expenses for 2012; other countries – processing of LIS data.

6 See this section in the Annual Report – 2013.

from poverty is low in comparison to most OECD countries (Diagram 3b). Israel is sixth from the top, but when it is compared to OECD countries, it turns out that only the USA and Canada have higher rates of poverty among families with one breadwinner. It is only in the poverty rates of families with two breadwinners (Diagram 3c) that Israel moves to the middle of the scale; in other words, families in Israel with two breadwinners have poverty rates closer to those in most of the countries compared. This analysis shows that generally, Israeli households need more than one breadwinner to ensure a standard of living above the poverty line, to a greater extent than in OECD countries.

Diagram 3
Incidence of Poverty among Families of Working-age* -
International Comparison for Selected Years**

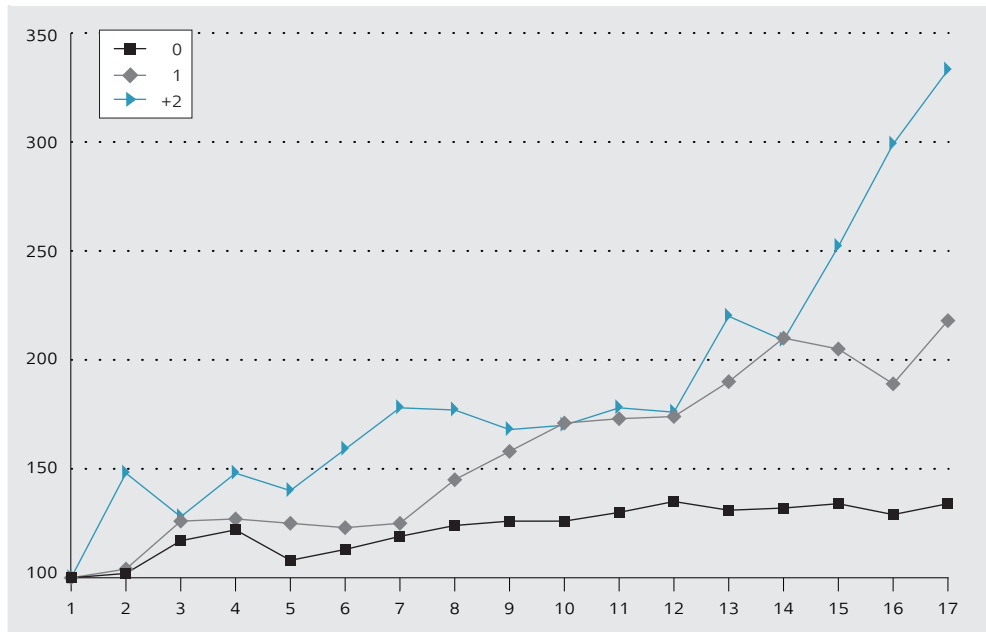


* Head of household aged 25-64.

** Numbers in brackets indicate the survey year on which the figures were calculated; countries in color are OECD members.

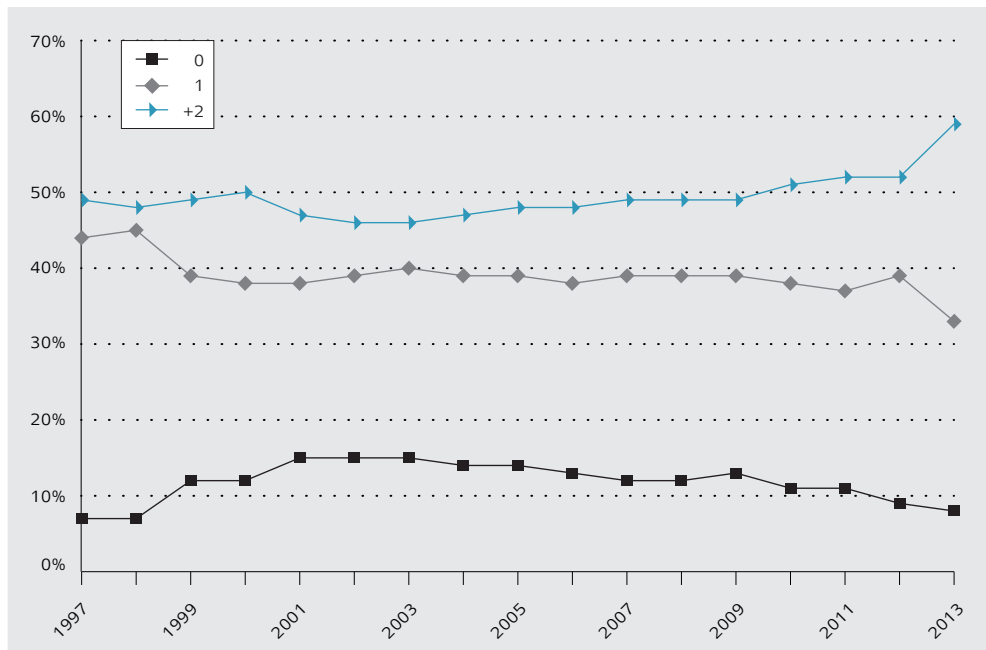
Source of data: Israel – CBS Survey of Household Expenses for 2012; other countries – processing of LIS data.

Diagram 4
Changes in the Incidence of Poverty among Working-age Families* by Number of Breadwinners (1997=100) – Israel, 1997-2013



* Head of household aged 25-64.

Diagram 5
Working-age Families* by Number of Breadwinners – Israel 1997-2013



* Head of household aged 25-64.

An analysis of changes in poverty incidence in Israel over the years shows that from 1997-2013, poverty in families without a breadwinner increased by about 35%, in families with one breadwinner it more than doubled, and in families with two or more breadwinners it more than tripled (Diagram 4). Diagram 4 completes the picture shown in Diagram 2, and illustrates that although work is central to relieving poverty in families in Israel, there has been an erosion over time in the success of work in doing so.

The trend of the eroding ability of work to reduce poverty is accompanied by a rising trend in employment. As already stated, the proportion of households in Israel with two or more breadwinners is relatively higher than in OECD countries and it has been increasing since the early 2000s, corresponding to a decline in the number of families with one breadwinner or no breadwinner: from 46% in the early 2000s to over 50% in 2012 and almost 60% in 2013 (Diagram 5).

3. Main findings on poverty and inequality in 2013

In 2013, the last year referred to in the survey of expenditure which is the basis for calculating poverty in Israel, domestic product increased by 3.2% and prices rose by 1.5% (Table 2). The figures show that the average wage rose by about 1% while the rate of unemployment continued to fall, from 6.9% in 2012 to 6.2% in 2013. Real minimum wage rose slightly to 46.7% of the average wage, thus returning to the 2008 level. Macroeconomic figures show that the rate of employment rose from 74% in 2012 to 74.5% in 2013, part of a long term trend of increasing employment.

Table 2
Economic Indicators that Influence
the Dimensions of Poverty (percentages), 2006-2014

Influencing factor	2006	2007	2008	2009	2010	2011	2012	2013	2014
Growth rate (increase in GDP)	5.8	5.9	4.1	1.9	5.8	4.2	3.0	3.2	2.8
Rate of change in average price levels	2.1	0.5	4.6	3.3	2.7	3.4	1.7	1.5	0.5
Real rate of change in average pay	1.3	1.8	-0.4	-2.5	0.8	0.7	0.7	1.1	1.5
Rate of employment (age 25-64)	69.4	70.9	71.9	70.7	71.8	72.8	74.0	74.5	75.6
Rate of unemployment	10.5	9.1	7.6	9.4	8.3	7.0	6.9	6.2	5.9
Percentage of recipients of unemployment benefit among the unemployed	17.4	17.3	19.6	23.2	20.7	23.5	25.0	30.4	32.4
Minimum wage as a percentage of the average wage	46.2	47.5	46.8	47.3	45.8	45.5	46.2	46.7	45.8

Since 2012, when the combined income survey conducted by the Central Bureau of Statistics was cancelled, calculations of poverty and inequality were converted to the CBS household expenditure survey which includes, in addition to expenditure data, detailed data on family income. Not only that: the expenditure survey itself has undergone changes in the way the data are calculated. These changes have created a break in the series and consequently a problem with direct comparison to 2011.⁷

In 2013 the survey made use of methods similar to those of 2012, but it emerged that the data on rates of employment presented in it were positive to an extent that did not match data from other sources: according to the survey, the employment rate of the main age-group in the labor market (25-64) shot up by 4 percentage points and the number of employed people increased by 10% compared to far lower rates in similar years (Table 2, Diagram 6).

Because of these changes, which do indeed match the rise in the growth of employment but not its intensity compared to alternative sources of information (see below) – the incidence of poverty in families fell from 19.4% in 2012 to 18.6% in 2013, and in individuals – from 23.5% to 21.8%. The percentage of children living in poor families fell sharply between those two years – from 33.7% to 30.8% in 2013. As stated, the decrease in the dimensions of poverty due to changes in employment offset the effect

Diagram 6
Rates of Employment for the 25-64 Age-group – Manpower Survey compared to Household Expenditure Survey (percentages), 1999-2013



of cuts to child allowances introduced in August 2013, which according to estimates would have increased the rate of child poverty.

In a comparison with administrative data up to 2013, it also emerges that the rate does not match the trends. According to the wage file of the Tax Authorities, which covers all salaried employees in the economy, the rate of employment rose by 2.7% from 2012 to 2013⁸. This rate is slightly higher, but still close to the figure published by the CBS based on employers' reports to the NII (from which the average wage published each quarter is also taken), which showed that the number of salaried jobs rose by about 2% in those 2 years, compared to the stated increase of 4% according to the expenditure survey.

Another reason for decreases in the dimensions of poverty concerns fairly sharp changes in the population composition between the two surveys⁹. For example, the share of the Arab population, which is characterized by high poverty rates, declined from 2012 to 2013. It is possible that this is a continuation of adjustments made in the survey following the structural changes in 2012.

The clarifications and reservations deriving from this situation, which creates difficulty for direct comparisons not only between 2011 and 2012, but also between 2012 and 2013, are specified at greater length in the 2013 Annual Report on Dimensions of Poverty and Income Gaps. Because of these differences in the sources of data, which have still not been overcome, this year we will provide fewer explanations and analyses of the findings that relate to the dimensions of poverty according to the system used by the NII, and in most cases simply present the tables.

Data from the 2013 survey show that during that year standard of living, measured by median disposable income per standard individual, rose by 4.4%, following a significant increase of 12% which was recorded in 2012 (Table 3). However, the increase was also

Table 3
The Poverty Line and Average and Median Income per Standard Individual after Transfer Payments and Direct Taxes (NIS), 2011-2013

Income per standard individual	2011	2012	2013	Real rates of growth (%)	
				From 2011 to 2012	From 2012 to 2013
Average	4,805	5,458	5,691	11.7	2.7
Median	4,001	4,513	4,783	10.9	4.4
Poverty line	2,000	2,256	2,392	10.9	4.4

8 There may be further supplements, but experience indicates that at this stage the administrative wages file is almost complete.

9 Such changes in population composition should have been expressed fully in the 2012 survey, which contained structural changes compared to previous surveys, since demographic changes tend to be long term and should not be expressed in surveys from two consecutive years. For details of the structural changes since the 2012 survey, see Dimensions of Poverty and Social Gaps – Annual Report, 2011.

due to the structural changes in the survey used to calculate poverty and inequality, and therefore it is difficult to assess the nature of the changes in standard of living as measured each year as the real change between median or average disposable income.

An examination of poverty data as a percentage of average wages in 2013 shows that the poverty line rose as a percentage of the average wage, compared to the 2012 data, but the trends remained similar: the poverty line for a family of four for example, was about 83% of the average wage in 2013, and for families of six or more, having one breadwinner on the average wage will not rescue them from poverty, and they must increase their income by 10% (six people) to about 45% (nine people) (Table 4)¹⁰.

Table 4
Number of Standard Individuals and the Poverty Line for Families*, by Number of People in the Family, 2012-2013

Number of people in family	Number of standard individuals in family	Poverty line for the family			
		2012		2013	
		NIS per month	Percent of average wage	NIS per month	Percent of average wage
1	1.25	2,820	31.5	2,989	32.5
2	2	4,512	50.4	4,783	51.9
3	2.65	5,978	66.7	6,338	68.8
4	3.2	7,219	80.6	7,653	83.1
5	3.75	8,460	94.5	8,968	97.4
6	4.25	9,588	107.0	10,164	110.3
7	4.75	10,716	119.6	11,360	123.3
8	5.2	11,731	131.0	12,436	135.0
9**	5.6	12,634	141.0	13,393	145.4

* The average wage calculated for 2012 and 2013 is the weighted average of the average wage for a full-time position (Israeli workers) in the relevant period for each survey.

** The weight of each additional person is 0.40. For example, a family of 10 is deemed to consist of 6 standard individuals.

The poverty rate measured by disposable income is the result of transfer payments and direct taxes, which 'correct' economic income, defined as income from work and capital before taxes. Transfer payments, principally NII allowances, increase family income, while direct taxes reduce it. The less the amount of direct tax paid by a poor family, the greater its disposable income and chances to leave poverty. Table 5 presents the decrease achieved in each of the years shown, when taking into account only transfer payments and when adding direct taxes to the government's policy measures. In some indices great improvement was achieved by policy measures (FGT index, SEN index and the Gini index of division of incomes of the poor fall by half or more) and in indices of incidence of poverty, mainly in the child poverty rate, the improvement achieved is more moderate.

10 This calculation does not take into account allowances and direct taxation; the former work to increase disposable income, while the latter reduce it.

It can be seen that the improvement obtained when excluding direct taxes is higher than the improvement when they are taken into account, since while taxes work to reduce inequality between income levels, they are not effective at reducing poverty, since they reduce the disposable income of the poor. It should be noted that most of the poor do not reach the income tax threshold and therefore do not pay that tax, so the effect of taxation on their disposable income is discernible only in their payments of the health tax and NII contributions.

During the 2013 survey period, transfer payments and direct taxes rescued 33.7% of poor families from poverty, compared to 36% in 2012 (Table 6). This change was mainly due to the rise in income from work, due to the sharp increase in employment

Table 5
Dimensions of Poverty in the General Population
by Selected Poverty Indices, 2011-2013

Poverty indices	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes
2011			
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	0.119
Gini index of inequality in the distribution of income*	0.4640	0.1978	0.2030
2012			
Families	30.3	17.4	19.4
Individuals	31.4	21.0	23.5
Children	39.0	30.8	33.7
Income gap ratio of the poor (%)*	56.3	33.7	34.4
FGT index*	0.1342	0.0351	0.0405
SEN index*	0.236	0.098	0.111
Gini index of inequality in the distribution of income*	0.4348	0.1957	0.1995
2013			
Families	28.1	16.6	18.6
Individuals	28.3	19.1	21.8
Children	35.3	27.6	30.8
Income gap ratio of the poor (%)*	55.5	32.8	32.8
FGT index*	0.1192	0.0298	0.0345
SEN index*	0.212	0.086	0.099
Gini index of inequality in the distribution of income*	0.4315	0.1842	0.1892

* The weight given to each family in calculating the index is equal to the number of individuals included in it.

and the effect of the August 2013 cuts in child allowances (which continued to affect 2014 data). For comparison purposes, looking at the whole decade, in 2002 about half of poor families were rescued from poverty following government intervention. The contribution of direct taxation and transfer payments to removing people from poverty remained almost identical in the last two years – 25%. Among poor children, about 13% were removed from poverty by government intervention in 2013, compared to 25% in 2002.

Table 6
Effect of Transfer Payments and Direct Taxes on Poverty Rates
in Total Population by Selected Poverty Indices, 2011–2013

Poverty indices	Percentage decrease					
	From transfer payments only			From transfer payments and direct taxes		
	2011	2012	2013	2011	2012	2013
Incidence of poverty (%)						
Families	47.2	42.4	41.1	39.3	36.0	33.7
Individuals	34.1	33.1	32.6	26.4	25.2	23.1
Children	21.5	21.1	21.9	15.1	13.6	12.7
Income gap ratio of poor (%)*	41.4	40.1	40.9	40.5	39.0	40.9
FGT index*	75.2	73.8	75.0	71.5	69.8	71.1

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

Box 1

Mapping Poverty in Jerusalem

For many years, the dimensions of poverty in Jerusalem have been among the highest in Israel: the poverty rate among Jerusalem families rose from about 23% in 2000 to 35% in 2013, and child poverty soared from 37% to 60% in that period. In addition, Jerusalem is placed 4th out of 10 socio-economic clusters (Tel Aviv – 8, Haifa – 7, Rishon Lezion – 10). However, the welfare authorities in the city have trouble providing suitable assistance for the poor, mainly because they are unable to segment this population by the special characteristics of each and thus tailor the assistance accordingly.

Consequently, Jerusalem Municipality contacted the Research & Planning Administration of the NII with a request for an in-depth and multi-dimensional study of the subject of poverty in Jerusalem, in order to find the obstacles stopping the needy from leaving poverty, and to help the Municipality decide where to focus its resources to handle the problem, by defining the city according to sub-areas.

The Research & Planning Administration created a comprehensive database¹, using several sources: administrative data held by the NII on demographic characteristics, pay and benefits received by families in Jerusalem, records of discounts on local taxes given by the Municipality, water debts and data from the Welfare Bureau, plus data from the Ministry of Building & Housing on public housing and assistance with rent. The database is regularly updated and provides information about the city's socio-economic situation by statistical area (the smallest statistical unit), so that the Municipality and others can map poverty in the city and adjust their programs for dealing with it according to the different characteristics of families.

Jerusalem has 238 different statistical areas. Diagrams 2-4 below present a mapping of poverty in Jerusalem by population groups and the following features: family composition, percentage of families receiving NII benefits (particularly subsistence benefits), percentage of families receiving discounts on local taxes, recipients of rent assistance, and the incidence of poverty.

It can be seen that the secular and religious population groups are characterized by a large proportion of families with four or more children who receive NII benefits and discounts on local taxes, while the incidence of poverty among them is low compared to the other groups (about 20%).

The highest rates of poverty are among the Arabs (46.5%) and the Haredi (40%). The Haredi have the highest rate of families with four or more children, recipients of NII benefits and discounts on local taxes. The Arabs have a high rate of families

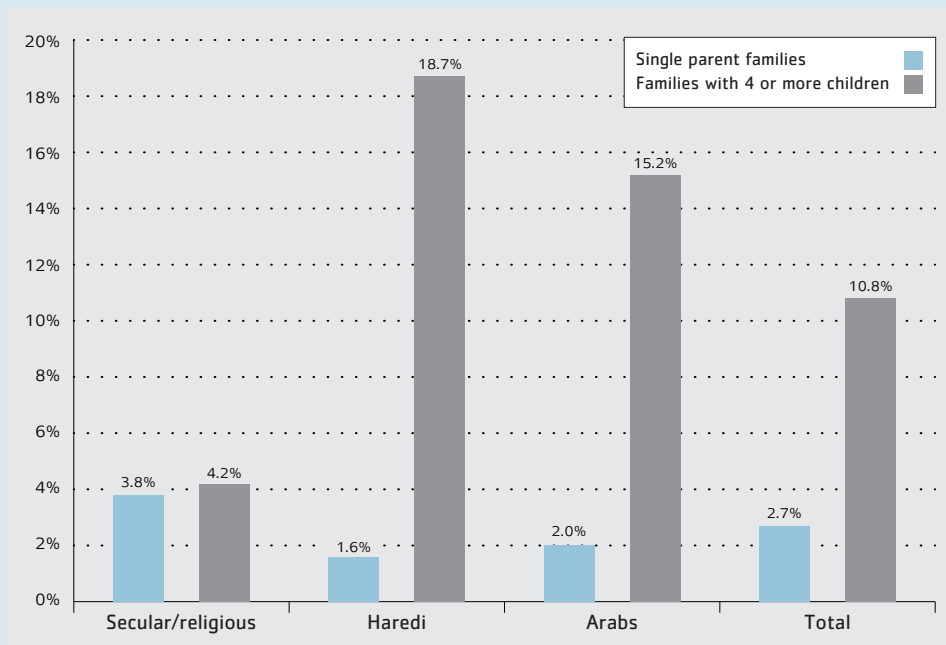
Table 1
Jerusalem families by population group and various characteristics*

Group	Total families	Average per capita income (NIS)	Rate of poor families	Poverty cluster (total population)	Recipients of discount on local taxes	Average local tax discount (%)	Recipients of NII benefits	Average benefit amount (NIS)
Not assigned	24,862	3,503	41.2%	4	17.5%	32.8	27.0%	868
Secular/ religious	130,851	5,857	20.8%	3	29.1%	30.3	37.9%	1,195
Haredi	63,815	3,273	41.2%	4	33.7%	42.6	36.9%	1,234
Arab	72,395	1,993	46.5%	4	20.4%	33.2	25.8%	778
Total	291,923	4,133	33.3%	4	27.0%	34.0	33.7%	1,081

* The figures are correct for 2011

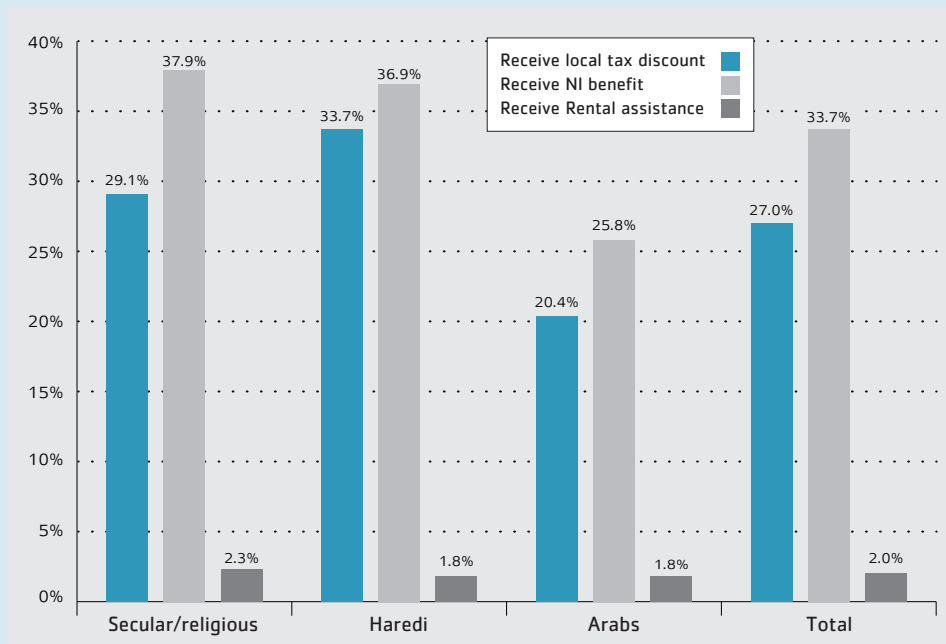
1 Since the administrative data used to calculate incomes and dimensions of poverty include only income from work and benefits, and not other elements such as income from capital and some pension income – the poverty calculations are not the same as the national calculations based on surveys of income and expenditure. The income used to determine half the median which was set as the poverty line was the per capita (gross) income from work and from benefits.

Diagram 1
Population Groups in Jerusalem by Selected Family Composition*



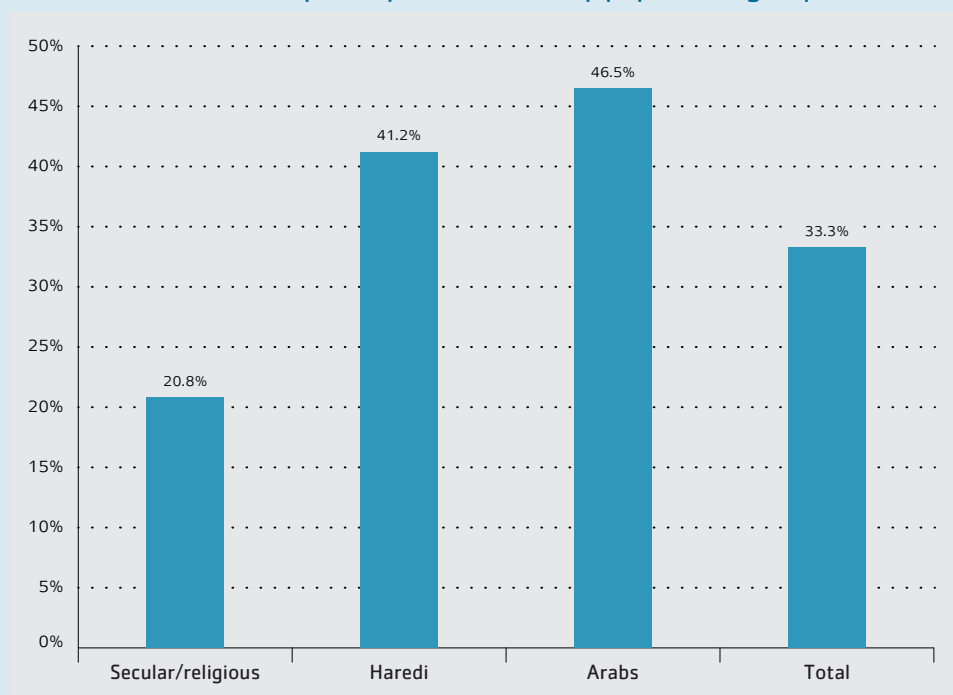
* The figures are correct for 2011.

Diagram 2
Jerusalem recipients of benefits by population group and benefit



* The figures are correct for 2011.

Diagram 3
Incidence of poverty in Jerusalem by population group*



* The figures are correct as of 2011.

with four or more children, but the rate of NII benefits recipients and those receiving discounts on local taxes is low compared to the other groups.

To sum up, the project of mapping poverty in Jerusalem is providing Jerusalem Municipality with data according to population groups, and thus enables it to join sustainable programs² to reduce poverty, or to adapt programs for each group separately. The next stage of this project will be to define family profiles according to demographic and socio-economic variables so that programs for dealing with and eliminating poverty can be individually adapted.

2 For example, to raise utilization rates of the work grant program, to examine eligibility for assistance from the Ministry of Housing, and to ensure enforcement of labor laws.

Various population groups differ in terms of trends and changes in the extent of poverty in 2012-2013 (Tables 7-10). Table 7 presents the incidence of poverty by economic income and disposable income in the various groups, and Tables 8 and 9 present the proportion of each group in the total population and in the poor population in 2012 and 2013 respectively. Table 10 shows the values of the income gap ratio by population groups.

As a rule for nearly all population groups, the indices obtained from the 2013 expenditure survey are considerably lower than those calculated from the combined income surveys in recent years, and even than the 2012 expenditure survey, because of employment trends unique to this survey. While the transition from previous years to 2012 mainly reflects changes in sample size, methods of counting, sample composition etc., the transition from 2012 to 2013 largely reflects the aforesaid employment data¹¹.

Table 7
Extent of Poverty in Specific Population Groups, 2012+2013

Population Group (families)	2012			2013		
	Economic income	Disposable income	Concentration index*	Economic income	Disposable income	Concentration index*
Total population	30.3	19.4	1.00	28.6	18.6	1.00
Jews	25.9	14.1	0.73	24.4	13.6	0.73
Arabs	59.2	54.3	2.80	52.4	47.4	2.54
Old people	50.5	22.7	1.17	48.0	22.1	1.19
Immigrants	34.8	17.3	0.90	34.5	18.5	0.99
Haredi (per Gottlieb-Kushnir)	77.0	58.8	3.03	82.1	70.7	3.80
Haredi (by the classic approach)	62.6	46.7	2.41	64.5	52.1	2.79
All families with children	30.5	24.8	1.28	27.4	23.0	1.23
1-3 children	24.5	18.5	0.95	21.5	17.4	0.93
4 or more children	60.7	56.6	2.92	58.0	52.3	2.80
5 or more children	71.1	67.1	3.46	66.6	60.0	3.22
Single-parent families	45.1	29.0	1.50	41.8	27.5	1.48
Employment of household head						
Working	19.9	13.8	0.71	17.9	12.5	0.67
Employed	20.2	13.7	0.71	17.8	12.3	0.66
Self-employed	16.5	13.4	0.69	17.0	13.2	0.71
Working-age unemployed	89.3	66.1	3.41	91.2	72.9	3.91
One breadwinner	36.6	24.9	1.29	35.7	24.1	1.29
Two or more breadwinners	7.5	5.5	0.29	7.4	5.7	0.31
Age of household head						
Up to 30	32.2	22.4	1.16	29.9	21.7	1.17
31-45	26.1	20.1	1.04	24.4	19.4	1.04
46 to pension age	20.2	14.1	0.73	17.7	12.6	0.67
Of legal pension age	54.0	24.1	1.24	51.4	23.5	1.26
Education of household head						
Up to 8 years of school	69.1	45.2	2.33	68.7	46.1	2.47
9-12 years of school	33.2	22.3	1.15	30.8	21.0	1.13
13 or more years of school	21.4	12.8	0.66	21.0	12.8	0.69

* The concentration index is the ratio between the poverty rate in a group and in the population as a whole (by disposable income) and reflects the 'closeness' of a particular group to the general population in terms of the incidence of poverty.

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

11 The tables are given for users who track the figures each year. A more comprehensive analysis of expenditure by population group can be found in the report on Poverty and Social Gaps 2013 on the NII website.

Table 8
Proportion of Selected Groups in the Total Population
and the Poor Population (Percent), 2012

Population Group (families)	Total population		Poor population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	Individuals	Families	Individuals	Families	Individuals
Jews	87.0	81.2	74.5	63.2	63.4	53.7
Arabs	13.0	18.8	25.5	36.8	36.6	46.3
Old people	20.4	10.7	34.0	16.7	23.8	10.6
Immigrants	20.3	17.5	23.3	17.0	18.1	12.9
Families with children - total	45.0	65.7	45.3	71.9	57.6	81.3
1-3 children	37.5	49.2	30.4	39.0	35.8	40.2
4 or more children	7.4	16.5	14.9	32.8	21.7	41.1
5 or more children	3.5	9.0	8.3	20.5	12.3	25.9
Single parent families	6.0	6.9	9.0	10.1	9.0	9.1
Employment of household head						
Working	79.4	86.8	51.7	67.3	56.0	69.5
Employed	69.3	75.6	46.1	59.4	49.0	60.0
Self-employed	10.1	11.1	5.5	7.8	7.0	9.3
Working-age unemployed	6.3	6.3	18.6	18.6	21.6	20.7
One breadwinner	35.0	31.9	41.7	51.3	44.5	53.0
Two or more breadwinners	44.4	54.9	10.0	15.9	11.5	16.5
Age of household head						
Up to 30	17.4	17.3	18.5	19.6	20.1	18.6
31-45	34.5	43.0	29.8	43.9	35.9	49.7
46 to pension age	30.5	30.8	20.3	21.5	22.2	22.3
Of legal pension age	17.6	8.9	31.4	15.0	21.8	9.4
Education of household head						
Up to 8 years of school	9.2	7.5	20.9	16.7	21.4	17.1
9-12 years of school	38.0	41.0	41.7	46.7	43.7	48.6
13 or more years of school	52.9	51.5	37.4	36.6	35.0	34.3

* The weight given to each family in the calculation equals the number of individuals it contains.

Table 9
Proportion of Population Groups in the Total Population
and the Poor Population (Percent), 2013

Population group (families)	Total population		Poor population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	Individuals	Families	Individuals	Families	Individuals
Jews	85.0	79.9	72.1	60.0	61.9	51.6
Arabs	15.0	20.1	27.9	40.0	38.1	48.4
Old people	21.5	11.3	35.8	17.1	25.5	10.9
Immigrants	19.8	16.6	23.6	16.5	19.7	12.7
Families with children - total	44.7	65.3	43.2	71.2	55.1	80.0
1-3 children	37.4	49.5	28.5	38.0	34.9	40.9
4 or more children	7.2	15.8	14.7	33.2	20.2	39.1
5 or more children	3.2	8.2	7.6	19.6	10.5	23.0
Single parent families	5.7	6.1	8.3	9.4	8.4	8.5
Employment of household head						
Working	79.5	87.8	49.6	67.8	53.5	70.3
Employed	68.3	75.4	42.5	58.3	45.0	59.5
Self-employed	10.9	12.2	6.5	8.9	7.7	10.2
Working-age unemployed	5.6	5.2	18.2	17.1	22.0	19.4
One breadwinner	29.5	25.3	36.9	45.2	38.0	46.2
Two or more breadwinners	50.0	62.5	12.7	22.5	15.4	24.0
Age of household head						
Up to 30	17.9	18.4	19.0	21.5	20.8	21.2
31-45	34.5	43.1	29.5	44.5	35.9	49.8
46 to pension age	28.7	28.8	17.7	18.0	19.3	18.9
Of legal pension age	19.0	9.6	33.7	16.0	23.9	10.1
Education of household head						
Up to 8 years of school	8.2	6.7	19.7	15.5	20.2	16.0
9-12 years of school	38.0	40.6	40.9	44.9	42.9	46.4
13 or more years of school	53.9	52.8	39.3	39.6	37.0	37.6

* The weight given to each family in the calculation equals the number of individuals it contains.

Table 10
Income Ratio of the Poor* - Selected Population Groups, 2012 and 2013

Population Group (families)	2012			2013		
	Economic income	Disposable income	Concentration index*	Economic income	Disposable income	Concentration index*
Total population	56.3	34.4	1.00	55.5	32.8	1.00
Jews	56.2	29.8	0.87	57.8	30.1	0.92
Arabs	56.5	39.6	1.15	52.0	35.6	1.09
Old people	78.0	28.1	0.82	79.8	25.2	0.77
Immigrants	61.1	25.1	0.73	64.7	27.1	0.83
Families with children – total	52.0	35.4	1.03	49.8	33.7	1.03
1-3 children	47.3	31.4	0.91	47.3	30.8	0.94
4 or more children	57.6	39.4	1.15	52.6	36.7	1.12
5 or more children	59.1	40.6	1.18	53.4	36.7	1.12
Single parent families	61.4	36.0	1.05	65.3	37.8	1.15
Employment of household head						
Working	40.1	29.2	0.85	39.2	28.8	0.88
Employed	40.0	28.7	0.83	38.9	28.6	0.87
Self-employed	40.7	33.1	0.96	38.2	29.9	0.91
Working-age unemployed	94.2	54.2	1.58	94.9	51.3	1.57
One breadwinner	43.5	31.4	0.91	44.8	32.6	1.00
Two or more breadwinners	29.1	22.3	0.65	28.0	21.4	0.65
Age of household head						
Up to 30	50.6	33.0	0.96	49.6	33.4	1.02
31-45	51.4	35.1	1.02	49.5	34.4	1.05
46 to pension age	55.9	36.9	1.07	55.7	32.5	0.99
Of legal pension age	78.4	27.2	0.79	79.8	24.2	0.74
Education of household head						
Up to 8 years of school	72.1	37.0	1.08	68.7	34.3	1.05
9-12 years of school	51.0	34.2	1.00	51.9	33.4	1.02
13 or more years of school	55.9	33.2	0.97	54.3	31.4	0.96

* The weight given to each family in the calculation equals the number of individuals it contains.

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

Box 2 Nutritional Security in the Elderly - Results of Surveys in 2011 and 2012¹

The NII initiated and carried out two nutritional security surveys in 2011 and 2012, involving some 5,600 and 6,400 families respectively, representing the whole country. Interviewees responded by telephone to questions based on a questionnaire developed by the U.S. Department of Agriculture. The questionnaire is largely family-based, and focuses on behaviors and subjective feelings as a basis for an index of nutritional insecurity at different levels of severity (slight and considerable). Questions dealing with demographic and socio-economic data relevant to the Israeli economy and society were added.

In this box we will focus on some 1,600 families of elderly persons interviewed in both surveys and constituting 16% of the total families interviewed. A family was defined as elderly if its head had reached the formal age of retirement – 62 for a woman and 67 for a man. The head of the family was defined as its highest earner.

The survey found that 9% of elderly families suffered from nutritional uncertainty, compared to 21% of other families (Table 1). About 6% of elderly families were at level of considerable nutritional uncertainty, compared to 10% of other families. Nutritional uncertainty was more characteristic of the 'younger' elderly (aged up to 74) than older ones (Diagram 1).

**Table 1
Nutritional Security among the Elderly and Non-Elderly –
Families and Individuals (percentages), 2011-2012**

	Total families	Percentage of population	Total individuals (000s)	Percentage of population
Elderly				
Nutritional security	339	90.8	534	90.9
Slight/moderate nutritional insecurity	10	2.7	16	2.8
Considerable nutritional insecurity	24	6.4	37	6.3
Non Elderly				
Nutritional security	1,929	79.5	90.8	339
Slight/moderate nutritional insecurity	258	10.6	495	11.0
Considerable nutritional insecurity	239	9.9	462	10.2

1 Findings of a study prepared by Miri Endewald and Natanella Barkley on the subject of nutritional security among the elderly.

Diagram 1
Nutritional Insecurity among the Elderly by Age, 2011-2012

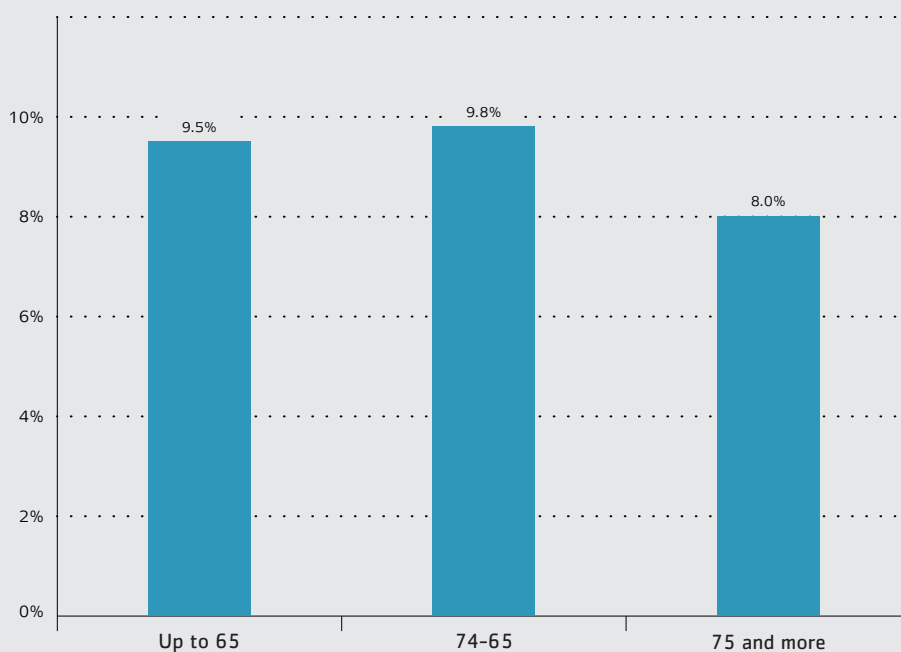


Table 2
Odds Ratio for the Elderly being in a Situation of Nutritional Uncertainty – Logical Regression Results (%), 2011-2012

Regression variables	Odds ratio	Level of significance	Significance
Jews	0.239	<.0001	*
Haredi	0.701	0.6375	
Immigrants since 1990	0.639	0.2005	
Female head of household	1.212	0.3506	
Living alone	1.435	0.0978	***
Working	1.093	0.6662	
Household head aged 64-75	0.914	0.708	
Household head aged 75-84	0.733	0.2585	
Household head aged 85+	0.69	0.3938	
Jerusalem	1.276	0.4791	
North	0.917	0.7844	
Haifa	1.034	0.9042	
Center	1.029	0.9101	
South	1.354	0.3179	
Per capita income up to NIS 1500	5.794	<.0001	*

Significance level: *p<0.01 **p<0.05 ***p<0.1

The results of a logical regression looking at the effect of demographic variables on the likelihood of old people suffering nutritional uncertainty, found that the chances of Jews were 70% lower than the chances of Arabs (Table 2). Women's chances were 20% higher than those of men, and elderly people living alone were 40% more likely to suffer from nutritional uncertainty than those who lived with a spouse or other family members.

The older the individual, the lower their chances of being in a situation of nutritional uncertainty. Those with an income of up to NIS 1,500 were five times more likely to be in this situation.

4. Measuring poverty

Since the early 1970s poverty has been defined using the relative approach, which is accepted by most researchers and social policy makers in the western world. In this approach, poverty is a condition of relative distress and a family is defined as poor if its standard of living is considerably worse than the typical standard of living in that society, and not when it is unable to purchase a basic basket of products necessary for survival.

In the 1990s, a semi-relative approach to measuring poverty was developed in the United States, whereby a threshold expenditure on a **basic basket of products** was defined (and in this sense this approach is absolutist), but the value of this basket is calculated as a percentage of the median expenditure on basic consumer products. This method was recommended as an alternative to the official poverty index in the United States. It was developed by a committee of academic experts in America and Britain (NRC – National Research Council), following an initiative of the Economic Committee of Congress designed to review in depth official U.S. poverty measurement and suggest an alternative method. The principles were finalized after years of thorough and comprehensive theoretical and empirical research. The Committee recommended basing the basket of products on actual consumption habits, as reflected in surveys of household expenditure.

This section presents a brief overview of three alternative indices to the existing poverty index, that were developed in the Research & Planning Administration and are calculated like the above approach, based on household expenditure and not on household income.

The three alternative indices are calculated using three methods: **NRC** (National Research Council), **MBM** (Market Basket Measure), and **FES** (Food Energy Intake and Share). These methods take into account the various components of family consumption compared absolutely to a fixed basket of goods and compared relatively to the baskets of consumption of other households.

A. Measuring poverty using the NRC method

A study published by the NII in 2004¹² attempted to measure poverty in Israel using the NRC approach, based largely on calculating the threshold expenditure of a representative family (two adults and two children), from the data on consumption of the population itself, as expressed in expenditure surveys carried out by the Central Bureau of Statistics. The basket used to calculate the threshold expenditure includes products and services in the areas of food, clothing, footwear and housing, plus other essential products. **The threshold expenditure is adjusted for different family** compositions using a weighting scale that takes into account the number of adults and children in the family. The income compared to **threshold expenditure** is the family's disposable income (gross income from all sources less direct taxes). An added component is the **income in kind** if the family receives public housing and pays reduced rent compared to market prices¹³. A poor family is one whose disposable income cannot pay for this basket.

The study presented two options for calculating threshold expenditure and income compared to it for each type of family, where the difference between the two options lies in the definition of expenditure on housing: in the first option, expenditure on housing is obtained from total regular payments for occupying an apartment (loans and mortgages, rent etc.), and in the second option, this expenditure is calculated according to rent for those renting accommodation, and according to the rent attributed to the apartment for those who own their homes. In the second option a family that lives in its own home is compensated on the income side. The added income element is the difference between the attributed rent and the total current expenditure on the apartment¹⁴.

B. Measuring poverty using the MBM method

In another study published by the NII in 2011¹⁵, a poverty index was calculated combining the Canadian and American approaches. The MBM (Market Basket Measure) index, as calculated for the Israeli economy, is located on the continuum between two points – an absolute index and a relative index, and it belongs to the family of poverty indices in which the poverty line is derived from consumption of a basket of products representing a reasonable estimate of the minimum required to live. This link to the minimum for living means that this poverty line can be used to assess the suitability of subsistence

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- 12 Sabag-Endewald, M. & Achdut, L. (2004), Developing an experimental poverty index from the expenditure side in Israel. The Research & Planning Administration, National Insurance Institute.
- 13 In addition to direct taxes, on the recommendation of the American committee, expenditure on transport for work purposes and on various childcare arrangements for working families are also deducted from income.
- 14 In both options, calculation of the income compared to threshold expenditure also takes into account the benefit embodied in public housing services: a family living in public housing (belonging to the housing companies Amidar, Amigur, etc.) is compensated on the income side by the difference between rent on the free market and the rent that they actually pay.
- 15 Gottlieb D & Froman, A. (2011). **Measuring poverty according to a suitable basket of consumption in Israel, 1997-2009**. National Insurance Institute, Research & Planning Administration.

benefits, that is – income support and income supplement, which are the last safety net for those who cannot support themselves and their families. An important difference between the NRC index and the MBM index lies in their reference to the food element: in the NRC index expenditure on food is measured according to actual data as with other expenditure on the suitable basket (which also includes clothing, housing and various supplements), by means of an expenditure multiplier; in the MBM, food expenditure is determined on a normative rather than an actual basis – according to principles of nutrition and the composition of the family by sex and age.

C. Measuring poverty using the FES method

In the third method, the FES (Food Energy Intake and Share), a special poverty line is defined for each family based on its own characteristics. A **basket of basic food** is adjusted for each family, and defines the minimum essential monetary expenditure on food, according to the Nitzan-Klusky definitions (2003). This method takes into account that a family has other essential costs apart from food, and the minimum essential expenditure takes account of both food and other items. For that purpose, this model assumes that the family's expenditure on food grows as its income rises, and that the marginal expenditure on food falls as income rises. Thus, as income rises so too does expenditure on food, so that as a proportion of total expenditure it shrinks and the proportion of expenditure on other products increases.

In this method, for each family, we indicate two minimum levels of income, and their arithmetical average is defined as the poverty level: (1) the income level for which the division of expenditure is such that expenditure on food is the same as the minimum expenditure on food defined for that family; (2) the income level identical to the monetary cost of minimum food consumption defined for that family, plus the monetary cost of non-food products that the family would consume if its income was identical to the monetary cost of the minimum food basket defined for it.

The various calculations in this method are done twice: once using the family's monetary income, and the second time including income in-kind, and with the data currently available to us, the main income in-kind is the result of owning the family home.

D. Rate of Poverty

According to all the methods, the dimensions of poverty indicate a consistent drop over the years in both versions: when referring to monetary income and when referring to income including credit for home ownership (Table 11). As a rule, the dimensions of poverty based on income including the link to home ownership are generally lower than when based on monetary income, thus home ownership reduces gaps between families.

The levels of poverty obtained from the NRC and MBM methods are fairly similar. By contrast, the FES method shows lower poverty indices for families but generally

higher inforfor children. According to this method, the drop between 2010 and 2013 was the steepest: the family poverty index fell by about 5 percentage points and that of children by about 7 percentage points. In 2013, the drop in poverty indices matches the downward trend in poverty as measured by the relative approach on the income side, but this result could be different. It should be remembered that with all the methods, and particularly the FES and the MBM, which are based on a basket of food determined by external experts, there is an absolute element to the measurement of poverty. Therefore, as the standard of living, measured by income, rises (while the absolute element does not actually change), so the chances of a drop in the rate of poverty grow.

Table 11
Rate of Poverty in Families, Individuals and Children,
according to Various Approaches, 2010-2013

	NRC			FES			MBM		
	Families	Individuals	Children	Families	Individuals	Children	Families	Individuals	Children
According to monetary income									
2010	21.0	25.0	34.4	19.0	27.8	41.1			
2011	20.7	24.8	34.3	17.9	27.5	40.6			
2012	20.1	24.2	33.3	16.5	24.7	36.8			
2013	18.4	22.2	30.6	14.7	22.0	33.7			
According to overall income									
2010	18.8	23.5	33.3	17.9	27.1	40.9	20.7	27.2	39.3
2011	18.0	23.1	33.0	18.3	28.4	42.6	20.3	27.5	39.5
2012	17.6	22.7	32.3	16.0	24.6	37.0	18.8	24.1	35.2
2013	16.4	21.1	30.4	14.6	22.4	34.4	16.8	21.1	31.4

In 2012-2013, analysis of the findings on the rate of poverty and threshold expenditure (the minimum expenditure required not to be considered poor) according to each of the methods, shows the following: for different family compositions, incidence of poverty according to the NRC method, which takes account of credited housing rental (calculated on total income), is lower than the incidence of poverty when current payments are taken into account (calculated on monetary income) in families without children (Table 12). On the other hand, families with children show similar rates of poverty in both calculations – by monetary income and by economic income. For example, the incidence of poverty among individuals without children based on monetary income is 20.5%, while according to economic income it is 13.6%. The FES method reveals results for two measurement methods, including and excluding income in-kind, with similar incidence of poverty among nearly all kinds of families.

According to all three methods for measuring poverty from the expenditure side, there is a match between the number of children and the incidence of poverty. For example, among couples with five children, the poverty rate using both NRC and FES

Table 12
Incidence of Poverty and Threshold Expenditure
for Various Family Compositions, using the NRC, FES and MBM approaches, 2012-2013

Family composition	NRC				FES				MBM			
	2012 Threshold expenditure (NIS)	Poverty incidence (%)	2013 Threshold expenditure (NIS)	Poverty incidence (%)	2012 Threshold expenditure (NIS)	Poverty incidence (%)	2013 Threshold expenditure (NIS)	Poverty incidence (%)	2012 Threshold expenditure (NIS)	Poverty incidence (%)	2013 Threshold expenditure (NIS)	Poverty incidence (%)
	By monetary income											
Single adult	2,859	22.0	2,872	20.5	1,861	9.3	1,947	6.6				
Two adults	4,645	13.8	4,665	12.7	3,711	6.2	3,886	7.1				
2 adults + 1 child	5,730	16.9	5,756	14.5	5,062	9.2	5,269	9.4				
2 adults + 2 children	6,734	14.7	6,764	14.2	6,810	11.9	7,216	11.2				
2 adults + 3 children	7,677	21.9	7,711	19.9	8,758	22.3	9,198	20.2				
2 adults + 4 children	8,572	41.5	8,611	38.8	10,379	43.8	10,958	45.8				
2 adults + 5 children	9,429	60.2	9,472	57.2	12,221	67.9	12,952	59.3				
1 adult + 2 children	5,277	34.1	5,301	31.0	5,480	35.3	5,513	27.4				
	By total income											
Single adult	3,512	14.3	3,513	13.6	2,394	6.8	2,434	6.4	3,368	16.3	3,324	14.9
Two adults	5,706	10.9	5,707	9.8	4,773	5.2	4,857	5.7	5,717	10.1	5,659	10.0
2 adults + 1 child	7,040	15.7	7,042	15.0	6,511	9.5	6,585	9.4	7,226	16.1	7,154	17.6
2 adults + 2 children	8,273	15.1	8,275	14.8	8,760	11.7	9,018	10.8	8,804	17.0	8,772	18.2
2 adults + 3 children	9,431	21.2	9,433	19.9	11,265	22.7	11,494	20.8	10,397	25.3	10,348	21.8
2 adults + 4 children	10,531	39.6	10,534	38.6	13,349	45.1	13,694	46.5	11,821	48.9	11,800	42.6
2 adults + 5 children	11,584	58.7	11,587	56.8	15,720	66.4	16,186	58.4	13,278	63.4	13,284	52.4
1 adult + 2 children	6,483	35.3	6,484	32.8	7,049	35.4	6,890	26.3	6,961	38.1	6,854	34.3

methods, is about 60%, while the MBM method yields 52%, but among adults with one child the results are 15%, 9% and 18% respectively.

Values of threshold expenditure for small families according to the NRC and MBM methods are higher than the threshold expenditure according to FES, and in larger families the ratio is reversed. Accordingly, there is also the same proportion of poverty. This difference is due to the weighting scale used by NRC and MBM, which relates differently to children and adults, unlike the FES calculation.

A comparison of poverty rates in 2012 and 2013 measured by these three methods shows, as with the data on the income side, a decrease in poverty measured on the expenditure side, at different levels for different family compositions and different measurement methods.

Box 3

Work Productivity and Average Pay in relation to Work Productivity – International Comparison

According to classical economic theory, in perfect competition wages are determined by marginal worker productivity, and therefore high productivity correlates with high pay and vice versa. Work productivity as measured by average worker output shows the efficiency of workers on average, and therefore in addition to its effect on pay, it provides an indication of the competitiveness of an economy.

Notwithstanding the link between productivity and pay, various countries, particularly developed ones, differentiate in the ratio of pay to productivity, namely that part of productivity from which the workers ultimately benefit.

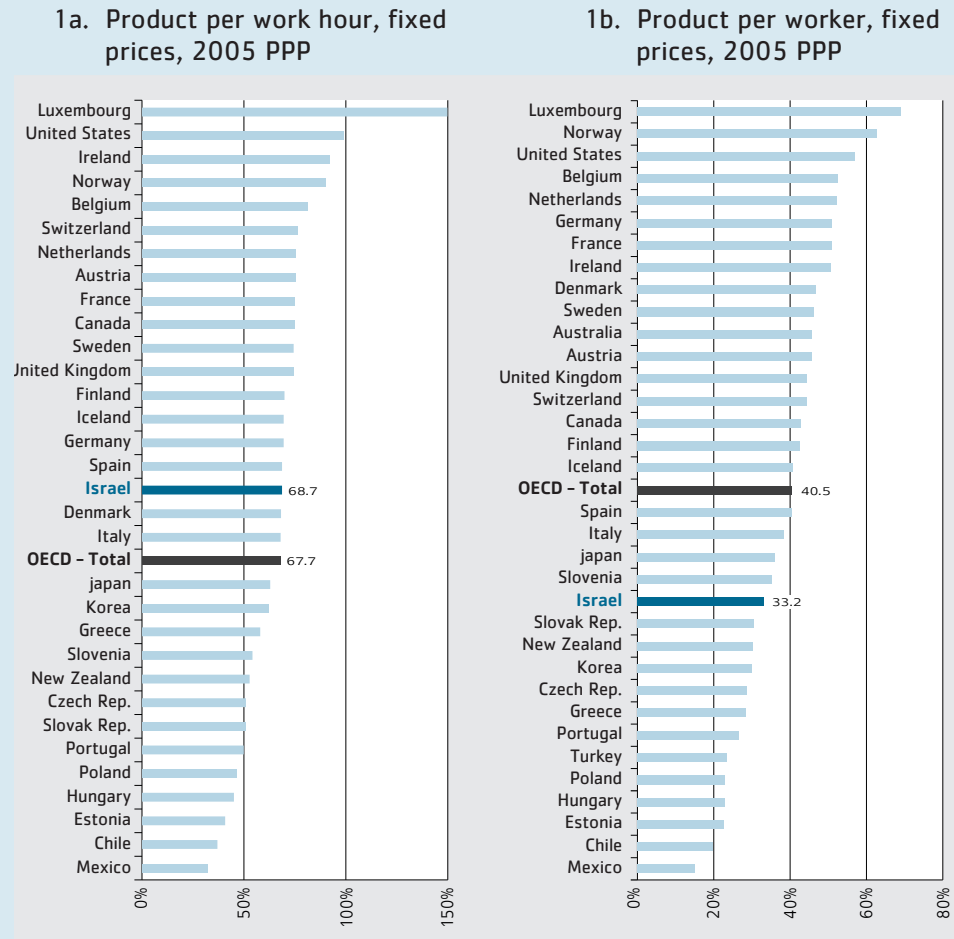
Below we present a comparison of productivity in Israel over the years, with that of developed countries¹, using two different methods of calculation: product per worker, and product per work-hour. We also compare the average size of pay in the various countries to these dimensions of productivity. Both comparisons show that low pay derives - as is known - from low work productivity, while at the same time pay in Israel is also low in terms of the link to productivity.

Work Productivity

A comparison of productivity per work hour is slightly different from the comparison of productivity per worker. The latter is affected by differences in job size (full- or part-time), which do not affect productivity per hour. Productivity per hour is measured by

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1 Some of the findings in this box are taken from Endewald, M. & Heller, A (2014). The compensation for work and its contribution to reducing poverty – Israel from an international perspective. Publication 119 in the series of National Insurance studies. Other findings are further development of this study.

Diagram 1
Work Productivity in OECD countries, 2013



total product, which is divided by the total number of hours worked in the economy (Diagram 1a), while to obtain productivity per worker, total product is divided by the number of people employed (Diagram 1b). Diagrams 1a and 1b, which present productivity in OECD countries in 2013, show that the productivity of the Israeli worker is slightly higher than the OECD average, but productivity per hour is lower than the average. Possible reasons for that are the (on average) long hours of work in Israel compared to other developed countries².

In 2013, average productivity per hour worked in Israel was 33.2 dollars (PPP in 2005 prices), about 18% lower than productivity in developed countries (excluding

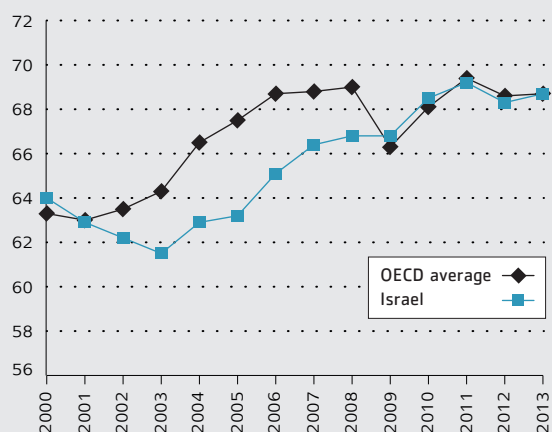
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 2 See the study referenced in Footnote 1.

Israel). This puts Israel in the bottom third of countries for this measure, between Western and Eastern European countries. The placing of the countries is also similar for the breakdown of average productivity per worker, excluding Israel, which is a few places higher with 68.7 thousand dollars (PPP in 2005 prices) per worker per year – about 1.5% higher than the average in the developed countries.

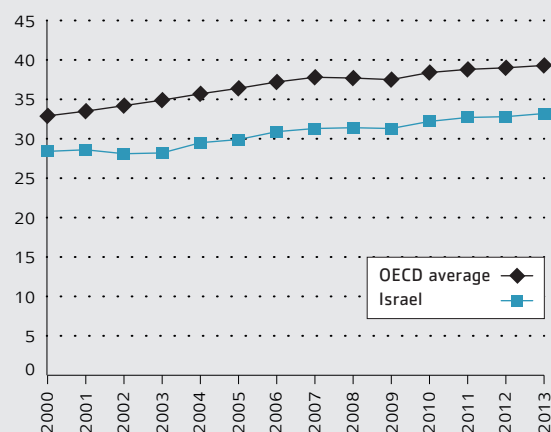
In the years 2000–2013, productivity per hour of work in Israel was consistently 15%–19% lower than in other developed countries. On the other hand, an examination of productivity per worker shows that in the years 2001–2008, on average it was lower in Israel than in other developed countries, but since 2009 it has been similar to those countries.

Diagram 2
Work productivity in Israel and on average in OECD countries, 2000–2013

2a: Product per hour of work, fixed prices – dollars, 2005 PPP



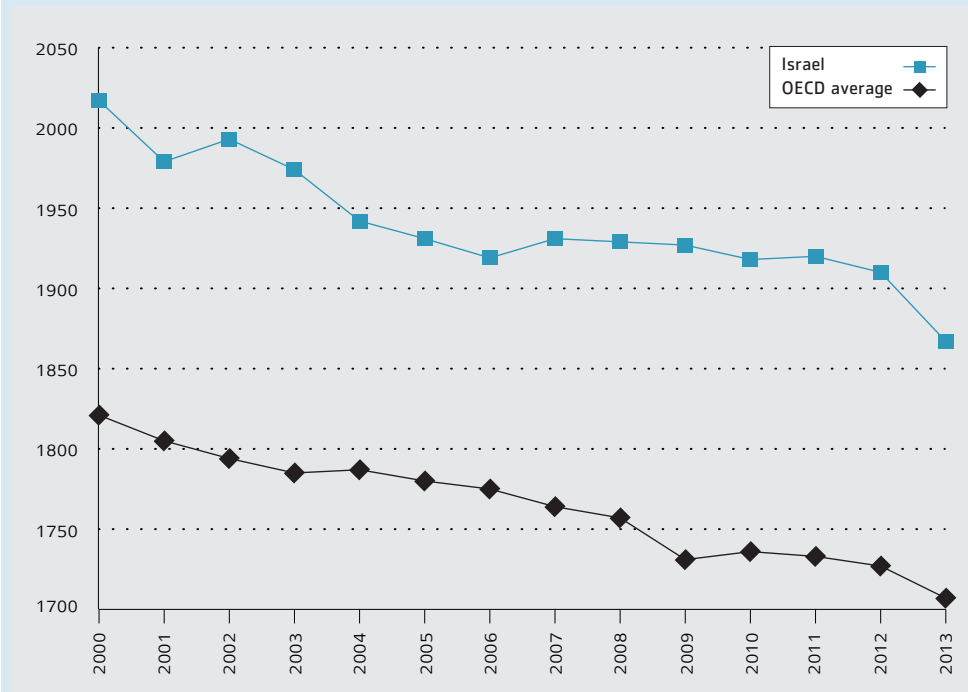
2b: Product per worker, fixed prices – thousands of dollars, 2005 PPP



The global economic crisis in 2009 led to a reduction of employment in developed countries, and thus also to a reduction in hours worked. Israel was less affected by the crisis, and there was no significant change in the average number of hours worked per annum among the employed that year (Diagram 3). In developed countries the average hours worked did not return to their level before the crisis, and continued to fall in subsequent years, while in Israel hours worked remained high. Therefore, Israel's productivity per worker in those years was similar to that of the other developed countries, in spite of its relatively low productivity per hour.

As with wages per hour of work compared to monthly salary, these two measures of work productivity are useful and highlight various aspects of the labor market:

Diagram 3
Average hours worked per annum per worker
in Israel and the OECD average, 2000-2013



productivity per hour of work is a 'net' measure, that estimates the quantity of product by means of a normal job size. The productivity per worker measure is 'gross', but it is actually an indication of the household standard of living.

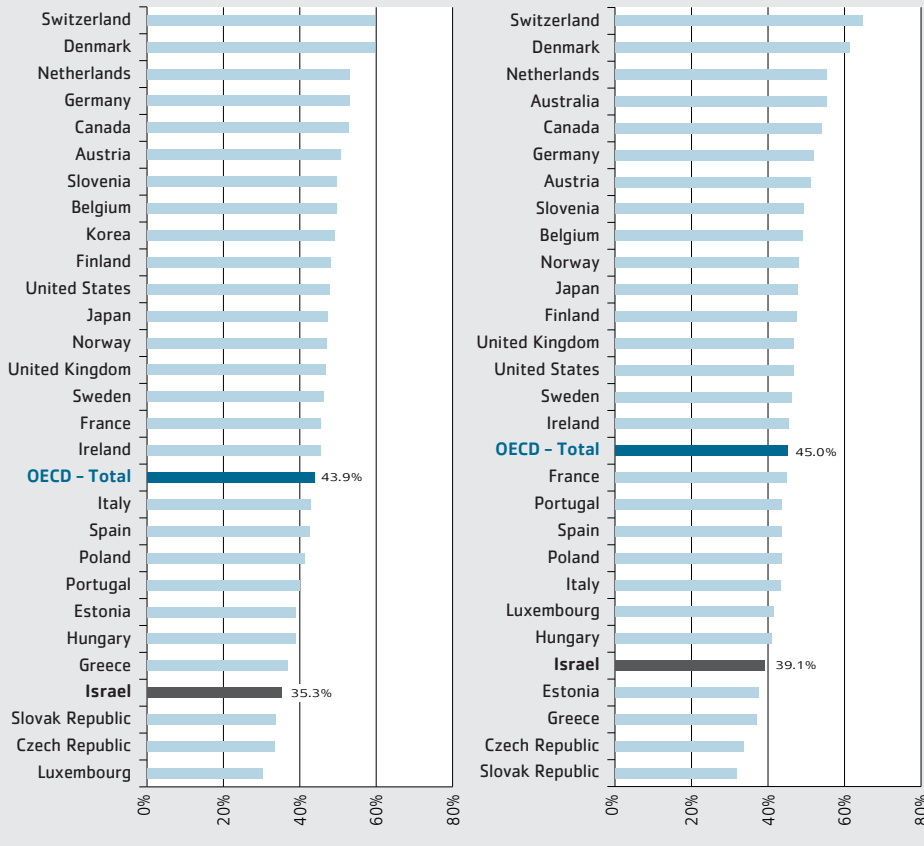
The role of pay in work productivity

Countries differ not only in productivity but also in compensation to workers as a function of the value of their work (Diagram 4). A breakdown of developed countries by wages as a percentage of productivity shows that Israel is near the bottom: pay per hour is equal to 39.1% of the product per hour, and annual pay is equal to 35.3% of the annual product per hour. These values are about 20% and 13% respectively lower than the average in the developed countries, very far from the rates in western Europe, the USA and Japan, and close to those in eastern Europe. (The exception here is Luxembourg, whose workers according to the diagram are underpaid according to their productivity, but exceptionally high productivity ensures that the average salary is high by international comparison). The significance is that in international terms, workers in Israel are poorly paid, even when taking their fairly low productivity into account.

Diagram 4
Average pay as a percentage of work productivity,
OECD countries (percentages), 2013

4a: Pay per hour as a percentage of product per hour

4b: Annual pay as a percentage of annual product per worker

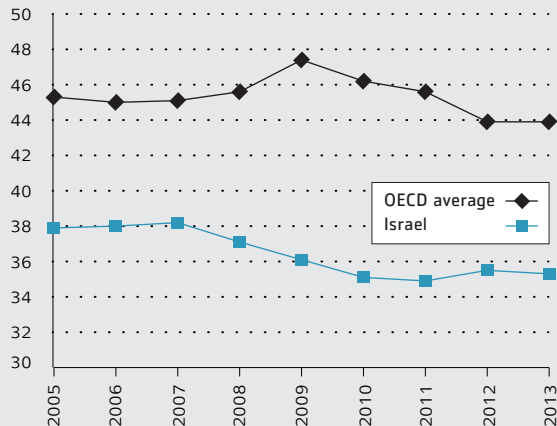


In recent years, pay in Israel has eroded compared to work productivity – both per worker and per work hour – unlike pay as a percentage of average productivity in the developed countries, where the trend in recent years is less clear and is consistently higher than the rate in Israel (Diagram 5).³

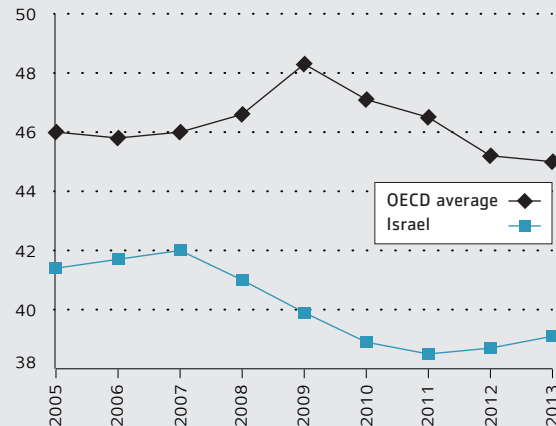
3 Israel's low position among the developed countries for pay as a percentage of productivity could also be because of differences in investment in various countries, a subject that deserves a separate discussion and is not dealt with here. The comparison shown here is valid assuming that the difference in capital investments between countries does not by itself explain the difference in pay as a percentage of productivity. On the other hand, the erosion of pay against product shown in Diagrams 5 and 6 in Endewald, M. and Heller, A. (2014) (See footnote 1), is not due to a change in the scope of capital investment in Israel, if only because of the freeze in real pay during the years when product grew.

Diagram 5
Average pay as a percentage of work productivity
in Israel and in OECD countries (percentages), 2005-2013

5a: Pay per hour as a percentage of product per hour



5b: Annual pay as a percentage of annual product per worker



Conclusion

Both methods presented here for calculating work productivity show that productivity per hour worked in Israel is low compared to developed countries and that the relatively long hours of work in Israel mean that productivity per worker is slightly higher than the average of developed countries.

In the last 15 years the scope of employment in Israel has changed, unlike in other developed countries, and therefore the ratio of productivity per worker has also changed: until 2008 productivity was relatively low in Israel, but since 2009 it has been similar to the average of developed countries. Examination of the recompense paid to workers shows that irrespective of how productivity is calculated, pay is relatively low in Israel compared to other developed countries, and has even declined in recent years.

These comparisons indicate two causes of low pay in Israel: the proportion of productivity paid as wages is low, and in any case productivity itself is low. In order to deal with low pay, these two elements must be addressed: increasing productivity by means of actions to improve human capital (such as study of core subjects or vocational education), and reduction in the number of hours worked and a change in policy to increase pay – in the area of the minimum wage, social benefits, increased pay for overtime (above a full-time job), and regulating patterns of employment (direct/indirect, monthly/daily, etc.). All these could contribute to providing workers with a bigger slice of the product cake.

Chapter 3

Benefits: Activities and Trends

1. Income Support

In 2014 the number of families receiving income support fell by 1.3% to 103,000 on average per month. Since the second quarter of 2003, when the number of families receiving income support reached a record 159,000, there has been a steady drop until 2009, when the number stabilized at the 2008 level. In 2010, the drop resumed, in 2012 the rate of decrease was smaller, and in 2013 the number rose slightly (by 0.6%) for the first time since 2003.

a. Main points of the Income Support Act in its 2003 format

The Income Support Act which applies to the working-age population, permits two rates of long-term benefit – the normal rate and the increased one, but in fact defines three rates for a transitional period¹. Among eligible persons, the Act distinguishes between those aged 55 and over, and those aged under 55. The benefit and the means test for people aged 55 and over remained unchanged for all family compositions who are eligible for the increased rate (as it was until January 2003), whether newly or **previously eligible**². The distinction between the newly eligible and the previously eligible is only relevant for recipients aged 55 and over: All the newly eligible and those who were previously eligible for the normal rate receive the normal (but reduced) rate, while those who were previously eligible for the increased rate receive the (reduced) increased rate. The significance of these amendments is that eventually – after the transitional period – anyone under 55 will only be eligible for the normal reduced rate of benefit. In December 2014 only 4,690 families were defined as “previously eligible”.

Below are the main changes in the Act from 2003 to 2014 and going forward:

- Since January 2003, the Employment Service has no longer been permitted to define a benefit claimant as temporarily or permanently unemployable. Those who are not required to appear before the Employment Service are indicated in the new format of the Income Support Act. The main amendment affects mothers of small children: before the amendment they were exempt from the employment test if their youngest child was under 7 years of age. After the amendment, they are only exempt until their youngest child reaches the age of 2. There is no change in the situation of women entitled to child support, and they continue to be exempt from the employment test after the new legislation.
- In 2004 the Integration of Benefit Recipients in the Labor Market Act (temporary provision) was passed, and in August 2005, responsibility for carrying out the employment test in trial areas was transferred from the Employment Service to

1 Changes in the level of benefits and the means test are given separately in the NII's Annual Survey for 2002-2003.

2 People who began receiving the benefit before 1.1.2003, including those whose benefits were stopped for a period of no more than six months.

private employment centers. Participants in the program were benefit recipients on the grounds of unemployment or low pay. In April 2010 the program ended and responsibility for the employment test returned to the Employment Service.

- Since January 2007, ownership of a car does not automatically disqualify a claimant from receiving the benefit (previously, ownership was only permitted in the case of special needs such as medical necessity), if the car's engine size is up to 1300ccs, if 7 years have passed since the end of its year of manufacture, or up to 1600ccs if 12 years have passed. The car owner will only be eligible for the benefit if the claimant (or claimant's spouse) has income from work that is higher than 25% of the average wage (in the case of a claimant of retirement age – 17% of the average wage). The law also affects anyone dismissed from work. (For other changes in the law regarding ownership of a car, see below.)
- In 2007 changes were also introduced regarding overseas travel: eligible persons (or their spouses) who have reached the age of retirement can travel overseas up to three times a year, for no more than 72 days without automatic disqualification for the benefit. On the fourth occasion of overseas travel in the same calendar year or after 72 days, they will not be eligible for the benefit while outside Israel. Before the change in legislation, eligibility was stopped on the second overseas trip in the same calendar year.
- In July 2008 a further amendment was passed, stating that a single mother³ would continue to receive income support while studying in an institution of further education or doing a course of longer than 12 months. The amendment was intended to help mothers acquire suitable education to help them find work, or improve their work prospects, or earn more. An eligible mother who met all the following conditions would continue to receive the benefit: the benefit was paid for 16 out of the 20 months prior to the first month of study; the course does not grant a master's or doctoral degree; the benefit would be paid for no more than 36 months of study; for the unemployed – the studies take place in the evening.
- Following a Supreme Court decision in August 2012, the condition that ownership or regular use of a car (not of the permitted engine size or year of manufacture) would deny eligibility for income support was cancelled and an alternative arrangement was defined, whereby a monthly income would be credited for a car worth no more than NIS 40,000. Owners of cars of higher value would not be entitled to income support or income supplement (excluding cars for special needs or mobility vehicles). The credited income would reduce the benefit rate by 3% of the value of the car above the value not taken into account. The car value not taken into account is higher for those who work (income from work greater than 25% of the average wage). Anyone

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3 Although the following refers to mothers, it also applies to single fathers (in the Act – single parents).

who owned a car and received a benefit before the above legislative changes could be eligible for the benefit under the previous rules.

- In 2012 a further important amendment to the law was introduced, concerning income from property. Under the amendment, the value of income from property is calculated according to the type of property (financial or real estate), taking account of its value and the rate of yield under market conditions, plus an additional graded income credit, depending on family composition and claimant's age. The yield rate of a financial asset was determined by the average short term loan rate for the previous 12 months as published by the Bank of Israel. The yield from real estate: agricultural land 0%, residential property 3% and commercial property 5%. The rates of the graded supplement, ranging from 1.5% to 5%, are specified in the Regulations. In addition, a mechanism for annual update of the yield was defined, to calculate the value of the income to be credited. Payments according to this amendment began in March 2013 and included payments for the period from September to December 2012.
- Another change in the law in 2012 is the payment of income support to women in shelters for victims of domestic violence. These women will be eligible for the benefit on predetermined conditions and providing they received this benefit in the month prior to entering the shelter.
- In October 2013 the Cold Regions Order was updated, specifying the places where recipients of old-age and survivors' pensions with income supplements were eligible for a heating grant. It also determined that the eligibility of anyone who received an income support/income supplement, who reached retirement age before November 2013 and who was living in an area defined as cold before the amendment would not be affected.
- Guidelines were approved for the Protective Edge Campaign period, to ease the situation of benefit claimants and recipients living up to 40km from the Gaza Strip.

b. Recipients of Income Support

1. Developments in the number of recipients

The period June 2003 to December 2008 shows a steady falling trend in the number of recipients of income support. The trend began with the implementation of stricter legislation in June 2003, when some 5,000 families became ineligible, and the obligation to pass an employment test as a condition of eligibility was extended to additional groups. Continuation of this trend was due to the ongoing effect of the decrease in the maximum income for eligibility, and to the improvement in the general employment situation from 2004 to mid-2008. The introduction of employment centers as part of the Mehalev program in August 2005 and Lights for Employment in August 2007 accelerated the trend. In 2009 there was a turning point: the number of families receiving the benefit rose early in the year and stabilized at a higher level in the second half, apparently due

to general conditions in the economy. Since 2010 the number of recipients has again been falling, a trend that apparently reflects the economic recovery. In 2012 this trend slowed down, and in 2013 there was, as stated, an increase due among other reasons to legislative changes relating to car ownership. In 2014 there was a drop again, and the average number of recipient families is the lowest since 1999.

As stated, in 2010, 2011 and 2012 the average number of families receiving income support fell by 2.1%, 3.8% and 1.4% respectively (Table 1). The quarterly figures (Diagram 1) show that in the third and fourth quarters of 2012 there was a measured increase in the average number of recipients per month. The rise continued into the first quarter of 2013 and since then there has been a slow decrease. Overall, in 2013 there was a rise of 0.6% in the average number of recipient families per month compared to 2012. In 2014 there was a drop in the first three quarters and a rise in the last quarter.

In October and November 2014 Employment Service branches were closed due to sanctions, and benefit recipients who were required to report could not complete the employment test in order to receive their benefits. The Employment Service treated everyone who had reported during the month prior to the sanctions (even those who only reported partially and were therefore ineligible for the benefit that month) as having fulfilled the requirement during the sanctions. Therefore the number of eligible recipients rose during those months, in contrast to the drop during 2014. The number of recipient families decreased again when the sanctions ended.

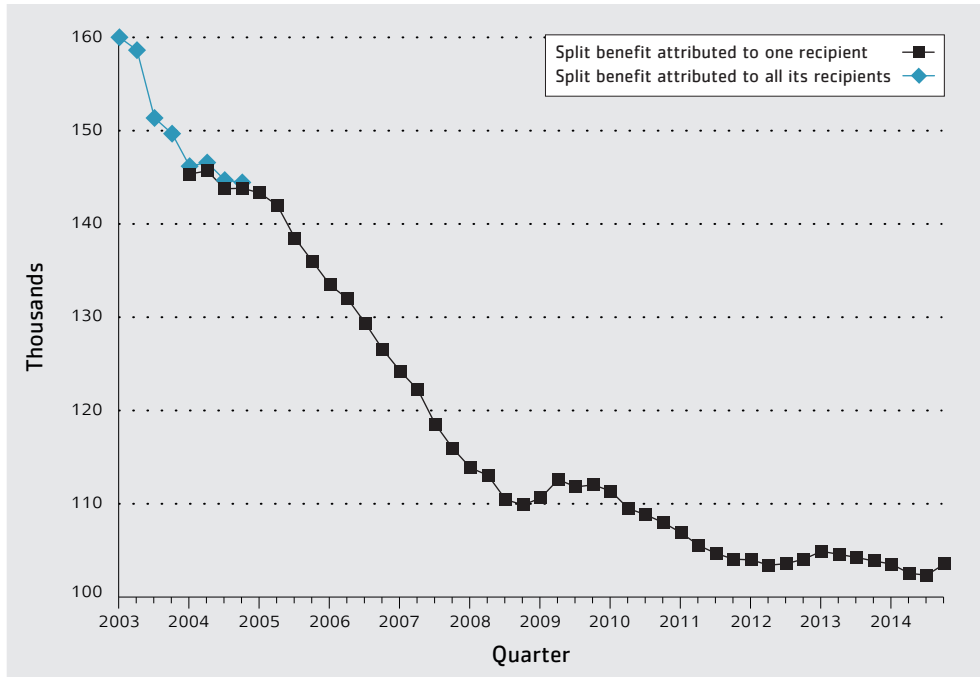
Table 1
Families Receiving Income Support by Number of Years
in Israel* (monthly average), 2008-2014

Year	Total		Veterans		Immigrants	
	Absolute number	Rate of change	Absolute number	Rate of change	Absolute number	Rate of change
2008	111,808	-7.0	78,011	-5.4	33,798	-10.4
2009	111,765	-0.04	79,461	1.9	32,304	-4.4
2010	109,407	-2.1	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
2013	104,399	0.6	80,084	2.7	24,315	-5.8
2014	102,993	-1.3	80,262	0.2	22,731	-6.5

* Seniority in Israel is established according to the age of the of the benefit claimant

In 2009, alongside the continual but decreasing drop in the number of immigrant families (classified by the benefit claimant), the number of veteran families (by the claimant) receiving the benefit rose for the first time since 2004. In 2010 the trend changed again – the number of veterans fell and there was an accelerated fall in the number of immigrants compared to 2009. In 2011 the downward trend continued

Diagram 1
Families Receiving Income Support by Quarter (thousands), 2003–2014



for both veteran and immigrant families. While in 2010 the fall in the number of immigrant families accounted for about 85% of the total decrease in the number of recipient families, in 2011 immigrants accounted for only about 60% of the decrease; i.e. the rate of decrease among immigrant families slowed. Therefore, the decrease in the number of families receiving the benefit in 2010–2011 was largely due to the decrease among immigrant families. By contrast, in 2012, 2013 and 2014 there was an increase in the number of veteran families receiving the benefit (2.7%, 0.6% and 0.2% respectively). Therefore the falling trend in the average overall number of families eligible for the benefit in 2012 and 2014 was due to a drop in the number of immigrant families, which was mitigated by the increase in the number of veteran families. In 2013 the rise in the average number of families was due to an increase in veteran families which was offset by a drop in the number of immigrant families.

2. Family composition and number of years in Israel

The drop in the number of benefit recipients seen since mid-2003, the date of the big change in the benefit amount and in conditions of eligibility, was accompanied by a change in the composition of recipient families. The decrease occurred among single parent families and couples with children, while the number of single recipients grew.

Apart from the effect of legislative changes that also found expression in subsequent years, it is possible that not all recipients found more employment opportunities following

the growth in the economy, and these differences could also affect the composition of the population receiving income support. In order to illustrate the ongoing changes in composition, data are shown for early 2003 (before the changes in the law) and for 2011-2014⁴ (Table 2):

Table 2
Recipients of Income Support by Family Composition and Time
in Israel (numbers and percentages), 2003, 2011-2014

Family composition	Numbers			Percentages		
	Total	Veterans	Immigrants	Total	Veterans	Immigrants
January to March 2003						
Total	160,006	102,194	57,812	100.0	100.0	100.0
Single	58,331	38,000	20,331	36.5	37.2	35.2
Single+ children	53,191	25,662	27,529	33.2	25.1	47.6
Couple	9,468	5,070	4,398	5.9	4.7	7.6
Couple+ children	39,016	33,462	5,554	24.4	32.7	9.6
Average 2011						
Total	105,292	77,443	27,849	100.0	100.0	100.0
Single	49,064	34,535	14,529	46.6	44.6	52.2
Single+ children	25,888	16,473	9,416	24.6	21.3	33.8
Couple	8,159	5,541	2,619	7.7	7.2	9.4
Couple+ 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	48,487	34,879	13,607	46.7	44.7	52.7
Single+ children	25,245	16,615	8,630	24.3	21.3	33.4
Couple	8,065	5,666	2,399	7.8	7.3	9.3
Couple+ children	21,969	20,785	1,184	21.2	26.7	4.6
Average 2013						
Total	104,399	80,084	24,314	100	100	100
Single	48,595	35,736	12,858	46.5	44.6	52.9
Single+ children	25,216	17,091	8,125	24.2	21.3	33.4
Couple	8,129	5,909	2,220	7.8	7.4	9.1
Couple+ children	22,459	21,348	1,111	21.5	26.7	4.6
Average 2014						
Total	102,993	80,262	22,731	100	100	100
Single	47,379	35,327	12,052	46.0	44.0	53.0
Single+ children	24,990	17,263	7,727	24.3	21.5	34.0
Couple	8,169	6,273	1,896	7.9	7.8	8.3
Couple+ children	22,455	21,400	1,055	21.8	26.7	4.6

4 For details of changes in the composition of families receiving the benefit in the years 2004-2007, see the **Annual Review for 2008**.

- The proportion of single parent families continued to decline slowly and reached 24.3% in 2014 (compared to 33.2% in early 2003).
- The proportion of couples with children decreased slightly, from 24.4% in 2003 to 21% in 2010, after which it rose slowly, reaching 21.8% in 2014.
- As the proportion of families with children fell in 2003–2012, the proportion of single people rose significantly, from 36.5% in 2003 to 46.7% in 2012. In the last two years, as the rate of couples with children rose, the rate of single people fell to 46.0% in 2014.
- The quite small rate of couples rose gradually from 5.9% in 2003 to 7.7% in 2010, and has since risen and stabilized alternately, reaching 7.9% in 2014.

The figures therefore indicate a sharp drop in the proportion and number of families with children from 2003 to mid-2005, a moderate drop until 2012, and stability in recent years.

As stated, in 2014 there were signs of a moderate increase in the rate of veteran families and an ongoing decrease in the share of immigrant families. Among veteran families there was a drop in singles and a rise in couples without children, while among immigrant families, there was a rise in singles with children and a drop in the rate of childless couples. These changes in family composition are expressed by a drop in the number of single people and a rise in the number of families with children among all recipients.

3. Grounds for eligibility for the benefit

In line with trends emerging from 2003, the following was observed (Table 3):

- A rise in the share of the unemployed among all recipients until 2010, with a renewed rise in 2012–2013, and a fall in 2014.
- A fall in the share of mothers with small children until 2012, and a slow rise in the last two years.
- A fall in the share of the unemployable aged 55 and over.
- From 2011–2013 – a slight decrease in the average rate of recipients on the grounds of the employment test requirement (absence of work and low pay) which stabilized in 2014 at 79.6% of all recipients, compared to 80.1% in 2010. However, most benefit recipients are still required to take the employment test.

In addition to these striking trends, we still see a drop in the rate of benefit recipients on the grounds of training and vocational diagnosis up to 2010, from 2.5% in early 2005 to 0.9% in 2010. In 2011 the rate returned to the 2009 level – 1.1% of all recipients, and again fell from 2012 to 2013. In 2014 their share of recipients stabilized at 0.4% of all recipients.

Table 3
Claimants of Income Support Benefits and their Spouses on Grounds for Eligibility, 2010-2014

Grounds	Average 2010		Average 2011		Average 2012		Average 2013		Average 2014	
	Numbers	Percent	Numbers	Percent	Numbers	Percent	Numbers	Percent	Numbers	Percent
Total	140,808	100.0	135,631	100.0	133,800	100.0	134,528	100.0	133,618	100.0
Unemployed*	94,222	66.9	88,615	65.3	88,843	66.4	89,701	66.7	88,294	66.1
In training or diagnosis	1,202	0.9	1,455	1.1	984	0.7	505	0.4	564	0.4
Low pay	18,650	13.2	19,782	14.6	17,952	13.4	17,340	12.9	17,524	13.1
Addicts	3,447	2.4	3,321	2.4	3,182	2.4	3,153	2.3	3,103	2.3
Unemployable (age 55+)	1,639	1.2	1,183	0.9	765	0.6	260	0.2	89	0.1
Mother of small children	10,976	7.8	10,386	7.7	10,221	7.6	10,394	7.7	10,415	7.8
Other	10,672	7.6	10,888	8.0	11,853	8.9	13,175	9.8	13,629	10.2

* In 2010, anyone who received the benefit through the Mehalev framework in the first four months of the year is included in the unemployed.

4. Income of the Benefit Recipients

The decrease in the number of income support recipients from 2004 to 2008 was accompanied by a rise in the proportion of working families, from 25.5% to 28.6%. In 2009 this proportion fell, then rose again in 2011. In 2012 there was a decrease again, and by 2013 there were 26.8% working families among recipients. This rose again in 2014, to 27.4% (Table 4).

Table 4
Proportion of Benefit Recipient Families with Income
from Work, by Family Composition, 2005, 2011–2014

Family composition	Total	
	Absolute numbers	Percent of total
January – July 2005		
Total	37,240	26.2
Single	9,261	15.2
Single + children	17,313	43.7
Couple	2,327	25.1
Couple + children	8,340	25.7
Average 2011		
Total	30,297	28.8
Single	9,494	19.3
Single + children	11,060	42.7
Couple	2,196	26.9
Couple + children	7,547	34.0
Average 2012		
Total	28,971	27.9
Single	9,228	19.0
Single + children	10,386	41.1
Couple	2,079	25.8
Couple + children	7,279	33.1
Average 2013		
Total	27,957	26.8
Single	8,926	18.4
Single + children	9,919	39.3
Couple	1,984	24.4
Couple + children	7,128	31.7
Average 2014		
Total	28,272	27.4
Single	8,895	18.8
Single + children	9,970	39.9
Couple	1,932	23.6
Couple + children	7,475	33.3

Table 5
Income from Work of Families Receiving Income Support Benefits
by Family Composition, 2013–2014

Family composition	Income level (NIS)					
	1-1,000	1,000-1,500	1,500-2,000	2,000-3,000	3,000-3,500	3,500+
Average 2013						
Total	12.3	21.8	18.9	30.4	6.1	10.5
Single	19.7	35.9	20.5	22.5	1.3	0.1
Single + children	9.4	13.9	15.9	34.0	9.0	17.8
Couple	12.6	27.5	21.6	24.8	5.6	7.9
Couple + children	6.8	13.8	20.5	36.9	8.2	13.8
Average 2014						
Total	11.7	21.6	18.6	31.0	6.4	10.7
Single	18.7	35.2	20.6	23.7	1.7	0.2
Single + children	9.2	14.1	15.4	33.9	9.4	18.1
Couple	11.9	24.6	20.8	28.4	6.0	8.2
Couple + children	6.7	14.6	19.9	36.6	8.1	14.1

In comparison to 2013, the rate of employment among single people with and without children rose, alongside a fall in the rate among couples with and without children. There was also a drop in the rate of families earning up to NIS 2,000 (Table 5). In other words, a larger proportion of the families receiving the benefit had income from work, and their wage levels increased slightly, while remaining low. Only 10.7% of all the families had income greater than NIS 3,500 per month. It should be remembered that many of those eligible for the benefit leave the income support system at that level of income.

According to the August 2012 amendment in the law, owners of cars worth up to NIS 40,000 may also receive income support. In December 2014 there were about 8,200 families with cars compared to 5,600 in December 2013. For most of them, some 5,700 (60%), the amount of the benefit remained unchanged. The benefits of the remaining families were reduced by an average of NIS 226. Another 1,200 families approximately had a car for medical needs in December 2014, compared to 900 in December 2013.

Other benefits paid to families are also a source of income and taken into account for the means test. 6.2% of families on average per month were eligible for other benefits from the NII in 2014, compared to 4.6% in 2013. The average monthly family income from these benefits (except for wage-substituting benefits calculated as income from work) was NIS 1,780 (compared to 1,740 in 2013). 9,730 families (about 9%) had income both from work and from NII benefits. The total monthly family income from both sources was about NIS 3,106 on average.

Another possible income is the yield from assets – financial assets and real estate. Financial assets include savings in banks. In December 2014 only some 2,533 families, 2.5% of the total, had a financial asset sufficient to reduce their benefits, compared to

2,400 such families in December 2013. Average income credited to a family whose benefit was reduced was NIS 117. About 740 families had income from work and a credit of income from financial assets: income from work – NIS 2,120 on average, and income from financial assets – NIS 101 on average, lower than the general average.

As with income from financial assets, income from real estate property is also credited. In December 2014 there were about 2,900 families with real estate property (compared to 2,700 in December 2013), representing 2.8% of all families receiving the benefit. The average income credited from property was NIS 343. Only about 13 families were credited with income from real estate and financial assets and also had income from work.

5. Composition of recipients by level of benefit

As a result of legislation introduced in 2002-2003 regarding income support levels, the composition of benefit recipients among families and single persons, changed considerably. The rate of families receiving the regular benefit rose from 36% in 2004 to 42.8% in 2014, and the rate of families receiving the enlarged benefit for claimants under 55 years (“previously eligible”) fell from 22% to 4.6%. The rate of families receiving the enlarged benefit for claimants aged 55+ rose from 21% to 30.3% in 2011, fell to 29.2% in 2012, remained at that level in 2013, and rose again in 2014, to 29.6%.

The rate of single people receiving the regular benefit rose until 2012, and since then has been falling (Table 6). The rate of recipients among single parent families (up to 55 years) fell until 2013, then rose in 2013 and 2014.

Table 6
Recipients of Income Support by Family Composition
and Benefit Rate (Percent) 2010-2014

Family Composition	Dec. 2010	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014
Total	100.0	100.0	100.0	100.0	100.0
Singles receiving regular rate	26.7	26.7	27.0	26.5	26.1
Singles receiving increased rate (aged less than 55, “previously eligible”)	3.5	3.0	2.7	2.5	2.3
Singles receiving increased rate (55+)	18.2	18.7	18.7	18.7	18.9
Single mothers* (under 55)	21.4	21.1	20.8	20.9	21.1
Couples receiving increased rate (55+)	6.6	7.7	6.7	6.7	6.9
Couples + children receiving regular rate	13.3	13.8	14.5	15.4	15.7
Couples + children receiving increased rate (under 55, “previously eligible”)	3.7	3.3	2.9	2.5	2.2
Couples + children receiving increased rate (55+)	3.8	3.9	3.8	3.8	3.9
Other	2.8	1.8	2.9	3.0	2.9

c. Payments

1. Benefit level

In 2014 the benefit increased by 1.5% in real prices, but was unchanged in terms of average wage (Table 7). The real increase was due to the 1.9% update of benefit rates in January (based on the cost of living index for November 2013 compared to November 2012), in contrast to the increase of 0.5% in the annual average Index in 2014. There was no change in benefits in terms of average wages since the growth in wages and benefits was similar.

The child benefit paid to families with children increases their income from the NII. Families with 3-4 children are eligible for an additional benefit which also increases their income. For example, a single mother under the age of 55 with three children, and who according to the Income Support Act should receive 39% of the basic amount, equal to 36.8% of the average wage – actually received 42.5% of the average wage together with the child allowance and the additional allowance for a family with three children.

Table 7
Income Support in Fixed Prices and as a Percent
of the Average Wage*, by Family Composition, 2010-2014

Year	Single person				Single mother** with two children		Couple with two children			
	Regular rate		Increased rate		2014 prices (NIS)	% of average wage	Regular rate		Increased rate	
	2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage			2014 prices (NIS)	% of average wage	2014 prices (NIS)	% of average wage
The oldest member of the family is not yet aged 55										
2010	1,712	19.3	1,926	21.8	3,338	37.7	2,868	32.4	3,338	37.7
2011	1,693	19.1	1,905	21.4	3,301	37.2	2,836	31.9	3,301	37.2
2012	1,708	19.1	1,921	21.4	3,330	37.2	2,860	31.9	3,330	37.2
2013	1,705	18.9	1,919	21.2	3,326	36.8	2,857	31.6	3,326	36.8
2014	1,730	18.9	1,946	21.2	3,373	36.8	2,897	31.6	3,373	36.8
At least one member of the family is aged 55+										
2010	2,140	24.2	2,140	24.2	4,317	48.8	4,237	47.9	4,237	47.9
2011	2,117	23.8	2,117	23.8	4,268	48.0	4,189	47.2	4,189	47.2
2012	2,135	23.8	2,135	23.8	4,306	48.1	4,226	47.2	4,226	47.2
2013	2,132	23.6	2,132	23.6	4,316	47.7	4,221	46.7	4,221	46.7
2014	2,162	23.6	2,162	23.6	4,400	48.0	4,281	46.7	4,281	46.7

* As measured by the Central Bureau of Statistics

** See Note 3 in this Chapter

2. Size of payments

In 2014 payments of the income support benefit amounted to NIS 2.59 billion – a real decrease of 0.1% compared to the previous year (Table 8). The decrease was due to a fall in the number of recipients (1.3%) and to an increase in the average benefit at a similar rate.

Table 8
Payments of Income Support (without Administrative Costs, NIS millions), 2010-2014

Year	Current prices	2014 prices
2010	2,527	2,712
2011	2,477	2,570
2012	2,493	2,543
2013	2,583	2,596
2014	2,593	2,593

2. Maintenance

a. General

The Maintenance Law assures payments to divorced, separated, or remarried women, as well as common law wives, who have been awarded alimony by the rabbinical court, but do not receive it. The payment amount is set by the court, or by provisions of the Maintenance Law – whichever is less: when the maintenance payments mandated by court ruling are higher than those of the Maintenance Law, the amount set by the latter will be paid subject to a means test. The level of maintenance payments set by the Law equals the income support rate for single-parent families.

The National Insurance Institute is responsible for collecting maintenance payments awarded in court rulings through execution proceedings taken against the obligated party. Therefore, only a woman who is not taking steps for execution of the ruling herself, or who has stopped such proceedings prior to submitting an application to the NII, is eligible for maintenance. Should the NII collect from the obligated party an amount higher than the amount paid to the woman, she will be eligible to collect the difference.

Amendments to the Income Support Law's means test have also affected this population. 2014 saw a continuation of the decline that began approximately a decade ago, in the number of women receiving maintenance payments from the NII – at a rate of approximately 4% each year up to 2008. In subsequent years, the decreases were more moderate – approximately 2.5% on average per year. In 2014, maintenance payments were made to an average of 17,800 women per month – the lowest number in the last 20 years. Moreover, as will be noted below, there was a continued reduction in the number of women receiving both maintenance payments and income support benefits.

b. Maintenance Recipients

The demographic characteristics of the women receiving maintenance payments in 2014 continue the trends of recent years, as indicated by table 1: 67% of them were divorced, 13% lived separately from their spouses while remaining married, 9% remarried, and the rest, 11%, were common law wives. It should be noted that the data indicate a clear trend of a slight drop in the percentage of divorcees out of the total of all recipients – from 72.8% in 2005 to 67.3% in 2014, while there has been a simultaneous rise in the percentage of single women – from 5% in 2005 to 11% in 2014. In 2014, most of the women who received maintenance payments (approximately 77%) were mothers of one or two children (versus 62% of all families with children in the population), and 9% were mothers of four or more children (versus 17% of all families with children in the population).

In recent years, there has been a noticeable reduction in the number of maintenance payment recipients – from some 20,000 women in 2010 to 18,000 in 2014 (table 2).

Their distribution by court ruling and employment characteristics was affected in 2003 by the legislative amendments, but not in a significant manner. 75% of the women received maintenance payments in accordance with a court ruling, and the rest based on the Law's provisions; 5% received the full amount specified in the provisions, and 20% received a reduced payment due to income from work. The average amount paid to women in 2014 was 21% of the average wage (NIS 1,914 per month). However, there is a large gap between the amount women received based on a court ruling versus the amount received through Maintenance Law provisions. Based on court rulings, the average amount was only 21% of the average wage, while the Maintenance Law granted 36% for those receiving the full amount, and 19% for those receiving a reduced amount (table 3).

Table 1
Maintenance Recipients by Family Status

Year	Total		Married to obligated party	Divorced	Remarried	Other
	Absolute numbers	Percent				
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
2013	18,283	100.0	13.4	67.6	9.0	10.0
2014	17,736	100.0	13.0	67.3	9.2	10.5

In 2014, approximately 44% of maintenance recipients worked outside the home (versus 64% of married women), but their economic condition was not satisfactory. The amount awarded most of them by the court ruling was so low that there was no need to do an income test (since the court took into account the woman's income from work in its ruling). The average maintenance received by working women reached approximately 17% of the average wage. With the addition of work earnings, their overall income totaled less than half the average wage – an amount only 30% higher than the average

Table 2
Maintenance Recipients by Payment Type (Percentages), 2010-2014

Year	Total		Payment based on provisions		Payment based on court ruling
	Absolute numbers	Percent	Full	Reduced	
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
2013	18,283	100.0	5.3	20.5	74.2
2014	17,736	100.0	5.1	19.6	75.3

Table 3
Average Maintenance Payment as a Percentage of Average Salary
in the Economy, by Type of Payment and Work, 2010-2014

Year	Total	Payment type			Work	
		Based on provisions		Based on court ruling	Working	Not working
		Full	Reduced			
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
2013	20.8	35.4	19.2	20.8	16.7	24.1
2014	20.9	35.5	19.1	20.4	16.9	24.0

amount of maintenance paid to women who received full payment as mandated by the provisions of the Law.

These data indicate that the Maintenance Law on its own does not assure a minimum income to all women in need, and thus women who were awarded low maintenance in a court ruling, and have no other income, or whose income from other sources is very low, are eligible for an income supplement from the NII by force of the Income Support Law, if they meet all the other conditions for eligibility. And indeed, in 2014, a monthly average of 3,730 women who received maintenance payments also received income supplements, versus 6,892 in 2006. In 2006, they represented 30% of all women receiving maintenance payments, but this percentage dropped to 21% in 2014.

International Comparison of Maintenance Payments: Terms of Eligibility, Period of Payment, and Amount

For the sake of international comparison of terms of eligibility and benefit components, 31 OECD-member countries were selected. This comparison indicates that only 18 of these countries have a benefit parallel to maintenance, in the 13 other countries there is no solution assuring means of subsistence for a divorced, separated, common law, or remarried mother (see table below).

In most of the countries that have a maintenance law, the eligibility is granted to the child or to the woman as mother of the child, in contrast to Israeli law, which only relates to the woman

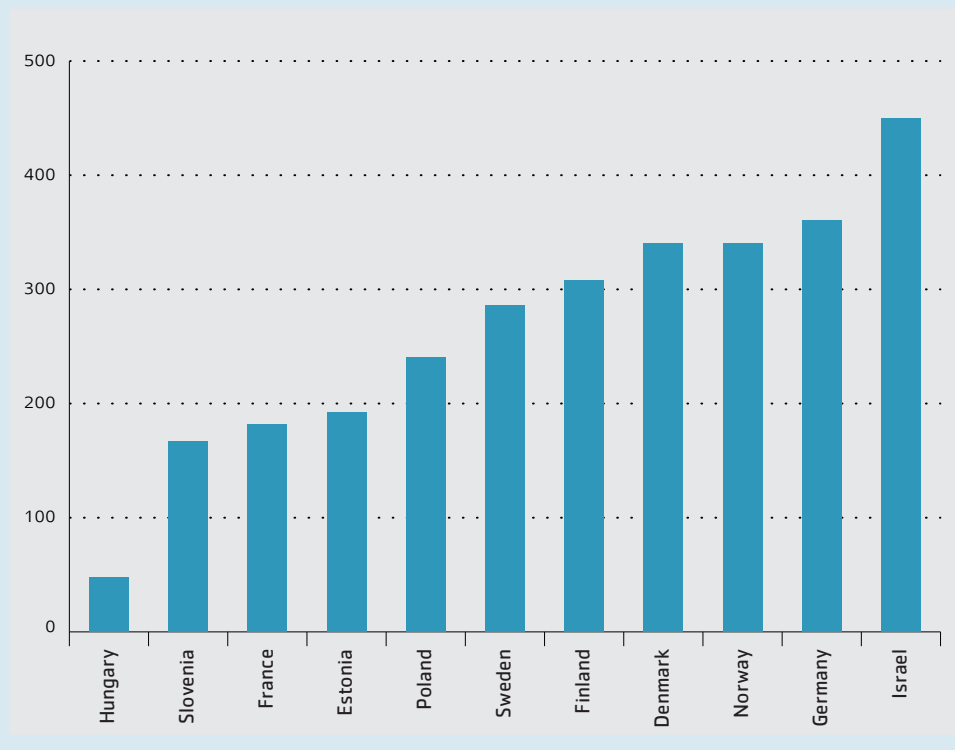
In a few of the countries, eligibility for the benefit is limited to several years or until the child reaches age 18 (or 20 under certain conditions). In Israel, even a woman with no children can under certain circumstances be eligible for maintenance.

The amount of payment in Israel is among the highest among European Union countries (see figure), such that Israel is a leader both in terms of eligibility for maintenance and payment amount.

Maintenance: Terms of Eligibility, Period of Payment, and Amount in OECD Countries and Israel, January 2014

Country	Terms of eligibility	Period of payment	Amount of monthly payment
Israel	Divorced, separated, common law, or remarried woman who was awarded maintenance by the court but the obligated party does not fulfill his duty	Unlimited	Average of €408 per month
Germany	Single parent with child up to age 12 awarded maintenance by the court but the obligated party does not fulfill his duty	Six years	€180 per child
Austria	A minor awarded maintenance and does not receive from one of his parents	Unknown	Unknown
Belgium	No benefit		
Bulgaria	Single-parent awarded maintenance for children but the obligated party does not fulfill his duty	Unknown	Unknown
Cyprus	No benefit		
Croatia	No benefit		
Denmark			€170 per child
Spain	No benefit		
Estonia	A minor awarded maintenance and does not receive from one of his parents	3 months	€96 per child
Finland	A minor awarded maintenance and does not receive from one of his parents		€154 per child
France	Single-parent awarded maintenance for children but the obligated party does not fulfill his duty	Until child reaches age 20	€91 per child
Greece	No benefit		
Hungary	Single-parent awarded maintenance for children but the obligated party does not fulfill his duty. Conditioned on an income test.		Up to €24 per child
Ireland	No benefit		
Iceland	Single-parent		
Italy	No benefit		
Latvia	No benefit		
Liechtenstein	A minor awarded maintenance and does not receive from one of his parents		
Lithuania	No benefit		
Malta	Plaintiff awarded maintenance but the obligated party does not fulfill his duty		
Norway	Single-parent awarded maintenance for children but the obligated party does not fulfill his duty		€170 per child
Netherlands	No benefit		
Poland	Single-parent awarded maintenance for children but the obligated party does not fulfill his duty. Conditioned on income test.		Up to €120 per child
Portugal	No benefit		
Czech Republic	No benefit		
Romania	No benefit		
UK	Single-parent for children		
Slovakia	Based on income test		
Slovenia	A minor awarded maintenance but the obligated party does not fulfill his duty	Until child reaches age 18	€72-€94
Sweden	Single-parent awarded maintenance for children but the obligated party does not fulfill his duty	Until child reaches age 18, or 20 in certain cases	€143 per child
Switzerland	Terms of eligibility vary based on canton		

Monthly Maintenance for Woman with Two Children (in Euro), Select Countries



3. Old Age and Survivor Insurance

The old-age and survivor's pensions represent the first layer of the pension system in Israel, and assure a basic income for elderly insurees and relatives after death. A pension from work represents the second layer of the pension system¹, and together they are designed to ensure a reasonable minimum level of living during retirement and old age.

A. Benefits in the Old-Age and Survivor's Division

- **Old-Age Pension**

Paid to every insuree in universal fashion at the age of entitlement (the absolute age² of entitlement) without a means test, and at the age of retirement (the contingent age³) only if the recipient meets the standards of income from work and capital test.

In mid-2004, the Retirement Age Law began being implemented. This law gradually raises the age of entitlement for the old-age pension for men and women. The retirement age for men was raised from 65 to 67, and for women from 60 to 62, and will remain this way until 2016. In 2017, the retirement age for women will again begin gradually increasing to 64. The age of entitlement for women in 2014 was 68, and it will be raised gradually to 70. The age of entitlement for men was not changed, and remains 70.

- **Increments to the Basic Old-Age Pension**

Dependent Increment – Paid to spouse and children dependent on the insuree (in accordance with criteria set in the law, such as a means test).

Seniority Increment – Paid to anyone who has been insured for more than 10 years. Its rate is 2% of the pension for each year of insurance beyond the first 10 years, and not more than 50%.

Increment for Delayed Receipt of Pension – Paid to those who delayed receipt of their pension at ages when a means test from work or capital is performed (from the contingent until the absolute age). Its rate is 5% of the pension for each year of delayed receipt.

Increment for Insuree who has Reached 80 Years of Age – An amount of 1% of the basic amount.⁴

1 See annual survey (2007). Chapter 4 (2) – Old-age and survivors, box: Comprehensive Pension Mandatory for Entire Economy in Israel.

2 The age at which entitlement for the pension is not conditional on a means test.

3 The age at which entitlement for the pension is conditional on a means test.

4 See Appendix – Basic Amount

- **Survivor's Pension**

Paid to survivors of insureds after their death. Increments are added to the basic pension for seniority and for reaching age 80. A widower is defined as entitled to a survivor's pension as long as his children live with him, or he meets the means test as required by law.

- **Income Supplement for the Elderly and Survivors**

Paid to recipients of old-age or survivor's pensions who have no income or whose income is low, up to the amount defined by the Income Supplement Law.

- **Pensions not Based on the National Insurance Law ('Special')** Paid to seniors and survivors who are not entitled to a pension based on the National Insurance Law, financed fully by the government.

Those entitled to these pensions are mainly immigrants who, on the date of their immigration were above the retirement age (in accordance with the Retirement Age Law), and are thus not insured by the National Insurance Law. The amounts of these pensions are identical to the pension rates set by law, subject to a means test. To these pensions are added an increment for an entitled individual who has reached 80 years of age, but there are no seniority or pension delay increments. The maximum income supplement for recipients of these pensions equals the amount paid to recipients of the pensions based on the National Insurance Law. The entitlement age changes for a pension based on the law also apply to recipients of a pension not based on the law.

- **Death Grant**

Paid to those entitled to an old-age or survivor's pension (based on the National Insurance Law) who leave a spouse, and in the absence of a spouse – a child as defined by the National Insurance Law.

- **Burial Allowance**

All deceased in Israel are entitled to be buried at no charge. The NII pays a burial allowance intended to cover the costs of the funeral day for any deceased buried in Israel by an appropriately licensed burial society. Populations who do not customarily use burial societies can receive this grant personally. The rate of burial allowance is set by age of the deceased and size of the city in which the burial society operates. The burial society is authorized in certain circumstances to charge a fee for burial (purchase of a grave while alive, purchase after death of a special plot, and burial in a closed cemetery). If the number of paid burials exceeds the rate specified by regulations, the burial society will be eligible for reduced payments. In 2014, burial allowances were paid for approximately 42,000 burials.

- **Advisory Service for the Elderly**

In the framework of national insurance, a consultation service for elders has been operating since the early 1970s, in which volunteer elders support other elders. This

is another community activity of the NII, in addition to the activities of the Funds for Service Development for diverse populations in Israel (see box at the end of the chapter).

B. Legislative Changes

- **Pensions Based on the National Insurance Law** – in the Economic Optimisation Law of 2009, it was mandated that the basic old-age and survivor's pensions be gradually increased until 2011 at a rate of approximately 7.3%. The pensions were increased such that the gap (of 1% of the basic amount) between pensions for those younger than and those older than 80 would be preserved.

In August 2009, the pension for an individual was 17% of the basic amount, in January 2010 it rose to 17.35%, and in January 2011 to 17.7% of the basic amount. Benefits for other family members were raised accordingly.

This increase in the pension rate is added to increased rates in recent years. In July 2006, the pension was raised from 16% of the basic amount to 16.2%, in April 2008 from 16.2% to 16.5%, with another 1% o addition of the basic amount for those who reached age 80. In 2009, the increase in the old-age and survivor's pensions totaled approximately 3%, in January 2010 it increased approximately 2.1%, and in January 2011 the addition reached 7.3%.

- **Old-age and survivor's pensions, including income supplement**, also increased in accordance with the rise in basic pensions. Moreover as of August 2009, an increment of approximately NIS 120 per individual and about NIS 180 to an individual with dependents (also including the increase in basic pension) was paid to people aged 70-79. For those 80 and older, an increment of NIS 75 per individual and NIS 107 for an individual with dependents was paid. In 2010 and 2011 the pension amount including income supplement was raised in accordance with the increase in basic pension.

The pension for those entitled to an income supplement as of January 2010 was 29.9% of the basic amount for elders younger than 70, 30.7% for those 70-79, and 32.1% for those who reached 80. As of January 2011, the rates were 30.3%, 31.2%, and 32.6% of the basic amount, respectively.

It should be noted that the rise in pension rate including income supplements is in addition to the increase in this pension rate in recent years. The pension for an individual, which was 25% of the basic amount until June 2005, was increased to 27.3% in July 2005, 28.5% in July 2006, and 28.8% in April 2008. Its rate for those reaching 80 by August 2009 was 30.8% of the basic amount.

- **The Income Supplement Law was amended regarding the calculation of income from assets**, and this affects recipients of old-age and survivor's pensions, as well as income

support. The value of income from an asset is calculated by asset type (financial or real estate), taking into consideration the asset value, the yield rate suitable for market conditions, with an additional graded increment.⁵

- **In October 2013, the cold region provision** defining those cold cities in which recipients of old-age and survivor's pensions with an income support increment are entitled to a heating grant. Those receiving income support benefits who reached retirement age before November 2013, and reside in a city defined as a cold region prior to amendment of the provision, but which is not defined as such in the new provision – will continue receiving a heating grant.
- **From July 2014, the definition of a child for purposes of survivor's pensions has been expanded.** According to this expansion, a child aged 18-20 studying in an educational institution as defined by law, and for at least 20 weekly study hours, may be entitled to a survivor's pension.

C. Pension Recipients

1. Old-Age and Survivor's Pension Recipients

In 2014, the NII paid old-age pensions based on the National Insurance Law and old-age pensions not based on the National Insurance Law (hereafter: **special pensions**) to some 769,000 elders, and survivor's pensions to some 99,000 survivors on average each month. Among the old-age pension recipients were 105,000 elders who received a full old-age pension and half a survivor's pension (Section 3 below) and 57,000 disabled elders who received a disability pension supplement (Section 4 below). The number of recipients of old-age pensions based on the National Insurance Law increased in 2014

Table 1
Old-Age and Survivor's Pension Recipients by Pension Type
and Legal Basis (Average per Month), 2012-2014

Pension type	Number of recipients (average)			Annual rate of increase	
	2012	2013	2014	2013	2014
Total	802,491	833,915	868,346	3.9	4.1
Old-age					
Total	701,289	733,686	769,219	4.6	4.8
Based on NI Law	640,110	675,816	714,181	5.6	5.7
Not based on NI Law	61,178	57,870	55,038	-5.4	-4.9
Survivor's					
Total	101,202	100,230	99,127	-1.0	-1.1
Based on NI Law	100,842	99,897	98,822	-0.9	-1.1
Not based on NI Law	360	333	305	-7.5	-8.4

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5 further details in the 2013 annual report.

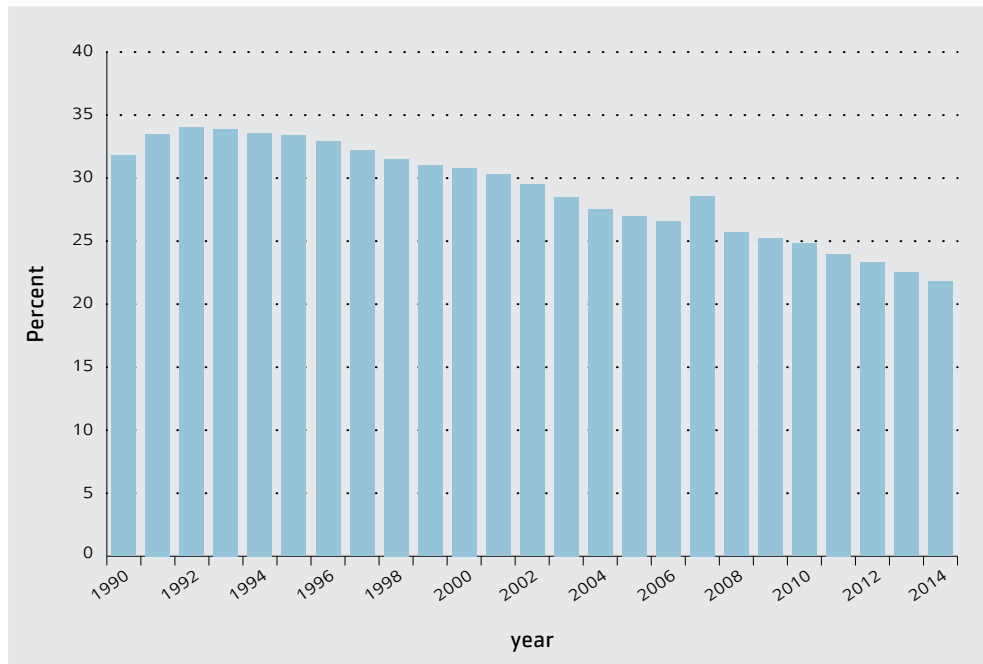
by 5.7%, and the number of recipients of survivor's pensions only (based on the National Insurance Law) dropped by 1.1%.

The number of special pensions recipients continued to decline in 2014 at a rate of 4.9%, which is lower than in 2013 – 5.4%, 2012-5.4%, and 2011-5.0%. The share of special pension recipients among all old-age and survivor's pension recipients grew from 8.4% in 1990 to 18.7% in 1996. Since 1997 this percentage has gradually dropped to 6.4% in 2014. This development is a continuation of a decline in growth rate for this population since the second half of the 1990s. These trends are a result of the drop in number of immigrants arriving in Israel at an advanced age, and of death rates among elders, which will continue reducing this population as the years pass. The total of all recipients of old-age pensions based on the National Insurance Law and special pensions grew in 2014 by 4.8%. The number of all recipients of old-age and survivor's benefits grew by 4.1%.

2. Recipients of Old-Age and Survivor's Pensions with Income Support

Recipients of old-age and survivor pensions who do not have additional sources of income, or whose income from other sources is extremely low, are entitled to receive an increment to their pension according to the Income Support Law. The number of recipients of income support in the years 1990-2001 grew continuously due to the addition of many

Figure 1
Rate of Recipients of Old-Age and Survivor's Pensions
with Income Support Supplement (Monthly Average), 1990-2014



new immigrants who received special pensions with an income supplement. Since 2008, the number has gradually declined, mainly due to a drop in the number of immigrants receiving special pensions. In 2013, for the first time since 2001, the number of income supplement recipients rose and continued to do so in 2014 – 189.4 thousand recipients on average per month versus 187.5 thousand in 2013.

Nevertheless, the rate of income support recipients among all pension recipients reached its height in 1992, 34%, and has since been in decline (except for 2007), which is mainly the result of a drop in the number of special pension recipients (Figure 1). As expected, among recipients of old-age pensions based on the National Insurance Law, the rate of those entitled to income support rose moderately during the years that the pension rate grew.

The percentage of those entitled to income support among all recipients of old-age and survivor's pensions in December 2014, dropped from 22.2% in 2013 to 21.5% in 2014 (Table 2). The percentage of income support recipients among those receiving old-age pensions based on the National Insurance Law dropped slightly reaching 15.3%, while recipients of survivor's pensions rose slightly to 28.2%.

As expected, the percentage of income support beneficiaries was extremely high among recipients of special old-age and survivor's pensions, a group which is mainly

Table 2
Old- Age and Survivor's Pension Recipients
by Pension Type and Number of Dependents*, December 2014

Pension type	Total	Without dependents	One dependent	Two dependents	Three or more dependents
Old-age and survivor's pension – total	883,435	814,678	58,036	6,256	4,465
% Receiving income supplement	21.5	19.8	45.6	22.7	22.8
Old-age pension based on NI Law	730,881	685,818	41,566	2,314	1,183
% Receiving income support	15.3	13.6	41.3	31.4	46.0
Old-age pension not based on NI Law	54,049	44,976	8,792	143	138
% Receiving income support	93.7	94.0	92.0	90.2	94.9
Survivor's pension based on NI Law	98,211	83,644	7,654	3,783	3,130
% Receiving income support	28.2	30.4	15.5	14.6	10.6
Survivor's pension not based on NI Law	294	240	24	16	14
% Receiving income support	66.0	66.3	66.7	62.5	64.3

* Includes spouse or children – for old-age pension, and children – for survivor's

composed of new immigrants: 93.7% of recipients of special old-age pensions, and 66.0% of recipients of special survivor's pensions were entitled in December 2014 to income support. Payment of old-age and survivor's pensions not based on the National Insurance Law are conditional on passing a means test, and thus it is not surprising that the rate of those entitled to income support among immigrants is higher. Nevertheless, there has been a noticeable drop in the rate of income support recipients since December 2011, when the rate was 94.4%.

3. Recipients of Old-Age Pension and Half Survivor's Pension

Among recipients of old-age and survivor's pensions, there are those who receive both (hereafter: **both pensions**), paid by virtue of the insuree's rights in these divisions. Regardless of the first pension they receive, those entitled to both draw the full old-age pension and half the survivor's pension. Only those whose pensions are based on the **National Insurance Law** are entitled to receive both pensions. Recipients of pensions **not based on the law** receive their pension as a result of an agreement, and not through insurees' rights in the Old-Age and Survivor's Division.

In December 2014, 104,634 widows and widowers were entitled to both pensions, 94.1% of them were women (Table 3), representing 14.7% of all recipients of old-age pensions based on the National Insurance Law. The high rate of women is not surprising, for several reasons: a) The percentage of male insurees is higher than that of females: only women insured as workers confer rights to survivor's pensions to their spouses (homemakers do not), while all men confer entitlement to this pension to their spouses. b) The right to survivor's pensions for widowers without children is dependent on a means test. c) Women generally marry men older than themselves, and have a longer lifespan. For this reason, the situation where women are entitled to both pensions is more common.

The growth rate for recipients of a half survivor's pension is lower than that for total pension recipients based on the National Insurance Law (3.3% and 5.7% annually, respectively). In December 2014, the average total of both pensions together was NIS 3,170, approximately one third of which was the survivor's pension. The average total of both pensions to which men were entitled, was higher than those received by women: generally men's old-age pension is higher due to higher seniority increments and retirement delay increments.

As expected, the rate of income support recipients among those receiving both pensions is not high – only 7.8%, as the total of both pensions is generally higher than the total of pension with income support. The rate of men receiving income support is nearly double that of women, because widowers (without minor children) are put to a means test to establish entitlement to the survivor's pension as opposed to widows who are exempt. Since only widowers who meet the means test requirement are entitled to receive a survivor's pension, the economic condition of widowers receiving survivor's

pensions tends to be worse than that of widows, who are exempt from this test as a requirement for receipt of the pension.

The average age of recipients of both pensions is higher than the average age of all those entitled to an old-age pension based on the National Insurance Law: men - 79.3 years versus 76.1, respectively, and women - 78.1 versus 72.7, respectively.

Table 3
**Characteristics of Recipients of Old-Age
and Half Survivor's Pensions by Gender, December 2014**

	Total	Men	Women
Total of all recipients	104,634	6,154	98,480
Percent of income support recipients	7.8	13.9	7.4
Average pension (NIS)	3,170	3,231	3,167
Of which: half survivor pension (NIS)	1,078	919	1,088
Average age	78.2	79.3	78.1

4. Recipients of Old-Age Disability Pensions

A disability pension is paid to the disabled until they reach retirement age, after which old-age pensions are paid. In the wake of the 2002 legislative amendments to improve pensions for the disabled, old-age pensions paid to the disabled reaching retirement age after 1.1.2002 is at the level of their disability pension, including **an additional monthly pension** (hereafter: AMP), which was paid prior to reaching retirement age. An AMP is paid to those whose level of medical disability is at least 50%, and whose earning disability level is at least 75%, and its amount in most cases was NIS 252-372 per month in December 2014, in accordance with percentage of medical disability. Upon reaching retirement age, the disabled continue receiving the disability pension and the AMP (if they were entitled to it) in the framework of the old-age pension.

In December 2014, approximately 57,000 disabled elders (48.1% of them women) received old-age pensions with a supplement to raise the sum to the amount of the disability pension, either with AMP (or both) – a rise of 13.0% versus December 2013 (Table 4). Approximately 87% also received an AMP. The average amount of the old-age

Table 4
**Characteristics of Recipients of Old-Age Disability Pensions
by Gender, December 2014**

	Total	Men	Women
Total of all recipients	57,223	29,691	27,532
Of which: receive AMP	49,847	26,080	23,767
Average pension (NIS)	2,847	2,862	2,831
Of which receive: disability supplement and AMP (NIS)	544	452	639
Average age	69.6	72.0	67.0

benefit for disabled elders in December 2014 was NIS 2,847, approximately one fifth of which was the disability pension supplement including AMP. 22.1% of recipients of a disability supplement or AMP were also entitled to income supplements, with the rate of men being slightly lower than that of women: 21.0% and 23.2%, respectively.

5. Seniority Supplement Recipients

A seniority increment to the old-age pension is granted to elders who have been insured with the NII for more than 10 years, and its rate is 2% of the basic old-age pension for each additional year of insurance beyond the initial 10 years, and not more than 50% of the pension. In 2014, the rate of women and men paid a seniority increment continued to rise, reaching about 78.1% and 94.8%, respectively (Table 5). The average increment paid to a recipient of a pension based on the National Insurance Law also rose, from 31% of the basic pension in 2013, to about 31.6% in 2014. The average supplement rate is 37.4%, which means payment for 18.7 years beyond the initial 10 years of insurance. Therefore, the data indicate that the rate of seniority increment recipients rose, and the average number of years for which the increment was paid also rose. The average supplement received by men was higher than that received by women – 42.2% versus only 24.9%, respectively (the average supplement rate paid to those entitled is 44.5% for men and 31.9% for women).

The rate of those receiving a seniority increment among newly entitled men rose slightly versus 2013 to 98.5%, while among women it rose more, to 90.3%. The rate of supplement recipients and its level are higher for those now joining the ranks than for the overall group of recipients. But, while the average seniority increment paid to women continued to rise in 2014 in comparison to 2013 (from 29.7% to 31.4%), the average increment for men remained the same as 2013, 42.9%, in contrast to the declining trend that started in 2011.

An examination of the data indicates that in the years 2008-2010 the number of immigrants (who came to Israel since 1990) among new recipients dropped, but since 2010 their rate has risen significantly. The rate of immigrants among men who became recipients in 2010 was 10.6%, in 2013 – 18.4%, in 2014 – 19.7%. It is clear that immigrant men have an average seniority increment significantly lower than men who are native citizens (18% versus 49%, respectively, in 2014), and thus with the rise in percentage of new recipients we see a moderation of the average level of seniority increment. Among women the rate of immigrants also grew, reaching 21.8% of all new recipients. All immigrant women among new recipients are entitled to an average increment of 12%, while other new recipient women are entitled to an average increment of 36.8%. Despite this gap, we see a rise in the average seniority increment for new recipient women.

Despite the various trends regarding average seniority increment for new recipient men and women, the gap between them remains large: 42.9% for men and 31.4% for women. With the increase in the rate of women's participation in the labour force and

their number of years at work, the rate of women receiving seniority supplements is expected to continue to rise, especially for maximum seniority increments.

Recipients of survivor's pensions are granted the seniority increment to which the deceased was entitled. Most recipients of survivor's pensions (both those entitled only to survivor's pensions and those entitled to half survivor's pensions in addition to an old age-pension) – 87% – are entitled to this increment, and, as expected, the rate of female recipients of the increment accumulated by their spouses is higher than the rate of men receiving this increment: 88% versus 72.7%, respectively. In addition, the average increment to which all women receiving a survivor's pension are entitled, is higher than

Table 5
Recipients of Old-Age Pensions Based on National Insurance Law,
by Rate of Recipients of Seniority and Pension Delay Increments,
and Rate of Average Increment, 2010-2014 (December)

Year	Rate of increment recipients among all recipients (percent)			Rate of average increment for all pension recipients (percent)		
	Total	Men	Women	Total	Men	Women
Seniority increment						
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
2013*	83.5	94.4	76.7	31.0	42.1	24.2
2013**	86.9	98.3	78.6	33.5	42.9	26.7
2013***						
2014*	92.2	98.3	87.3	35.6	42.9	29.7
2014**	84.5	94.8	78.1	31.6	42.2	24.9
2014***	94.1	98.5	90.3	36.8	42.9	31.4
Pension delay increment						
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
2013*	13.0	13.8	12.5	2.2	2.2	2.2
2013**	10.8	9.7	11.6	1.7	1.2	2.2
2013***	11.5	9.7	12.3	1.9	1.2	2.4
2014*	13.1	13.6	12.8	2.2	2.1	2.3
2014**	13.2	10.6	15.4	2.1	1.3	2.8

* All recipients

** New recipients that year.

*** Not including homemakers born prior to 1931 (Amendment 138)

that of men: 29.2% versus 23.8%, respectively. The average increment among those entitled to it is 32.9%, which translates into an additional 16.5 years beyond the initial 10 years of insurance.

6. Recipients of Pension Delay Increment

The old-age pension in the age range between retirement and the entitlement age is conditional on a means test. An individual whose income from work does not exceed 57% of the average salary is entitled to a full pension (for a couple – 76% of the average salary). High level income from capital is also taken into account for the means test (as specified in the law and provisions). For each additional shekel, 60 agorot are deducted from the old-age pension (reduced pension) up to a pension of zero. Those with higher income are not entitled to a pension and receive a pension delay increment at a rate of 5% of the basic pension for each year of delay. Those entitled to a reduced pension are permitted to choose not to receive the pension and be entitled to a pension delay increment. This increment is less significant than the seniority increment, in respect to both number of recipients and rate.

In 2014, the percentage of men who received a pension delay increment continued to slowly decrease and reached 13.6%; the rate of women slightly rose for the first time since 2010, to 12.8%. The average increment for men was slightly lower – 2.1%; for women it rose after remaining static since 2003 – to 2.3%. The average increment rate for women was higher than for men because women may delay receipt of pension for more years than men (explanation below). The average increment was 16.9%, in other words an average delay of 3.4 years.

Among new recipient men and women, the rate of increment recipients rose, as did the average amount. The rate of entitled women rose sharply from 12.3% in 2013 to 15.4% in 2014, and the increment rate rose to 2.8%. The rate for new recipient men rose from 9.7% to 10.6% between the two years, and the rate of increment rose to 1.3%.

The increment paid to new recipient men for pension delay in 2014 was lower than the increment paid to all men, 1.3% versus 2.1%, respectively, as well as the rate of those receiving this increment – 10.6% versus 13.6%. The conclusion from this is that new retirees tend to delay retirement less than older retirees did. This is not true among new recipient women, who tended to delay receipt of pension more than men.

The new recipient men who delayed their retirement are entitled to an increment of 11.9% on average, in other words the average pension delay is 2.4 years – nearly the entire delay period – 3 years. Among women, the maximum delay period is longer (see explanation below), and the new recipient women who delayed their retirement were entitled to an increment of 18.3%, in other words 3.7 years.

In the wake of the Retirement Age Law, the rate of increment among women is expected to grow in the future. By 2016, the retirement age for women will remain 62,

while the entitlement age will continue to rise gradually and reach 70 in 2020. Thus, the number of years that women can accrue a retirement delay increment will gradually grow from 5 to 6, and then to 8 at the end of the process. On the other hand, a man is able to delay his pension for only three years, and thus it is possible that the average increment rate for women will be higher than the rate for men (as has already been observed over the last four years among new recipient men and women).

D. Payments

1. Pension Levels

In 2014, the basic old-age and survivor's pensions increased (for those up to age 80 without income supplements) 1.4% versus 2013 (Table 6). This rise stemmed from the update of pensions by 1.9% (based on the November 2013 CPI in comparison with the November 2012 CPI) versus the increase of 0.5% in the average annual CPI in 2014. The rate of basic pensions as a percentage of average salary remained 16.7% for an individual up to age 80. The level of old-age and survivor's pensions with income supplement rose 1.4% since 2013 (data presented in the table are rounded off, and thus differences of 0.1% are possible while in fact they are smaller).

Despite Table 6, the lion's share of recipients are entitled to a pension whose amount is higher than the basic pension amount, and which includes the basic pension and

Table 6
Amount of Basic Old-Age and Survivor's Pensions
by Selected Family Makeup, 2010-2014

Year	Individual		With dependent spouse		Widower with two children*	
	2014 prices (NIS)	% average salary	2014 prices (NIS)	Percent of average income	2014 prices (NIS)	Percent of average income
Not yet 80 years old						
2010	1,485	16.8	2,230	25.2	2,872	32.4
2011	1,498	16.9	2,251	25.3	2,903	32.7
2012	1,511	16.9	2,271	25.3	2,929	32.7
2013	1,509	16.7	2,268	25.1	2,924	32.4
2014	1,531	16.7	2,301	25.1	2,967	32.4
At least 80 years old						
2010	1,570	17.8	2,315	26.2		
2011	1,583	17.9	2,336	26.3		
2012	1,596	17.9	2,356	26.3		
2013	1,595	17.6	2,353	26.0		
2014	1,617	17.7	2,387	26.1		

* Does not include child allowances.

Table 7
Amount of Average Old-Age and Survivor's Pensions
by Selected Family Makeup, December 2014

Family makeup	For pension recipients without income supplement		For pension recipients with income supplement	
	2014 prices (NIS)	% average salary	2014 prices (NIS)	% average income
Individual	2,341	25.6	2,867	31.3
Couple	3,236	35.3	4,313	47.1
Widow/widower with two children	3,967	43.3	5,671	61.9

increments in accordance with the entitled parties' characteristics (increments for spouse, child, seniority, pension delay, age, income supplement, etc.). Table 7 presents the average pensions for certain family structures.

2. Sum Total of Payments

In 2014, the total amount paid by the Old-Age and Survivor's Division (not including administrative expenses), assuming fixed prices, rose by 5.4%. Pension payments based on the National Insurance Law rose at a real rate of 6.6%, and pension payments not based on the National Insurance Law decreased at a real rate of 1.1%. The share of pension payments not based on the law (including income supplements for those receiving a pension based on the National Insurance Law) among all old-age and survivor's pension payments reached 13.8% in 2014. The total of all payments for National Insurance allowances (not including administrative expenses) grew in real terms in 2014 at a rate of 2.7% – less than the rate of increase in the Old-Age and Survivor's Division. Therefore, the share of the Division's payments within NII payments in 2014 rose to 38.9%, after being 37.9% in 2013.

Table 8
Pension Payments in the Old-Age and Survivor's Division (Not Including
Administrative Expenses, in Millions of NIS), 2010-2014

	2010	2011	2012	2013	2014
	Current prices (millions of NIS)				
Total of all payments	21,782	23,238	24,524	25,690	27,218
Based on NI Law	17,946	19,383	20,689	21,911	23,465
Not based on NI Law	3,837	3,855	3,835	3,779	3,753
	2014 prices (millions of NIS)				
Total of all payments	23,379	24,110	25,017	25,812	27,218
Based on NI Law	19,261	20,110	21,105	22,016	23,465
Not based on NI Law	4,118	4,000	3,912	3,796	3,753

Advisory Service for the Elderly

The rights granted to the elderly by the NII –whether in the form of cash payments or benefits in kind – constitute a significant basis for existence: old-age pensions, survivor's pensions, income support, long-term care and assistance from the Advisory Service for the Elderly. The elderly are also eligible for a range of rights and services provided by both public and state organizations, as well as associations and other bodies. Advisory services generally focus on access to services for the elderly, assistance in exercising their rights in full, and regular, supportive social contact to those in need, as described below.

A. Advice

Despite technological advances, some elderly people have difficulty exercising their rights, whether in national insurance or with other organizations. In addition, supplementary services and additional rights granted to the elderly by local authorities and others are not consistent and not sufficiently accessible. The volunteer advisor at the NII Advisory Service for the Elderly collects relevant information from the elderly and helps them exercise their rights in several ways (translation, conversation, active referral and practical assistance). The advice is given at branch offices, or in various languages by telephone – through the national call center, or initiated, particularly in outlying areas. In 2014 some 200,000 old people received advice, compared to about 170,000 in 2013 – an increase of 16% (Table 1).

B. Initial house calls

Initial house calls are made to elderly defined as at-risk, such as those aged 80 and over, under nursing care, for whom a guardian has been appointed, or old people whose application for a carer has been rejected, plus widows and widowers. The visits are a tool to find and monitor old people at-risk and suffering neglect. The information enables the NII to ensure that the pensions it pays are indeed used to benefit the recipient. Initial house calls are also an important tool for helping physically restricted old people to exercise their rights (income supplements to the old-age or survivor's pension, and long-term care benefits).

The volunteers making house calls receive ongoing training. Their impressions are the basis for professional assessment of the situation, in order to decide on further intervention and referral to the appropriate elements at the NII and in the community. In 2014 about 27,435 initial house calls were made, compared to about 26,480 in 2013 – an increase of 3.6% (Table 1).

C. Regular social home visits

Old people who are confined to their homes and have no regular and supportive social contact experience loneliness. Even if they meet carers or other service providers, or have a spouse who looks after them – these are not perceived as sufficient social contact. Advisory Service volunteers make regular calls on old people who have expressed a wish for such contact and maintain personal connection with them. The visit is also a means of monitoring the care of the old person.

Over the years, these contacts between the elderly and volunteers, which sometimes develop into close friendships, have shown a significant contribution to the lives and welfare of the elderly. The visits take place according to the spread of the service, available resources, and the professional judgement of each department. In 2014 there were over 350,000 regular weekly visits to an average of some 6,500 elderly people each month. In all, during 2014 some 8,600 different elderly people received visits. The figures are similar for 2013.

D. Support groups for widows and widowers

Being widowed in old age is a crisis that affects many aspects of quality of life. For some 30 years the Advisory Service for the Elderly at all NII branches has organized support groups for elderly widows and widowers. The aim is to assist, support, provide advice in times of crisis, and help them prepare to continue their lives. Initial contact is usually made close to the crisis. In 2014 there were 80 support groups all over the country – compared to 70 groups in 2013. (Table 1)

Another activity for widows/widowers uses professional volunteers, who make contact by telephone to express condolences, introduce themselves, and invite them to a special day where they receive advice on their rights and the offer to join a support group.

E. Information days

Information days are a means of explaining and creating direct contact with the insured on various topics relating to old-age: information for new retirees, rights of the widowed, rights of Holocaust survivors, support for dementia sufferers, and more. The departments send personal letters on each subject to the target population and invite them to a meeting where they are given information about their national insurance rights and the various services available in the community. These days are very helpful for the insured public and give the NII direct contact with them as well as the basis for further contact (Table 1).

- Information Days in the periphery: old people living in the periphery of the country often struggle with the lack of available services and the absence of

representation of official institutions. Information days have therefore been adapted for these areas, and are held in collaboration with local social services departments, as well as providing individual responses to questions from the public.

- Local and national projects: the departments that advise the elderly in all branches initiate local or national projects, sometimes in collaboration with other elements in the NII or with other bodies. The aim is to promote new essential services such as support groups for the main carers of frail old people, or to extend awareness of conditions in old age, such as Alzheimer's disease. There are also projects whose purpose is to develop services for the elderly in the community.

Number of Recipients of Advisory Services for the Elderly by Type of Service, 2013-2014

Type of service	2013	2014
Advice	170,000	197,480
Initial house call	26,482	27,435
Regular social home visits	6,598	6,534
Support groups	72	80
Information days	120	125

4. Long-Term Care Insurance

A. General

The long-term care program was approved by the Knesset in 1980 as part of the National Insurance Law, and it began operating in April 1988. Long-term care insurance is designed to enable elders to continue living in a community framework for as long as possible, through the provision of personal care to those who require supervision or assistance in day-to-day functioning, and thus to assist the families caring for them. The law applies to anyone who is insured with Old Age and Survivors insurance, homemakers (married women who do not work outside of the home), and new immigrants who are not insured with Old Age and Survivors insurance.

Any elder who is a resident of Israel living in the community (at home, that of a relative, or assisted living) is entitled to receive the long-term care benefit if he/she is impaired physically or cognitively, and satisfies the requirements of a means test¹ in accordance with the law. An individual living in a long-term care facility, or in the long-term care ward of a nursing home is not entitled to the benefit. The means test examines only the income of the elder and spouse. The law distinguishes between those who receive the benefit in cash within the framework of the experimental program (see below, Section H), and those who receive the benefit in cash due to the impossibility of providing them a service (benefit in kind). The first group undergoes a means test with identical rules to that conducted for recipients of the benefit in kind. For the latter group, as a condition of benefit receipt, the income of the caregiving relative living with him/her is examined.

The long-term care benefit is not paid in cash, but is provided to individuals entitled to services through organizations that the NII pays for these services (benefits in kind): personal care or supervision at home, transportation to and from and personal treatment at a day center, provision of absorbent products, laundry services and personal alarm units. A cash benefit is granted to entitled individuals for whom there are no available services or these cannot be provided within the hours specified by law, and for entitled individuals within the framework of the experimental program being run in a few branches of the NII.

The Minister of Welfare and Social Services is responsible for appointing local professional committees, which include a social worker from the local municipality, a health-fund nurse, and an NII representative. The committee is authorized to determine the treatment program – which services should be provided to the elder and who should provide them, as well as for making sure that the services are indeed provided, or for issuing an explicit decision that there are no services available.

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1 The means test examines only the income of the elder and his/her spouse. The law distinguishes between those who receive the benefit in cash within the framework of the experimental program, and those who receive it in kind. The first group undergoes an income test with identical rules to that conducted for recipients of the benefit in kind. As a condition of receipt of the benefit in cash, the income of the caregiving relative living with the elder is also examined.

B. Dependency Test

The dependency test (ADL) assesses the degree to which assistance from others is needed in performance of the basic activities of daily living: washing, dressing, mobility (movement in the home and avoidance of falls), toileting, and eating (including the ability to heat up food and drink). The dependency test also assesses the need for supervision due to impairment of cognitive ability, deterioration of mental health, or a physical medical condition. The dependency test is performed by professionals – nurses, occupational and physical therapists, who undergo suitable training.

Those who have reached 90 years of age may be examined for the dependency test by a geriatric specialist physician at a hospital, clinic or in certain localities at a public facility. From October 2013 to July 2014, those aged 80-89 were able to choose, as part of an experimental program in six branches of the NII, to be examined by a geriatric specialist physician. (See Box 1 below).

C. Benefit Levels

In January 2007, **three levels of long-term care benefit** were determined, adjusted for three levels of dependency: a benefit at a rate of 91% of the full disability pension for an individual – to finance 9.75 hours of home care per week, 150% for 16 hours, and 168% for 18 hours of weekly home care.

Claimants are entitled to a full long-term care benefit in accordance with their determined level of dependency, if their income is not greater than the average income (NIS 9089 in 2014), to half of the benefit – if their income is higher than the average salary and up to 1.5 times the average salary. If their income is higher than 1.5 times the average, they are not entitled to the benefit.

For a claimant with a spouse, the claimant is entitled to a full benefit when the couple's joint income is not greater than 1.5 times the average salary, to half the benefit if their income is higher than 1.5 times the average salary and up to 2.25 times the average salary. A couple whose income is more than 2.25 times the average salary is not entitled to the long-term care benefit. When both members of the couple submit a claim for the benefit, their joint income is divided in two, and the means test is performed as if each was an individual.

In January 2014, the long-term care benefit was updated by a rate of 1.9% in line with the rise in CPI in 2013. In January 2015, the rate was not increased (due to the static CPI in 2014).

Recipients of long-term care benefits on the two highest levels who employ only an Israeli and not a migrant worker (neither in the framework of the long-term care benefit nor otherwise) are entitled to extra weekly hours: three hours for benefit recipients at

a rate of 150%, and four hours for those receiving the benefit at a rate of 168%. Those entitled to half of the benefit due to income are entitled to half the additional hours depending on the determined level of dependency.²

D. Legislative and Administrative Changes

- **Payment of benefit in cash:** On 31.7.2013, an amendment to the law was approved, according to which those entitled to a long-term care benefit who employ a caregiver who is not a relative, for at least six days a week for twelve hours per day, may receive the benefit in cash. The rates for the benefit in cash are– 80% of the rates for the long-term care benefit in kind³. The amendment does not limit receipt of the benefit in cash based on level of benefit, type of caregiver (Israeli or foreign), or regions of the country.

An additional amendment to the law mandates that entitled individuals can receive additional long-term care services, with their cost being deducted from the full benefit value. Also, 20% will be deducted from the difference – (such that the value of the benefit in cash will be 80% of the value of the benefit in kind). This change came into effect on 1.3.2014.

The law was passed as a temporary measure from the publication of regulations to the implementation of its provisions until 1.12.2014. Due to the early elections, the measure was extended till the end of June 2015. During this period, the NII is responsible for tracking its implementation and consequences through research.

On 6.2.2014, regulations were published according to which those beginning to employ a foreign caregiver or renewing a suspended permit for one, will be asked to choose whether to receive the benefit in kind or in cash. For those choosing to transfer from a benefit in kind to one in cash – the change will take effect after five business days from the date of receipt of the request. For those choosing to transfer from a cash benefit to one in kind – the change will take effect on the first of the month following the date of receipt of the request.

Those receiving the benefit in cash and employing a foreign caregiver, may request the NII to deduct 12% of the minimum wage for a provident fund for an allowance for the caregiver, and should they do this, they will be regarded as having fulfilled their obligation to set aside funds for deposit in accordance with the Foreign Workers Law.

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2 From March to September 2009, this supplement was funded through an agreement with the Ministry of Finance, which paid for it. From October 2009, in accordance with the Economic Optimisation Law for the years 2009-2010, the addition was financed in accordance with the National Insurance Law.

3 The gap between the long-term care benefit values in kind and in cash stems from the additional costs of long-term care companies, which individuals are not required to pay for: payment of VAT and the employment costs of professionals such as social workers.

Due to sanctions in branches of the NII, the option of choosing a cash benefit where in previous years this was not offered, took effect only in June 2014.

- **Dependency assessment for people aged 80-89:** 31.7.2014 marked the end of an experimental program that had allowed people aged 80-89 served by NII branches in the cities of Be'er Sheva, Tiberias, Jerusalem, Nahariya, Petah Tikva, and Ramat Gan to be examined for a dependency test by a specialist geriatric physician⁴. The dependency assessment must be performed in the claimant's home and not in the physician's clinic, by a physician within the framework of his/her work in a publicly owned medical institution. Claimants are not required to pay for the assessment, other than the deductible in accordance with the rules of the National Health Insurance Law. They may also choose assessors from the NII to perform the dependency assessment, as in the past. (For elaboration see Box 1).
- **Benefits for Holocaust survivors**⁵: As of July 2014, the means test does not include Holocaust survivor pensions from the Holocaust Survivor Authority in the Ministry of Finance (from August 2011, the test did not include Holocaust survivor pensions from foreign countries).
- **Changes in the dependency test:** From 5.8.2014, in the wake of the Ben-Yehuda Commission⁶ (a public commission headed by professor Aryeh Ben-Yehuda from the Hadassah Ein Kerem Hospital), the following changes have been in effect:
 - A person found to be absolutely dependent for all routine daily functions due to severe mobility impairment, including assistance in toileting, is entitled to a benefit at a rate of 150% (if he/she is not single), and to a benefit at a rate of 168% (if he/she is single) without the need to accrue points from other areas.
 - One who needs constant supervision is entitled to a benefit at a rate of 168% without the need to accrue points from other areas, in other words no dependency test (ADL) will be conducted. The section of the test checking the need for supervision was reformulated, so that the decision regarding the need for supervision is based on a number of points that the claimant accrues in this part.
 - Change of entitlement for a blind person: Based on a certificate of blindness, or document from an ophthalmologist attesting to blindness, a blind person may receive an additional 0.5 points in the eating section. A single person may receive a benefit at a rate of 91%, unless he/she is found dependent to a degree that entitles to a benefit at a higher rate.

.....
 4 According to section 224(c)(2) of the National Insurance Law (Consolidated Version) 1995, as of August 2008 individuals age 90 and older may choose a specialist geriatric physician to perform the dependency test instead of an NII assessor.

5 Amendment No. 5, 2014.

6 See the NII website: Dependency test – Ben-Yehuda Commission, letter 283, 3rd July 2014; Dependency assessment form (BL 2610, 7/2014 version), general circular 12/2014 Long-term care 1431, 3rd October 2014.

Box 1
**Examinations for Long-Term Care Benefit Performed
 by Geriatric Specialist Physicians – The Experimental Program
 for Persons Aged 80-89¹**

In May 2012-April 2013, the option was given to claimants of the long-term care benefit aged 80-89² who lived in areas served by the Tiberias, Jerusalem and Petah Tikva NII branches, to choose a geriatric specialist physician to perform the dependency test instead of an NII assessor (hereafter: the first wave³). In October 2013 the program was extended until July 2014, to areas also served by the Be'er Sheva, Nahariya, and Ramat Gan branches (hereafter: the second wave). These cities were selected due to their geographical, social, and socioeconomic diversity, as well as different levels of physician availability. In this way, a greater amount of data was collected to assist the decision to implement the option of choosing a physician for all claimants aged 80-89 in the entire country.

According to the program's rules, physician examinations for those aged 80-89 are conducted in the home, in the framework of the physicians' employment at public medical institutions, and no payment may be collected for the examination (other than the deductible in accordance with the National Health Insurance Law). The NII pays these institutions for the examinations (the level of payment is determined between the physician and the employing institution). The physician is required to fill out a dependency assessment form concerning various areas of functioning (dressing, washing, eating, toileting, movement in the home, falls, and need for supervision), and must explain the decisions.

The follow-up report for the first wave of the program indicated low rates of claimants requesting to be examined by physicians, and difficulties in exercising this option in the periphery, and even in several of the large cities, due to the small number of geriatric specialist physicians employed in public medical institutions. The report raised the concern that, essentially two different sets of rules had been created for dependency assessment: the assessors (generally nurses) and the physicians examine dependency from different professional points of view (and even their examination

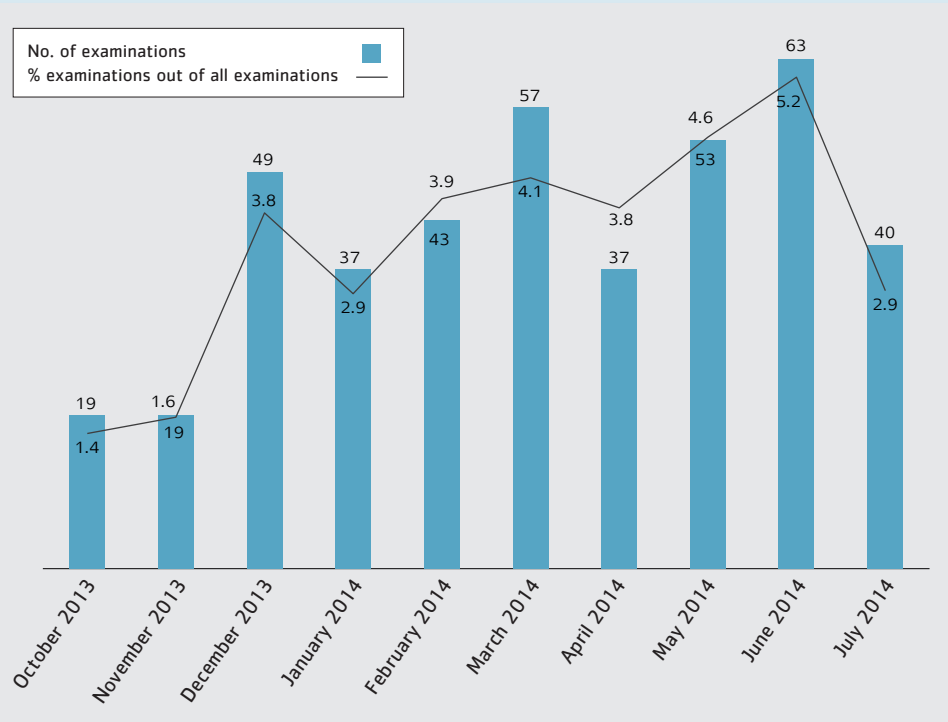
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- 1 This box is an abridged version of the article: S. Asiskovitz (2015), "Examinations for Long-Term Care Benefit Performed by Geriatric Specialist Physicians for Persons Aged 80-89 – The Second Wave of the Experimental Program" (appearing on the NII website).
 - 2 As of August 2008, long-term care benefit claimants age 90 and up were able to choose a geriatric specialist physician for the dependency test.
 - 3 Findings from the first wave of the program appear in the article: S. Asiskovitz (2013), "Experimental Program for Choosing Geriatric Specialist Physician for Performance of Dependency Assessment As a Condition for Long-Term Care Benefits for Individuals Aged 80-89: Findings from Implementation of the Program May 2012-April 2013" (appears on the NII website).

forms are different). Nevertheless, the report did not determine whether the doctors' tendency to determine higher levels of benefit stems from characteristics of those seeking the examination (older individuals, and thus the dependency level of the second wave, or need for supervision, was higher), or from their different methods of assessment.

In the 10 months of the experiment, 417 out of 12,256 examinations (3.4%) were performed by physicians, an average of 42 examinations per month, with the monthly number ranging between 19 and 63 (Figure 1).

Similar to the first wave, in the second wave the percentage of examinations

Figure 1
Dependency Examinations Performed by Physicians,
All Branches – Second Wave



performed by physicians out of total examinations was also low – 3.4% versus 4.8% in the first wave, and in the three veteran branches – 4.1% (Table 1).

Distribution of examinations by level of benefit was also similar in the two waves:

Table 1
Examinations in All Branches – Comparison of Waves

	Second wave (all branches)		First wave		Second wave (veteran branches)	
	Assessors	Physicians	Assessors	Physicians	Assessors	Physicians
Monthly average	1,184	42	575	29	601	26
%	96.6	3.4	95.2	4.8	95.9	4.1

Figure 2
Examinations Performed by Physicians by Branch – Second Wave

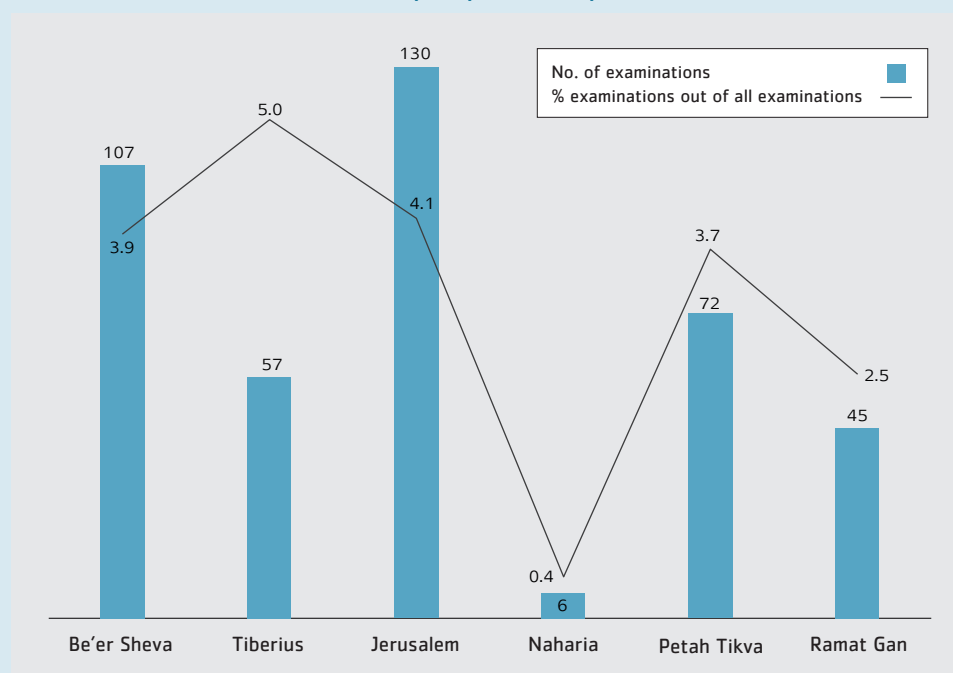


Table 2
Examinations by Branch – Comparison of Waves

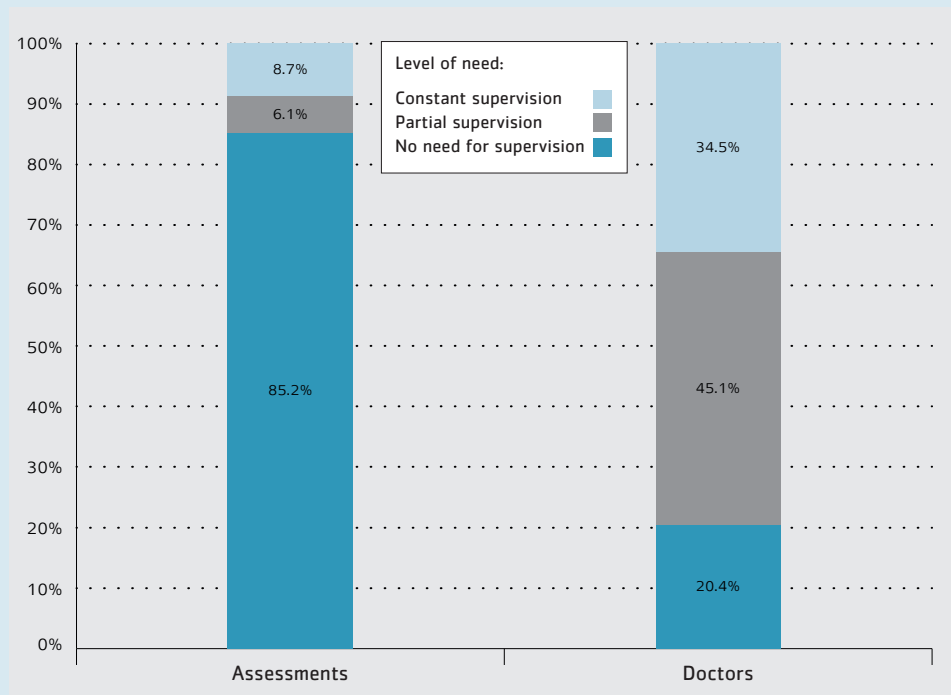
	Second wave (all branches)				First wave			
	Assessors		Physicians		Assessors		Physicians	
	Monthly average	%	Monthly average	%	Monthly average	%	Monthly average	%
Be'er Sheva	265	96.1	11	3.9	-	-	-	-
Tiberias	107	95.0	6	5.0	106	98.9	1	1.1
Jerusalem	308	95.9	13	4.1	289	94.4	17	5.6
Nahariya	141	99.6	1	0.4	-	-	-	-
Petah Tikva	185	96.3	7	3.7	180	94.4	11	5.6
Ramat Gan	178	97.5	5	2.5	-	-	-	-

physicians and ensuing recommendations were incomplete. The long-term care benefit claimants were required to submit the physician's assessment together with the claim form, and it can be estimated that some of them chose not to attach the form if the doctor had determined that they were not dependent on others or not in need of supervision. On the other hand, other examinations, which may have entailed recommendations for entitlement to the benefit, were not registered as a claim because the forms were not filled in as required.

A central reason for the distribution of benefit levels among those examined by physicians and those inspected by assessors, is the awarding of points regarding need for supervision (Figure 4). In approximately 85% of the assessor examinations, no need for supervision was determined, versus 20% of physician examinations. This difference stems from different focuses of the examinations: the assessors focus on the need for supervision during the examination, while the physicians focus on future need based on medical condition.

As mentioned, the two waves showed significant differences in distributions

Figure 4
Level of Need of Supervision by Examiner Type – Second Wave



between the assessors and physicians in determining the need for supervision. Nevertheless, there were also noticeable differences among physicians in the two

waves: first of all, the percentage of examinations in which a need for supervision was determined decreased from approximately 90% to about 80%, due to the new branches; and second, the percentage of decisions for a need for partial supervision grew (especially in the veteran branches), while decisions for full supervision decreased (Table 4).

Table 4
Examinations by Level of Supervision Need

Level of supervision need	Second wave (all branches)		First wave		Second wave (veteran branches)	
	Assessors	Physicians	Assessors	Physicians	Assessors	Physicians
No need	85.2%	20.4%	84.3%	11.3%	86.6%	12.0%
Partial supervision	6.1%	45.1%	4.8%	41.6%	4.6%	51.0%
Constant supervision	8.7%	34.5%	10.8%	47.1%	8.8%	37.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Box 2
Assessment of Dependency for Long-Term Care Benefits – Different Examination Channels

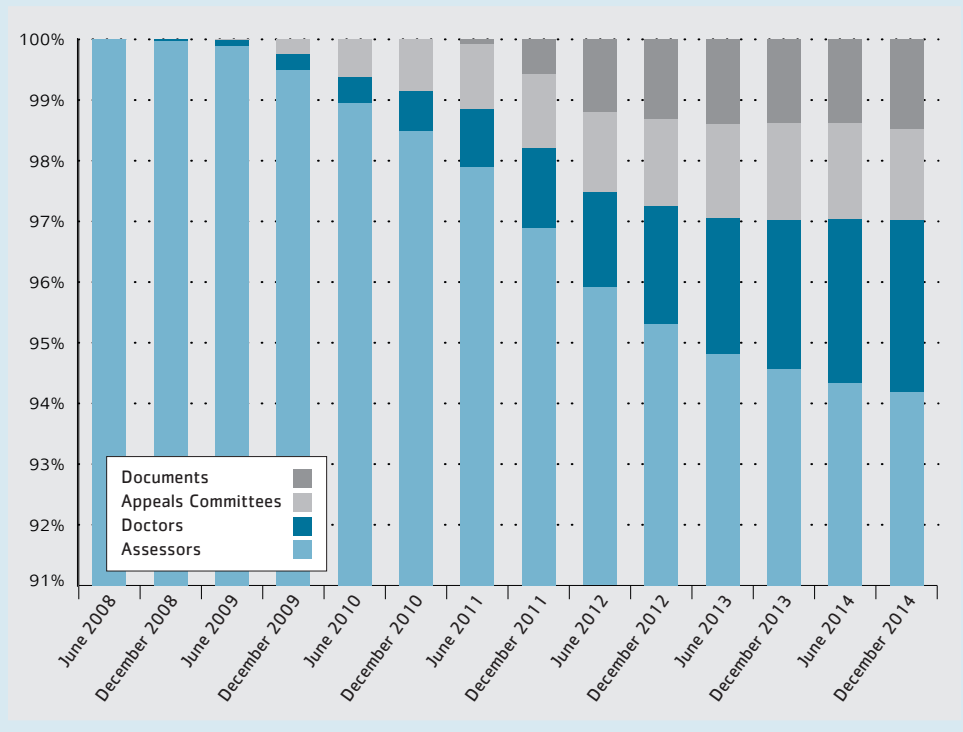
In the last few years there have been changes in the way dependency examinations for long-term care benefits are conducted. The following are the main changes:

- As of August 2008, long-term care benefit claimants aged 90 and older have been able to choose a geriatric specialist physician as examiner for the dependency test instead of an NII assessor. Examinations performed by physicians are carried out in the framework of their public employment at a clinic, hospital, or in the claimant's home. As of May 2012, for 12 months (until April 2013), this possibility was granted in an experimental program to those aged 80-89 in the Tiberias, Jerusalem, and Petah Tikva branches, who were then entitled to choose a physician. Starting in October 2013, for 10 months (until July 2014), the program was expanded to three other branches – Be'er Sheva, Nahariya, and Ramat Gan (see Box 1).
- As of August 2009, long-term care benefit claimants can appeal the NII's decisions to an appeals committee. An appeal can be filed regarding level of dependency or the decision to provide a temporary benefit. Serving on the appeals committees are physicians who are geriatric specialists or physical and rehabilitation medicine specialists, and certified nurses. There are three regional appeal committees.

- As of August 2011, dependency can be assessed through medical documents if the claimant is in a severe long-term care state. The decision to forgo an examination is left to the discretion of the assessors-counselors at the branches.
- As of May 2012, dependency can be assessed through medical documents if the claimant is in need of temporary nursing care after being released from hospital. The time period for entitlement is two months (“short-term”) and the benefit level is 91% (or half of that depending on a means test). The decision to forgo an examination is left to the discretion of the assessors-counselors at the branches.

Starting from the second half of 2008, and until the end of 2014, the percentage of persons entitled to a long-term care benefit whose entitlement was determined by means other than NII assessors gradually grew to about 6% (Figure 1). In December 2014, 9305 out of 160,203 entitled persons had their entitlement determined by physicians, appeal committees, or medical documents: 4526 – by physicians; 2403 – by appeal committees (in approximately 30% of cases the committee grants a higher benefit level); 2376 – by medical documents. For the sake of comparison, in 2008, all persons entitled to a long-term care benefit were examined by NII assessors versus 94.2% in December 2014.

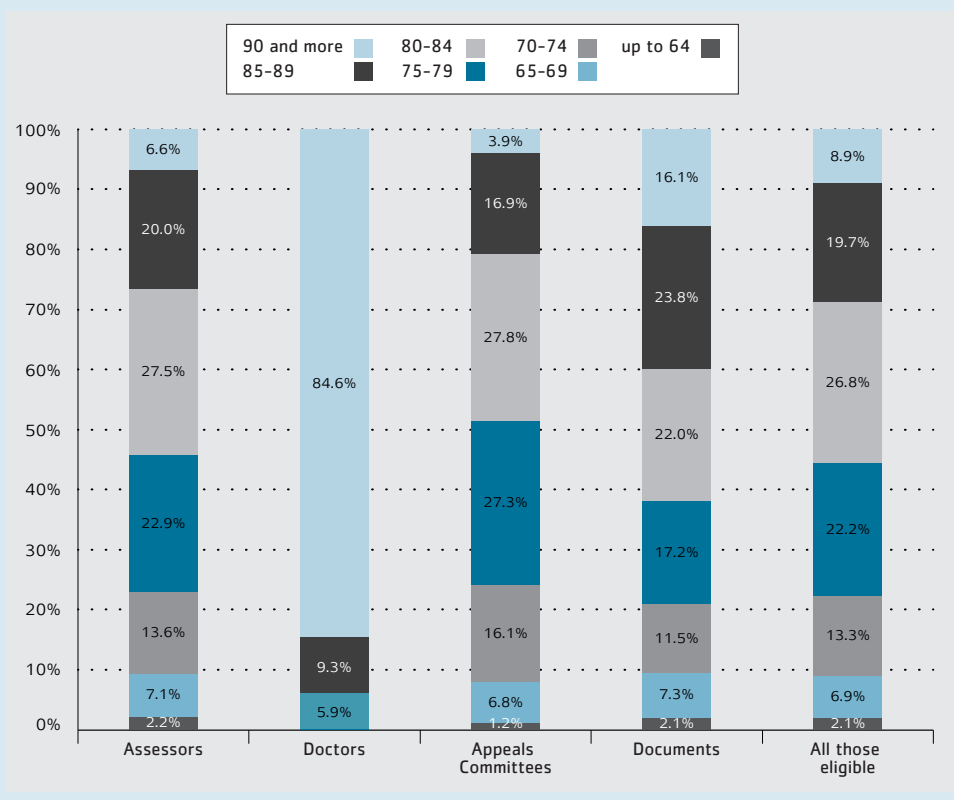
Figure 1
Persons Entitled to Long-Term Care Benefits by Channel of Examination



In each of the groups, change can be observed over time. The growth in number of entitled persons examined by physicians in the years 2009-2011 is related to the heightened awareness among those 90 and older of the option for a physician examination. Further growth in 2012-2013 and the first half of 2014, is among other things, the result of granting the right to those aged 80-89 in some branches to choose physicians. In the second half of 2014, the growth rate in number of entitled persons examined by physicians slowed, as the experimental program for those aged 80-89 came to an end (see Box 1).

In the years 2009-2010, the number of entitled persons whose level of dependency was determined by an appeals committee grew, as an expression of the institutionalization of the reform in long-term care insurance rules. In the years 2011-2013, there was a gradual growth, though at a slower rate, in the number of entitled persons whose level of dependency was determined by an appeals committee. In 2014, there was a reduction in the number of entitled persons examined by an appeals committee versus

Figure 2
Persons Entitled to Long-Term Care Benefits by Channel of Examination and Age at Time of Examination, December 2014

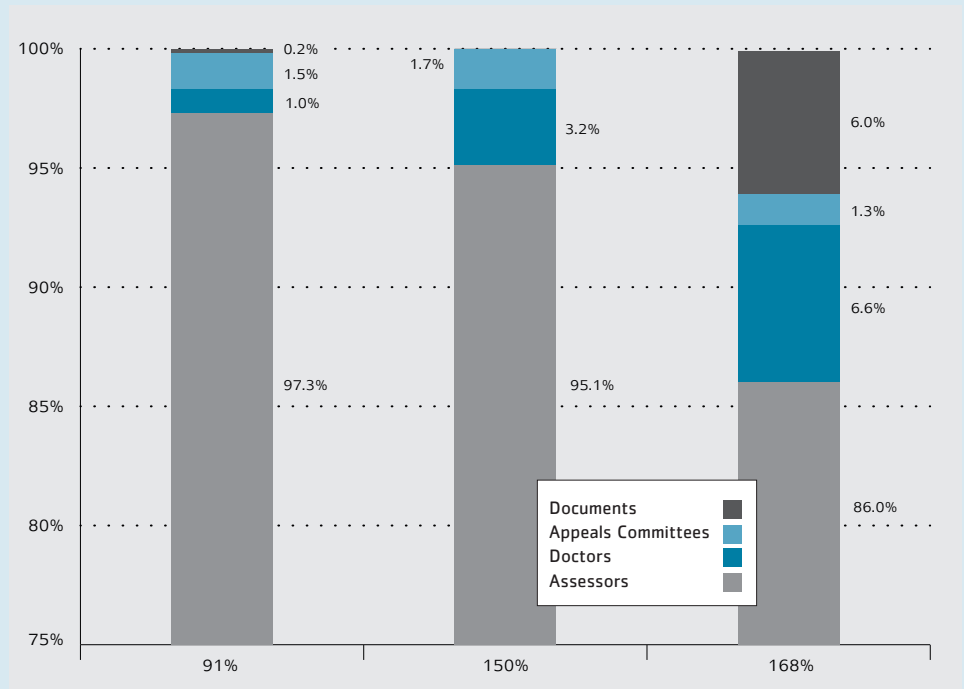


previous years, apparently due to the additional examination channels and changes and adjustments made in assessor examinations.

The years 2011-2012 showed accelerated growth in the number of entitlements determined by medical documents, but in 2013-2014 there was a significant slowdown, apparently due to the institutionalization of the rules and their application by assessor-counselors.

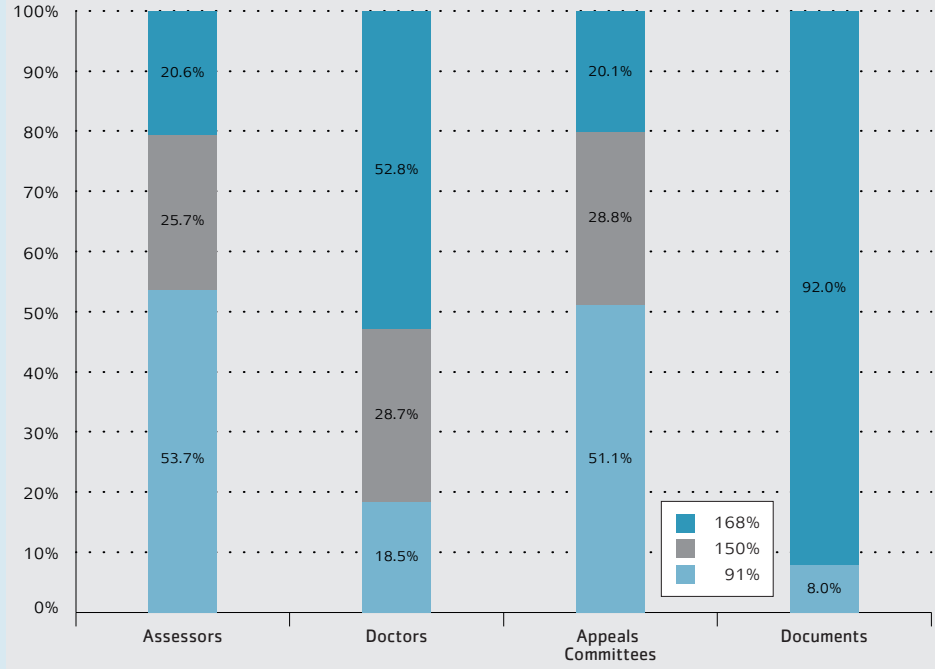
While the age distribution of those examined by assessors is similar to that among all entitled persons – due to their share of all entitled persons – those whose dependency was assessed by appeals committees tended to be younger, while those assessed by medical documents tended to be older (as mentioned, a decision based on documents is carried out under severe medical conditions and following release from hospitalization). The vast majority of those examined by physicians were aged 90 and older (Figure 2).¹ The dependency level that is determined affects the benefit level, and the means test

Figure 3A
Persons Entitled to Long-Term Care Benefits
by Benefit Level and Examination Channel, December 2014



1 The age distribution of those entitled persons in December 2014 was as follows: 0.7% aged 62-64, 4.3% aged 65-69, 9.0% aged 70-74, 18.6% aged 75-79, 25.7% aged 80-84, 24.8% aged 85-89, and 16.9% aged 90 and up.

Figure 3B
Persons Entitled to Long-Term Care Benefits
by Examination Channel and Benefit Level, December 2014



determines its rate – full, half, or rejection. Figures 3A and 3B present the relationship between the deciding party and the level of benefit among entitled persons in December 2014². These figures indicate that the examination channels that have been added have increased the number of persons entitled to the benefit at higher levels.

2 Each benefit level also includes the rate granted due to a means test.

E. Claims for Long-Term Care Benefit

The number of claims for a long-term care benefit decreased in 2014 by 0.1% versus 2013, equaling 83,000.⁷ 39.6% of the claims were initial ones (versus 40.7% in 2013) and 60.4% were repeat claims (versus 59.3% in 2013). The number of initial claims went down 2.9% while the number of repeat claims rose 1.8% versus 2013 (Table 1). 51.7% of initial claims in 2014 were approved (versus 53.4% in 2013), and 48.3% were rejected (versus 46.6% in 2013). In contrast to this, 37.5% of repeat claims in 2014 were approved (versus 38.2% in 2013), and 62.5% were rejected (versus 61.8% in 2013). In 2014 a total

7 Including claims for which handling has not been completed.

Table 1
Claims Submitted, Claims Approved, Initial and Repeat Claims*
(Absolute Numbers and Percentages), 2010–2014

Year	Total of all claims (numbers)	Ann-ual grow-th rate	% claims approved	% initial claims approved	% repeat claims	% repeat claims approved
2010	77,860	1.2	44.0	51.5	60.6	39.0
2011	79,468	2.1	44.9	52.0	61.1	40.3
2012	80,780	1.7	46.9	55.0	59.5	41.3
2013	83,086	2.9	44.4	53.4	59.3	38.2
2014	82,982	0.1-	43.1	51.7	60.4	37.5

* (1) The data does not take into account those who submitted claims and died and those whose entitlement was suspended. (2) Claim results presented here are for the first entitlement decision. (3) The total of all claims includes those whose handling was not completed in 2013. The percentage of claims approved, initial claims, repeat claims, repeat claims approved include only those whose handling was completed in 2013.

of, 43.1% of claims for long-term care benefits were approved, and 56.9% were rejected (versus 44.4% and 55.6% in 2013, respectively).

The rate of **false claims** (for which a score of 0 or 0.5 was received in the ADL part of the dependency test⁸ and no entitlement for supervision was determined) within total claims rose from 25.5% 2013 to 31.9% in 2014. The rate within total claims of those receiving 2.5 points in the dependency assessment – the point threshold for entitlement to the benefit – decreased from 18.4% to 17.4% between the two years.⁹ The rate of false claims in initial claims rose from 23.1% to 28.4%, and in repeat claims – from 26.5% to 34.3%. The rate of those receiving 2.5 points in the dependency assessment in initial claims dropped from 19.4% to 18.1%, and in repeat claims – from 17.3% to 17.0%.¹⁰

F. Sum Total of Persons Entitled to a Long-Term Care Benefit

The number of persons entitled to a long-term care benefit continued to rise in 2014, and reached a monthly average of 159.4 thousand – an increase of 2.0% (Table 2). Between the years 1991 and 2014, the number increased fivefold despite the raised age of entitlement. This is an extremely high rate of growth, and it is significantly higher than the growth rate in number of elders during the same period. A possible explanation for this may be a growth in the rate of exercising rights to the benefit resulting from a growing awareness over the years. In 2009, the age of entitlement for women reached 62, and this will remain in force until the end of 2016. Also in 2009, the age of entitlement for men was raised to 67. In 2014 as in 2013, the age of entitlement for women and men did not change throughout the year. The percentage of persons entitled to the benefit

⁸ See Annual Survey – 2011, p. 125.

⁹ The threshold for entry into the long-term care system is 2.5 points in the dependency assessment for a person who is not single, or two points with the addition of 0.5 points for an individual.

¹⁰ The data in this section are relevant to all claims for which a dependency test was performed and a decision was made, and the claim was not rejected due to a means test.

among elders in the population rose by a significant amount, from approximately 6% in the first years the law was in effect, to 17.6% in 2012 and 17.2% in 2014 (estimated). This rate of entitled persons was calculated through estimating the number of elders in the ages of eligibility for the benefit (62 for women and 67 for men).

Table 2
Eligible Persons for Long-Term Care Benefit, Elders in Israel, and Coverage Rate, 2010-2014

Year	Persons entitled to long-term care*		Elders in Israel**		Coverage rate
	Numbers (thousands)	Annual rate of growth	Numbers (thousands)	Annual rate of growth	
2010	141.1	3.4	812.7	3.1	17.4
2011	144.9	2.7	840.3	3.4	17.2
2012	152.1	5.0	861.9	2.6	17.6
2013	156.2	2.7	895.3	3.9	17.4
2014	159.4	2.0	928.7****	3.7	17.2

* Monthly average

** Data for the years 2010-2014 are for men age 67 and older and women age 62 and older, according to data of the Central Bureau of Statistics.

*** The number of persons entitled to the benefit as a percentage of the number of elders.

**** Estimate.

G. Characteristics of Entitled Persons

- **Men versus women** – An examination of the demographic characteristics of entitled persons in 2014 indicates that 7 out of every 10 are women, and that their percentage within all entitled parties dropped slightly in comparison to 2013. Divided by age, approximately 2/5 are 85 and older and 2/3 are 80 and older. As in 2013, in 2014 the main growth in number of entitled persons was also among people aged 85 and older, whose share within total recipients rose from 40.5% to 41.7%, while the share of people aged 84 or younger is continually dropping.
- **Age and family makeup** – The ageing trend of benefit recipients is continuing: thus, for example, in 2001 people aged 85 and older represented less than one third (32.1%) of those entitled, and people aged 80 and older represented less than 3/5 (55.2%). This tendency reflects the ageing trends in Israeli society, and especially the growth in share of the more elderly, and it stems partially from the higher retirement age: the group of women aged up to 64 entitled to the benefit is getting smaller, as is the group of entitled persons (men and women) aged 65-69, due to the higher retirement age for men.

In the area of family composition¹¹, stability was maintained in 2014 in comparison with 2013: nearly half of entitled persons live by themselves, two out of five live with a spouse, and one out of eight live with someone else – generally a son or daughter.

11 As of 2011, a change has taken effect in definitions of persons living with spouse, living with children, or living with others – the definition of living with a spouse now also includes someone living with a spouse and other people.

- **Length of Time in Israel** – Stability was maintained between the years in respect to length of time in Israel also: one of every four entitled persons immigrated to Israel after 1989, and one of eight immigrated after 1999. The share of those who immigrated after 1989 out of all entitled persons remained stable – 25.2%, while the share of those who immigrated after 1999 rose from 3.5% to 3.7%. Among entitled parties, a monthly average of 856 immigrated to Israel after 2009. The Ministry of

Table 3
Persons Entitled to Long-Term Care Benefit by Demographic Characteristics and Benefit Level (Monthly Average), 2014

Characteristics	Absolute numbers	Percentages
Total	159,441	100.0
Gender		
Men	46,999	29.5
Women	112,442	70.5
Age		
Up to 64*	1,116	0.7
69-65	6,614	4.1
74-70	14,428	9.0
79-75	29,614	18.6
84-80	41,196	25.8
85+	63,473	41.7
Family composition		
Lives alone	76,705	48.1
Lives with spouse	63,780	40.0
Lives with children or others	18,956	11.9
Length of time in Israel		
Veteran citizens	119,259	74.8
Immigrants**– total	40,182	25.2
of whom: immigrated after 1999	5,845	3.7
Source of benefit financing	128,986	80.9
NII	128,986	80.9
Finance Ministry	30,455	19.1
Benefit level		
Low (91%)	84,012	52.7
Middle (150%)	40,461	25.4
High (168%)	34,968	21.9
Entitled to additional 3 hours	24,896	61.5***
Entitled to additional 4 hours	15,599	44.6***

* The age group includes only women.

** Those who immigrated to Israel from 1990 and on.

*** Entitled to additional hours as percent of all persons entitled to that level of benefit.

Finance underwrites the long-term care benefit for those who immigrated to Israel at age 62 and older. In 2014, the benefits of 19.1%, by monthly average, were paid for by the Ministry of Finance, versus 19.9% in 2013. In recent years the relative share among all entitled persons whose benefits are financed by the Ministry of Finance has grown smaller, with their average monthly number dropping in 2014 by approximately 650 versus 2013.

- **Benefit level** – With population ageing, there has been a change in the distribution of entitled persons by benefit level, which can also be seen between 2013 and 2014: the percentage of recipients of a low level benefit (91% of a full disability pension for an individual) decreased from 53.4% to 52.7%; the percentage of those receiving a middle level benefit (150%) increased from 25.2% to 25.4%; and the percentage of those receiving the highest level benefit (168%) also rose from 21.4% to 21.9% between the two years (Table 3).

The share of persons entitled to the highest level benefit is continually rising – from 17.6% in 2008 to 21.9% in 2014. This group's rate of growth is the highest. In comparison with 2013, the number of low level benefit recipients grew in 2014 by 0.4%, middle level recipients – by 2.6%, and highest level recipients – by 4.3%.

In March 2009, care hours were added only for those employing an Israeli worker. The number of middle level benefit recipients employing Israeli caregivers grew by approximately 1000, while the number of high-level recipients grew by approximately 500. The main cause of this is the relative lack of foreign long-term caregivers – as of June 2010 the government applied quotas to the long-term care industry¹². The effect of the extra hours in encouraging employment of Israeli caregivers apparently exists, but it is more limited.¹³

H. Benefit in Cash – The Experimental Program

In March 2008, the NII began running an experimental program providing cash benefit in areas served by the Ashkelon, Bnei Brak, Nahariya, and Ramat Gan branches. In May 2010, the program was expanded to cities served by branches in Ashdod, Tiberias, and Jerusalem, and in June 2011 – also to cities served by branches in Holon and Netanya. In this format, the program ended in April 2013.

In the framework of this program, elders in the cities who were entitled to a benefit at a rate of 150% or 168% of a full disability pension (or to half because of a means test), could choose a cash benefit on condition that they received their long-term care services

- 12 If 1% or more of legal foreign workers engaged in long-term care are not employed over the course of the year, approval is not granted to bring in additional foreign caregivers. Private offices with a permit are allowed to increase the number of foreign workers by 10% each year, if their placement rates are not lower than the threshold set in the guidelines of the Immigration and Population Authority in the Ministry of the Interior (97%).
- 13 Regarding the effect of the extra hours in encouraging the employment of Israeli caregivers, see the chapter Long-Term Care in the Annual Report – 2010.

from a caregiver who was not a relative, for at least six days a week, 12 hours per day. They could choose to transfer to a cash benefit or to return to a benefit in kind any time they wanted. This program was studied to examine the characteristics of those choosing the cash benefit compared to all entitled persons, and quality control was performed for recipients in these and other areas. From March 2014 to June 2015 (due to early elections the law was extended for six months), the experiment was expanded over all of Israel (see Section E below).

A local authority professional committee, which determines the treatment program, is authorized to refuse a request for cash long-term care benefits in the framework of the experimental program, if it believes that the elder and his/her family are not capable of using the money for its intended purpose. It is also authorized to determine whether the full-time caregiver is suitable, and whether the long-term care services received by the elder are sufficient. The committee may cancel payment of the cash benefit in favour of the in-kind benefit instead.

At the end of 2014, 1,775 entitled persons (1.1% of the entitled population) had received the cash benefit (Table 4). It was chosen mainly by those receiving the benefit at the levels of 150% or 168% (as well as those receiving half these levels according to a

Table 4
Recipients of Long-Term Care Benefits in Cash by Veteran and New Branches in the Experimental Program, December 2014

	Veteran branches	New branches	All branches
Persons entitled to all benefit levels	62,733	97,469	160,202
Recipients of the cash benefit in the framework of the experimental program	1,200	575	1,775
% of all entitled persons	1.9%	0.6%	1.1%
Of which: only recipients of the cash benefit, in the framework of the experimental program	1,130	445	1,575
Of which recipients of the cash benefit + services, in the framework of the experimental program	70	130	200
% Recipients of the cash benefit in the experimental program	5.8%	22.6%	11.3%
Persons entitled to the two highest levels of benefit holding a permit to employ a foreign caregiver	13,527	22,118	35,645
% of all entitled persons	21.6%	22.7%	22.3%
Persons entitled to the two highest benefit levels receiving cash and holding a permit to employ a foreign caregiver in the framework of the experimental program	1,167	542	1,709
% of persons entitled to the two highest levels of benefit holding a permit to employ a foreign caregiver	8.6%	2.5%	4.8%
Recipients of the cash benefit not in the framework of the experimental program	108	159	267
% of all entitled persons	0.2%	0.2%	0.2%

means test) with a permit for employing a foreign caregiver. At the end of 2014, 1,709 of those entitled to the two highest levels of benefit had permits to employ foreign workers and received the benefit in cash – representing 4.8% of all persons entitled to the two highest levels of benefit (Table 4).

Those who received the cash benefit were entitled to receive other long-term care services in exchange for deduction of their value from the benefit. At the end of 2014, 200 entitled persons (11.3%) also received other services. The rate in the ‘new’ branches was nearly 4 times higher than that in the ‘veteran’ branches (Table 4).

There are differences between the branches that participated in the experimental program in previous years and those that joined in 2014, as well as differences between the branches in each of the groups (Table 4). Among the ‘veteran’ branches, rates of choosing the cash benefit among persons entitled to levels of 150% or 168% with permits for employing a foreign worker, ranged at the end of 2014 between 3.8% in the Netanya branch and 14.6% in Ramat Gan. This compares with the ‘new’ branches –Krayot 0/9% and Ramle 4.6% .

I. Organizations Providing Long-Term Care Services and the Services Provided

The services provided in the framework of long-term care insurance are provided through authorized service organizations recognized by the Ministry of Welfare and Social Services, by way of a contract between the organizations and the NII. At the end of 2009, the results of the latest tender were published, with the names of the authorized companies.

A long-term care service provider may be a public nonprofit organization such as Matav, or Mercaz Yom, or a private one operating as a commercial venture. At the end of 2013, 119 long-term care service providers were operating: 50 nonprofits (42% of all the companies) and 69 private companies (58% of all the companies). In 2014 in total, the service providers furnished a monthly average of 8.171 million hours of personal care in the homes of persons entitled to a long-term care benefit: 5.976 million hours (73.1%) were provided by private organizations, and 2.195 million hours were provided by nonprofits (Table 5).

Table 5
Hours of Personal Care Provided by Type
of Service Provider (Monthly Average), 2014

Type of service provider	Number of hours (thousands)	Percent
Total	8,171	100.0
Private organization	5,976	73.1
Nonprofit	2,195	26.9

The overall monthly average of care hours increased between 2013 and 2014 by 1.9% – from 8.021 million to 8.171 million. The number of hours provided by private companies grew by 2.2% – from 5.848 million in 2013 to 5.976 million in 2014. And those provided by nonprofits grew by 1.0% – from 2.173 million to 2.195 million. The share of private companies in total hours grew from 72.9% to 73.1% between the two years (Table 5).

The overwhelming majority (99.2%) of entitled persons¹⁴ in December 2014 received personal care at home provided by a local or foreign caregiver, 7.4% received personal care at a day center, 18.3% received absorbent products, and 11.8% received a personal alarm unit (Table 6).¹⁵ For 68.5% of those receiving personal care at home, this was their only item in the basket of services. Only 5.8% of those receiving personal care at a day center received it as a single item, with the others combining it with additional services. It should be remembered that a person entitled to the benefit may receive more than one type of service, and that thus the total of all long-term care service recipients is greater than the number of persons entitled to the benefit.

Table 6
Recipients of Long-Term Care Services
by Type of Service, December 2014¹⁶

Service type	Number of recipients	Percent of recipients	
		Out of total benefit recipients	As only item of recipients of this service
Total	217,849	-	-
Personal home care	157,846	99.2	68.5
Personal care at day center	11,705	7.4	5.8
Absorbent products	29,107	18.3	0.6
Personal alarm unit	18,741	11.8	0.6
Laundry services	450	0.3	2.0

* An entitled person may receive more than one type of service. Thus the total of all long-term care service recipients in this table is greater than the number of benefit recipients (not including those who refused services) – as of December 2014 – 159,168.

14 Out of all entitled persons not including those refusing to receive services (entitled elders who were offered a basket of services but refused it, or refused to accept service from a particular provider). 98.5% of all entitled persons (including those who refused service), 160,203 received personal care at home as part of their entitlement to a long-term care benefit.

15 Out of all entitled persons not including those refusing services, and including recipients of a cash benefit. Out of all entitled persons (including refusers), the percentages were 7.3%, 18.2%, and 11.7%, respectively.

16 Until the 2013 Annual Survey, the data was published for number of absorbent product services provided – in other words, if an entitled person received two types of these services, they were considered as two different recipients. The present report records the number of recipients such that an entitled person who receives more than one type of service is counted only once. In 2013, X types were given to Y entitled persons.

J. Sum Total of Payments

Concurrent with direct benefit payments, National Insurance Law mandates payment for additional articles related to long-term care insurance. 15% of the annual receipts (for each article) are budgeted to the Ministry of Health and Ministry of Welfare and Social Services, for financing an increase of institutionalized persons. In practice, the Ministry of Health uses the entire budget, while the Ministry of Welfare uses only a very small portion of theirs. Money is also budgeted for the Fund to develop communal and institutional services for elders. The long-term care Division expenses include administrative ones also, such as payments to members of local committees, and for dependency tests.

In 2014, the sum total of payments transferred for the financing of long-term care insurance reached approximately NIS 5.3 billion (in 2014 prices): approximately NIS 5 billion for provision of services to entitled persons, and the rest for development of institutional and community services, and the performance of dependency tests (Table 7). NIS 121 million were transferred to the Ministries of Health and Welfare for increasing the number of persons institutionalized in long-term care facilities, and NIS 104 million were transferred to the Ministry of Welfare, the health funds, the assessors for preparation of care plans for entitled persons, and for performance of dependency tests.

Table 7
Payments for Long-Term Care Insurance by Type
of Payment (millions of NIS, 2014 prices), 2010-2014

Year	Total	Long-term care benefits	Transfer to external parties*	Development of services	Persons institutionalized in long-term care institutions	For agreements with the Ministry of Finance
2010	4,289.3	4,055.1	91.4	47.0	92.2	3.6
2011	4,371.0	4,145.9	93.4	31.5	97.6	2.5
2012	4,772.9	4,549.6	99.7	26.3	94.4	2.9
2013	5,073.0	4,828.9	102.3	31.0	107.5	3.3
2014	5,282.4	5,020.3	104.2	33.4	120.5	3.9

* Transfers to the Ministry of Welfare and Social Services and the Clalit Health Fund for preparation of care programs for entitled persons, and transfers for performance of dependency tests.

In 2014, payments for long-term care insurance grew by 4.1% at fixed prices (2014 prices). The benefit payments grew by 4.0% as a result of the growth in number of persons entitled to the benefit, especially those entitled to the highest level of benefit. The average benefit level¹⁷ at fixed prices rose in 2014 by 2.0% in real terms.

17 Average benefit, if long-term care benefits were paid to all entitled persons for all hours in a given month of entitlement. The long-term care benefit payments are lower by a few percentage points since some of the entitled persons do not receive them for part of the month because: the entitled person died, moved to a long-term-care institution, or was hospitalized for more than 14 days; the long-term-care company failed to provide all long-term-care hours required of it because the caregiver could not come and no substitute was found; different rates and various dates of update for the benefit and various payment rates such as care hours. The long-term-care companies receive payment for care hours or other services actually provided. The data in Table 7 relating to expenditure on long-term care benefits is for actual expenditure.

5. Child Insurance

A. Child Allowance

1. General

The child allowance is paid each month to all families with children in Israel, to assist with the expense of raising them. The Child Insurance Act came into force in 1959, mandating a regular payment for large families. Over the years, child allowances have undergone many changes, intended to adjust them to changes in fiscal policy in Israel. Among other things, the changes affected the amounts and the eligibility conditions for recipients.

In July 2013, as part of the Economic Efficiency Law, a decision was taken to make a sharp, immediate cut in child allowances for all children, so that apart from the allowance

Table 1
Amount of Child Allowances by Position in Family before*
and after the Arrangements Law (NIS), 2014

Child's position in family	Amount of allowance					
	Up to July 2013		August-December 2013		2014	
	"New"	Older	"New"	Older	"New"	Older
First	177	177	140	140	140	140
Second	266	266	140	140	140	140
Third	266	298	140	171	140	172
Fourth	266	464	140	335	140	336
Fifth+	177	393	140	353	140	354

* August 2013.

Table 2
Families Receiving Child Allowances, by Number of Children
in Family (monthly average), 2010-2014

Year	Total families	Number of children in family					
		1	2	3	4	5	6+
Numbers (thousands)							
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
2013	1,088.3	337.5	334.2	228.0	97.9	43.5	47.2
2014	1,107.5	340.8	340.3	234.4	99.8	44.1	48.0
Percentages							
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
2013	100.0	31.0	30.7	20.9	9.0	4.0	4.3
2014	100.0	30.8	30.7	21.2	9.0	4.0	4.3

for **older children** (born before 1.6.2003) who were the third or later child in their family, the allowance was the same for all children. The older children's allowance was cut exactly the same as the allowance for third and later **new children** (born after 1.6.2013).

The allowances were not updated in 2014. In real terms, they maintained their value and are similar to the tariffs of August 2013 (Table 1).

In 2014 the number of families receiving a child allowance amounted to about 1.1 million on average each month – an increase of 1.9% compared to 2013 (Table 2), with a monthly average total of about 2.7 million children in these families – also an increase of 1.9% (Table 3). The number of families receiving an allowance for one child grew by 1.0% in the same period, reaching 341,000, while the number of families receiving it for two or more children grew by 2.1%. At the same time the proportion of families with three children increased, compared to the proportion of other families.

Table 3
Children receiving Child Allowances
by Position in Family (monthly average), 2010-2014

Year	Total children	Child's position in family					
		First	Second	Third	Fourth	Fifth	Sixth+
Numbers (thousands)							
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
2013	2,628.5	1,088.3	750.8	416.5	188.5	90.7	93.7
2014	2,679.7	1,107.5	766.6	426.3	191.9	92.1	95.3
Percentages							
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
2013	100.0	41.4	28.6	15.8	7.2	3.4	3.6
2014	100.0	41.3	28.6	15.9	7.2	3.4	3.6

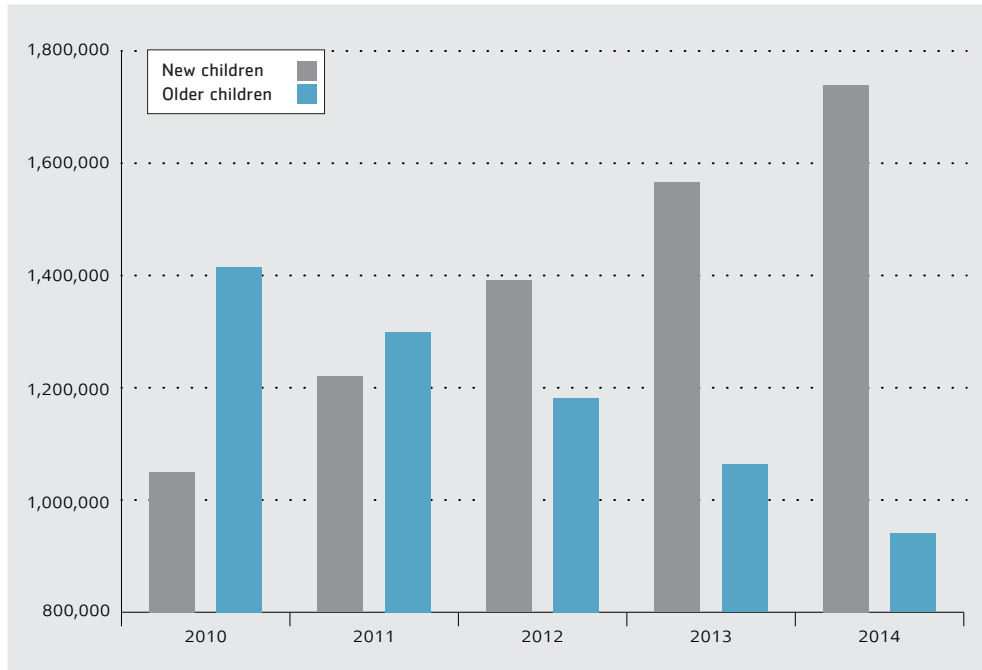
2. The 'New' Children

Following amendments to legislation in 2003-2004, the group of **'new' children** was defined as children born in or after June 2003. Until June 2009, these children received an allowance equal to that of the first two children, irrespective of their position in the family¹. When the changes were applied in August 2013, the allowance for these children became uniform once again.

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; NIS 173 in 2012 and NIS 140 in 2013.

The total number of new children was about 1.7 million in 2014, about 65% of all children for whom the allowance was paid. As anticipated, the proportion of new children has been increasing over the years, and it is expected to include all children by the end of the next five years. About 40% (about 695,000) are the third or later child in their family. The number of older children is decreasing (Diagram 1).

Diagram 1
Number of 'New' versus 'Older' Children, 2010–2014



3. Scope of Payments

In 2014 total child allowance payments fell sharply by 24.2% in real terms compared to 2013 (Table 4). This was due to the Economic Efficiency Law in July 2013, which led to a cut of 20% in the basic amount from which the allowance is calculated, making the allowance the same for most children. In 2014 the basic amount was unchanged from July 2013.

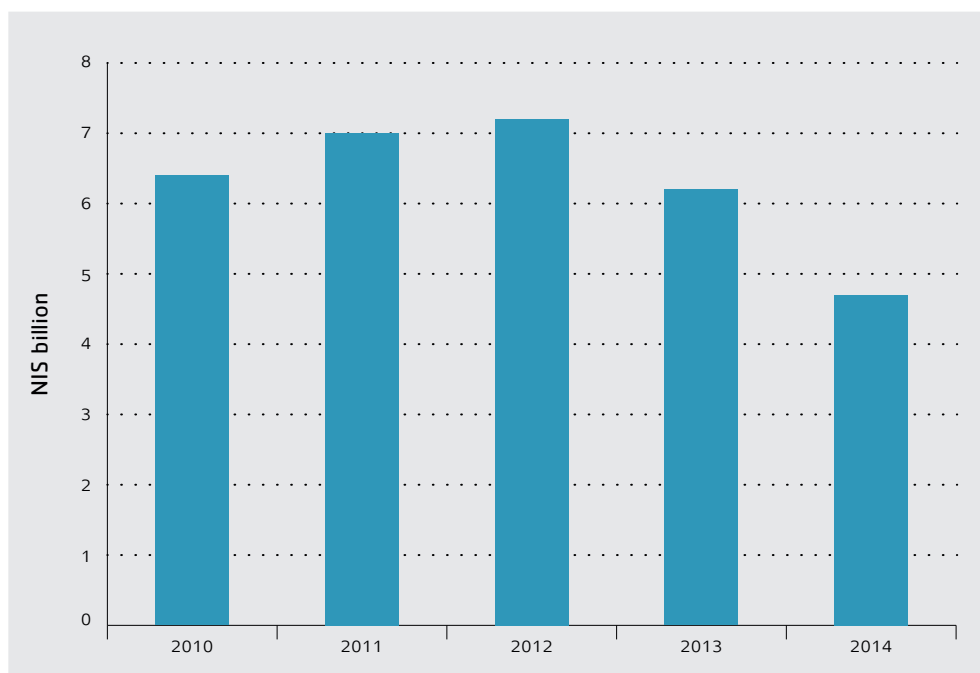
Changes in the size of child allowances are also indicated by modifications in the payments of this branch relative to all NII payments. This proportion fell from 11.8% in 2012 to 9.4% in 2013 and to 7.0% in 2014.

In 2014 the total annual payment for child allowances was about NIS 4.9 billion – a drop of 23.4% in real terms from 2013, added to the drop of about 13% from 2012 to 2013. In aggregate, payments for child allowances fell by 33% following the Economic Efficiency Law in July 2013 (Diagram 2).

Table 4
Child Allowance Payments (NIS millions,
current and fixed prices), 2010-2014

Year	Overall amount		Child allowance		Study grant	
	Current prices	2014 prices	Current prices	2014 prices	Current prices	2014 prices
2010	6,164.5	6,616.4	5,984.5	6,423.3	180.0	193.2
2011	6,892.0	7,150.5	6,711.0	6,962.7	181.0	187.8
2012	7,197.4	7,342.0	7,010.8	7,151.7	186.6	190.3
2013	6,344.0	6,374.2	6,153.3	6,182.5	190.7	191.6
2014	4,884.6	4,884.6	4,683.8	4,683.8	200.8	200.8

Diagram 2
Child Allowance Payments (2014 prices), 2010-2014



B. Study Grant

The study grant is paid to single parent families and families with four or more children who receive one of the following subsistence benefits: income support, child support, disability allowance, old age or survivors' pensions. The grant is paid for children aged 6-14 with the purpose of helping with the purchase of school equipment before the school year starts. In 2014 about 143,000 children received a study grant at a total cost of NIS 201m.

In the years 1992-1998 the grant was only paid to single parent families. Since August 1998 it has also been paid to families with four or more children who receive one of the NII subsistence benefits, as stated above. The grant for children aged 6-11 is 18% of the basic amount (NIS 1,557 in 2014) and for those aged 12-14: 10% (NIS 865).

In 2014, the number of families receiving study grants amounted to about 80,000 or about 7% of all families with children in Israel, most of them single parent families (59,000 – 73%), and the remainder (about 22,000) large families. Families with four or more children account for 11% of all large families in Israel. The families who received the grant represent some 143,000 children, about 5% of all children in Israel. About 82,000 children (aged 6-11) were eligible for the larger amount (NIS 1,557) and about 61,000 (aged 12-14) were eligible for the regular amount (NIS 865).

C. Family supplement

In July 2004 a supplement began to be paid to families with three or more children receiving income support or child support from the NII. The supplement is paid for the third and fourth children only, and is intended to compensate these families for the double effect of cuts in both child allowances and income support in the 2003 economic plan.

In 2014 the supplement paid to families with three children was NIS 98 (compared to NIS 123 in January 2013), and for families with four children – NIS 196 (compared to NIS 246 in January 2013). In 2014 this supplement was paid to about 24,000 families (who had about 39,000 third and fourth children), a total of NIS 34 million, compared to NIS 52 million in 2003.

In 2013 the number of families receiving family supplements was 24,000 – an increase of 0.5% over 2012. This represents a changing trend, since in recent years the number of families receiving the supplement had fallen, while this was the first time it had risen (Table 5). Most of the families (60%) have four or more children, and the ratio of families with three children to families with four or more children as a proportion of families receiving the supplement has remained stable over the years.

Table 5
Families Receiving Family Supplement
by Size of Family (percent), 2010-2014

Year	Total		With 3 children	With 4 or more children
	Number	Percent		
2010	24,847	100.0	40.0	60.0
2011	24,304	100.0	39.9	60.1
2012	24,120	100.0	39.6	60.4
2013	24,241	100.0	40.0	60.0
2014	24,135	100.0	40.1	59.9

Testing Eligibility for the Study Grant – 2014 Survey

Study Grants are paid for children aged 6-14 in single parent families and in families with four or more children who receive one of the following subsistence allowances from the NII: income supplement, child support, disability benefit, old age pension or survivor's pension. The grant is given as a one-time payment each year close to the start of the school year, and the purpose is to help eligible families to purchase school equipment. In 2014 the grant for children aged 6-11 was NIS 1,528 and for children aged 12-14 it was NIS 849. In all, the study grant was paid to 80,346 families (58,780 of them single parent) amounting to a total of NIS 201 million.

Each year, before paying the grant, the Children's Department in the NII Pensions Administration is required by law to examine a sample of about 5,000 single parent families, to see if any change has occurred in the mother's personal status. It is known that a single mother living with a partner is not entitled to the grant. This year only 15% of the sample (881 women) did not respond to the form. Of the 4,855 women who returned the form, 4,634 (about 95%) were eligible to receive or continue to receive the grant; that is, only 221 women who returned the form were denied the right to receive the study grant.

The Research Administration initiated a telephone survey of all the women who did not return the form. The survey was intended to find the reasons for the failure to respond, to obtain the information required to check eligibility for the study grant, and to encourage the women to exercise their rights.

The survey covered 881 women who had not returned the form, and 594 of them were interviewed. The findings showed that 48% (286 women) had not received the form – a significant decrease compared to the previous two years (75% in 2013 and 68% in 2012). About 27% of the women (160) were living with a partner – showing a falling trend (compared to 38% in 2012 and 32% in 2013).

6. Maternity Insurance

a. The Benefits

Maternity insurance came into effect on April 1, 1954, and was one of the first five divisions to be covered by National Insurance Law. Maternity insurance grants the following benefits to new mothers:

- **Hospitalization grant** – Intended to finance birth and hospitalization expenses for the mother and newborn, it is paid directly to the hospital. As of December 1993, a higher rate is paid for premature births. During the first two years after the National Health Law came into effect (in January 1995), the hospitalization of mothers and newborns, including premature newborns, was included in the basket of health services mandated by law, and was financed by the NII from funds collected for the maternity division. Since January 1997, the hospitalization grant has once again been paid directly to hospitals. When a birth takes place abroad, the grant is paid directly to the mother following submission of a claim.

The grant amount varies in accordance with a government's decision within the framework of the Economic Arrangements Law, as follows:

- In January of each year the amount is updated based on a formula defined by law, according to which the total payment for regular births and addition for premature ones, shall be equal to the total that would have been paid if there were no difference in the amount between regular and premature births.
- Whenever the Ministry of Health changes the price of a general hospitalization day, the grant amount changes at the same rate.
- **Ambulance expenses to hospital** – Every woman giving birth is entitled to an ambulance-ride to the hospital closest to her place of residence.
- **Birth grant** – Intended for the initial purchase of supplies for the newborn. It is paid directly to the mother.
- **Maternity allowance** – This is designed to compensate the mother for the loss of her salary during the maternity leave that she must take in accordance with the Women's Employment Law. Working mothers – whether salaried, self-employed, or undergoing professional training – for whom insurance fees were paid for the time periods defined by law (**qualifying period**), preceding the birth, are entitled to a maternity allowance. The maternity allowance is paid for 7 or 14 weeks, depending on the qualifying period accrued by the mother.

It is possible to begin receiving the maternity allowance prior to the estimated date of birth, but not for more than half the entitled period. Under certain circumstances, it is possible to extend maternity leave by a maximum of four weeks. Since 1998, men who share the leave with their spouses are also entitled to a maternity al-

lowance, on condition that the spouse has returned to work. Income tax and national and health insurance fees are withheld from the maternity allowance.

Foreign workers are also entitled to a maternity allowance. However, in the Economic Arrangements Law, 2003, it was mandated that foreign workers without a legal permit are not entitled to a maternity allowance or maternity grant.

- **Childbirth allowance** – Paid for 20 months to a mother who has given birth to three or more live children at the same time, all of whom survived the time period mandated by law. The level of allowance is derived from the basic amount, and it is gradually reduced throughout the period of entitlement.
- **Pregnancy bed rest benefit** – paid to a working woman who for medical reasons related to her pregnancy is forced to stop working for at least 30 days, during which she does not receive payment from her employer or any other party. The qualifying period that entitles a woman to this benefit is identical to the qualifying period for a maternity allowance, and the benefit amount may reach the full basic amount.
- **Special allowance and special benefit** – Paid if the mother died during the birth or within one year of the birth date: a special allowance is paid for 24 months for each baby born in that birth, at a rate of 30% of the average wage. If the child is paid a survivor's or dependent's pension, the allowance is only for 12 months. A special allowance is paid to the spouse of the deceased mother, if he stopped working to care for the child, at the rate of an injury benefit, for up to 12 weeks. This allowance is paid in approximately 10 cases per year.

b. Legislative Changes

- **Hospitalization grant** – In the last few years, the government has changed the amount of this grant in the framework of the Economic Arrangement Laws: in April 2005, it was raised by approximately 50% for premature births; in January 2007 – raised by 12.1% for all births; in August 2009 it was raised again by approximately 10%; in April 2012 raised by 0.2%; in August 2013 by 10%; in November 2013 by an additional 3.87%. The involvement of the government in determining the amount of this grant is essentially a means to transfer budgets to hospitals by way of the NII.
- **Cost of ambulance to hospital** – As of 16.3.2008, any woman giving birth is entitled to an ambulance-ride to the hospital nearest her place of residence. Prior to this, a woman giving birth was entitled to an ambulance-ride only if she lived at a great distance from the hospital.
- **Birth grant** – Until July 2002, the grant amount was uniform and independent of the number of previous births – 20% of the average wage by law. In August 2003, the amount from the second child and on was changed, becoming 6% of the average wage. In January 2004, the amount for a second child only was raised to 9% of the average wage. When two or more children are born in the same birth, the grant is

higher: for twins – the amount is equal to the average wage, and for each additional child – an additional 50% of the average wage. As of January 2006, the birth grant amount is calculated based on the basic amount.

- **Maternity allowance** - Until May 2007 maternity allowances were paid for 6 or 12 weeks, depending on the qualifying period accrued by the mother. In June 2007, the law was amended, and the maternity allowance is now paid for 7 or 14 weeks. As of 1998, men who share the leave with their spouses are entitled to a maternity allowance, on condition that the woman has returned to work. As of November 1994, the maternity allowance per day replaces the full average wage or income per day that the mother earned in the three months prior to stopping work (upon birth or beforehand), and not more than the maximum amount mandated by law.
- **Pregnancy bed rest benefit** – Since the beginning of 1995, the benefit amount is equal to the woman's average wage in the three months preceding cessation of work, and not more than 70% of the average wage. In 2000, the law was amended and the maximum amount for payment was changed to the full average wage (as of 1996, it is the full basic amount).

c. Main Trends

In 2014, birth grants were paid to approximately 173,000 mothers (table 2) – a rise of 2.1% versus 2013. The number of women of fertile age (15-44) rose by 1.4%, such that the number of births per thousand women of fertile age rose slightly from 92 in 2013 to 93 in 2014.

Approximately 52,000 births in 2014 were first births, 47,000 were second, and 74,000 were third or more births (table 1). Approximately 4,100 were twin births, and about 90 were births of triplets or more.

Among the hospitalization grants paid in 2014, 2,731 were paid for premature births. This was 74 more than in 2013.

In 2014, approximately 120,000 women received a maternity allowance, versus 114,000 in 2013 – a rise of 5.2%. The rate of women receiving a maternity allowance

Table 1
Live Births by Birth Order (Percentages), 2010-2014

Year	Total	First births	Second birth	Third birth	Fourth or more birth
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
2013	100.0	29.7	27.4	19.7	23.2
2014	100.0	30.1	27.2	19.5	23.2

out of all mothers rose between 2013 and 2014 – from 67% to 70%; but their average age did not change – 31.6 versus 31.5 years. Approximately 95% of the women receiving a maternity allowance were salaried workers, while the rest – 5% – were self-employed, kibbutz or cooperative settlement members.

Table 2
Women Who Received Birth Grants and Maternity Allowances (Monthly Average, Absolute Numbers, and Percentages), 2010-2014

Year	Received birth grant		Received maternity allowance		
	Absolute numbers	Percent change from previous year	Total	Percent change from previous year	Percentage of all women receiving birth grant
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
2013	169,711	0.3	114,383	2.1	67.4
2014	173,211	2.1	120,353	5.2	69.5

The distribution of women by maternity allowance amount per day indicates that in 2014 approximately a third received a maternity allowance that did not exceed half of the average wage, and approximately a quarter received an allowance exceeding the average wage. The rate of women receiving more than the average wage decreased, from 23.8% in 2013 to 23.4% in 2014, and the share of women receiving up to half of the average wage rose between the two years – from 33.2% to 33.7%. The distribution of women by amount of maternity allowance in comparison to average salary has remained similar over time.

Since the maternity allowance is the same as the mother's salary prior to birth, distribution by maternity allowance amount represents the salary distribution for these

Table 3
Women Who Received Maternity Allowance by Amount of Maternity Allowance per Day, As a Percentage of Average Daily Salary (Absolute Numbers and Percentages), 2010-2013

Year	Total of all recipients (numbers)	Up to ¼ average salary	¼ -½ average salary	½- ¾ average salary	¾ to full average salary	More than average salary
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
2013	114,383	8.2	25.0	26.0	17.0	23.8
2014	120,353	8.5	25.2	26.0	16.9	23.4

women. In 2014, the average salary among new mothers was NIS 7,301 per month, which is approximately 80% of the average wage – similar to the rate in 2013 (when mothers' average salary was NIS 7,193).

As with salary, the amount of maternity allowance changes in accordance with demographic and employment characteristics:

- The total rises with the woman's age. In 2014, the average maternity allowance was NIS 243 per day, which is approximately 80% of the average wage. Women up to age 24 received maternity allowances at a rate of approximately 45% of the average daily wage, while those aged 35 and up received allowances at a rate exceeding the average wage (105%).
- Maternity allowances paid in central Israeli cities were higher than those paid in the periphery. In the Tel Aviv, Kfar Saba, and Ramat Gan branches, the average amount per day was the highest (112%, 111%, and 109% respectively of the average wage) while in Bnei Brak and Nazareth it was the lowest (60% and 59%, respectively).

In 2014, the number of men receiving maternity allowances rose slightly – from 447 in 2013 to 473 in 2014, meaning, a ratio of four men per 1,000 women. Between 2010 and 2014 there was a consistent rise in the number of men receiving the allowance, from 364 to 473.

d. Sum Total of Payments

In 2014, the sum total of benefit payments in the maternity division rose by 6.2% (at fixed prices) in comparison with 2013 (table 4). The hospitalization grant and maternity allowance represented 93% of payments. The rise in total payments is mainly a result of a growth in number of births, and a rise in hospitalization grant payments to hospitals. The share of the division's payments within all NII benefits rose from 8.7% in 2013 to 8.9% in 2014, and has been trending upwards since 2006 (except for 2011).

Table 4
Payments for Maternity Benefits
(Thousands of NIS, 2014 Prices), 2010–2014

Year	Total of all benefit payments	Hospitalization	Birth grant	Maternity allowance	Pregnancy bed rest
2010	5,063,266	2,181,642	189,165	2,514,496	160,539
2011	5,225,461	2,230,855	186,995	2,622,084	165,751
2012	5,591,738	2,394,358	193,510	2,806,061	182,112
2013	5,897,177	2,521,405	194,657	2,972,068	193,901
2014	6,262,519	2,707,809	202,560	3,127,510	207,768

Extension of Maternity Leave: Has it Impacted Women's Return to Work?

The Women's Employment Law requires new mothers to take maternity leave. In May 2007, paid maternity leave was extended from 12 to 14 weeks, and in March 2010 it was further extended to 26 weeks, 14 paid by the National Insurance Institute and 12 unpaid. A female employee who is not interested in extending maternity leave beyond the paid portion can inform her employer of her intent to curtail the leave such that it will not be less than 14 weeks.

In 2013, a study was performed to examine whether and when women return to work after birth, and whether the legislation extending paid maternity leave impacted their re-entry. The study also examined the effect of different variables on the decision to return to work: the economic sector in which the woman works, salary immediately prior to birth, employment status of spouse, and region of residence. Furthermore, the study explored relationships between various demographic and economic variables and the return to work: income from employment, number of children, age of youngest child, and age of woman.

The study examined salaried women who gave birth in the period between January 2005 and December 2010, and who received a maternity allowance from the National Insurance Institute – in total 422,482 women. Tracking the women lasted for a year after they had fully exercised their rights to maternity allowance, and it was based on a unique data file produced from the Institute's administrative files. Moreover, the data were analysed through an REG regression, with the dependent variable being number of months from end of paid maternity leave until return to work.

Study Findings

- Approximately 92% of the women who gave birth in the defined years returned to work within a year, and only 8% did not return. This finding shows almost no change over the years, and remains stable even over the socio-demographic and economic variables that were examined.
- There is a positive correlation between the date of work cessation prior to birth and the length of maternity leave: those who worked up to the birth returned to work faster than those who ceased working six months before birth.
- The incentive for returning to work is mainly economic: the odds of returning to work immediately after birth were higher the more children there were in the family, and the higher the salary level of the mother immediately prior to birth.
- As maternal age increases, maternity leave tends to be longer.

No impact whatsoever was discerned for the extension of paid maternity leave on

the mothers' date of return to work. Thus, the two-week extension of maternity leave paid by the National Insurance Institute (as of May 2007) did not cause a change in the employment behavior of the women following birth.

Data Compliance Using REG Regression (the Dependent Variable: Number of Months Passed from End of Paid Maternity Leave Until Return to Work)

*Variable	Parameter Estimates				
	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	1	53.96826	0.24123	223.72	<.0001
Women who gave birth after the change in law**	1	0.17683	0.10447	1.69	0.0905
Spouse works	1	0.19594	0.10678	1.83	0.0665
Woman worked until the birth	1	-35.75585	0.18329	-195.08	<.0001
Woman's age (vs. ages up to 25)					
25-35	1	5.25816	0.1307	40.23	<.0001
Over 35	1	8.06453	0.17467	46.17	<.0001
No. of children in family not including current birth (vs. no children)					
One child	1	-1.30878	0.11098	-11.79	<.0001
Two children	1	-1.17632	0.12789	-9.2	<.0001
Three children	1	-3.06872	0.17786	-17.25	<.0001
Four and more children	1	-6.0241	0.18126	-33.23	<.0001
Woman's pre-birth salary (versus those making NIS 2000 per month)					
NIS 2,000-4,000	1	-6.85294	0.16697	-41.04	<.0001
NIS 4,000-6,000	1	-13.00181	0.17132	-75.89	<.0001
NIS 6,000-8,000	1	-17.49986	0.18706	-93.55	<.0001
More than NIS 8,000	1	-19.80467	0.18067	-109.62	<.0001

* A dummy variable that receives a value of 1.

** Extension of maternity leave as of May 2007 from 12 to 14 weeks.

7. General Disability Allowance

A. Pensions in the General Disability Branch

In the General Disability Branch, the following benefits are paid by law:

- **Disability Pension** – assures a minimum subsistence income for people whose ability to earn a living or practice their trade is damaged. Paid since 1974.
- **Special Services Benefit** – for disabled individuals who are dependent on others to perform daily tasks or require constant supervision, by funding the help they need. Paid since 1979.
- **Disabled Child Benefit** – paid (since 1981) to families caring for their disabled child at home.

This branch also handles benefits that are paid not by through the National Insurance Act:

- **Mobility Allowance** – paid (since 1975) to individuals with restricted mobility¹, to help with their mobility costs outside the home.
- **Compensation for sufferers of scalp ringworm (*tinea capitis*)** – paid (since 1995) to individuals who were treated for this condition with radiation in the period 1946-1960 and consequently became ill.
- **Compensation for polio victims** – paid (since 2007) to anyone who contracted polio in Israel or was treated here and as a result suffered medical disability.

Table 1
**Recipients of General Disability pension, Special Services,
 Disabled Child and Mobility (average per month), 2010-2014**

Year	Disability		Special services		Disabled child		Mobility	
	No. of recipients	% change	No. of recipients	% change	No. of recipients	% change	No. of recipients	% change
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%
2013	222,641	2.3%	40,860	8.0%	36,006	12.2%	35,311	3.6%
2014	226,552	1.8%	46,214	13.1%	40,473	12.4%	36,601	3.7%

A study published in 2012 by the NII together with the Joint – Brookdale Institute found that in Israel there are one million people of working age who define themselves (subjective definition) as limited in some way that affects their ability to function². About a quarter of them, 258,000, received one or more benefits from the NII General

1 People with leg problems, as specified in the Act.

2 Naon et al (2012): Working Age Disabled in Israel – Incidence in the population, characteristics, and employment status. National Insurance Institution.

Disability Branch in 2014 – an annual growth of 2.3% in numbers. About 100,000 received a pension from the Ministry of Defense or a Work Accident Victim's pension from the NII. As for the remainder, either their level of disability does not qualify them for a pension, or they have not lost their ability to earn a living, or they are not claiming their full rights.

Recipients of the general disability pension constitute some 90% of all eligible persons in the Branch. In 2013, the monthly average was 226,552, about 4.7% of the eligible age group (from 18 to retirement age). After a decade during which the retirement age has

Table 2
Adult Recipients of Disability pensions
by Type of Benefit, December 2014

No. of benefits	Type of benefit	No. of recipients	Rate of change
Total	Disabled Adults	258,588	2.27%
	General Disability	228,506	1.7%
	Special Services	48,846	16.2%
	Mobility	32,801	3.8%
	Scalp Ringworm	4,394	2.6%
	Polio	4,251	0.7%
One benefit	General Disability only	183,981	-0.9%
	Special Services only	9,325	11.0%
	Mobility only	11,314	4.4%
	Scalp Ringworm only	3,724	5.1%
	Polio only	1,114	4.6%
Two benefits	General Disability + SSA	26,768	23.9%
	General Disability + Mobility	7,010	0.6%
	General Disability + Scalp Ringworm	299	-23.9%
	General Disability + Polio	268	-6.6%
	SSA + Mobility	2,552	13.5%
	SSA + Scalp Ringworm	136	10.6%
	SSA + Polio	45	45.2%
	Mobility + Scalp Ringworm	65	20.4%
	Mobility + Polio	1,368	0.1%
	Scalp Ringworm + Polio	4	0.0%
Three benefits	General Disability, SSA + Mobility	9,001	4.1%
	General Disability, SSA + Ringworm	64	-3.0%
	General Disability, SSA + Polio	58	-24.7%
	Gen. Dis., Mobility + Ringworm	19	-5.0%
	General Disability, Mobility + Polio	573	-5.0%
	SSA, Mobility + Scalp Ringworm	52	6.1%
	SSA, Mobility + Polio	379	15.9%
	SSA, Scalp Ringworm + Polio	1	0.0%
	Mobility, Scalp Ringworm + Polio	3	0.0%
Four benefits	Gen Dis., SSA, Mobility + Ringworm	27	-3.6%
	Gen Dis., SSA, Mobility + Polio	438	-4.6%

changed and Amendment 109 to the law was introduced (Laron Act), the annual rate of growth in number of recipients stabilized at about 2% annually – equal to the natural growth rate in the population.

In 2014 there was a sharp rise in the number of recipients of the Special Services Allowance, due to the change in eligibility tests (the IADL test was added) and the slight effect of reducing the waiting days for eligibility to start. Numbers of recipients of the child disability pension continued to rise following the extension of the eligibility grounds (**Amendment Or-Noi 2**). This trend will probably continue, although not necessarily at the same pace. Meanwhile, growth rate in the number of Mobility Allowance recipients remained unchanged from previous years (about 3.5%).

Since 1999, a disabled person who meets all the conditions defined in the laws and regulations, may receive more than one benefit for the same period from the General Disability Branch. In December 2014, 49,130 disabled adults and 4,282 disabled minors (about 21% of benefit recipients in this Branch) received two or more benefits simultaneously (Tables 2 and 3). Particularly striking is the attendance allowance (SSA), where 81% of recipients are entitled to additional benefits (usually a disability pension), and the compensation for polio victims, of whom 74% of eligible recipients also receive an additional benefit (usually mobility allowance).

Table 3
Minor Recipients of Benefits by Type of Benefit, December 2014

No. of benefits	Type of benefit	No. of recipients	Rate of change
Total	Minor disabled	42,481	11.16%
One benefit	Disabled child	37,947	12.4%
	Mobility	252	0%
Two benefits	Dis. Child + mobility	4,282	1.7%

B. Disability pension

1. Main Points of the Law

In the framework of general disability insurance, a monthly allowance is paid to residents of Israel aged 18 to retirement age whose ability to earn a living from work³ is affected by disability. This benefit assures them a minimum income to survive⁴. The law defines two types of eligible persons:

- **Disabled earners:** men or women who, due to a physical, mental or emotional handicap, from illness, accident or congenital, have either lost 50% or more of their earning ability, or whose monthly income from work does not exceed the threshold

3 When determining eligibility for a disability pension, any income not from work is not taken into account.

4 The Disability pension is paid from the 91st day after the disability occurs or appears, providing that the claim is filed within 15 months. For later claims, payment will start at a later date.

defined by law. The law distinguishes between two groups of eligible persons: (a) severely disabled⁵ or chronically disabled⁶, who are eligible for the benefit if their earnings from work do not exceed 60% of the average wage; (b) all the rest: anyone whose earnings from work do not exceed 45% of the average wage.

- **Housewives:** married women, who did not work outside the home for the periods defined by law before submitting the benefit claim, and who because of a physical, mental or emotional handicap, due to illness, accident or congenital, have lost at least 50% of their ability to function in the home.

2. The process of determining eligibility

There are a number of stages in this process:

- **Examining income from work at the time of joining:** the size of income from work that makes the individual eligible for benefit payment varies according to the medical condition and the group to which the insured belongs.
- **Determining medical disability:** a physician authorized by the NII who, referring to medical tests and documents, determines the percent of medical disability based on tests stipulated by law. The medical percentage expresses the severity of the medical condition. At this stage, the doctor and the claims clerk check if the threshold conditions for a disabled definition are met: (a) working disabled – at least 60% medical disability, or 40% if there is at least one disability at the rate of 25% or more; (b) a housewife with a medical disability of at least 50%.
- **Determining the level of inability to earn:** The NII claims clerk, after consulting with the NII doctor and rehabilitation clerk, decides to what degree the disabled person's ability to earn a living is damaged⁷ - according to ability to return to work (full or part time) or find other suitable work, subject to his/her training, physical fitness and medical condition. The determination of full or partial unfitness for work expresses the full or partial loss of the ability to earn a living, whether permanently or for a limited period.

3. Laron Act

In August 2009, Amendment 109 of the National Insurance Act (**the Laron Act**) came into force, designed to improve conditions for disability pension recipients who went out to work, with the intention of improving their quality of life, integrating them into society, and strengthening their image in the public's eyes. The main effect of the amendment was to permit greater income from work without denying eligibility for the

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5 Severely disabled: medically determined disability of at least 70%, or mental or emotional handicap of at least 40%.

6 Chronically disabled: eligibility of at least 60 months in the 7 years prior to 1.8.2009.

7 Less than 50% loss of earning capacity does not confer eligibility for the benefit.

benefit and the associated benefits, and to ensure that the total income from work and benefits would always be higher than the benefit alone⁸.

To separate people with high potential of finding work from those whose chances are poor, the disabled were divided into two groups (see the explanation above for the term “disabled earners”). The law also created various levels of income from work for determining benefit eligibility, with the aim of encouraging employment. The amendment also added a new incentive in the framework of the disabled benefit – the encouragement benefit, paid instead of the disability pension to anyone whose income from work exceeded the amount specified in the law, namely 45%-60% depending on group, and who had been eligible for the disability pension for at least 12 months.

4. Amount of allowance and supplements

- A disabled earner or housewife defined as completely unfit for work (75% at least) is eligible for a monthly allowance equal to 26.75% of the basic amount defined in law.
- A disabled person who is fully unfit for work and not in an institution, whose degree of medical disability is at least 50% (since March 2014, for medical disability under sections 33 or 91d – at least 40%) **an additional monthly allowance** of NIS 252-372 is paid (in 2014). About 68% of recipients were eligible for this supplement in 2014.
- For a spouse or partner (whether married or not) living in Israel, whose monthly income does not exceed 57% of the average wage, a supplement equal to 50% of the full single person’s benefit is paid. A disabled housewife is entitled to a supplement for the first two children only and not for her spouse.
- For a child resident in Israel (as defined by the NII), a supplement of 40% of the single person’s benefit is paid (for the first two children only).
- A disabled person who receives a supplement for dependents and who has income not from work, will have any income not from work deducted from the supplement for the dependents (only).
- Apart from benefits provided by the NII, recipients of the disability pension or encouragement allowance are also entitled to benefits from various public bodies subject to various conditions⁹.

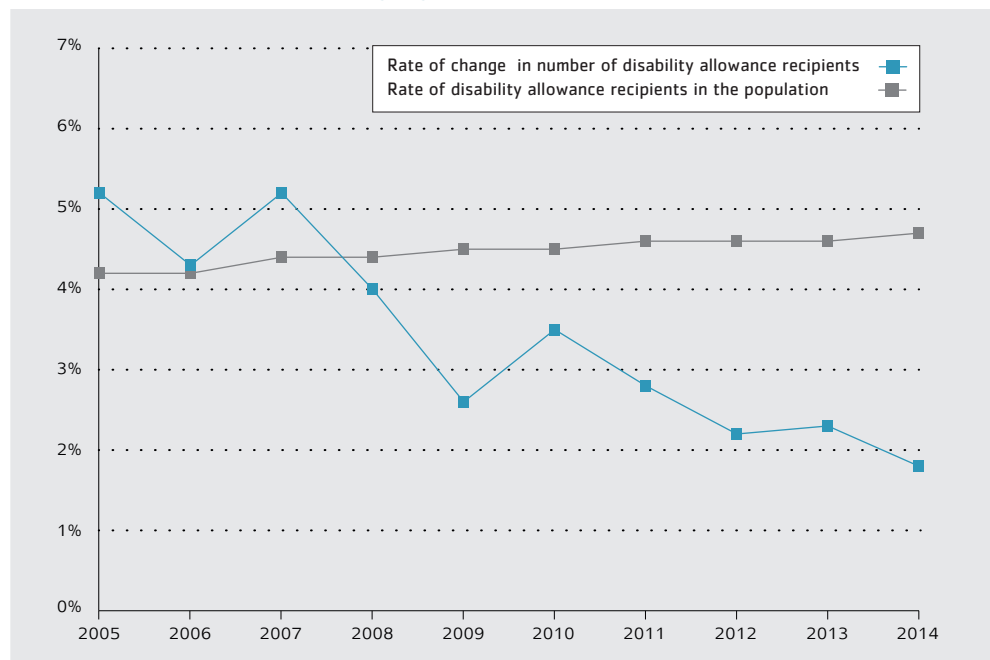
8 Until the Amendment was introduced, the disability pension stopped according to the disabled person’s education (when income from work was greater than 37.5/ 45/ 55% of the average wage), and presently it is offset according to Table H1 as defined by law: for income from work not exceeding 21% of the average wage, the monthly benefit does not change. For income of 21-25% of the average wage, the benefit is reduced by 10%; for income of 25-68% it is reduced by 30%; for income of 68-93%, by 40%, and for income higher than 93% - by 60%.

9 These benefits include: exemption from payment of NII contributions, exemption from income tax and purchase tax to the Ministry of Finance, discounts in local taxes and water rates, help with rent or apartment purchase from the Ministry of Housing, discount on taxes paid to the Israel Land Administration, discounts on public transport, and discounts from the Ministry of Welfare and payments to HMOs.

5. Recipients of Disability Allowance

From the early 2000s, growth in the number of people receiving disability pensions was more than twice the rate of natural increase in the population. There are a number of reasons for this: (a) the gradually rising retirement age for men and women; (b) increasing rates of sickness in the population, due to greater reporting of sicknesses and falling mortality rates among the sick; (c) change in the income threshold for eligibility and the gradual offset of the disability pension against income from work. Once this potential was fully utilized by new recipients who became eligible for these changes, the annual growth rate stabilized at 2% - very close to the natural increase in population (Diagram 1). However, the proportion of disability pension recipients in the working age population continues to rise (4.7% in 2014), for a number of reasons: increasing illness rates, fall in mortality rates, and decline in the growth rate of the working age population.

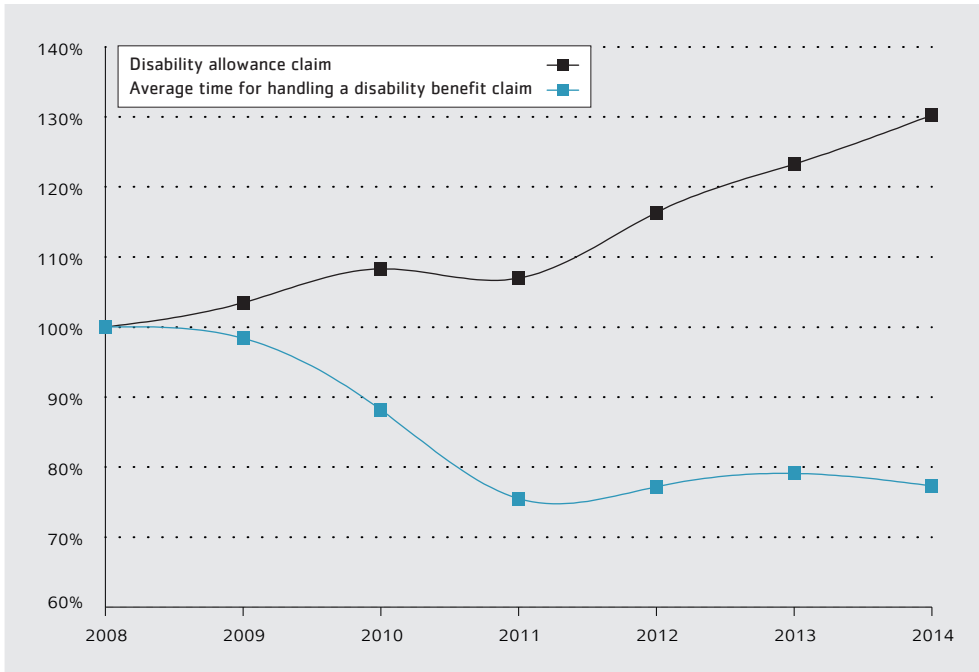
Diagram 1
Disability pension Recipients and Advancement
of Working Age Population, 2005-2014



As stated, notwithstanding the decline in the annual increase in the number of eligible persons, the number of claims for the general disability pension continues to rise (reaching 113,000 in 2014), with no real change in the rate of rejected claims. On the other hand, there was a rise in the number of people leaving the system, which affects the net increase in recipients.

In spite of the ongoing growth in the annual number of claims, as part of improvement in service to the insured, the NII has set itself the goal of reducing as far as possible the

Diagram 2
Change in Number of Claims for General Disability pension and Average Claim Handling Time, 2008-2014



time taken to handle claims from submission to decision. This goal has been achieved: compared to 2008, the average time for handling a disability pension claim has fallen by 20% and now stands at an average of 55 days (Diagram 2).

A look at the breakdown of benefit recipients in December 2014 by sex and degree of disability¹⁰ shows a significant gap between disabled earners and housewives (Table

Table 4
Recipients of Disability pension by Degree of Incapacity and Sex (absolute numbers and percentages), December 2014

Sex		Total		Degree of incapacity (percent)			
		Absolute numbers	Percent	60%	65%	74%	75% -100%
Total	Numbers	228,805		23,213	16,543	5,020	183,729
	Percentage		100	10.2	7.2	2.2	80.4
Men		132,577	100	8.8	5.5	1.6	84.1
Women	Total	95,929	100	12.0	9.6	3.0	75.3
	Earning	80,129	100	9.0	6.5	1.9	82.6
	Housewives	15,800	100	27.6	25.5	8.6	38.3

¹⁰ The breakdown of benefit recipients by their percentage of medical disability is given in Table F/1 in the Appendix.

4). About 84% of the earners (men and women) were defined as having a full loss of earning capacity and were therefore eligible for the full benefit, while only 38% of the housewives were defined as having full loss of capacity. These differences are due to different eligibility tests for these two groups.

The main handicap for about a third of disability pension recipients is mental illness¹¹ (Table 5). Characteristics of the main disability vary with age: among younger claimants, congenital problems are more prominent (such as learning difficulties, deafness, mental illness¹²), while among older claimants disabilities that develop with age are more prominent (e.g. internal, urogenital¹³). In 2014 the average age of recipients of the disability pension was 47.

Table 5
Recipients of Disability Allowance by Current Age, Average Age
and Main Disability (absolute numbers and percentages), December 2014

Main disability		Total		Age (percentage)					Average age
		Numbers	%	24-18	34-25	44-35	54-45	55- retirement	
Total	Numbers	228,506		16,840	33,812	42,237	54,884	80,733	47.0
	Percentage		100	100	100	100	100	100	
Mental	Psychotic	45,664	20.0	20.2	27.7	28.0	20.4	12.2	43.5
	Psychoneurotic	30,957	13.5	16.4	16.7	15.3	14.8	9.8	44.4
Learning disabilities		23,193	10.1	22.3	19.1	13.6	7.6	3.8	38.6
Internal		54,476	23.8	8.9	9.3	14.0	24.0	38.1	53.6
Urogenital		7,237	3.2	1.3	1.5	2.3	3.7	4.3	51.7
Neurological		29,148	12.8	16.0	13.0	12.4	11.6	12.9	46.5
Locomotor		19,196	8.4	5.0	5.2	7.3	9.6	10.3	50.0
Sensory	Vision	10,722	4.7	4.6	4.4	4.5	4.6	5.0	47.6
	Hearing	5,497	2.4	4.8	2.8	2.1	2.1	2.1	44.1
Other		2,416	1.1	0.4	0.4	0.5	1.5	1.4	52.3

About 47% of disability pension recipients are married¹⁴ and should apparently be eligible for a spousal supplement, but about 41% of them receive a single person's benefit due to the high income of the recipient (not from work) or of the spouse (whether or not from work) (Table 6). The proportion of married female disabled earners is low, because a married woman who did not work before submitting a claim for the period of time

11 The disability with the highest medical percentage among all disabilities. Percentage disabilities for national insurance are not determined by illnesses but by the function of various limbs and organs.

12 Learning difficulty: includes Down Syndrome; mental illness – includes autism.

13 Internal: includes blood, heart, liver and respiratory illnesses, diabetes, asthma and most cases of cancer. Urogenital: problems with kidneys, urinary tract, fertility and bladder problems (common among patients with prostate cancer).

14 Excluding unmarried partners.

Table 6
Recipients of Disability pension by Composition of Dependents
and Family Status (numbers and percentages), December 2014

Family status		Total		Dependents					
		Number	%	None	One child	Two children	Spouse	Spouse + child	Spouse + 2 children
Total	Number	228,506		151,044	17,634	21,485	15,578	6,944	15,821
	Percent		100%	66%	8%	9%	7%	3%	7%
Married	Total	107,542	47%	43,681	10,288	15,890	15,390	6,790	15,503
	Men	65,040	28%	22,363	3,870	5,572	13,555	5,855	13,825
	Earning women	26,702	12%	12,575	3,928	5,751	1,835	935	1,678
	Housewives	15,800	7%	8,743	2,490	4,567	.	.	.
Not married	Total	120,964	53%	107,363	7,346	5,595	188	154	318
	Men	67,537	30%	61,837	2,833	2,283	156	136	292
	Earning women	53,427	23%	45,526	4,513	3,312	32	18	26

defined by the law is considered a housewife. However, the proportion of women defined as housewives is decreasing, and the proportion defined as earners is growing, mainly because of the increased rate of employment among women.

C. Special Services Allowance

1. Main points of the Law

The Attendance allowance (SSA) is paid to people who need help with daily tasks according to the ADL test (dressing, eating, washing, using the toilet and mobility in the home) and with running the home according to the IADL¹⁵ test (preparing food, maintaining the home, taking medication, dealing with official and financial affairs, shopping outside the house, using appliances), or who need constant supervision to prevent danger to themselves and to others¹⁶.

Eligibility applies to residents of Israel who have not reached retirement age before submitting the claim, providing they meet the following conditions:

- Receiving disability pension: if their degree of medical disability is 60% or over (for recognized types of disability), and on condition they are not receiving a special benefit for victims of work accidents or payments for personal care or help in the house according to another law.
- People undergoing treatment for oncological diseases and dependent on others, patients undergoing dialysis (at least twice a week), the recipient of an organ transplant

15 Introduced in 2014.

16 Similar to the terms of eligibility under the Nursing Insurance Act, section 223 of the National Insurance Act (Combined version), 5755-1995.

(kidney, heart, spleen, lung, liver) or one who has received a bone marrow transplant, whether an autograft or allograft.

- Individuals who do not receive the general disability pension but meet one of the following conditions: (a) they have been defined as having at least 75% medical disability and their monthly income from work is no higher than 5 times the average wage (NIS 45,554 in 2014), and they do not receive a special benefit for victims of work accidents or payments for personal care or help in the house according to another law; (b) new immigrants (with an immigrant ID) who have been in the country for less than a year.

Anyone receiving benefits under a mobility agreement will be eligible for the SSA only if a medical committee decides that they are 100% restricted in mobility or are confined to a wheelchair or need and use a wheelchair.

Anyone who was eligible for the SSA before reaching retirement age, on reaching that age can choose between the SSA and the nursing benefit. Anyone hospitalized in an institution that provides medical, nursing or rehabilitation services is not eligible for the SSA.

2. Size of the Allowance

The size of the SSA is determined relative to a full single person's disability pension (25% of the basic amount), and a supplement is also paid (the additional monthly allowance – AMA). There are three levels, determined by degree of dependence (all amounts are correct to 2014¹⁷):

- Anyone who needs considerable help with most daily activities most of the day is eligible for the basic allowance – 50% of a full single person's disability pension, and AMA at 14% – a total of NIS 1,401 per month.
- Anyone who needs considerable help with all daily activities most of the day is eligible for an allowance of 105% and AMA at 28.5% – a total of NIS 2,922 per month.
- Anyone who is entirely dependent on another person for all daily activities throughout the day is eligible for an allowance of 175% and AMA at 42.5% – a total of NIS 4,761 per month.

3. Recipients of the Special Services Allowance

In December 2014, 48,846 people received the Attendance allowance (SSA) – about 16% more than in December 2013; for 9,493 of them this was the first year. There are several reasons for the rise in the number of recipients: (a) improvements in medical treatment for the seriously ill which extends life span, as shown by the continuous growth in the number of recipients defined as completely dependent on others; (b) implementation

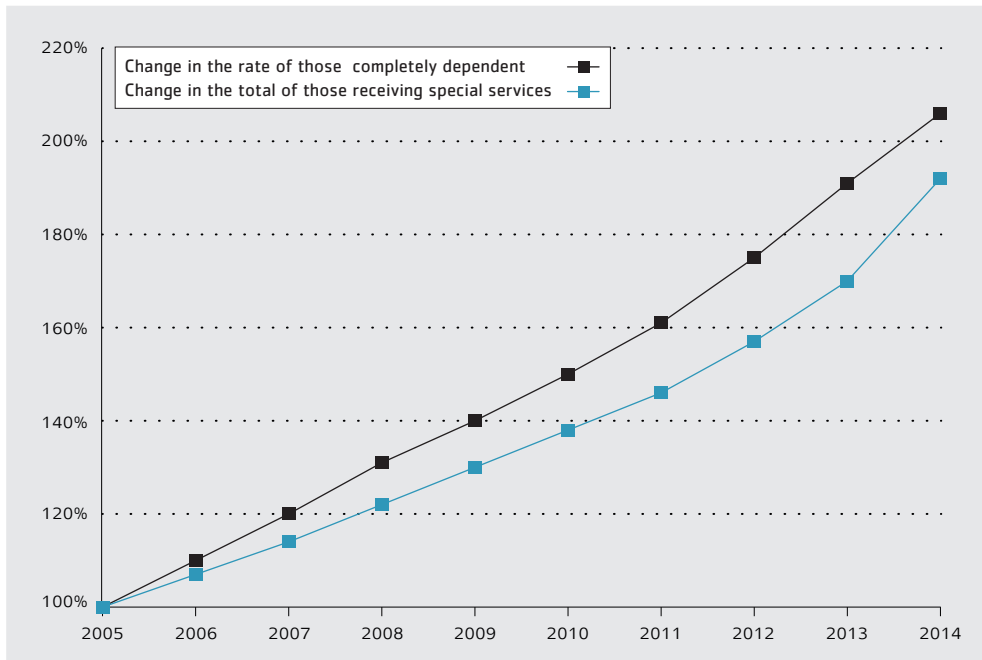
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17 The rates have been valid since January 2009. Until then the rates were 50%, 100% and 150% of the full single person's disability pension.

of the Ben Yehuda Committee recommendation to add the IADL test to the eligibility tests (see box in this chapter). This recommendation was particularly beneficial for the blind and for people suffering from mental problems. (c) The SSA is paid from the 91st day after the disability appears, providing that the claim is submitted within 15 months. Since September 2012, people with medical disability of at least 75% and who have been declared eligible for at least six months, receive the allowance from the 31st day.

In 2014, for the first time in a decade, the growth rate in the number of SSA recipients was higher than the growth in the number of recipients who are completely dependent on others – this is due to the application of the IADL test and certain easements in eligibility conditions, particularly for the blind.

Diagram 3
Change in the Number of SSA Recipients and the Number of Recipients Defined as Completely Dependent, 2005–2014



As stated, most recipients of the allowance received more than one benefit: about 74% also received the general disability pension (regular SSA), and a further 21% were also eligible for the old age pension (SSA for the elderly) (Tables 2 and 7). The high proportion of the elderly is the result of the continuing drop in mortality rates in Israel¹⁸ and the differences in eligibility conditions between the SSA and the nursing benefit¹⁹.

18 See: Ministry of Health (2014): **Leading Causes of Death in Israel 2000–2011**.

19 SSA is a cash benefit and the nursing benefit is usually received in kind.

It is possible to distinguish a different breakdown of disabilities in recipients of SSA compared to recipients of the general disability pension: SSA recipients have more neurological and internal problems and far fewer mental problems or learning disabilities (Tables 5 and 7). One of the explanations is the medical disability threshold for SSA eligibility and the tests that look at difficulties with daily activities and the help required to function at home. Not only that: among recipients of SSA, about half of whom work, it is possible to identify higher frequency of internal or urogenital problems compared to the two other groups of the eligible, as well as lower frequency of learning difficulties or mental problems. The sharp growth in the rate of recipients with sensory problems is attributed to the introduction of the IADL tests.

Table 7
Recipients of Attendance allowance by Group
and the Main Disability (numbers and percentages, December 2014)

Main disability		Total		Group (percentage)		
		Absolute numbers	%	Normal SSA	Special SSA	Elderly SSA
Total	numbers	48,846		36,356	2,134	10,356
	Percentages		100	100	100	100
Mental		3,356	6.9	6.9	0.9	8.1
Learning difficulties		3,853	7.9	10.1	0.4	1.6
Internal		11,372	23.3	21.0	47.0	26.5
Urogenital		3,582	7.3	7.0	14.3	7.2
Neurological		15,293	31.3	30.8	22.8	34.7
Locomotor		3,910	8.0	7.3	5.7	11.0
Sensory		7,364	15.1	16.8	7.8	10.6
Other		116	0.2	0.2	1.1	0.3

About 13% of SSA recipients are entitled to the allowance due to a special medical condition (6,285 out of 48,846) (Table 8)²⁰. The number of recipients increases with age and the 55-64 age group represent about a third of recipients. Among those entirely dependent on others the younger age group is prominent – partly due to the high proportion of people with neurological problems. On the other hand, in the 65+ age group the proportion of recipients under active or transplant treatment is small, since the SSA is only paid for temporary periods on these grounds.

The medical condition of recipients of SSA is more severe that of recipients of the general disability pension: about 62% of them have a medical disability of over 90%²¹ (compared to 18% of the disability pension recipients (Table 9). Half of them are married and about 10% employ a foreign care worker. As expected, among the employers of foreign

20 SSA recipients who are eligible for the allowance on one of the automatic grounds but whose severe medical condition entitles them to a higher rate of allowance are counted as dependent on others.

21 See Table F/1 in the Appendix.

workers, the proportion of people with over 90% disability is even higher – about 71%. A third of the recipients are defined as alone, that is they are not married or they live with a spouse who is also disabled and therefore they are entitled to additional benefits.

Table 8
Recipients of Attendance allowance by Age and Grounds
for Eligibility (absolute numbers and percentages), December 2014

Grounds for eligibility		Total		Age group (percentages)					
		Numbers	%	24-18	34-25	44-35	54-45	64-55	65+
Total	Numbers	48,846		4,003	4,954	5,776	8,360	15,524	10,229
	Percentage		100	8.2	10.1	11.8	17.1	31.8	20.9
Undergoing active treatment		3,228	100	2.0	6.4	14.7	26.3	40.3	10.2
Need dialysis		2,959	100	2.0	6.4	11.7	22.7	36.9	20.3
Have undergone transplant		98	100	7.1	15.3	14.3	22.4	31.6	.
Need help for most ADL		21,535	100	6.9	10.2	12.6	17.9	32.7	19.7
Need help for all ADL		11,239	100	7.5	8.6	10.2	15.4	32.6	25.7
Completely dependent on others		9,787	100	15.8	14.2	11.1	12.5	24.6	21.9

Table 9
Recipients of Attendance allowance by % of
Medical Disability, Family Status, and Employment of Foreign
Care Worker (numbers and percentages), December 2014

Family status	Employs foreign care worker	Total		Medical disability (%)			
		Number	Percent	69-60	79-70	89-80	100-90
Total	Absolute numbers	48,846		4,539	6,241	7,689	30,377
	Percentages		100	9.3	12.8	15.7	62.2
Married	Total	25,431	100	7.5	10.4	16.2	65.9
	Employs foreign worker	2,248	100	4.4	8.8	19.0	67.8
	No foreign worker	23,183	100	7.8	10.5	16.0	65.7
Unmarried	Total	23,415	100	11.3	15.4	15.2	58.2
	Employs foreign worker	2,490	100	4.6	9.5	15.3	70.6
	No foreign worker	20,925	100	12.1	16.1	15.2	56.7

Box 1

Changing Eligibility Tests for Special Services Allowance

The special services allowance is paid to persons living in the community and requiring assistance to look after themselves or their homes. For many years eligibility for the allowance was determined by the ability to perform everyday tasks, as shown by the ADL (Activities of Daily Living) test – washing, dressing, eating, mobility around the

home, personal hygiene. The allowance is also paid to persons requiring supervision to prevent danger to themselves or others.

However, these criteria did not provide a solution for individuals who were independent in terms of mobility, but dependent on others for the activities of running their homes. About two years ago, a public committee led by Prof. Arie Ben Yehuda was set up, to examine inter alia, conditions of eligibility for the allowance. On concluding its work, the Committee recommended the addition of another eligibility test, to examine the ability to run a home – the IADL (Instrumental Activities of Daily Living) test. This test assesses the ability to prepare food, maintain the house, take medication, make institutional and financial arrangements, shop and use appliances. In June 2014 the NII added the IADL test to the other tests of eligibility.

As with the ADL tests, the six actions of the IADL are classified according to four levels of dependence on others: independent, needs some help, needs a great deal of help, and completely dependent. However, the basis for determining eligibility was and remains the ADL degree of dependence, and the IADL test is just another layer. Therefore grading the tests is different: for ADL, independent = 0, some help = 4, considerable help = 8, completely dependent = 12. For IADL: independent = 0, some help = 1, considerable help = 2, completely dependent = 3.

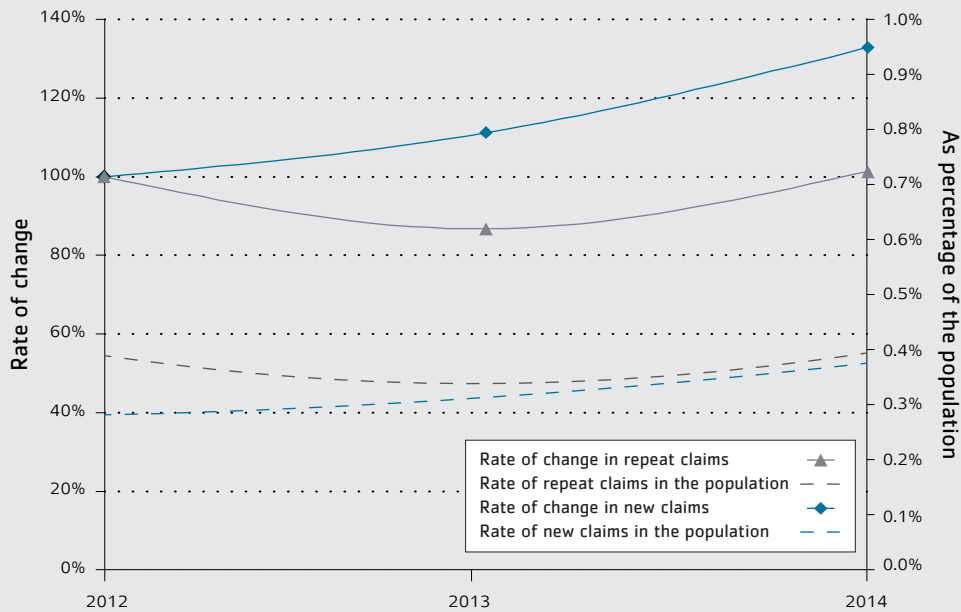
It is important to stress that the automatic eligibility of oncological and dialysis patients and recipients of limb transplants has not been cancelled. Also, on implementation of the recommendations, automatic eligibility was determined for some 4,000 recipients of the disability allowance with at least 90% impaired vision, based on a test done by the Committee which found that they were highly likely to be eligible.

About half a year after the introduction of the amendment, we examined its impact. The first aspect looked at was the number of claims: rates of change in the number of new (first) claims and in the number of repeat claims (due to deterioration in the situation), and rate of claims in the general population of working age¹ (Diagram 1). In 2014 the number of new and repeat claims increased. However, the unusual growth in the number of new claims is entirely explained by the automatic claims initiated by the NII for individuals with impaired vision. It is possible that this was the result of low awareness of rights or fear of applying to the NII.

The second aspect tested was the effect of change on the number of people eligible for the allowance: the annual growth rate in the number of recipients doubled in 2014 (Diagram 2), but even in this case, the growth rate was largely due to the automatic eligibility of the visually impaired

.....
1 Since the rise in the number of claims is apparently due to the growth in population, this growth has been removed from the data as shown.

Diagram 1
Rate of Change in the Number of New and Repeat Claims,
as a Percentage of the General Working Age Population, 2012–2014



Another interesting aspect is the size of the allowance determined for the newly eligible. Diagram 3 shows the rates of change in the number of newly eligible recipients of the allowance on three levels: slightly dependent (50%), largely dependent (105%), completely dependent (175%). The Ben Yehuda Committee found that the expectation was that people with impaired vision would be entitled to 50% of the allowance, if they had no other disability that impacted their ability to function, so this year a considerable increase was expected in the number of individuals entitled to this rate of the allowance. The rate of change in the number of newly eligible at the two higher levels is half as big – apparently due to the relative increase in the number of the newly eligible at the lowest level, or perhaps because of their ability to carry out tasks of running the household independently.

The last aspect that was looked at was the breakdown in the level of dependence defined for the newly eligible for both ADL and IADL. Most of the newly eligible were defined as slightly dependent on others for eating, washing and dressing (Diagram 4). Most were also independent in terms of mobility at home and personal hygiene. Most needed help to run the home, shop and prepare food, but the majority were independent or only slightly dependent on others to operate appliances, take medication and make arrangements outside the home (Diagram 5).

Diagram 2
Recipients of Special Services Allowance and Annual Rate of Growth in Number of Recipients, 2011-2014

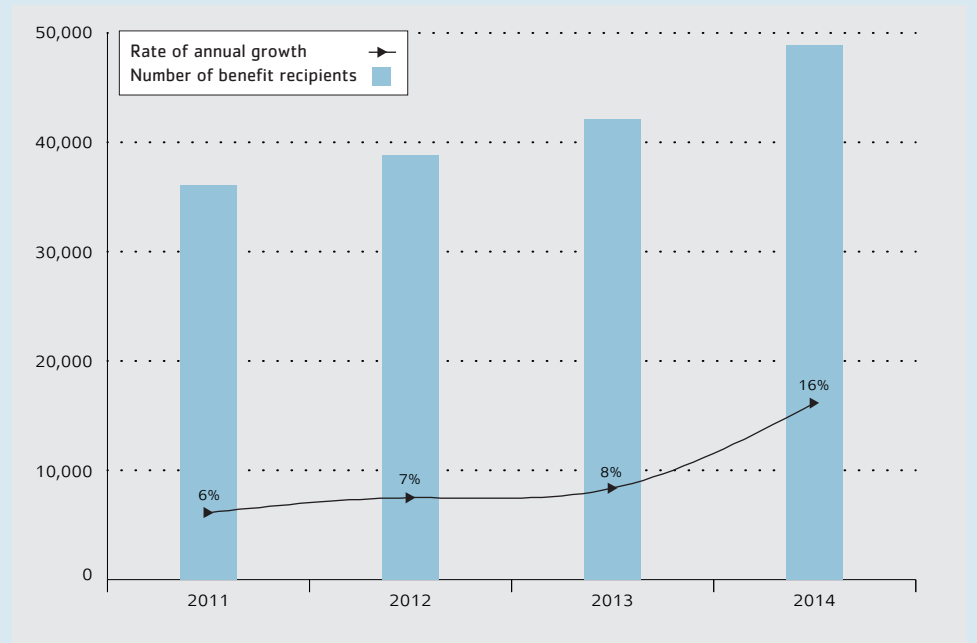


Diagram 3
Change in Percentage Allowance Determined for Newly Eligible Recipients, 2011-2014

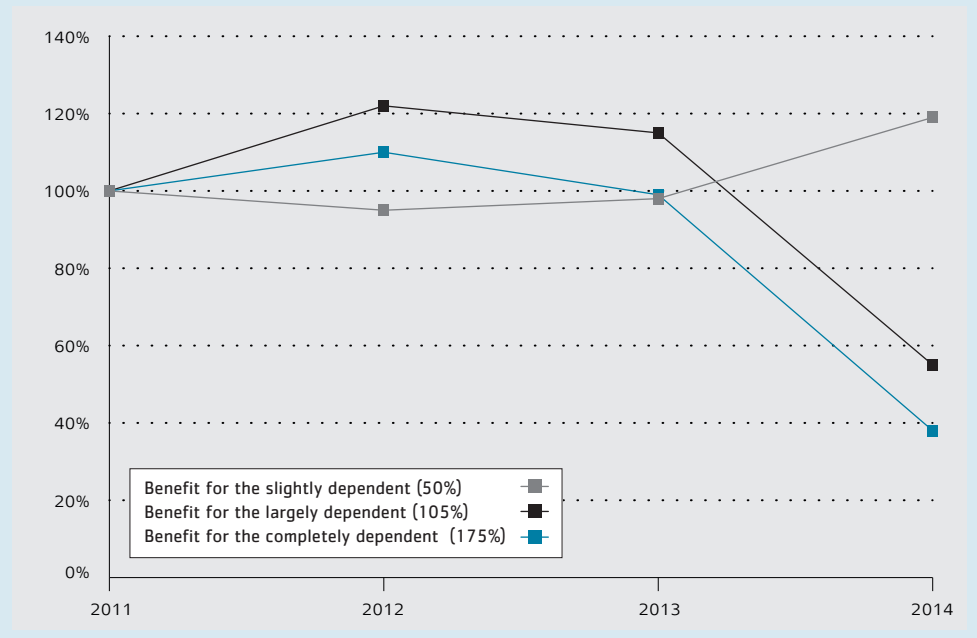


Diagram 4
Level of Dependence Determined for Newly Eligible
for each of the ADL Activities, 2014

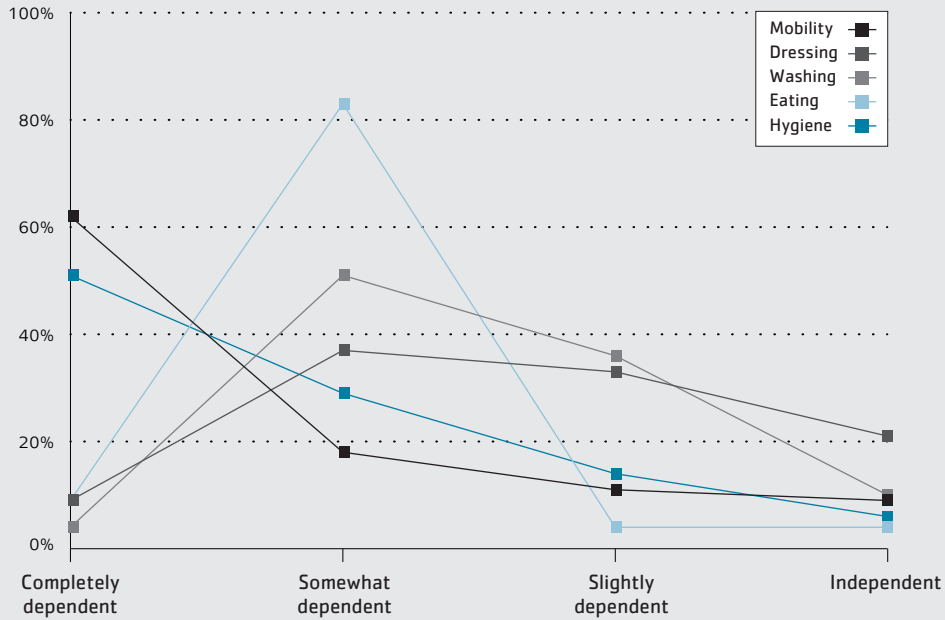
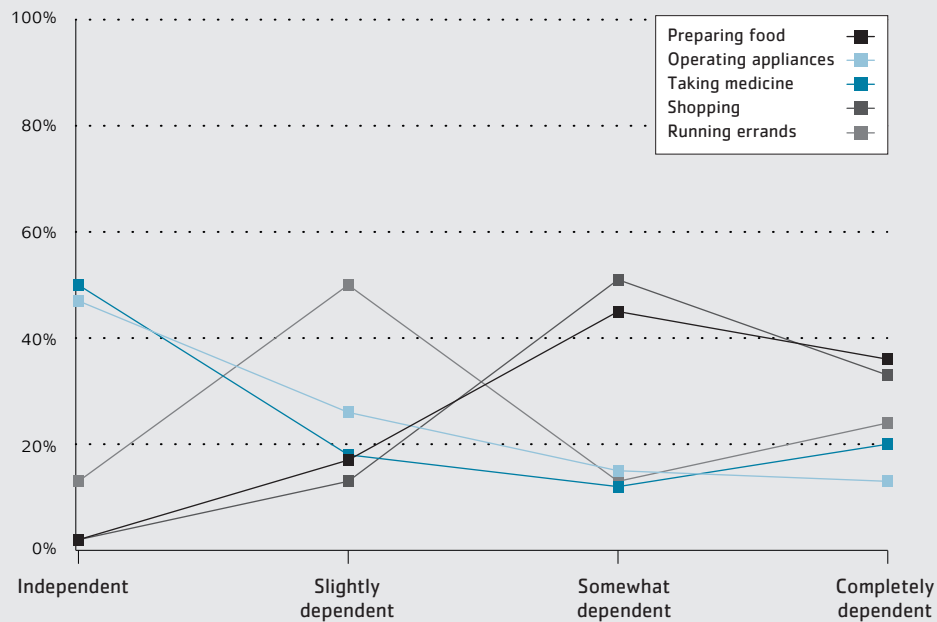


Diagram 5
Level of Dependence Determined for Newly Eligible
for each of the IADL Actions, 2014



D. Disabled Child Benefit

1. Main points of the law

The disabled child benefit is intended to help families caring for a special- needs child with the expenses involved in the child's care and nursing, or with any other treatment intended to improve his/her level of functioning, or to encourage the family to care for the child in the home and community.

There are two stages in determining eligibility for the benefit. In the first stage, the eligibility clerk checks for prior conditions of eligibility: the child, as defined by the National Insurance Act, has not reached the age of 18, is the child of an insured person (or someone who was insured and died while residing in Israel)²², and he/she is not living with a foster family²³ or in an institution (boarding school conditions, where therapy, nursing or rehabilitation is provided)²⁴.

In the second stage, a pediatrician appointed by the NII examines the child and determines whether he/she meets one of the following conditions:

- **He/she is dependent on others:** A child aged 3 or over who, due to illness, syndrome, accident or congenital condition is dependent on the help of others far more than other children of the same age for daily tasks (dressing, eating, washing, personal hygiene, mobility in the home).
- **He/she needs constant supervision:** A child aged 90 days or older, who due to a serious medical condition, severe chronic illness, behavioral disturbance or learning difficulties cannot be left without supervision or who needs the constant presence of others, to prevent harm to himself and others.
- **He/she suffers from a particular disability stipulated in the regulations²⁵:** delayed development, help with communication, deterioration in hearing, vision problems, autism or psychosis, Down's syndrome.
- **He/she requires special medical treatment:** the child has reached the age of 90 days and due to a chronic illness requires special medical treatment (as specified in the law).

In recent years changes have been made in the field of benefits for disabled children, extending the number of eligible children and increasing the monthly allowance paid to them. The most striking changes are the implementation of the Or-Noi Committee recommendations, which increased the number of grounds for eligibility; fixed the supplement for living expenses and help with studies at 20% of the full benefit, and

22 Including stepchildren or adopted children under the age of 18.

23 A foster family caring for a special needs child is eligible for support from the Ministry of Welfare.

24 Except for special cases where the child is kept in an institution while his/her parents pay all expenses.

25 A child who is eligible for a benefit in this category can receive the disabled child benefit from birth.

provided the supplement to all recipients of the benefit; also increasing the benefit rate paid to children entirely dependent on the help of others.

2. Size of the Benefit

According to the regulations, the benefit amount is set at a percentage of the full disability pension for a single person for each type of disability²⁶. There are three levels: 50%, 100% and 128%. A child who meets more than one of the eligibility conditions is entitled to one benefit at the highest rate. The amount of the basic monthly benefit for a child receiving 100% was NIS 2,189 in 2014, to which is added the monthly supplement (AMA) at the rate of 17% of the full single benefit – NIS 372.

A family with two or more children receiving a child disability pension is entitled to a supplement of 50% (of the benefit for each child) for each of the children. A family with two special needs children of whom one is not entitled to a benefit (because he is in an institution, or received the benefit until he reached the age of 18) is also entitled to this supplement.

When children reach the age of 18, they may be eligible for a disability pension or SSA. The NII initiates the claim for them to exercise all their rights. Payment of the benefit continues for three months after their 18th birthday, in order to maintain continuity of payments to the family.

3. Recipients of the Disabled Child Benefit

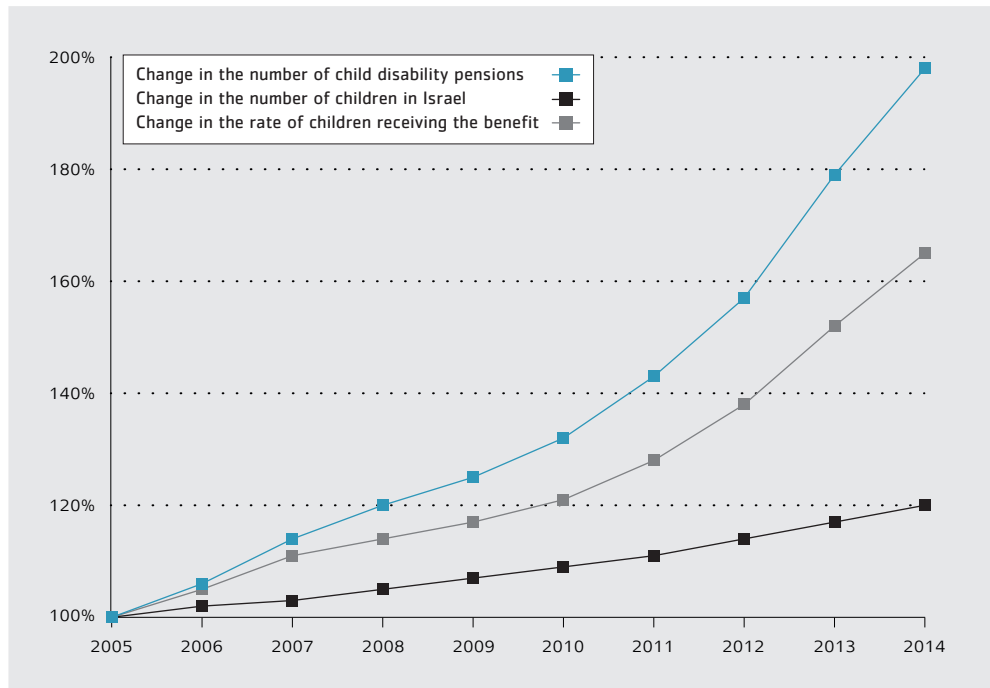
A national survey of children with disabilities, carried out in 1995-1997 by the NII and the Joint- Brookdale Institute, found that 7.7% of children in Israel have a chronic function problem or need regular medical treatment for a year or more. According to this estimate, in December 2014 there were about 210,000 children in Israel with special needs, and 42,063 of them received the disabled child benefit – an increase of 11% compared to 2013. The rate of change in the numbers of child disability pension recipients is higher than the rate of change in the number of all children in Israel (Diagram 4) for three main reasons: (a) implementation of the Or-Noi Committee conclusions; (b) restoration of supervision to the list of grounds for eligibility (the number of children requiring supervision doubled over the last year); (c) the increase in the number of children diagnosed as being on the autism spectrum in Israel.

Like the breakdown of all children in Israel with special needs²⁷, about 2/3 of recipients of the child disability pension are boys (Table 10), largely due to the greater frequency of autism among boys. The main ages of eligibility are 6-13, due to the definitions of

26 Unlike the disability pension, which is affected by medical disability and the degree of incapacity, there is no difference between children eligible for the benefit on the same grounds. Benefit rates are given in the National Insurance Regulations (Disabled Child), 5770-2010, Section 2: Special Services Allowance.

27 Naon et al. (2000): Children with Special Needs: Estimate of needs and their coverage by the Services. Joint-Brookdale Institute and the National Insurance Institute.

Diagram 4
Recipients of Child Disability pension and Development
in the Child Population, 2005-2014



eligibility, which examine the burden placed on parents by caring for the child, compared to the normal situation for children of the same age²⁸, which is also affected by the minimum age specified in the regulations for some of the grounds.

Caring for a child with special needs can be hard on parents, and caring for more than one disabled child is very much harder. In 2014 there were 2,497 families with more than one child receiving child disability pensions – 30% more than the same period in 2013 (a total of 6,901 children); 317 of these families have at least three children with special needs. The breakdown of the most common disabilities among these children shows that about 25% of the families have two or more children with autism, about 19% have children with hearing problems, about 5% have children with vision problems, and about 35% have children who are dependent on the help of others or need constant presence/supervision to prevent danger to themselves or others.

About 2% of recipients employ a foreign worker; 60% of these are completely dependent on others for all daily activities (they can be identified by the rate of the benefit – 128%) (Table 11). The proportion of children whose families receive the family

28 Because of natural child development, limitations have more impact when the child is young, and tends to decrease as the child matures.

Table 10
Recipients of Child Disability pension, by Age, Sex
and Eligibility Group (absolute numbers and percentages), December 2014

Sex	Eligibility group	Total		Age (percentage)				
		Number	Percent	Up to 3	3-5	6-9	10-13	14-17
Total	Number	42,063		3,120	7,687	10,461	10,752	10,043
	Percentage		100	100	100	100	100	100
Boys	Total	27,550	65.5	59.0	66.5	68.5	65.8	63.3
	Dependent on help of others	4,521	10.8	.	7.4	11.4	12.5	14.1
	Need regular supervision/ presence	5,662	13.5	13.9	12.5	15.4	14.0	11.4
	Have a special disability	13,822	32.9	29.2	39.1	34.2	31.5	29.4
	Need special medical treatment	3,545	8.4	15.8	7.4	7.6	7.8	8.4
Girls	Total	14,513	34.5	41.0	33.5	31.5	34.2	36.7
	Dependent on help of others	3,194	7.6	.	6.1	6.9	9.3	10.4
	Need regular supervision/ presence	3,067	7.3	10.5	7.8	7.0	6.8	6.7
	Have a special disability	5,402	12.8	18.7	14.0	11.5	11.5	13.0
	Need special medical treatment	2,850	6.8	11.9	6.1	6.0	6.7	6.6

supplement is almost the same whether or not they employ a foreign worker, but in 2014 the number of families receiving the supplement whose children are completely dependent on others and who employ a foreign care worker increased by about 5%. It is possible that increasing the benefit has enabled more families to fund the cost of such a worker.

Table 11
Recipients of Child Disability pension by Rate of Basic Benefit,
Source of Help, and Number of Disabled Children in the Family
(numbers and percentages), December 2014

Employment of foreign worker		Total		Rate of basic benefit (%)		
		Number	%	50%	100%	128%
Total	Numbers	42,063		12,106	24,557	5,400
	Percentage		100	28.8	58.4	12.8
Employ foreign worker	Total	846	100	3.1	36.3	60.6
	Of whom: receive increased benefit for families with disabled children	117	100	3.4	40.2	56.4
Do not employ a foreign worker	Total	41,217	100	29.3	58.8	11.9
	Of whom: receive increased benefit for families with disabled children	6,363	100	22.5	65.8	11.7

Box 2

Adults with Autism – Integration into Society and Work, 2003-2014¹

Since the introduction of the Disabled Child Regulations in 1981, under certain circumstances children on the autistic spectrum have been entitled to an allowance from the NII. Since 2006, following an appeal to the Supreme Court filed by the National Union for Autistic Children (NUAC) and the Association for Children at Risk, it was decided that all children with autism are entitled to a benefit, even if it is not proven that they are dependent on help from others.

Autism includes cognitive and perceptual disabilities, and autistic children are characterized by difficulties in the areas of communication, behavior and social relationships. Nevertheless, this disability finds expression in different forms for each child, and the differences can be very great.

In this box we present data on the adult lives of those children who were recognized as eligible for the national insurance disabled child benefit until age 18.

The normal course for an Israeli youth from the age of 18 involves military service, the pursuit of higher education, work, marriage and parenthood. These milestones affect NII rights and obligations.

Over the last decade, on average 70% of boys and 58% of girls in Israel have enlisted in the IDF (figures from the IDF Recruitment Administration). Some 39% of boys and 52% of girls who finish high school, continue to higher education, and up to the age of 30, about 15% of men and 20% of women get married. The median age for marriage is 28 for men and 26 for women (figures from the CBS).

From January 2003 to December 2013 1,404 adolescents who were entitled to a disabled child benefit due to autism reached the age of 18. Table 1 shows the percentage of adolescents in each year by the following characteristics: recipients of general disability benefit, recipients of special services allowance, enlistment to the IDF, volunteered for national service, participation in one of the NII's Rehabilitation Division work preparation courses, participated in academic studies, found work in the open market, married and became parents.

The data presented here are based on NII figures. They show that the earlier the child was born, the greater the chances of reaching one of the later milestones under examination, since there are more potential years. However, there are figures that contradict this trend.

About 89% of recipients of the disabled child benefit due to autism continued to receive a general disability allowance from the NII, an average of NIS 2,360 per month,

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1 The information shown here is intended to enable an estimate of at least some of the economic costs of autism.

Table 1
Recipients of Disabled Child Allowance due to Autism who reached the Age of 18, by Year of Birth, Type of Benefit and Life Milestones, 2003-2014

Year of birth		Received disabled child benefit (numbers)	Benefit (%)			Life milestones (percentages)					
			General disability	Special services	Joined IDF	Nat'l Service	Vocational training	Academic studies	Found work	Married	Parents
Total	Numbers	1,404	1,248	345	147	138	80	66	399	16	6
	Percent		89	25	10	10	6	5	28	1	0
1985		28	100	43	4	0	14	0	64	0	0
1986		35	100	20	0	20	17	6	63	3	0
1987		49	96	27	4	8	18	10	53	2	2
1988		69	97	29	10	14	13	9	46	4	0
1989		75	93	25	13	13	17	15	52	1	0
1990		104	91	28	9	12	13	8	51	2	2
1991		121	90	21	11	16	3	6	30	3	2
1992		155	90	23	14	11	7	7	24	1	0
1993		200	86	25	16	13	4	4	23	1	1
1994		249	89	24	13	10	1	2	18	0	0
1995		319	83	24	6	3	0	1	14	0	0

where the proportion of those eligible decreases relative to year of birth (Table 1). The reason is apparently the level of recipients' functioning in the early years compared to the level of those eligible in the later years: as the level of autism awareness rose and the conditions of eligibility for the benefit were relaxed, so eligibility was extended to children with a higher functioning level which did not necessarily affect their earnings ability after the age of 18. A hint of this can be found in the slight decrease in the proportion of those eligible for the special services allowance (given to people dependent on the help of others) over the years.

The proportion enlisting in the IDF grew over the years, together with a decrease in those volunteering for National Service. One of the explanations for this could be greater recent openness in the IDF towards children with special needs, cancellation of the sweeping exemption from military service given to all autistic children in 2008, and the launch of special enlistment tracks for such children, which catered for youngsters who had previously volunteered for National Service. Autistic children born before 1990 who served in the army apparently did so on a volunteer track. Nevertheless, the median number of months of military service for these youths is 24 months, and for National Service – 12 months.

Among those born in 1985-1990, on average some 16% were integrated into one of the work preparation programs run by the NII's Rehabilitation Division, and some of them even did so in the framework of academic studies. Not only that: about 55%

on average of autistic children in those years found work on the open market with employer-employee relationships. We have no data on their job size (full- or part-time), but we can say that they worked on average for 14 months and earned about NIS 1,500 per month. The most interesting figure is that 90% of those who found work did so with no academic background. A minority married and had children.

We also examined the median age of reaching each of these life milestones (Table 2). The median age of enlisting in the army or volunteering for National Service is 19. It could perhaps be claimed that this is due to continuing studies, but the median age of starting work is lower (about 18), with no significant difference between boys and girls. It is possible that before enlisting in the army, these youngsters participated in the program preparing them for this new framework, among other things also through integration into work. The median age of joining work preparation programs or those for academic studies is 20 for boys, and 22 and 19 (respectively) for girls – earlier than youngsters without autism, apparently due to their shorter military service (if any). They also tend to marry younger than the average for the whole population.

Within a few years, the changes that were introduced in 2006 in the conditions of eligibility for the Disabled Child Benefit on grounds of autism are expected to improve the figures for the integration of these children into society after the age of 18, and the proportion of high functioning children with autism is only expected to rise.

Table 2
Recipients of Disabled Child Benefit due to Autism who Reached the Age of 18, by Median Age for Reaching each Life Stage, 2003-2014

Median starting age	Gender	
	Boys	Girls
Enlisting in the army	19	19
National Service	19	19
Vocational rehabilitation	20	22
Academic studies	20	19
Work	18	19
Marriage	20	20
Parenthood	21	23

E. Mobility Allowance

1. Main points of the law

The mobility allowance grants benefits to disabled persons with leg problems that limit their mobility. The benefit is paid from the state treasury pursuant to an agreement signed by the Ministry of Finance and the NII.

An individual with mobility problems is defined as one who is a resident of Israel aged 3-67, who has been designated by a Ministry of Health Medical Committee as having at least 40% permanent mobility restriction - for holders of a valid driving license, or at least 60% for those without a driving license.

Such individuals are given the following benefits:

- **Monthly allowance** – participation in the expenses of using a vehicle²⁹ (for car owners) or mobility (for those without cars)³⁰. If the distance from the disabled person's home to his workplace is more than 40km he/she is entitled to a supplement. Only persons with restricted mobility who are defined as earning money from work are entitled to the full allowance³¹.
- **Standing loan** – given to the purchaser of a new car, to provide full or partial funding of the applicable taxes³². The loan amount will equal the taxes on the specific car (as defined in the law) specified for the disabled person, according to his/her level of restricted mobility, and no more than the total taxes for the car in question. The loan is repaid to the NII subject to defined rules.
- **Loan fund** – a disabled person who, according to a medical committee, needs and uses a wheelchair and the Medical Institute for Road Safety has determined that he needs a special equipment vehicle³³; or his/her mobility is restricted by at least 90%; a driving license holder who is studying/working/undergoing rehabilitation – is eligible for help in purchasing the first car equal to 80% of the car's value, excluding taxes³⁴.
- **A loan to purchase and install equipment in the car³⁵** – anyone who needs and uses a wheelchair is eligible for a loan to purchase the special equipment required for the car, if the Medical Institute for Road Safety determines that he/she needs a special equipment vehicle. If he/she has a suitable vehicle – h/shee is also entitled to assistance in purchasing a lifting device.
- **Reimbursement of the cost of purchasing and installing special equipment in a private car** – if the Medical Institute for Road Safety determines that a restricted mobility holder of a valid driving license needs additional special equipment for

29 Costs of fuel, car insurance and its special equipment, repairs, services and theft protection devices.

30 The allowance is updated from time to time based on increases in the cost of running a car.

31 A restricted mobility earner is one who works and earns at least 25% of the average wage, or has 80% or more restricted mobility, or who is entitled to a car for special equipment. A non-earning person with restricted mobility is entitled to 50% of the full allowance.

32 A standing loan to replace a car is given to restricted mobility persons who hold a driving license only if 42 months have passed since they received the previous loan; for those without a driving license – only if 48 months have passed; for owners of cars with special equipment – only if 60 months have passed since they received the previous loan. If the car is stolen or wrecked in an accident or there is a deterioration in the recipient's medical condition and the Medical Institute confirms that the car must be replaced, a new standing loan may be obtained.

33 A special equipment vehicle is a one that can be entered or driven while sitting in a wheelchair.

34 These amounts become a grant after 5 years.

35 The loan is for 95% of the cost of the equipment and its installation, including applicable taxes, and is only given for new equipment.

driving purposes, safety while driving and to use the car, he/she is eligible for reimbursement of the costs of such special equipment.

These benefits for mobility-restricted individuals do not stop when they reach the age of 67, but in situations where they are entitled to participation in mobility costs by virtue of other laws, their eligibility for the benefits under the Mobility Agreement is terminated.

In the following cases, the restricted mobility individual is not entitled to the above benefits, and must choose between: (a) receiving the Attendance allowance at a rate of less than 100% without having been defined as possessing 100% restricted mobility, or not needing or using a wheelchair; (b) a child receiving the child disability benefit who is younger than 3, or who is aged 3 and over and has not been defined as having over 80% restricted mobility, or does not need or use a wheelchair.

A family with two or more children who have been defined as having at least 80% restricted mobility or have been defined as unable to walk unaided and are living in the same home, may be eligible for both the child disability benefit and those pursuant to the Mobility Agreement, even if the children have not yet reached the age of 3.

2. Recipients of Mobility Allowance

In December 2014, 37,335 people received the benefits – an increase of about 3.5% compared to 2013. About 69% of the recipients received an additional allowance from the Disability Branch (Tables 2 and 3), and another 2,185 were eligible for a disability pension from the Victims of Work Accidents Branch. It may be assumed that the remaining eligible persons who do not receive an additional benefit are earning a high income that precludes their eligibility or are forced to waive other benefits due to duplication with mobility benefits.

An examination of the benefits for people with restricted mobility in other western countries shows that only a few have a special benefit for restricted mobility like that in Israel. The main explanation for this is the poor quality of accessible public transport in Israel compared to many countries and the numerous options available there: interurban and urban railways, buses and transport services – urban, interurban and specific. Another explanation is that in most countries the benefits for persons with restricted mobility are included in the benefits paid to those who are dependent on others (comparable to the SSA in Israel). In comparison to countries where a separate benefit is paid to persons with restricted mobility, Israel is by far the leader in the western world in the range and scope of the benefits paid. Part of this is apparently due to the high cost of buying and maintaining a car in here.

As stated, the scope of the benefits paid to persons of restricted mobility in Israel depend on whether they own a car, the size of the car determined for them (classified by engine size) and their degree of independence (able to drive or not). About 80% of

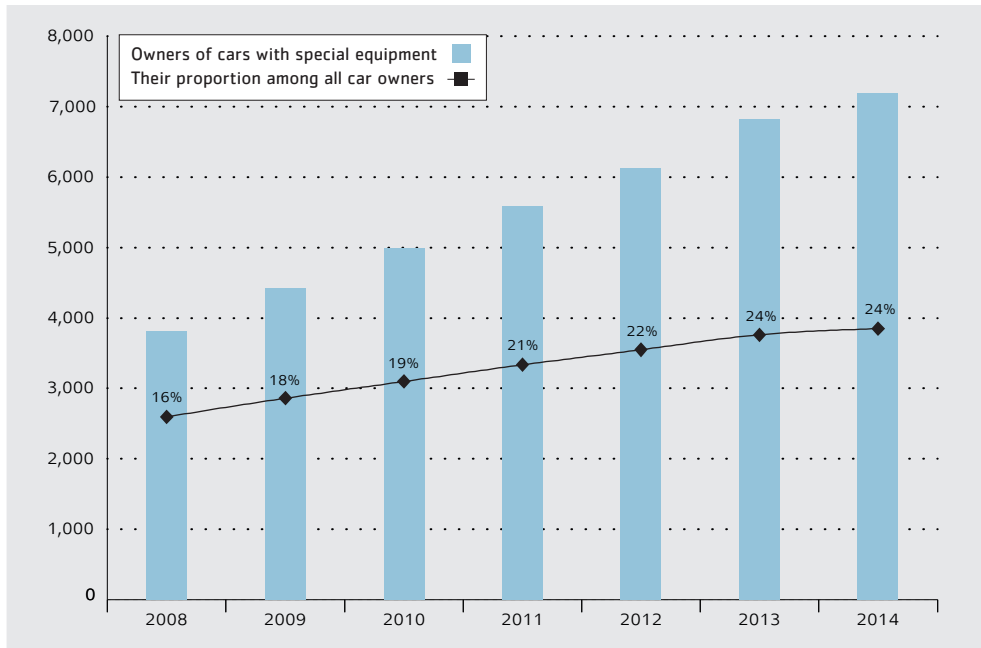
persons with restricted mobility are eligible for an allowance as car owners, and about 35% of them have a small car (up to 1300cc engine size) (Table 12). About 71% of the car owners are able to drive themselves. The exceptions are owners of vans, most of whom do not drive themselves – because of their severe medical condition and dependence on wheelchairs.

In recent years the proportion of restricted mobility car owners has decreased while the proportion of owners of cars with special equipment has increased, partly due to the

Table 12
Recipients of a Mobility Allowance by Driving, Ownership
of Car and Car Size (numbers and percentages), December 2014

Car ownership		Engine size	Total		Driving (%)	
			Numbers	Percent	Self driver	Non driver
Total	Absolute numbers		37,335		21,108	16,227
	Percent			100	56.5	43.5
Car owners		1300	10,554	100	79.2	20.8
		1800	10,103	100	87.6	12.4
		2000	1,740	100	79.9	20.1
		2500	306	100	98.0	2.0
		Vans	7,190	100	30.6	69.4
No car			7,442	100	.	100

Diagram 5
Owners of Cars with Special Equipment
and Their Proportion of all Car Owners, 2008-2014



extent of benefits for owners of such vehicles (Diagram 5). This naturally increases public expenditure on mobility insurance.

The degree of dependence on a wheelchair has a decisive effect on the rate of mobility and the size of car determined for the individual. About 92% of people of both sexes confined to wheelchairs, and another 50% of those who need and use one, have more than 90% restricted mobility. The high proportion of men eligible for the allowance is striking (Table 13).

Table 13
Recipients of Mobility Allowance by Percentage Restriction, Sex and Dependence on Wheelchairs (numbers and percentages), December 2014

Sex	Dependence on wheelchair	Total		Mobility restriction (percent)					
		Number	%	49-40	59-50	69-60	79-70	89-80	100-90
Total	Numbers	37,335		3,464	3,496	3,236	4,301	9,857	12,981
	Percent		100	9	9	9	12	26	35
Men	Total	23,084	100	11	10	9	12	26	32
	Confined	4,319	100	0	0	0	0	8	91
	Need and use	5,502	100	2	2	6	6	36	49
	No wheelchair	13,263	100	18	16	13	18	28	7
Woman	Total	14,251	100	6	9	8	11	27	39
	Confined	3,145	100	0	0	0	0	7	92
	Need and use	4,070	100	1	2	6	6	35	50
	No wheelchair	7,036	100	12	16	13	19	31	8

About a third of recipients are not of working age. About 12% of them are children, and 20% elderly (Table 14). Most suffer from paralysis of the lower limbs (67%). The younger the age, the higher the proportion of paralyzed recipients and the lower the

Table 14
Recipients of Mobility Allowance by Age and Main Disability (numbers and percentages), December 2014

Main disability		Totals		Age group (percentage)						
		Number	Percent	17-3	29-18	39-30	49-40	59-50	66-60	67+
Total	Numbers	37,335		4,545	3,419	3,462	4,149	6,782	8,095	6,883
	Percentage		100	100	100	100	100	100	100	100
Paralysis		25,135	67	96	87	76	67	62	61	47
Restricted movement		4,902	13	1	5	10	13	15	17	21
Artery insufficiency		1,897	5	.	0	0	2	5	8	12
Amputation		1,603	4	1	2	4	6	6	4	6
Fractures		1,303	3	1	2	4	6	5	3	4
False joints		1,045	3	0	1	2	3	3	3	5
Sclerosis		926	2	0	1	2	3	3	2	5
Other		340	1	1	3	2	1	1	0	0

proportion of those suffering from other disabilities. This is because the older recipients also suffer from conditions that get worse with age, while most of the children suffer from congenital conditions.

The mobility allowance is intended, among other things, to enable recipients to lead a normal lifestyle, including integrating into the workforce. Therefore if the distance to and from their work is more than 40km, they are entitled to a supplement as compensation for their additional fuel costs. However, only some 17% of the benefit recipients work, most of them close to their homes, (18% of working recipients receive the supplement due to the distance between their homes and workplaces).

F. Compensation for sufferers of scalp ringworm

1. Main points of the law

Scalp ringworm (*Tinea Capitis*) is a fungal skin condition that generally causes skin discoloration and itching. Today the condition is treated with pills or creams, but until 1959 there was no effective medication and X-ray radiation was used, with what turned out to be serious side effects.

In 1994 the Knesset passed the law on compensation for victims of the disease, intended to compensate patients who were treated with radiation from 1.1.1946 to 31.12.1960, by the State, the Jewish Agency, Health Service Providers or Hadassah Medical Federation. Compensation is funded by the State treasury and paid by the NII.

According to law, eligibility applies to residents of Israel who suffered from scalp ringworm and for whom a committee of experts has decided that due to the radiation treatment they received, they suffer from various cancers of the head and neck, or from benign brain tumors or from leukemia, or they have hair loss around the scars on the scalp, and whose degree of medical disability is 5% or more.

Below are the amounts paid to victims of scalp ringworm (as of 2014):

- **Monthly allowance:** A patient with 40% or more medical disability is eligible for a monthly allowance equal to 25% of the average wage (pursuant to the National Insurance Act) times the percentage disability. A patient with 100% disability receives NIS 2,272.
- **One-time compensation:** A patient with 75% or more medical disability is entitled to a payment of NIS 187,518. A patient with 40%-74% disability is entitled to half this amount – NIS 93,759.
- **Grant instead of allowance:** A patient with 5%-39% disability is entitled to a one-time grant calculated as a percentage of the full allowance (according to the patient's degree of disability) times 70.
- **Survivors' grant:** The spouse of a patient who has a child is entitled to a grant equal to 36 full monthly allowances – NIS 81,792. The spouse of a patient with no children

or the patient's child is entitled to 60% of the full compensation to survivors – NIS 49,075.

2. Recipients of the Allowance

At the end of 2014 there were 4,394 recipients of the monthly allowance for victims of scalp ringworm (Table 15). 242 of them first began to receive the allowance in 2014. The average age of eligible persons (69.1) is quite high due to the periods of eligibility stipulated by law. Unlike most benefits paid by the Disability Branch, most recipients of this benefit (about 61%) are women, apparently due to their longer average life expectancy.

Table 15
Victims of Scalp Ringworm Receiving Monthly Allowance,
by Age and Sex (numbers and percentages), December 2014.

Sex		Total	Age group (percentage)			
			59-50	64-60	69-65	70+
Total:	Numbers	4,394	155	1,029	1,492	1,718
	Percentage	100	100	100	100	100
Men		39	38	34	39	43
Women		61	62	66	61	57

Most recipients of the allowance suffer from skin damage (62%) and have a low degree of disability, and some 16% have an internal problem and a high degree of disability (usually severe forms of cancer) (Table 16). Apart from the differences in degree of disability, there are apparently also differences in life expectancy between these groups of patients.

Table 16
Sufferers of Scalp Ringworm Receiving a Monthly Benefit,
by Percent Medical Disability and Effective Disability³⁶
(numbers and percent) December 2014

Effective disability		Total		Medical disability (percent)			
		Number	Percent	49-40	59-50	79-60	100-80
Total	Numbers	4,394		1,834	917	1,034	609
	Percentage	100	100	100	100	100	
Skin damage	Skin scars	1,920	44	52	50	38	18
	Baldness	803	18	33	14	6	1
Internal	Lymph glands	446	10	1	8	17	32
	Other	262	6	6	7	6	4
Neurological		922	21	8	19	32	42
Other		41	1	0	1	1	3

36 It is important to note that the effective disability is not necessarily the dominant one. For example, about 29% of recipients have a dominant mental condition, which is not expressed in Table 16.

Diagram 6
Recipients of Grants for Victims of Scalp Ringworm
and Total Payments, 2001–2014

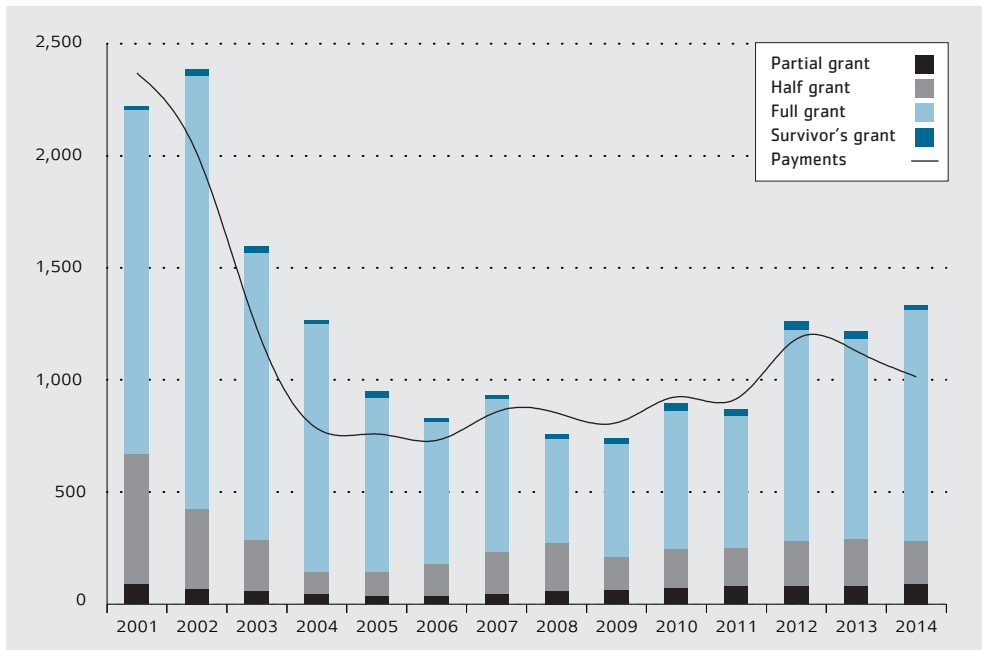


Diagram 6 shows the breakdown of compensation payments to victims of scalp ringworm and the number of recipients. The payments shown are credited to the year in which paid, but any patient who was approved a higher rate of medical disability after a repeat claim is counted as eligible for compensation at the new date. From 2002, when the law matured, the number of recipients of compensation or grants for scalp ringworm declined until 2011, but in the last two years it has started to rise again – perhaps due to greater uptake of rights. The low rate of recipients with high rates of medical disability can also be seen in the low rate of recipients of full compensation.

G. Compensation for Polio Victims

1. Main points of the law

Poliomyelitis or polio affects the locomotive nerve cells in the spine, and thus damages nerve fibers and muscles. About half of patients recover completely from the virus, while about half suffer various degrees of disability. The Compensation for Polio Victims Act was passed by the Knesset in 2007. According to this law, anyone who contracted polio within the borders of the State of Israel, or received treatment here before the end of 1969³⁷, and a qualified doctor on behalf of the NI determined that he/she is

³⁷ Until February 2012, only patients who contracted the disease in Israel were entitled to compensation.

suffering from medical disability or restricted mobility due to the disease or subsequent deterioration (post-polio syndrome), is eligible for compensation.

The following benefits are paid to polio victims (correct as of 2014):

- **Monthly allowance:** anyone with 20% or more medical disability is entitled to a monthly allowance according to the rate of medical disability. The full allowance is 50% of the average wage (as defined in the law) – NIS 4,545.
- **One-time compensation:** for anyone with a permanent degree of medical disability – up to 74%, compensation of NIS 60,465; for 75-94%, compensation of NIS 120,933; more than 95%, NIS 145,119.
- **Grant instead of allowance:** A patient with less than 20% medical disability is entitled to a one-time grant relative to the patient's degree of disability (out of the full monthly allowance) times 70.

In addition to these payments, the State helps to fund medical treatments, special equipment and medical devices required by polio patients to lead a normal life and which are not included in the health basket. It is important to note that eligibility for compensation under the Polio Act does not detract from rights in other areas of national insurance benefits.

2. Recipients of polio victims' allowance

In December 2014 the number of recipients reached 4,251 – almost unchanged since 2013; about 55% were men and the remainder women. The stability in the number of recipients can also be seen in the number of first time recipients – only 84. 74% of recipients also receive at least one other benefit from the Disability Branch (Table 3).

Most polio victims contracted the disease in the early days of the State, before the polio vaccine was introduced in 1961. However, a few cases did appear after that, apparently in children or adults who were not vaccinated (Table 17). This finding can explain the relatively high average age of benefit recipients – 62.7. The remainder are

Table 17
Polio Victims Receiving Monthly Allowance, by Age and When the Disease Appeared (numbers and percentages), December 2014

When Disease Appeared		Total		Sex (%)	
		Number	Percent	Men	Women
Total	Number	4,251		2,363	1,888
	Percent		100	100	100
Before State established		442	10	10	11
1959-1948		3,132	74	72	76
1969-1960		399	9	11	8
1979-1970		161	4	4	3
1980 to present		117	3	3	3

Table 18
Polio Victims Receiving Monthly Allowance, by Effective Disability
and Percentage Medical Disability (numbers and percent), December 2014

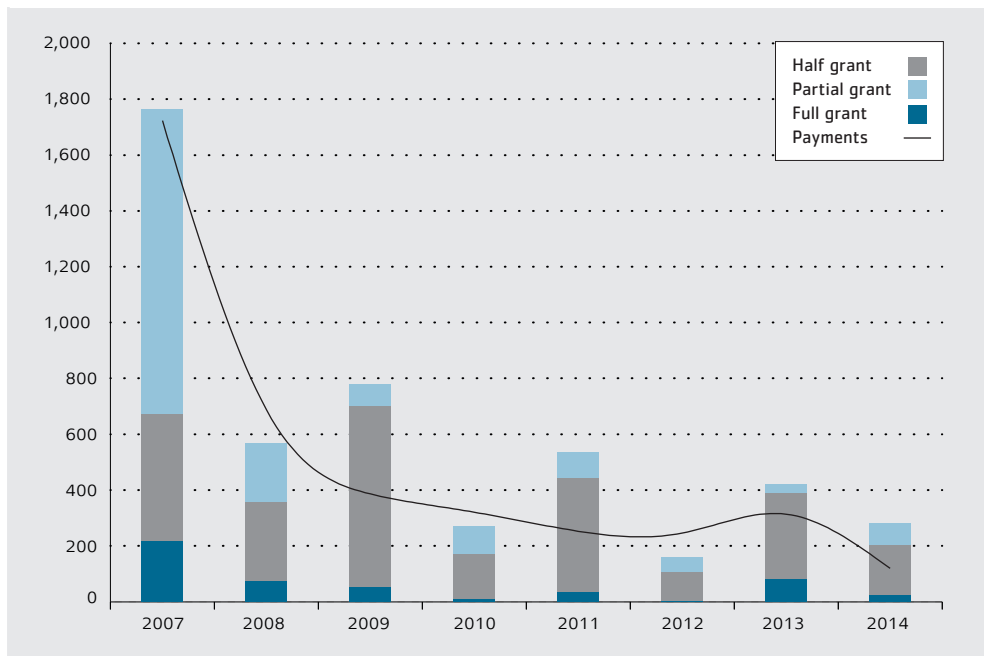
Effective disability		Total		Medical disability (percent)					
		Number	Percent	49-20	59-50	69-60	79-70	89-80	100-90
Total	Numbers	4,251		961	479	294	176	1,348	993
	Percentage		100	100	100	100	100	100	100
Cranial nerve problems		722	17	11	13	15	15	12	32
Paralysis of limb nerves		1,044	25	65	27	48	38	5	2
Bone diseases & damage		365	9	16	8	11	8	5	6
Post-polio		2,120	50	8	53	26	39	78	60

mainly people who contracted the disease outside Israel and were treated here, or who experienced a late attack of the disease, including those who were not vaccinated.

About 50% of recipients suffer from post-polio syndrome, which can appear up to 45 years after infection with the virus. We can also see a link between the type of disability and its severity: the proportion of people with a high rate of medical disability who suffer problems with the cranial (skull) nerves and post-polio syndrome is higher than the rate of sufferers of limb paralysis and bone damage.

Since the law came into force, the total grant payment has shrunk each year. However, there are fluctuations in the number of recipients, since anyone who is determined to

Diagram 7
Recipients of Grants for Polio Victims and Total Payments, 2007-2014



have a higher degree of medical disability after a repeat claim is counted as eligible for compensation at the renewed eligibility date. It is worth noting the gap between the rate of polio victims who receive both the monthly allowance and the one-time grant (about 90% of all recipients) and the rate of scalp ringworm sufferers who receive both payments (about 23% of all recipients) – apparently because of the more generous conditions of eligibility under the Polio Act.

H. Payments

In 2014, the Disability Branch paid benefits amounting to about NIS 13 billion – a real increase of 6% compared to 2013. The main increase is explained by reform in eligibility tests for SSA. The breakdown of expenditure in the branch by type of payment shows that the relative weight of payments for disability pensions and rehabilitation continued to fall in 2014, reaching about 67% of Branch expenditure (Table 19). The main reason for this is the relative growth in the size of other benefits – special services, child disability and mobility. Total payment for scalp ringworm victims was about NIS 115 million in 2014, and about NIS 235 million for polio victims.

Table 19
General Disability Branch Payments by Type (percent), 2010–2014

Year	Total	Disability & rehabilitation	Special services	Disabled child	Mobility
2010	100	70.6	9.3	7.8	11.6
2011	100	69.3	9.9	8.5	11.6
2012	100	67.8	10.3	9.2	12.0
2013	100	66.8	10.8	9.9	11.6
2014	100	66.1	11.3	10.4	11.3

Benefit payments in the Disability Branch as a percentage of all NII benefit payments grew compared to 2013 and reached 18.7%, similar to the proportion in previous years (Table 20).

Table 20
General Disability Payments as a Percent of All NII Benefits, 2010–2014

Year	General Disability Branch Payments		Branch payments as a % of all benefit payments
	NIS millions (2014 prices)	Real annual rate of growth (%)	
2010	11,144,634	5.0	18.6
2011	11,225,382	0.7	18.4
2012	11,890,840	5.9	17.8
2013	12,309,113	3.2	18.7
2014	13,037,774	5.9	18.6

As a rule, in 2014 the erosion of disability pensions (general disability, SSA and disabled child) continued compared to the average wage – a result of differences between mechanisms for updating benefits and growth in wages.

The average disability pension (including the additional benefit) is affected by many variables: (a) the proportion of recipients eligible for the full benefit; (b) the proportion who are eligible for a supplement for their dependents; (c) the proportion who have income from work or income not from work; (d) the proportion who receive an encouragement allowance. In 2014 the average benefit was NIS 2,867 per month – 35% of the average wage (Table 21).

Table 21
Average Monthly Disability pension (current prices, fixed prices, and as a percentage of the average wage), 2010-2014

Year	Current prices (NIS)	2014 prices (NIS)	Percent of the average wage
2010	2,658	2,833	32.2
2011	2,710	2,792	31.6
2012	2,774	2,810	31.5
2013	2,807	2,793	31.5
2014	2,867	2,867	31.3

The average allowance for special services (including the additional benefit) in 2014 was NIS 2,467 (Table 22). The decrease in the average benefit was inter alia a result of the rate of the newly eligible at the lowest level.

Table 22
Average Monthly SSA (current prices, fixed prices and as a percentage of the average wage), 2010-2014

Year	Current prices (NIS)	2014 prices (NIS)	Percent of the average wage
2010	2,324	2,478	28.2
2011	2,383	2,455	27.8
2012	2,449	2,481	27.8
2013	2,482	2,470	27.8
2014	2,467	2,467	26.9

The average size of the benefit for a disabled child (including the additional allowance) was affected by three recent changes: (a) combining the supplement for study and the living allowance, on the recommendation of the Or-Noi Committee, and payment of the study supplement to all the benefit recipients³⁸; (b) a rise in the number of recipients who are completely dependent on others; (c) the massive growth in recipients who need supervision. In 2014 the average benefit payment was NIS 2,414, 26.4% of the average wage – a real drop of 0.5% over 2013 (Table 23).

Table 23
Average Monthly Child Disability pension (current prices, fixed prices and as a percentage of the average wage), 2010–2014

Year	Current prices (NIS)	2014 prices (NIS)	Percent of the average wage
2010	2,207	2,352	26.8
2011	2,266	2,334	26.5
2012	2,414	2,445	27.4
2013	2,439	2,427	27.4
2014	2,414	2,414	26.4

In 2014 the average mobility allowance was NIS 2,137 per month, 23.3% of the average wage – a real increase of 0.8% over 2013 (Table 24). This growth was largely due to the increase in the proportion of the disabled eligible for a car with special equipment.

Table 24
Average Monthly Mobility Allowance (current prices, fixed prices and as a percentage of the average wage), 2010–2014

Year	Current prices (NIS)	2014 prices (NIS)	Percent of the average wage
2010	1,828	1,948	22.2
2011	1,939	1,997	22.7
2012	2,036	2,063	23.1
2013	2,137	2,126	23.1
2014	2,143	2,143	23.4

In December 2014 the average monthly benefit for victims of scalp ringworm was NIS 1,285 – an increase of 3.6% over 2013, and for polio victims it was NIS 3,155 per month – a real increase of 3.3%.

8. Work-Injury Insurance

A. Benefits of the Work-Injury Division

Work-injury insurance is designed to compensate insured persons¹ who are hurt at work or in an accident,² or who suffer from an occupational disease,³ for the loss of salary or income for the period of time after the injury during which they are unfit to work, or for physical or mental damage due to the injury. Work-injury insurance also assists the injured in returning to work through vocational rehabilitation. Assistance to work-disabled persons is provided in a number of ways:

1. Work-Injury Allowance

A payment during absence from work, at most for 91 days (13 weeks⁴) from the first day after the injury, for a person hurt at work or who contracted an occupational disease, who consequently is incapable of working at his/her job or at another suitable job, and who actually did not work, and requires medical treatment. The rate of payment is 75% of the injured party's average salary in the three months preceding the injury up to the maximum work injury allowance (in January 2014 – NIS 1094.63 per day).

2. Work-Disability Pension

Paid to victims of a work-injury who remain temporarily or permanently disabled as a result.

- **Temporary Disability Allowance** – Paid to work-disabled persons with a temporary disability level of at least 9%.⁵
- **Permanent Disability Allowance** – Paid to work-disabled persons with a permanent disability-level of at least 20% in accordance with the level of medical disability, at a rate relative to the salary of the three months preceding the injury (maximum amount

1 Persons qualifying for work-injury insurance include the following: salaried workers (as of April 1954), self-employed workers (as of July 1957), individuals undergoing vocational rehabilitation or vocational training, individuals who are being examined according to the Apprenticeship Law or the Employment Service Law (only during the examination), working prisoners, foreign residents employed by an Israeli employer (as of 1970), Israeli residents abroad under certain conditions (as of 1970), individuals whose salaries are determined by law (such as Members of Knesset), individuals employed under the Emergency Labour Service Law.

2 An accident in the course of and due to work, including an accident on the way to work or returning from it, and an accident under circumstances specified by the law.

3 A disease contracted by the insured person due to his/her work, and which appears on the list of occupational diseases determined by the law. Occupational diseases are specified in the second addendum to the National Insurance Regulations (Work Injury Insurance), 1954.

4 Until 31.1.2002 victims of work injuries were entitled to a work-injury allowance for a maximum period of 181 days (26 weeks). For the two days following the injury, the allowance was not paid except to people incapacitated for 12 days or more. Following an amendment to the law in 2005, the entitlement for work-injury allowance at the expense of employers was expanded from 9 to 12 days. An individual who does not have an employer, such as the self-employed, is not entitled to payment for the first 12 days, except for employers of a household worker.

5 Until 2005, the work-disability grant and temporary disability allowance were paid starting from a disability level of 5%.

in January 2014 – NIS 32,839 for a salaried worker and self-employed worker). The amount of temporary or permanent disability allowance has been set at 75% of income in the three months preceding the injury, multiplied by level of disability.

- **Work-Disability Grant** – A one-time payment at the rate of the monthly allowance times 43 paid to a work disabled person with a permanent disability level of 9%-19%.⁶
- **Special Allowance** - Paid in addition to the monthly allowance for individuals with a permanent disability level of at least 75% (and other parties entitled by law) who require assistance in daily activities (maximum amount in January 2014 – NIS 8210).
- **Special Grant** – Paid to work-disabled persons with a disability level of at least 75% for financing one-time expenses due to the disability: housing customization, purchase of equipment, and purchase of a vehicle to solve mobility problems (only for individuals with mobility disability).

3. Benefits for Dependents of Work-Injured Persons

Paid to the widow/widower, orphans, parents (and in special circumstances also to other family members) – of a person who died due to a work-injury, was dependent on his/her income: dependent allowance, dependent grant, marriage grant, vocational rehabilitation for widow/widower receiving a dependent allowance, living expenses for orphans, bar mitzvah grant, and death grant.

Dependent allowance – an allowance at a rate of 40%-100% of the full allowance to which the insured party would have been entitled if he/she had a disability level of 100%, in accordance with number of children. Entitled to the dependent allowance are: a widow with children, or who has reached 40 years of age or who is incapable of supporting herself, and a widower with a child, or has reached 40 years of age and is incapable of supporting himself. The full allowance amount is 75% of the deceased's salary in the determining period. The partial allowance amount shall be set in accordance with level of entitlement.⁷

4. Medical Expenses (Including Hospitalization and Medical Rehabilitation)

The National Insurance Institute (NII), through the health funds (which received payment from it), provides full medical treatment for persons suffering a work-injury, also including if necessary medical rehabilitation, recuperation, long-term care services, etc.

5. Vocational Rehabilitation

Provided for a disabled party with a permanent disability level of at least 10%, who due to his/her injury is incapable of returning to previous job or any other work. Vocational rehabilitation is provided also to the widows of those who suffered a work-injury.

6 An individual injured prior to 1.7.2003 received a grant at a level of 70 allowances.

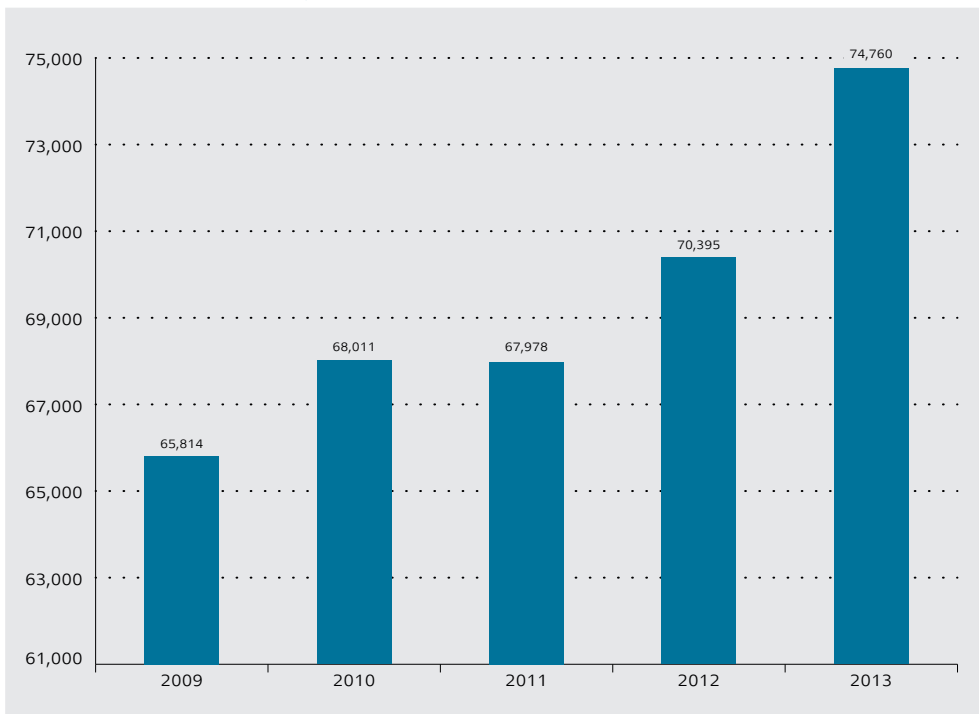
7 The level of dependent allowance depending on the number of dependents and their relation is specified in section 132 of the National Insurance Law.

B. Work-Injury Allowance Recipients

1. General

The work-injury allowance is a short-term benefit paid to a person injured at work for a maximum period of 91 days. In 2014, the **number of recipients** reached 74,555 – a drop of 0.3% in comparison to 2013⁸ (figure 1).

Figure 1
Work-Injury Allowance Recipients, 2010-2014



The number of days of work-disability also declined, reaching 2,658,441 days – a drop of 2.8% versus 2013. **The average number of disability days per injured worker** declined to 35.7 days – a drop of 2.5% (tables 1 and 2). The number of work-injury allowance recipients declined versus an increase in the number of people employed in the workforce. In 2014, work-injury allowance recipients represented 1.9% of all workers (table 2).

The percentage of work-injury allowance recipients out of total workers declined over the years and has remained stable in recent years despite the rise in number of recipients and number of workers. This gradual drop began in 1996 and continued until 2012, and occurred in parallel to legislative changes – obligation of the employer to pay

⁸ The statistics regarding recipients of work injury allowance from 2010 to the present have been updated.

Table 1
,Workers, Work-Injury Allowance Recipients
and Days of Work Disability, 2010-2014

Year	Workers (thousands)*	Work injury allowance recipients	Days of work disability	
			Total	Average per injured worker
2010	3,214.0	68,011	2,478,106	36.4
2011	3,321.6	67,978	2,488,540	36.6
2012	3,426.8	70,395	2,546,960	36.2
2013	3,753.4	74,760	2,734,723	36.6
2014	3,854.4	74,555	2,658,441	35.7

Table 2
Rate of Change in Work-Injury Allowance Recipients
and Days of Work-Disability (percentages), 2010-2014

Year	Work injury allowance recipients as a percentage of all workers	Average annual rate of change		
		Workers	Work injury allowance recipients	Average days of disability
2010	2.0	3.0	3.3	4.0
2011	1.9	3.0	-0.1	0.5
2012	1.9	4.0	3.6	-1.1
2013	2.0	2.9	6.2	1.1
2014	1.9	2.5	-0.3	-2.5

for the first days and cancellation of entitlement to this payment for those without an employer (in years 1997 and 2005). In 2014, there was a slight decline, from 2% to 1.9%.

Average days of disability for an injured worker reached its height in 2001 (40 days), followed by a sharp decline in 2002 stemming from among other things, a legislative change (shortening of the maximum period of payment for a work-injury allowance from 26 to 13 weeks, as of 1.2.2002). This decline was halted in 2003, and since then the rate has increased and reached 36.6 days in 2013. In 2014, the average number of disability-days per injured worker dropped to the level of 35.7 days (table 1).

In the Work-Injury Law there are two arrangements (regulation 22 and section 343 of the law) according to which the employer pays the work-injury allowance to the worker in return for a discount or additional fee that the NII credits him. Out of 68,159 salaried workers who received work-injury allowances in 2014, 20,072 (29%) were employed by **authorized employers in accordance with regulation 22**, according to which the NII does not reimburse them for paying the allowance for the 12 first days of entitlement. This is a payment that other employers are required to give back to the NII. In this case, the NII is authorized to permit the employer to pay the work-injury allowance in its name, on the dates the employer generally pays salaries. The employer must submit a claim to the NII for the worker's accident, and is reimbursed for the amounts paid (for

Table 3
Recipients of Injury Benefit by Number of Days of Unfitness, 1996, 2000, 2006–2014

Year	Total number of employed**	Total number of unfit days	Total recipients of injury benefit	Number of days of unfitness for work								
				0	1-14	15-30	31-45	46-60	61-75	76-90	91	92 and over
Absolute numbers												
2006	3,003,700	2,170,751	64,296	37	23,432	15,469	7,245	4,547	3,218	5,182	5,101	65*
2007	3,132,310	2,291,149	67,657	42	24,582	16,298	7,695	4,673	3,432	5,424	5,476	35*
2008	3,241,790	2,408,514	69,734	35	24,831	16,606	7,981	4,931	3,569	5,837	5,933	11*
2009	3,312,340	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	2,478,106	68,011	35	23,388	15,493	7,490	4,840	3,478	6,826	6,433	28*
2011	3,321,600	2,488,540	67,978	25	23,351	15,283	7,502	4,829	3,636	6,730	6,605	17*
2012	3,426,800	2,546,960	70,395	11	24,361	16,039	7,923	5,096	3,659	6,566	6,625	115*
2013	3,753,360	2,734,723	74,760	9	25,556	17,150	8,284	5,502	3,907	7,275	6,830	247*
2014	3,854,400	2,658,441	74,555	14	27,070	16,053	8,064	5,295	3,888	7,328	6,816	27*
Percentages												
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	0.1	34.4	23.8	11.0	7.1	5.1	10.0	9.5	0.0
2011			100.0	0.0	34.4	23.5	11.0	7.1	5.3	9.9	9.7	0.0
2012			100.0	0.0	34.6	22.8	11.3	7.2	5.2	9.3	9.4	0.0
2013			100.0	0.0	34.2	22.9	11.1	7.4	5.2	9.7	9.1	0.3
2014			100.0	0.0	36.3	21.5	10.8	7.1	5.2	9.8	9.1	0.3

* Injured up to 31.1.2002 who received injury benefit after this date.

** From the National Accounting, Central Bureau of Statistics. The 2013–2016 series has been updated and it was not possible to compare the new series with the old series.

13 days and more) with an additional fee at a rate of 2.5% of the work-injury allowance. If the NII rejects the claim, the employer does not receive reimbursement for the money paid to the worker.

Of all salaried workers who received work-injury allowances in 2014 – 618 (approximately 1%) worked for **employers who joined section 343** of the law. 14 employers chose to join this arrangement as of 2011 (these are large employers – with more than 500 workers) and they pay reduced insurance fees to the work-injury division (85% of the regular rate). In return for the insurance fees, they absorb the payment of the work-injury allowance to the injured worker.

Over the years, there has been an increase in the number of serious injuries for which claims have been submitted to the NII (table 3). In 1996, the last year before the change in law according to which the first days are paid by the employer, injured workers with less

than 14 days of disability represented some half of all work-injury allowance recipients, while today the rate is 36%. At the same time, with the shortened maximum period for receiving the work-injury allowance, the rate of allowance recipients with 61 or more days of disability rose from 13% of all recipients in 1996 to 25% in 2014. The percent of injured workers with 15-45 days of disability remained stable at a level of approximately 32% over the years.

2. Foreign Workers, Manpower Agency Workers, and Contract Workers

Reporting of accidents occurring to foreign workers, manpower agency workers, and contract workers, is apparently deficient, and it is thus probable that the information on injury rates and workplace safety levels are biased.

The rate of work-injury allowance recipients among foreign workers and residents of the territories was lower in all years than the rate among Israelis. It might ostensibly be expected that these rates would be at least equal to those of Israeli residents, due to the fairly dangerous economic sectors in which they are employed (agriculture and construction). The low rate apparently reflects underreporting of work-injuries for this population, stemming from the fear of losing a job if they are absent due to an accident, their illegal status and fear for their fate should it be found out that they were in Israel without a permit, and perhaps also from the lack of information regarding their rights. In cases of severe work-injuries, these workers have no choice but to seek medical care and submit a claim for work-injury and disability. NII directly pays the one-time emergency room treatment expense of foreign workers, and as of April 2008 also of workers from the territories who were injured in work accidents and did not submit a claim for work-injury allowances.

A foreign worker is insured with work-injury insurance even if he/she is in Israel in violation of the law. Until 28.2.2003, foreign workers and residents of the territories who were injured at work were entitled to the full benefits granted persons suffering work-injuries, whether they worked with a permit or without. On 1.3.2003, there was a change in law according to which the benefit was revoked for a foreign worker who is not registered. Upon his/her leaving the country, the benefit that the worker was entitled to is paid, starting from his/her date of exit. The payment does not include the period in which the allowance was revoked. The gradual decline in number of foreign workers during the years 2003-2006 was expected due to legislative amendments and the activities of the immigration police. In 2007, a rise was again observed, which continued until the end of 2009. In January 2010, the Prime Minister announced a new immigration policy that toughened the conditions for employment of foreign workers, intended to lower their number by approximately 30,000-50,000. Another population for whom it is difficult to obtain data regarding workplace safety is that of salaried workers who are paid by manpower agencies and contractors. In manpower surveys of the Central Bureau of Statistics (CBS) these salaried workers are

identified by the question, “Who pays your salary?” In the NII’s work-injury system, manpower companies are not identified by a special code (economic sector or legal status of the employer), and thus it is impossible to check whether such workers are exposed to dangers in the same way as workers receiving their salary from their workplace, and whether the fact that they are different from other employees leads their employers to accept less responsibility for their safety conditions.

This problem exists also in contracting companies that do not provide workers, but rather services, and which do not have the same obligations that apply to manpower

Table 4
,Workers, Recipients of Injury-Allowances
and Disability-Days, by Residency, 2010-2014

	Total	Israeli residents	Residents of territories	Foreign workers
2010				
Workers*	3,411,530	3,120,687	60,621	230,225
Work-injury allowance recipients	68,011	66,656	490	865
Work-injury allowance recipients as a percentage of all workers	2.0	2.1	0.8	0.4
Average disability-days	36.4	36.5	45.8	29.9
2011				
Workers*	3,515,040	3,220,048	65,869	229,125
Work-injury allowance recipients	67,978	66,827	484	667
Work-injury allowance recipients as a percentage of all workers	1.9	2.1	0.7	0.3
Average disability-days	36.6	36.6	42.1	31.6
2012				
Workers*	3,655,270	3,358,974	65,550	230,741
Work-injury allowance recipients	70,395	68,987	604	804
Work-injury allowance recipients as a percentage of all workers	1.9	2.1	0.9	0.3
Average disability-days	36.2	36.1	46.5	35.7
2013				
Workers*	3,753,360	3,449,510	81,900	221,950
Work-injury allowance recipients	74,760	73,074	738	948
Work-injury allowance recipients as a percentage of all workers	2.0	2.1	0.9	0.4
Average disability-days	36.6	36.5	47.3	32.6
2014				
Workers*	3,854,400	3,555,762	90,663	207,975
Work-injury allowance recipients	74,555	72,751	811	993
Work-injury allowance recipients as a percentage of all workers	1.9	2.1	0.9	0.5
Average disability-days	35.7	35.6	44.5	30.2

* Source: National accounting, Central Bureau of Statistics.

Table 5
Work-Injury Allowance Recipients
and Average Disability-Days by Employment Status, 2014

Employment status	Work-Injury Allowance Recipients		Average disability- days
	Absolute numbers	Percentages	
All recipients	74,555	100.0	35.7
Salaried workers	68,159	91.4	34.2
Self-employed workers	6,396	8.6	51.3

companies, especially the licensing obligation. The condition for receipt of a license and its renewal is compliance with labor and workplace safety laws.

In defining those who receive salaries from manpower companies, the CBS does not include workers employed through a subcontractor, upon whom falls the responsibility for both the execution of the work and worker safety. These are salaried workers employed mainly in three economic sub-branches – guarding, security and cleaning, and home caregiver services.

In 2014, (as well as in previous years) the average number of disability-days per injured worker for foreign workers was lower than that for Israeli residents – 30.2 days versus 35.6 days respectively – even though the number was expected to be higher due to their fields of occupation. The average days of disability for residents of the territories (Judea and Samaria) remained fairly high (an average of 44.5 days per injured worker), even though their fields of occupation are ostensibly similar to those of foreign workers, perhaps because many of the latter are employed as long-term care givers, who are injured less than those employed in dangerous fields of occupation.

Since 1997, there has been a reduction in the number of self-employed workers receiving injury-allowances, from 9,483 to 6,396 in 2014, while their share of the total number of recipients declined from 11.3% to 8.6% (table 5). This reduction was effected apparently by both the change in law according to which the first days of disability are financed by the self-employed worker, as well as the wave of small business closures during periods of economic recession. In 2014, there was a slight rise in the rate of self-employed workers receiving injury allowances (8.6%) versus 2013 (8.2%). The average days of disability among the self-employed was some 50% higher than that of salaried workers (51.3 days versus 34.2 days), apparently because the self-employed tend not to submit claims to the NII for short absences (less than 12 days).

The distribution of salaried workers with work-injuries by economic sector changed somewhat in 2012 due to a transition to a new classification⁹ of the branches of the

9 The 2011 Uniform Classification of Economic Sectors published by the CBS, replaces the 1993 Uniform Classification of Sectors in the Economy, and is based on UN recommendations for uniform classification: ISIC 4 (International Standard Classification of All Economic Activities), Rev. 4.

Table 6
Work-Injury Allowance Recipients by Employment Status and Economic Sector

Economic sector	Recipients		Disability-days		
	Numbers	Percentages	Numbers	Percentages	Average disability-days per injured worker
Total	74,555		2,658,441		35.7
Total salaried workers	68,159	100.0	2,330,480	100.0	100.0
Industry and manufacturing	10,939	16.1	334,528	14.4	28.2
Wholesale and retail trade, repair of motor vehicles and motorcycles	10,293	15.1	365,047	15.7	37.6
Construction	7,061	10.4	323,071	13.9	35.5
Local administration, public administration and security; mandatory services of the NII	6,073	8.9	181,387	7.8	34.6
Management and support services	5,264	7.7	187,718	8.1	29.9
Health and welfare and support services	4,729	6.9	150,430	6.5	39.3
Transport, storage, mail, and courier services	4,720	6.9	177,707	7.6	30.9
Hospitality and food services	4,534	6.7	140,241	6.0	28.4
Professional, scientific, and technical services	2,404	3.5	80,422	3.5	35.7
Education	1,745	2.6	60,398	2.6	31.8
Agriculture, forestry, and fishing	1,641	2.4	52,564	2.3	35.9
Financial and insurance services	1,636	2.4	46,230	2.0	28.1
Other services	1,535	2.3	54,702	2.3	42.5
Real estate activities	1,530	2.2	42,984	1.8	33.5
Information and communications	1,412	2.1	40,038	1.7	28.3
Art, entertainment, and recreation	1,018	1.5	39,988	1.7	35.6
Electricity supply, gas, steam, and air-conditioning	466	0.7	13,162	0.6	34.1
Water supply, sewage services, waste treatment and purification services	361	0.5	12,293	0.5	45.8
Mining and quarrying	127	0.2	4,557	0.2	30.6
International organizations and entities	19	0	726	0	34.2
Households as places of employment, households that produce goods and services for self-use	13	0	553	0	38.2
Unknown	639	0.9	21,734	0.9	32
Total of all self-employed workers	6,396		327,961		51.3

economy, however in 2014 the trends also remained similar to preceding years: 16.1% of injured workers were hurt in industry and manufacturing, 15.1% in trade and repair of motor vehicles and motorcycles, and 10.7% in construction. In respect to severity of injury (as measured by number of disability-days), the most severe injuries have for many years occurred in the construction industry (45.4 days) followed by: non-state organizations and entities (43.2 days), art, entertainment and recreation (40.0 days), other services (36.4 days), and trade and repair of motor vehicles and motorcycles (35.9).

3. Women and Young Adults

With the stronger industrialization process, and growing rate of women participating in the civilian workforce which have characterized the last two decades, the share of women receiving work-injury allowances has also risen. Their rate rose gradually and consistently from 19.8% in 1995 to 31.4% in 2014 (table 7). Their share of all recipients is lower in comparison to their share of total salaried workers in the labor force, due to the nature of their occupations.

Table 7
Work-Injury Allowance Recipients by Gender, 2010-2014

Gender	2010	2011	2012	2013	2014
Numbers					
Total	68,011	67,978	70,395	74,760	74,555
Men	47,354	46,668	48,449	51,906	51,181
Women	20,657	21,310	21,946	22,854	23,374
Percentages					
Total	100.0	100.0	100.0	100.0	100.0
Men	69.6	68.7	68.8	69.4	68.6
Women	30.4	31.3	31.2	30.6	31.4

An examination of the distribution of work injury-allowance recipients by gender and age reveals that men's share (up to age 34) at younger ages is 75%, and at older ages (45-59) only approximately 61% (table 8). The average number of disability days for women is lower than the average for men – 31.3 versus 37.7, respectively – apparently due to the difference between the high risk- level of young men's occupations and the lower risk level for older men.

Table 8
Work-Injury Allowance Recipients by Age and Gender (numbers), 2014

Age	Total	Men	Women
Total	74,555	51,181	23,374
Up to 17	129	112	17
18-24	7,535	5,852	1,683
25-34	16,784	12,424	4,360
35-44	16,481	11,817	4,664
45-54	15,539	9,867	5,672
55-64	10,897	8,176	5,721
65+	4,190	2,933	1,257

C. Accident Circumstances

Road accidents (at work, on the way to or back from work) in 2014 represented 22.5% of all work-accidents, and this number has remained stable over the years. The number

Table 9
Work-Injury Allowance Recipients by Place of Injury
and Disability days, 2010-2014

	Total	Accidents at work		Accidents on way to work		Other
		Accidents during work*	Road accidents	Road accidents	Non-vehicle accidents	
2010						
Numbers	68,011	47,520	4,721	10,683	4,094	993
Percentages	100.0	69.9	6.9	15.7	6.0	1.5
Average disability-days	36.4	36.2	42.0	34.3	38.0	35.8
2011						
Numbers	67,978	47,174	4,540	10,976	4,287	1,001
Percentages	100.0	69.4	6.7	16.1	6.3	1.5
Average disability-days	36.6	36.4	42.3	34.3	37.9	38.3
2012						
Numbers	70,395	48,589	4,908	11,229	4,647	1,022
Percentages	100.0	69.0	7.0	16.0	6.6	1.5
Average disability-days	36.2	36.0	41.8	33.8	37.9	37.1
2013						
Numbers	74,760	51,239	5,005	12,148	5,138	1,230
Percentages	100.0	68.5	6.7	16.2	6.9	1.6
Average disability-days	36.6	36.2	42.7	34.9	37.6	38.9
2014						
Numbers	74,555	51,166	4,599	12,116	5,495	1,179
Percentages	100.0	68.6	6.2	16.3	7.4	1.6
Average disability-days	35.7	35.4	40.4	33.4	37.8	37.6

* Wounds and injuries at work other than road accidents.

of road accidents on the way to work grew from 14.4% of all work-accidents in 2006 to 16.3% in 2014 (table 9). In 2014, road accidents in the context of work represented 6.2% of all work-accidents – lower than the 6.7% in 2013. Road accidents caused more severe injury, as expressed in the greater number of days of disability (40.4 days) in comparison to other accidents (35.4 days).

The distribution of work-injury allowance recipients by **cause of accident** has been rather stable over the years. The most common causes in 2012¹⁰ were road accidents (26.1%); falls (from scaffold, ladder, crane, building or structure, slipping or tripping on stairs); slipping or tripping on a flat surface (25.9%), and injury from objects (falling,

10 The most up-to-date data regarding cause of injury and nature of injury is for 2012.

squeezing, blows– 16.2%) (table 10). Insofar as severity of injury as measured by number of days of disability is concerned, the most severe injuries were caused mainly by falls (42.2 days).

Falls mainly caused dry wounds, fractures and crushed limbs, pulls and strains. **Occupational diseases** ranked first in severity of injury (58.1 days). While the list of occupational diseases is closed, if a disease does not appear on it and an expert opinion holds that there is a clear causal relationship between the disease and work conditions – it will be recognized as a work-injury. Most of the claims for work-injury allowance for occupational disease are submitted for purposes of determining level of disability.

Table 10
Work-Injury Allowance Recipients by Cause of Injury, 2012

Cause of injury	Recipients		Disability days	
	Numbers	Percentages	Average disability- days per injured worker	Total days
Total	70,395	100.0	36.2	2,546,960
Falls	18,223	24.1	42.2	769,362
Road accidents	18,354	25.9	37.2	682,792
Falling objects, blows, pressure from object	11,364	17.1	34.0	386,223
Machines, tools	9,085	11.7	32.7	296,649
Overexertion	5,745	9.0	38.0	218,505
Fire, flammable material, steam, acid	1,083	1.5	22.2	24,046
Foreign object in eye	741	1.0	15.3	11,349
Fights	677	1.1	33.3	22,533
Poisoning	500	0.7	21.7	10,834
Environmental factors	187	0.3	20.7	3,869
Occupational diseases	118	0.2	58.1	6,860
Explosives	116	0.2	34.6	4,008
Other and unknown	4,202	6.0	26.2	109,930

The distribution of work-injury allowance recipients by **nature of injury** has been fairly stable over the years. The most common injuries are crushed body parts (34.5%), injury to skeletal muscle (14.5%), dry wounds (12.8%), and laceration of upper extremities (9.2%). As far as **severity of injury** (measured by number of disability-days), the most severe injuries were fracture in the lower extremities (66.2 days), injury to vascular system (61.3 days), fracture in the upper extremities (60.3 days), fracture in back or skull or spinal injury (59.8 days), and dislocation without fracture (51.8 days).

The upper extremities are the most vulnerable organ in work-accidents: fractures and lacerations (only) in the upper extremities caused absences of approximately 15% of work-injury allowance recipients (table 11).

Table 11
Work-Injury Allowance Recipients by Nature of Injury, 2012

Nature of injury	Recipients		Disability-days	
	Numbers	Percent-ages	Average days	Total
Total	70,239	100.0	37.2	2,610,900
Crushed body parts	24,290	34.5	36.4	883,001
Skeletal and muscular	10,203	14.5	34.0	346,818
Dry wounds	9,008	12.8	32.4	291,478
Upper extremity lacerations	6,461	9.2	30.0	193,723
Upper extremity fractures	4,041	5.8	60.3	243,625
Pulls, strains	3,212	4.6	33.7	108,178
Lower extremity fractures	2,763	3.9	66.2	182,953
Burns	1,318	1.9	23.8	31,306
Skull, back, spinal fractures	893	1.3	59.8	53,393
Head, neck, back lacerations	891	1.3	19.9	17,704
Lower extremity lacerations	885	1.3	28.6	25,322
Symptoms	757	1.4	29.8	22,523
Penetration of foreign body	747	1.1	14.6	10,913
Poisoning	297	0.4	19.3	5,718
Dislocation without fracture	215	1.1	51.8	11,140
Vascular system	129	0.3	63.1	8,142
Abrasions	98	0.2	25.1	2,460
Other and unknown	4,187	6.0	25.9	108,563

Requests for Income Tax Exemption

General

According to Section 9 (5)(a) of the law, a blind or disabled person who has been determined to have a 100% disability level, or a disabled person with at least a 90% disability level - if he/she is disabled in a number of organs - is eligible for an exemption from tax on income from work (also eligible for this exemption are those determined to have these disability percentages in accordance with the National Insurance Law).

The exemption section is designed to encourage a severely disabled person to reintegrate into the workforce. It is intended only for extreme cases of disability, or, as defined by Justice Eliyahu Matza: "...The most severe cases among those stricken with a number of impairments, whose various disabilities create a level close to the disability of a blind or disabled person of 100% disability level." The exemption is granted for income from work up to NIS 600,000 annually, after which taxes are paid on the balance of income from the lowest tax bracket.

Statistical Data

Since 1980, the National Insurance Institute has operated medical committees that rule regarding income tax exemptions in complex cases of multiple medical impairments. In 2014, the Institute initiated the handling of 5,049 exemption requests (a rise of approximately 21% versus 2013), and completed the handling of 3,911 requests (table 1).

Table 1
Medical Committees for Income Tax First Degree –
Initial Proceeding in 2010-2014

Year	Requests handled (numbers)		Change vs preceding year (percent)	
	Started	Completed	Started	Completed
2010	3,669	3,603	3.9	4.6
2011	3,947	3,649	7.6	1.3
2012	4,099	3,960	3.9	8.5
2013	4,161	3,868	1.5	-2.3
2014	5,049	3,911	21.3	1.1

The exemption handling time also increased: from 59.5 days in 2013 to 63.8 days in 2014 – a rise of 7.3% (table 2). Handling is taking longer due to bureaucratic backlog, escalation in requests, and increased complexity of cases over the years.

Table 2
Handling Time in Medical Committees for Income Tax –
First Degree, Initial Proceeding in 2010-2014

Year	Average handling time	
	Days	Change vs preceding year (percent)
2010	47.2	-8.6
2011	43.0	-8.8
2012	52.5	22.0
2013	59.5	13.3
2014	63.8	7.3

In addition to the initial claims for an exemption, insureds are permitted to submit a request concerning an exacerbated condition. In 2014, 2,072 such requests were submitted to the National Insurance Institute (a decrease of approximately 19% versus 2013), and 2,864 requests were handled (an increase of approximately 9% versus 2013) (table 3). The number of requests handled was larger than the number submitted because each year there are open requests carried over from the previous year.

Table 3
Medical Committees for Income Tax First Degree –
Requests Concerning Exacerbated Condition, 2010-2014

Year	Requests handled (numbers)		Change vs preceding year (percent)	
	Started	Completed	Started	Completed
2010	1,358	1,639	11.4	4.9
2011	1,561	1,738	14.9	6.0
2012	2,559	2,325	63.9	33.8
2013	2,568	2,626	0.4	12.9
2014	2,072	2,864	-19.3	9.1

The number of decision appeals increased each year: in 2014, 1,457 appeals were submitted – an increase of approximately 3% versus 2013.

Table 4
Medical Committees for Income Tax Second Degree (Appeals),
2010-2014

Year	Requests handled (numbers)		Change vs preceding year (percent)	
	Started	Completed	Started	Completed
2010	911	978	4.7	11.9
2011	984	994	8.0	1.6
2012	1,237	1,141	25.7	14.8
2013	1,414	1,284	14.3	12.5
2014	1,457	1,506	3.0	17.3

D. Recipients of Disability-Benefits from Work

Disability-benefits are paid to persons suffering work injuries who remain disabled due to the injury. A permanent disability allowance is paid to workers with a level of permanent disability of 20% or more.

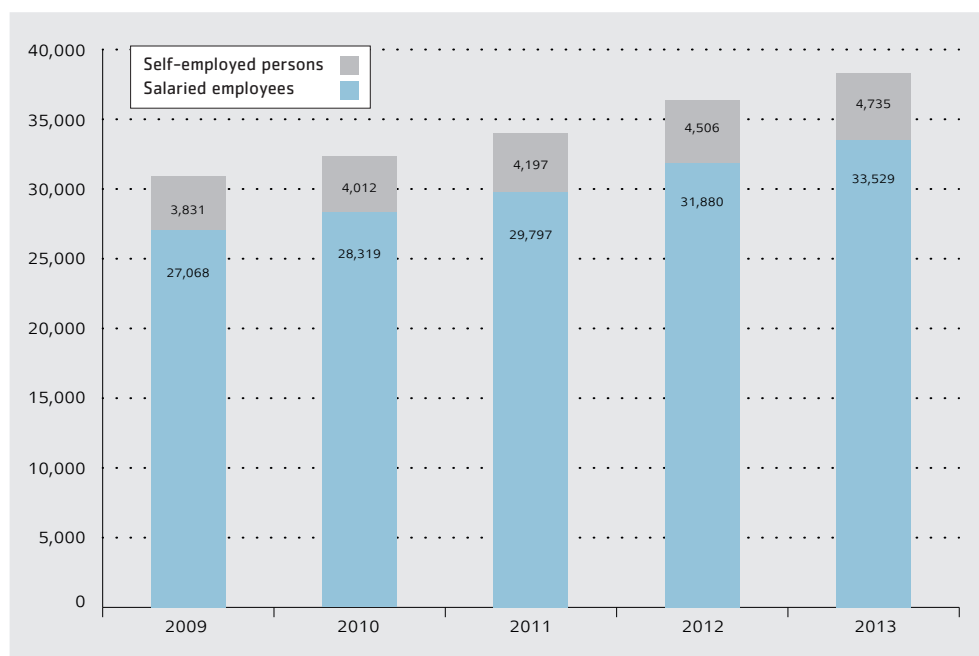
1. Permanent Disability-Allowance

The number of permanent disability-allowance recipients has been rising continually, and in 2014 reached 40,162 versus 38,264 in 2013 (table 12). Most recipients of the allowance (62.2%) have low disability levels (up to 39%). Among women, this group is even larger (65.2%): 63.4% of them have a disability level of 20%-39%, versus 57.9% of the men. 9.5% of the men and 7.2% of the women have a disability level higher than 80% (Appendix of Tables, section G, table 1).

Table 12
Permanent-Disability Allowance Recipients
by Employment Status (December), 2010-2014

Year	Total		Salaried workers	Self-employed workers
	Numbers	Annual percent change		
2010	33,079	4.7	28,994	4,085
2011	34,688	4.9	30,393	4,295
2012	36,390	4.9	31,883	4,507
2013	38,264	5.1	33,529	4,735
2014	40,162	5.0	35,184	4,978

Figure 2
Permanent Disability-Allowance Recipients by Employment Status, 2010-2014



The characteristics of the various permanent disability-allowance recipients differ slightly from those receiving work-injury allowances (the distribution of permanent disability- allowance recipients by gender, age, and percent of disability is presented in table G/2 in the Insurance Division Table Appendix). Most of the recipients are in older age groups – age 50 and above: for example, men ages 50-59 represent 26.3% of all men entitled to the allowance, and this is also true for women: women ages 50-59 represent 32.6% of all women receiving permanent disability-allowances. The referenced age is that of entitled persons as of the end of 2014, and not the age at the time of injury. The population of disability allowance recipients is one that gradually ages over time.

2. Disability-Grant

A disability-grant is paid to a work-disabled person whose disability level is stable, and more than 9% but less than 20%. The grant amounts and terms of eligibility have undergone far-reaching changes in recent years.

Until legislation of the program for rehabilitation of the economy in June 2003, the grant was at a level of 70 monthly allowances, but the new law mandated that anyone injured from 1.7.2003 forward would receive a grant equal to 43 monthly allowances. For this reason, there was a sharp decline in the level of average disability grant, but not in the number of payments. In 2014, 11,872 grants were paid for the various types of injury (versus 11,090 in 2013) – 10,332 to salaried workers, and 1,540 to self-employed workers. In 2014, the average grant payment for salaried workers was approximately NIS 39,000, versus NIS 37,600 in 2013; while for self-employed workers, approximately NIS 36,800 versus NIS 34,500, respectively.

Table 13
Disability Grant Recipients by Employment Status 2010–2014

Year	Total		Salaried workers	Self-employed workers
	Numbers	Annual percent change		
2009	8,706	2.2	7,648	1,058
2010	8,821	1.3	7,697	1,124
2011	8,927	1.2	7,897	1,030
2012	9,729	9.0	8,544	1,185
2013	11,090	14.0	9,700	1,390
2014	11,872	7.1	10,332	1,540

3. Special Disability-Allowance and Special Grants

Work-disabled persons with a disability level of 75% or more, and disabled persons who have difficulty walking and a disability level of 65%–74% are entitled in addition to any other benefit, to financial assistance for personal aid (grant or allowance), financing of travel and a grant for one-time expenses – purchasing a vehicle, housing, or special equipment needed due to the disability.

In December 2014, 3,517 disabled persons received a special allowance through the Rehabilitation Division, at an average total of NIS 3,732, versus 3,413 in December 2013 who received on average NIS 3,651.

In 2014, 169 rehabilitation grants were paid at an average total of NIS 33,791 versus 169 grants at an average total of NIS 32,479 in 2013. These grants were paid as assistance for housing (57 grants of NIS 51,298), assistance for vehicle-purchase (36 grants of NIS 41,528), and other assistance (65 grants of NIS 14,154).

4. Benefits for Dependents

The number of recipients of dependent allowances has risen gradually over the years, and in 2014 dropped slightly to 4,691 versus 4,695 in 2013. The rate of change was 0.2%-1.2% (table 14).

Table 14
Dependent Allowance Recipients by Employment Status, 2010-2014

Year	Total		Salaried workers	Self-employed workers
	Numbers	Annual percent change		
2010	4,565	-0.2	3,941	624
2011	4,603	0.8	3,981	622
2012	4,638	0.8	4,013	625
2013	4,695	1.2	4,040	632
2014	4,691	-0.1	4,054	637

5. Payments

The average work injury payments per day for salaried workers and self-employed workers rose in 2014 in nominal terms, in real terms, and as a percentage of average salary (table 15).

In 2014, the average **permanent disability allowance** for salaried workers was NIS 3,482 (versus NIS 3,394 in 2013) and NIS 3,726 for self-employed workers (versus NIS 3,650 in 2013). The allowance level for salaried workers and self-employed workers rose in real terms and as a percentage of average salary, and the allowance level as a percentage of average salary for self-employed workers remained unchanged (table 16).

Table 15
Average Work-Injury Payments Per Day
by Employment Status, 2010-2014

Year	Salaried workers			Self-employed workers		
	Current prices (NIS)	2014 prices (NIS)	אחוז מהשכר הממוצע	Current prices (NIS)	2014 prices (NIS)	Percent of average salary
2010	176	189	64	205	220	75
2011	179	185	63	195	202	68
2012	187	190	64	203	207	69
2013	190	191	63	213	214	71
2014	196	196	64	223	223	73

The average monthly **dependent-allowance** for salaried workers in 2014 was NIS 6,362 (versus NIS 6,239 in 2013), and for self-employed workers was NIS 6,738 (versus NIS 6,576 in 2013). The allowance rose in real terms and as a percentage of average

Table 16
Amount of Permanent Disability-Allowance
by Employment Status (Monthly Average), 2010-2014

Year	Salaried workers			Self-employed workers		
	Current prices (NIS)	2014 prices (NIS)	Percent of average salary	Current prices (NIS)	2014 prices (NIS)	Percent of average salary
2010	3,419	3,670	42	3,403	3,653	41
2011	3,240	3,362	38	3,490	3,621	41
2012	3,330	3,397	38	3,574	3,646	41
2013	3,394	3,410	38	3,649	3,667	41
2014	3,482	3,482	38	3,726	3,726	41

salary, except for the allowance as percentage of average salary for salaried workers, which remained unchanged (table 17).

Table 17
Average Monthly Dependent-Allowance
by Employment Status, 2010-2014

Year	Salaried workers			Self-employed workers		
	Current prices (NIS)	2014 prices (NIS)	Percent of average salary	Current prices (NIS)	2014 prices (NIS)	Percent of average salary
2010	6,712	7,204	81	6,055	6,498	73
2011	6,010	6,236	70	6,296	6,532	74
2012	6,128	6,251	70	6,480	6,610	74
2013	6,239	6,269	69	6,576	6,608	73
2014	6,362	6,362	69	6,738	6,738	74

The **total of payments from the Work Injury Division** in 2014 was approximately NIS 4.4 billion (versus NIS 4.1 billion in 2013) – a real increase of 6.05% (table 18). The increase stemmed from a rise in the share of disability benefits and medical expenses in all payments in the Division. The payments for other benefits, within all payments in the Division, were lower in 2014 (table 19).

Table 18
Payments* in the Work-Injury Division (thousands of NIS), 2010-2014

Year	Current payments	2014 prices	Rate of real change (percent)
2010	3,279,105	3,519,484	3.43
2011	3,450,150	3,579,566	1.71
2012	3,767,946	3,843,647	7.38
2013	4,082,600	4,102,031	6.72
2014	4,350,224	4,350,224	6.05

* Including payments of work-injury allowance, disability benefits, dependent benefits, medical expenses, and rehabilitation expenses.

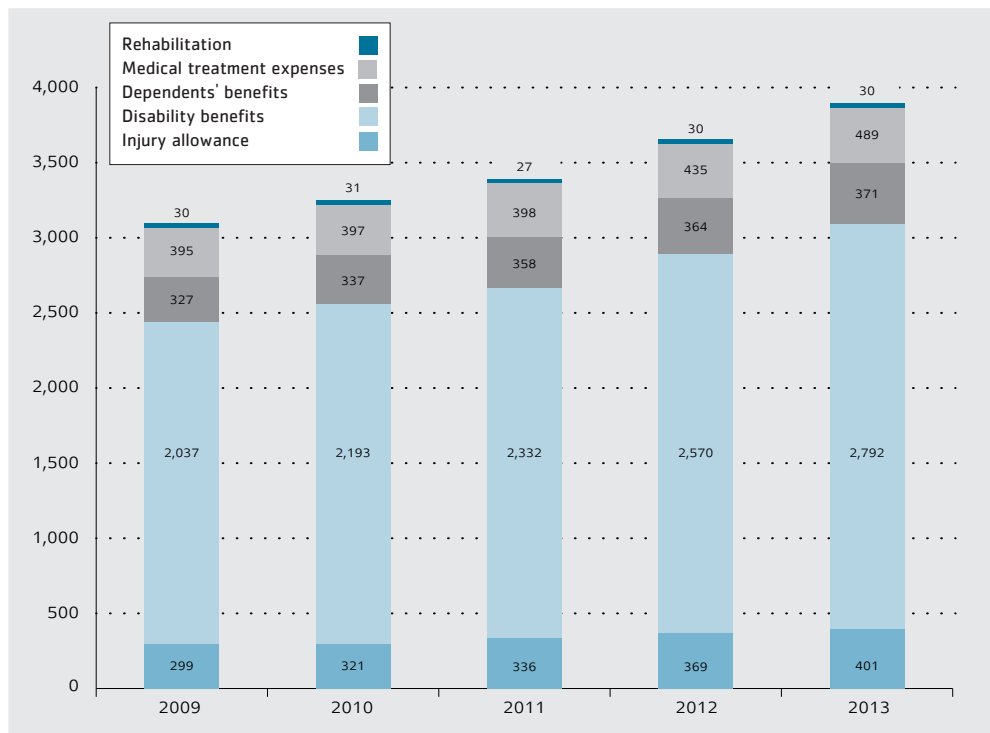
Since the work-injury insurance law has come into effect, significant changes have occurred in the makeup of payments within the Division (table 19). When the law first came into effect, most of the payments (54%) were work-injury payments versus the disability allowance payments (approximately 40%). The work-injury payments are

Table 19
Payments* in the Work-Injury Division
by Benefit Type (Percentages), 2010-2014

Year	Total	Work injury allowance	Disability benefits	Dependent benefits	Medical expense	Rehabilitation expenses
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
2013	100.0	9.8	68.4	9.1	12.0	0.7
2014	100.0	9.4	69.1	8.7	12.1	0.7

* Does not include payments for actions taken to prevent accidents or to promote workplace safety, for research, special projects, legal aid, and medical testimony and opinions.

Figure 3
Payments* in the Work Injury Division by Benefit Type
(millions of NIS), 2010-2014



* Does not include payments for actions taken to prevent accidents or to promote workplace safety, for research, special projects, legal aid, medical testimony and opinions.

short-term and recipients change over the course of the year, while disability-allowance payments are paid long-term (until old age, and sometimes even longer). Some of the payments for disability-allowances gradually increase with the years (in relative terms) while some of the work injury payments gradually decrease. Currently, disability benefits represent the lion's share of Division payments - approximately 69%, while work-injury payments represent only approximately 9% of total payments in the Division.

9. Victims of Terror

a. General

The Compensation for Victims of Hostile Action Act was enacted by the government to provide social benefits for victims of terrorism and their families. The benefits under the Act (and its associated regulations) are paid by the NII and funded by the state Treasury. The law is intended to bring the rights of civilian victims of terrorist acts into line with the rights and services granted to IDF soldiers and bereaved families handled by the Ministry of Defense. The Act went through several stages until it reached its current format¹.

Changes in the law affect the definition of terror, the establishment of an authority to confirm an incident as terrorism, the definition of fundamental rights and their full government funding, inclusion of past victims and transferring responsibility to the NII .

The following are defined as a terrorist act (providing they are confirmed by the appropriate authority, appointed by the Minister of Defense):

- Injury from an act carried out by enemy forces hostile to Israel, including events outside Israel designed to harm the Jewish people.
- Unintentional injury linked to hostile action by enemy forces, or in circumstances where there was a reasonable fear of a hostile action.
- Injury by a weapon intended for hostile activity by enemy forces, or by a weapon intended for use against such action even if not used, apart from an incident in which a person aged 18 or older was injured in the course of committing a crime or other offense involving malice or criminal negligence.
- Injury caused by violence whose main purpose is to attack someone because of their national-ethnic identity, providing that it derives from the Israeli-Arab conflict.
- Injury caused by violence whose main purpose is to attack someone because of their national-ethnic identity, carried out by a terror organisation as declared by the government pursuant to Section 8 of the Prevention of Terror Orders 5708-1948, excluding an organisation which is the enemy force or done at the bidding or on behalf of such an organisation.

Those injured by acts of terror, who meet the following conditions are eligible for the benefit:

- Resident of Israel, injured in Israel or in Judea & Samaria or the Gaza Strip, or outside Israel, if less than a year has passed since the expiry of residency.
- Entered Israel legally.

.....
 1 The Compensation for Victims of Hostile Action Act was approved by the Knesset in 1970 retroactively from June 1967 for people affected by terror from 25th February 1949 onwards. In March 1977 the Act was also applied to victims from 14th May 1948 to 24th February 1949. Since March 1982, those affected from 29th November 1947 to 13th May 1948 have also been eligible.

- A foreign resident who is injured abroad during and as a result of working with an Israeli employer (approved for this purpose).
- A resident of the territories holding an Israeli ID document who is injured within the Green Line.

b. Legislative changes

The changes that have been made in the Compensation for Victims of Hostile Actions Law since it was first enacted in 1970 indicate a trend towards extending rights to benefits and other services, recognising the eligibility of other family members, and broadening the definition of terror. Unlike injured persons eligible under the Disabled Veterans Act and the Families of Soldiers Killed in War Act, victims of terror include children, the elderly and mothers of children, as well as sometimes several members of one family. Consequently, the solutions proposed under the two Acts mentioned above are not always suited to the needs of families of victims of terrorism.

In 2006 the definition of injury from terror was expanded to include damage resulting from an act whose main purpose was to harm the Jewish people², but this only applies to residents of Israel. The definition of an injury from terror was further expanded in 2005–2006, to include damage resulting from a violent act whose main purpose was to harm people because of their national-ethnic identity – deriving from the Israeli-Arab conflict or inflicted by a terrorist organisation.

In 2005 two amendments to the Act were passed, dealing with children who had lost both parents as a result of a terror attack, and in November 2008 an amendment was passed specifying and extending the eligibility of such children. In 2011 a further amendment extended eligibility to individuals orphaned by terrorist activity if the incident occurred before they reached the age of 37.

In 2009 another amendment was passed, specifying that a woman widowed by a terrorist act would no longer lose her monthly benefit if she remarried. Regulations were introduced regarding offsetting the marriage grant paid to widows who remarried in the previous five years.

c. Types of Benefits

1. **Medical treatment benefit:** anyone who cannot work or function during medical treatment (according to a medical certificate) and with the approval of an NII doctor, is eligible for a special payment during treatment, on condition that they are not receiving a wage or compensation during this period, and if they are self-employed – on condition that they have stopped engaging in their trade. This is a short-term payment given for a limited period, until the degree of disability is determined by a medical committee.

.....

2 Section 18a of the National Insurance Act.

2. **Disability benefit** – a person whose degree of disability is defined as at least 20% by a medical committee is entitled to a monthly disability benefit. The amount depends on the degree of disability, and is equivalent to the benefit paid to disabled IDF veterans under the Disabled Veterans Act (benefits and rehabilitation). Individuals with 100% disability receive 118% of the salary of a grade 17 public employee on the administrative scale.

The victim of a terrorism act who is injured in an additional act of terror has his/her degree of disability revised so that all the terror injuries are regarded as though they are the result of a single act (cumulative disability). If necessary, he/she is also eligible for a remittance to fund assistance from others, mobility, as well as various monthly and annual benefits and grants.

- **One-time disability grant** - paid to anyone defined by a medical committee as having 10-19% permanent disability. The grant is calculated by multiplying the amount derived from the degree of disability by a number of months taken from a table showing the number of months for calculating each degree of disability. For example, for someone with 10% disability, the grant is calculated for 108 months, and for someone with 19% disability – for 215 months.

In addition to the normal benefits, **special supplements are paid to certain groups**, such as the supplement for the severely disabled, and age-related supplements, plus special benefits at increased rates, where eligibility is determined according to degree of disability, earning capability and potential for rehabilitation. The special benefits are:

- **Benefit for Disabled in Need**– paid to those whose degree of disability has been set at 50% or more and who meet the criteria relating to income and ability to earn a living. This benefit is paid instead of the Disability Benefit and eligibility is determined by a committee for one year at most.
 - **Benefit for Disabled without Income** – paid to persons whose fixed or temporary degree of disability is 10% or more and who meet certain criteria relating to income and seeking work. Eligibility is determined by a special committee and the benefit is paid instead of the Disability Benefit (according to degree of disability) and for a limited period only.
 - **Benefit for Deceased Disabled Victim of an Act of Terror**– benefit paid for three years to the family member designated by the deceased.
3. **Medical Treatment** – medical treatment includes hospitalisation, treatment at a clinic including dental treatment for damage caused by the terror act, medication, medical devices, recovery and medical rehabilitation. Treatment is given based on confirmation from the NII that the injury has been recognised as due to terrorism and with the NII's financial undertaking.

Treatment is given by the State's authorised medical services –government health services and the recognised health service providers. First aid may be given to the

injured person by the Magen David Adom or any doctor or medical institution close to the site of the injury. Medical treatment for disabled persons with up to 19% disability is provided by the health service providers according to the National Health Insurance Act.

4. **Vocational and financial rehabilitation** – designed to help the disabled who have no trade or need vocational retraining due to their disability or cutbacks at their workplace. Those with 20% or more disability who have not received funding for education from the NII, can be helped to set up an independent business or consolidate an existing one. The business must have an economic purpose and be suitable for the person's abilities, knowledge and physical limitations.
5. **Benefit for dependents** – for the widow/widower and orphans of a person killed by a terrorist act.

Fixed monthly benefit – calculated as a percentage of the wages of civil servants to which social benefits are added into a monthly amount. The benefit for a widow/er depends on age, and if there are children – on their ages as well. The supplement for children continues to be paid while the child is doing mandatory military service, even after the age of 21. After mandatory military service, the widow/er's benefit equals that of parents of adult children. Orphans in special circumstances receive increased rates.

- **Rehabilitation, grants and other benefits** such as payment for help with daily activities, assistance in purchasing a car, loans and grants for housing, help with mobility, and a marriage grant for orphans.
- **Grants to cover mourning costs** – paid to bereaved widow/er and families; in their absence, other blood relatives will be eligible for a grant to help cover the mourning costs.

The information in this chapter only relates to civilians who are injured in acts of terrorism and not to injured soldiers or police officers. The tables showing recipients of benefits do not include injured persons who previously received benefits and ceased to be eligible, or injured persons who never received a benefit.

d. Hostile actions

Acts of terror have occurred in every year of the State's existence, but data for the early years are incomplete. Apart from the War of Independence period (1948), in which many civilians were injured, the years 1946-1966 are characterised by a fairly small number of terror acts. Immediately following the Six Day War there was a significant increase in the number of such incidents, then a gradual decrease until the start of the First Intifada (1988).

Although there were numerous terror incidents in the years 1994-1998, with casualties in every incident, until 2000 and the Second Intifada there was a decrease in the number of people injured. From the end of 2000, and throughout 2001-2002 the number and

severity of terrorist acts reached a peak, and the ratio between the number of confirmed casualties and the number of attacks in 2002 was 9:1. In 2003-2005 the number of terrorism acts declined (Table 1).

In 2006, following the Second Lebanon War, the number of people killed and injured rose steeply. The wounded included those with slight injuries who received medical treatment, some who returned to normal health after a short period, and others who were seriously hurt and remained disabled. 37% of about 4,500 casualties of the Second Lebanon War suffered mental problems but no physical injury. In 2008 about 200 terror acts were confirmed³.

In 2009-2010 there was a decrease in the number of incidents, but in 2011 the number rose again. There was another decrease in 2012-2013, but in 2014, following the Protective Edge Campaign, the number of incidents and casualties rose considerably again: that year there were 249 incidents with 566 confirmed casualties (544 injured and 22 killed).

Table 1
Acts of Terror Confirmed by the Certifying Authority
and Victims of Terror, 1947-2014

Year*	Number of incidents**	Total confirmed casualties	Injured		Killed	
			Total	Of which: confirmed	Total	Of which: confirmed
Total	4,153	13,859	22,434	11,778	2,177	2,081
1957-1947	212	314	161	145	180	169
1976-1958	413	797	512	476	346	321
1993-1977	724	1,212	929	801	433	411
1999-1994	679	1,949	1,994	1,741	214	208
2004-2000	973	4,740	7,460	3,984	763	756
2005	93	367	635	322	50	45
2006	197	2,053	5,955	1,979	89	74
2007	142	248	365	237	12	11
2008	207	673	1,349	640	33	33
2009	115	381	1,031	375	6	6
2010	88	109	124	101	8	8
2011	103	323	572	304	22	19
2012	119	581	1,216	564	18	17
2013	88	112	131	109	3	3
2014	249	566	2,245	544	29	22

* The division of years in this table is according to the data shown in the study: Yanai, A., Prior, R. and Bar, S. (2005): Victims of Hostilities in Israel: Attacks, needs, legislation and providing treatment and help. Jerusalem: The National Insurance Institute. In this research attacks were divided by periods according to their nature.

** Each day that rockets were fired in the area around Gaza and in the Second

3 Each day from 19.11.08 when rockets were fired on the area around the Gaza Strip was counted as an incident.

e. Recipients of Benefits

1. Recipients of medical treatment benefits

Soon after the attack, the injured are eligible for a medical treatment benefit, paid as compensation on their loss of fitness. 24.2% of the injured who received this benefit in 2014 could not work or function for more than three months because of their injuries, another 36.3% could not work or function for between one and three months. In certain cases, such as government employers, the employer pays injured workers the full wage and the NII reimburses. Table 2 shows recipients of the medical treatment benefit and the number of employers by duration of unfitness for work.

The size of the benefit depends on the injured person's employment status before the incident:

- Those who worked before the attack are entitled to a benefit equal to their average income in the three months prior (after deducting income tax) up to the ceiling paid to soldiers on reserve duty (five times the basic amount).
- Victims who did not work before the attack are entitled to a benefit based on their family status and number of children, and calculated as a percentage of the wage of a state employee.
- Children aged up to 14 are not entitled to a medical treatment benefit at all, while 14-18 year olds are only entitled to this benefit if they were working.
- For a disabled person who returns to part-time work and whose capacity for rehabilitation has not yet been determined (he is in an employment framework and has some income but has not returned to full function due to his recognised disability) – payment of a partial benefit during the period of disability may be considered.

Table 2
Victims of Acts of Terror who Received the Medical Treatment Benefit
by Number of Days of Unfitness, 2014

Days of unfitness	Total	Injured	Employers
Total	273	226	47
1-30 days	108	94	14
31-90 days	99	81	18
91 days and over	66	51	15

2. Recipients of the Disability Benefit

In 2014, disability benefits were paid to some 4,521 people on average per month, compared to 4,404 in 2013 (Table 3). Most of the increase was at the lower levels of disability.

51.6% of recipients of the monthly benefit are men (Table 4). Victims differ in their financial situation after the attack: most of them are regular disabled, while a minority

Table 3
Victims of Acts of Terror Receiving Monthly Disability Benefits
(annual average) by Degree of Disability, 2008-2014

Degree of disability (%)	2008	2009	2010	2011	2012	2013	2014
Total	3,564	3,860	4,113	4,216	4,288	4,404	4,521
up to 39	2,625	2,879	3,116	3,216	3,283	3,391	3,504
49-40	219	234	238	240	239	245	248
59-50	272	284	294	298	297	298	299
79-60	247	259	263	260	267	269	271
99-80	102	104	105	103	104	101	100
100	99	100	97	99	98	100	99

Table 4
Victims of Acts of Terror who Received Monthly Disability Benefits
by Sex and Age at the Time of the Injury (percent), December 2014

Age at time of attack	Total	Men	Women
Total - numbers	4,607	2,376	2,231
Percentages	100.0	100.0	100.0
Up to 19	26.1	21.5	23.9
20-29	20.9	17.9	19.4
30-44	26.6	25.1	25.9
45-64	22.5	29.0	25.7
65+	4.0	6.4	5.1

are needy (4%) or without an income (2%) (Table 5). Eligibility for the benefit as a needy disabled or disabled without income is for a limited period only and requires review of the situation from time to time.

Table 5
Victims of Acts of Terror who Received the Monthly Disability Benefit
by Type and Amount of Benefit, December 2014

Type of Benefit	Number of recipients	Average actual monthly payment* (NIS, current prices)
Total	4,607	2,281
Normal	2,724	2,562
Needy	168	14,046
Without income	98	8,202
Benefit for deceased (36 months)	45	3,656
Benefit for 10%-19% disability	1,572	**

* Includes monthly benefits but not annual benefits.

** Receives one-time payment and not monthly benefit.

3. Recipients of Benefits for Dependents

The widow/er, children and parents of a person killed in a terrorism act are eligible for a dependent's benefit⁴. In December 2014 this benefit was paid to 1,942 families of different sizes for 1,587 deceased – about 49% to bereaved parents and 41% to widow/ers with or without children (Table 7). The average benefit ranges from NIS 3,658 for an independent child to NIS 12,718 for a family consisting of a widow/er with children (Table 7).

Table 6
Fatalities for Whom Benefits were Paid, by Sex and Age at Time of Death (percentages), December 2014

Age at time of death	Total	Men	Women
Total:			
Numbers	1,587	1,092	495
Percentage	100.0	100.0	100.0
Up to 18	17.7	14.0	25.9
19-29	22.1	20.4	25.7
30-49	36.1	39.5	28.7
50-64	16.4	17.3	14.5
65+	6.5	7.3	4.6
Not known	1.2	1.5	0.6

Table 7
Families of Those Killed who Received Benefits, by Family Composition and Monthly Sum* (NIS), December 2014

Family composition	Number of families	Monthly benefit* (annual average, current prices, NIS)
Total	1,942	8,588
Widow/er without children	102	8,103
Widow/er with grown children	468	9,025
Widow/er with children	223	12,718
Independent orphans	23	3,658
Bereaved parents	949	7,625
Other	177	7,436

* Includes balancing, grossing up, health insurance and age supplement.

f. Scope of Payments

In current prices, payments to victims of terrorist acts have decreased from 2011 to the present, after a steady increase in the previous three years (Table 8). In real terms, the trend was mixed. In 2011 there was a considerable growth in payments – about NIS 476

4 The number of terrorism acts each year and the numbers of people who died in them are shown in Table 1.

million compared to NIS 413 million in 2010 – real growth of 11.3%. The rise was due to an amendment in the law, so that payments were made retroactively to children who lost both parents as a result of terrorist activity. In 2014 about NIS 458 million was paid – a real drop of 1% compared to 2013.

Table 8
Payments to Victims of Hostile Action (NIS 000s), 2008-2014

Year	Current prices	2014 prices	Real rate of change (%)
2008	388,365	442,261	4.3
2009	400,000	440,887	-0.3
2010	413,000	443,276	0.5
2011	475,740	493,585	11.4
2012	466,243	475,610	-3.6
2013	460,458	462,650	-2.7
2014	457,850	457,850	-1.0

10. Vocational Rehabilitation

a. General

The Rehabilitation Division of the National Insurance Institute (NII) assists entitled persons who have dropped out of the labour market, or those lacking employment experience, to find jobs suitable for their professional skills and functional ability through vocational training and job placement. Assistance is provided by rehabilitation officers who are trained social workers, who contribute diagnostic services, occupational counseling, and guidance to the insuree throughout the entire rehabilitation process.

The main rehabilitation services provided are benefits in kind: diagnosis, guidance, and counseling for selection of a profession, remedial and vocational training, completion of education and higher education studies, and job placement assistance for those having difficulty integrating into the labour force by themselves. Moreover, anyone participating in the rehabilitation process is entitled by law to financing for the expenses related to it: funding for diagnosis and studies, rehabilitation benefits and travel expenses to and from the training site.

The population treated by this Division is divided into three groups¹: new seekers of rehabilitation, participants in the middle of the rehabilitation process, and those completing the rehabilitation program. It should be noted that great effort is expended in identifying the appropriate population among entitled persons, in order to maximise the rate of those joining the job market at the end of the process.

Along with vocational rehabilitation, the Rehabilitation Division also provides professional reviews to Benefit Administration Divisions about various topics, such as determining level of earning ability for classification of benefit recipients, etc. In addition, the rehabilitation workers assist work-injured persons, and victims of hostile actions in exercising their rights to financial benefits. They also work with widows in crisis and victims of hostile actions² for the rest of their lives.

b. Who is Entitled to Vocational Rehabilitation?³

- **General disabled** - A resident of Israel suffering from physical, cognitive, or psychological impairment, if he/she meets the following conditions: (1) was determined in disability tests to have medical disability percentages of at least 20% (2) cannot continue working in previous or other suitable job due to the impairment (3) as a result of the impairment needs, and is suitable for, vocational training and other rehabilitation services that will enable return to previous or other suitable job. The husband of a disabled individual who due to impairment is incapable of rehabilitation, and who permanently resides with the disabled person, is also entitled to rehabilitation.

1 A person undergoing rehabilitation may over the course of the year belong to more than one group.

2 The treatment of victims of hostile actions includes ongoing support and guidance over the victim's entire lifespan.

3 Besides the specified details, entitlement to vocational rehabilitation is conditional on the claimant being under retirement age.

- **Work-injured person** – someone injured at work⁴ who has been determined to have at least 10% medical disability, and who due to the injury can no longer work at his/her previous job or in another suitable job, and requires special vocational training in order to return to his/her previous job. However, the NII is authorised to approve vocational rehabilitation for a work-injured person whose disability level is lower than 10%, if continued work at his/her previous workplace may unusually endanger his health or safety.
- **Widows/widowers** – a widow/widower as defined by law, who receives a survivor's or dependent's pension and who meets all the following conditions: (1) lacks a vocation or is unable to satisfactorily support him/herself from their vocation; (2) is unable to continue working in his/her previous workplace due to the death of spouse; (3) a rehabilitation worker has determined that he/she is suitable for vocational training/retraining subject to medical condition and education.
- **Victims of hostile actions** – wounded in a hostile action⁵, on condition that he/she was determined to have at least a 20% medical disability⁶, due to which he/she is unable to work at their previous or another suitable job, or who requires special vocational training in order to return to his/her previous job. Members of bereaved families as defined by law (widow/widower, orphan, and bereaved parents), whose relative died as a result of a hostile action, are also entitled to vocational rehabilitation.

c. New Rehabilitation Applicants

In 2014, 9755 applicants contacted the NII for vocational rehabilitation, a number similar to that in 2013. This year as in previous ones, most of the applicants belong to the General Disability Division (83%), and 62% receive a monthly allowance from the various Benefit Divisions.

Young adults in their 20s have the greatest potential for rehabilitation, because training or higher education will significantly further their chances of finding a job, and it is thus unsurprising that 36% of rehabilitation-seekers are at these ages (figure 1). Furthermore, as age goes down, the rate of rehabilitation-seekers from the General Disability Division rises, as this group includes those disabled from birth who are seeking rehabilitation to exercise their rights upon reaching the age of 18. At older ages, the share of the work-injured and widows/widowers increases, while near retirement age – from age 68 – the share goes down to about 5%.

.....

- 4 A work-injury is a work-accident occurring at the time of and due to work, including an accident that happens on the way to and from work, or an occupational disease, in accordance with the list of occupational diseases defined in work-injury legal provisions.
- 5 A hostile action victim is one who has been injured by the action of military/paramilitary/irregular forces of a state or organization hostile to Israel, or by an action carried out with the assistance of such, as their agent, or on their behalf, and that was directed against Israel.
- 6 A hostile action victim injured before 1996 is entitled to vocational rehabilitation if determined to have medical disability of 10% or more.

Figure 1
Vocational Rehabilitation Applicants by Age and Division, 2014

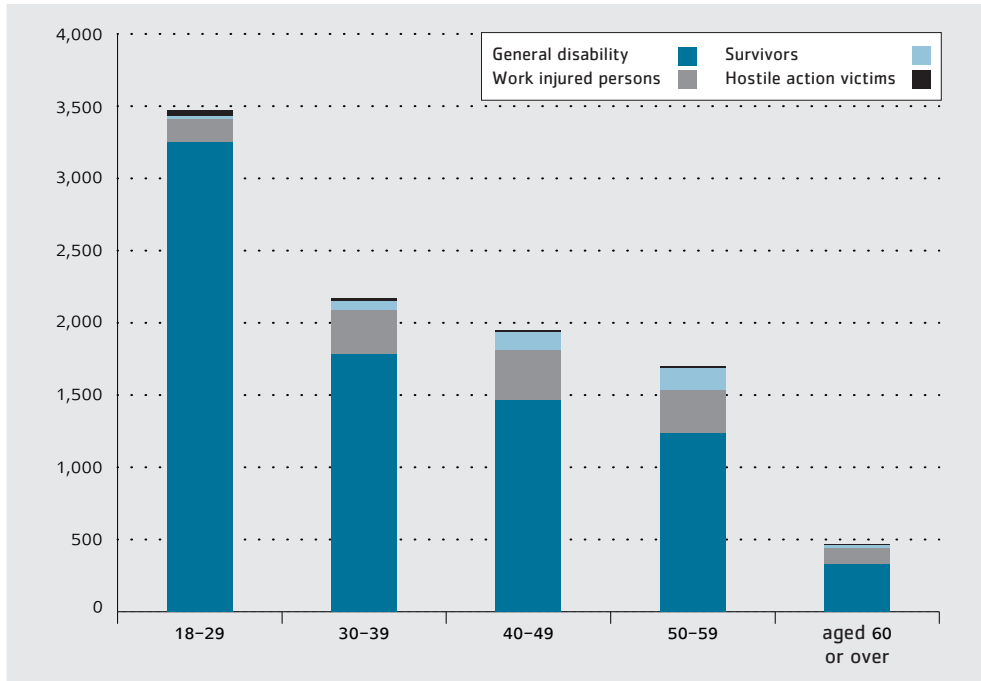


Table 1
Vocational Rehabilitation Applicants by Division, Number of Applications, and Initiator (Absolute Numbers and Percentages), 2014

Number of Applications	Contact Initiator	Total		General disability	Work-injured	Survivors	Hostile action victims
		Absolute numbers	Percentages				
Total	Numbers	9,755		8,085	1,217	384	69
	Percentages		100%	100%	100%	100%	100%
First inquiry	Total	7,228	74%	73%	81%	83%	70%
	Rehab seeker	5,926	61%	59%	76%	58%	64%
	NII clerk	1,085	11%	12%	5%	24%	6%
	Community element	217	2%	3%	0%	1%	.
Repeat inquiry	Total	2,527	26%	27%	19%	17%	30%
	Rehab seeker	2,186	22%	23%	19%	14%	29%
	NII clerk	189	2%	2%	0%	3%	1%
	Community element	152	2%	2%	0%		

One of the most influential factors in rehabilitative success is the internal motivation of the person undergoing the process: it is reasonable that someone who seeks rehabilitation of their own initiative will be more highly motivated than someone who was contacted by

the NII. In most cases, contact is made through the initiative of the rehabilitation seeker: for 74% of applicants, this was their first inquiry, while 82% of them did so on their own initiative. In only 13% of cases rehabilitation clerks initiated contact with insurees – most of whom were individuals from the Survivor or General Disability Divisions who had never sought rehabilitation assistance in the past (table 1).

d. Participants in the Rehabilitation Process

Rehabilitation activity focuses on assisting insurees to integrate into the labour market. There are several phases in the process by which insurees' suitability for rehabilitation is examined, and they are found the most suitable program for their needs, desires, and abilities based on a professional opinion issued by the rehabilitation workers. Following are the most prominent phases in the process:

- **Occupational diagnosis** – Examination of the insuree's occupational skills. This includes vocational counseling and direction provided by rehabilitation clerks, diagnostic institutes, or rehabilitation centers. Diagnosis is carried out in accordance with the insuree's abilities and in line with the rehabilitation clerk's analysis.
- **Remedial vocational training** – Imparting work habits at rehabilitation centers, enrichment courses, completion of education (matriculation certificate, psychometric exam, preparatory school, etc.), in accordance with the findings of the occupational diagnosis, and as preparation for integration into vocational training or work.
- **Vocational training** – Training for those with occupational skills suitable for studies, through which they will acquire a vocation that will assist them in finding a job: studies at institutions of higher learning (universities and colleges), practical engineering schools, or vocational courses (such as for technicians, secretaries, bookkeepers, and cooks).
- **Job placement** – Workers assist the insurees who have a vocation, or have completed vocational training, to seek a job suited to their abilities and acquired vocation, while guiding and tracking their integration at their workplace.

Participants in the rehabilitation process include those who are starting the rehabilitation program, and those who have started it in the past but have not yet completed it. In 2014, approximately 23,000 insurees participated in 51,000 occupational diagnoses and various rehabilitation programs (table 2). On average, each participant participated in two programs, one of which was diagnosis for the program. 4,611 programs were run by providers of rehabilitation services, 62% of them at the rehabilitation centers of the Fund for Rehabilitation Projects.

The State of Israel is among the leaders of the Western world in respect to rate of population with academic degrees, as well as rehabilitation programs. Many (approximately 61%) were referred to academic studies. It is interesting to see the development in the percentage of higher education programs over the years (figure 2): from 2006 to 2014 the

Table 2
Programs for Vocational Rehabilitation and their Participants, by Division and Type of Program (Absolute Numbers and Percentages), 2014

Program type		Total		General disability	Work injured	Survivors	Hostile action victim
		Absolute numbers	%				
Total programs	Absolute numbers	51,965		42,398	6,398	2,120	1,049
	Percentage		100	82	12	4	2
Diagnosis for program	Total	22,595	100	81	14	3	2
	Internal analysis for suitability	10,696	100	83	13	3	1
	Internal analysis for programme	7,116	100	81	13	4	2
	External evaluation	4,783	100	75	18	3	3
Remedial training	Total	3,835	100	78	13	6	2
	Education completion	2,707	100	78	14	6	2
	Imparting work habits	1,128	100	78%	13	5	4
Vocational training	Total	9,459	100	84	9	4	3
	Vocational course	2,693	100	73	15	10	1
	Higher education	5,045	100	87	7	2	4
	Creation of academic conditions	1,721	100	92	7	1	0
Placement assistance		3,005	100	100	12	4	1
Referral to other party	Total	473	100	96	4	0	0
	Work at Hameshakem	280	100	95	4	.	0
	Community element	193	100	96	3	1	1
Tracking and maintenance		12,598	100	100	11	5	2
Total participants	Absolute numbers	23,266		18,677	3,034	908	647
	Percentages		100	80	13	4	3

percentage of the higher education program doubled. Nevertheless, this rise also reflects a decline in the number of vocational training programs, which impacted the growth in numbers of these programs.

Table 3 presents the distribution of participants according to main impairment⁷ and level of medical disability. It is reasonable to assume that those with low levels of medical disability are more independent and better able to find a job by themselves, and that as disability levels rise the likelihood of finding a job in the open market goes

⁷ Main impairment is that have the highest medical disability level of a person's impairments.

Figure 2
Higher Education Programs and Their Percentage Within Total Vocational Training Programs (absolute numbers and percentages), 2006-2014

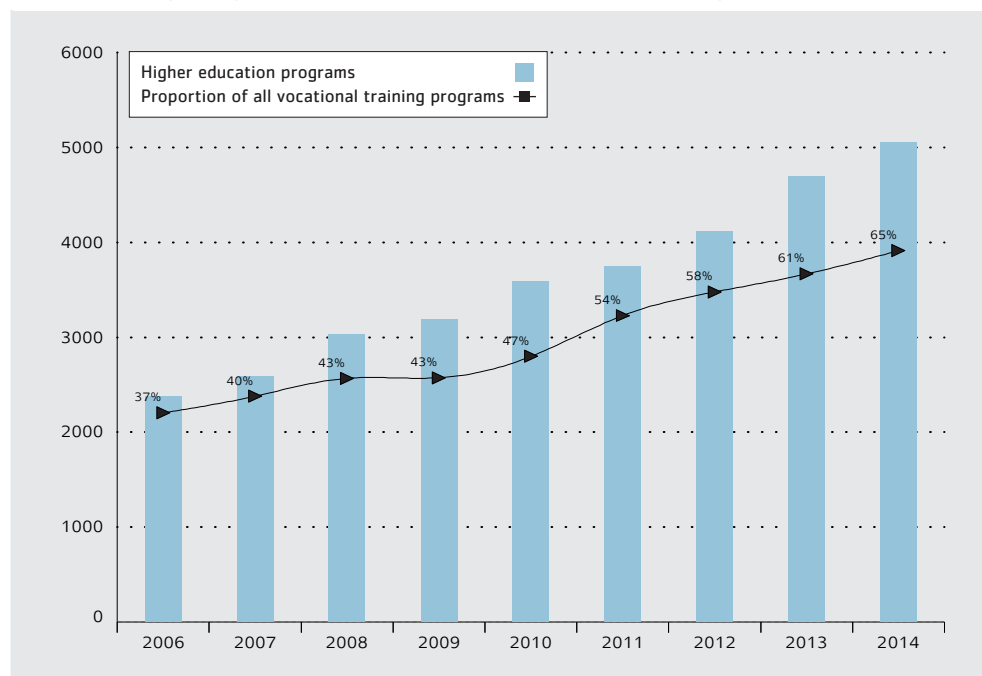


Table 3
Participants in Vocational Rehabilitation Programs by Medical Disability Percentage and Main Impairment (Absolute Numbers and Percentages), 2014

Main Impairment	Total		Medical disability percentage					
	Absolute numbers	%	No disability*	10-19	20-39	40-59	60-79	80-100
Total – numbers	23,266		1,257	1,443	5,242	8,205	4,018	3,101
Percentages		100%	100%	100%	100%	100%	100%	100%
Mental or retardation	6,423	28		12	32	45	18	5
Internal	4,615	20		10	19	21	25	25
Urogenital	585	3		1	2	2	3	6
Neurological	3,099	13		8	11	11	18	25
Locomotor	4,370	19		62	23	15	17	12
Sight	1,108	5		1	2	2	4	20
Hearing	973	4		2	3	2	12	4
Other**	2,093	9	100	3	7	3	3	2

* Entitlement to rehabilitation in the Hostile Action Victim and Survivor Divisions is not necessarily linked to an applicant's medical condition.

** This category also includes rehabilitation participants with no impairment.

down. It is unsurprising, then, that 35% of rehabilitation participants in 2014 have 40-59% medical disability, since this population has the highest potential for rehabilitation among disabled persons. Among rehabilitation participants with low medical disability levels (10%-19%), those suffering from locomotor problems are prominent, and most of this group belong to the Work-injured Division. Those with higher disability levels, generally suffer from internal and neurological problems and come mostly from the General Disability Division.

e. Rehabilitation Program Graduates

The success of vocational rehabilitation depends on the motivation of the participants, such that acceptance into the job market is not possible if the rehabilitation participant is not interested in it.

In 2014, treatment ended for 11,437 people. 5,627 completed at least one of the programs preparing for work in the free market, and 76% of them succeeded in getting a job. Half of those who found work were entitled to a monthly disability allowance from the General Disability Division or Work- Injury Division. This data highlights the fact that the Rehabilitation Division of the NII is a major factor in integrating disabled people in the job market. For 5,223 people, the rehabilitation process was discontinued, generally (65%) because they were found unsuitable.

Chart 3
Rehabilitation Treatment Graduates Accepted into the Job Market by Age, 2014

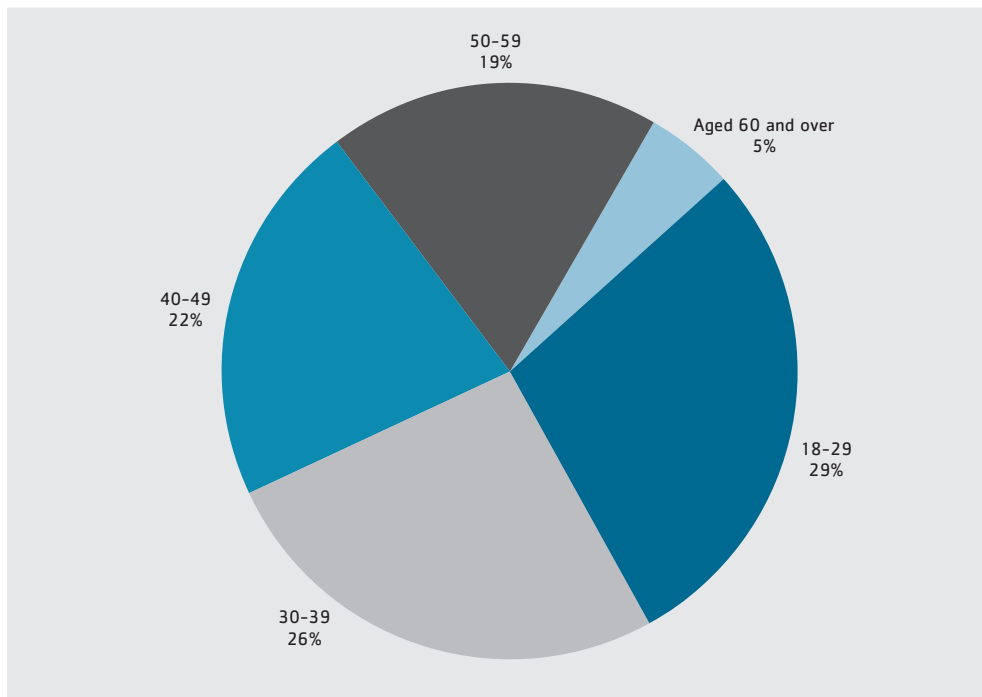
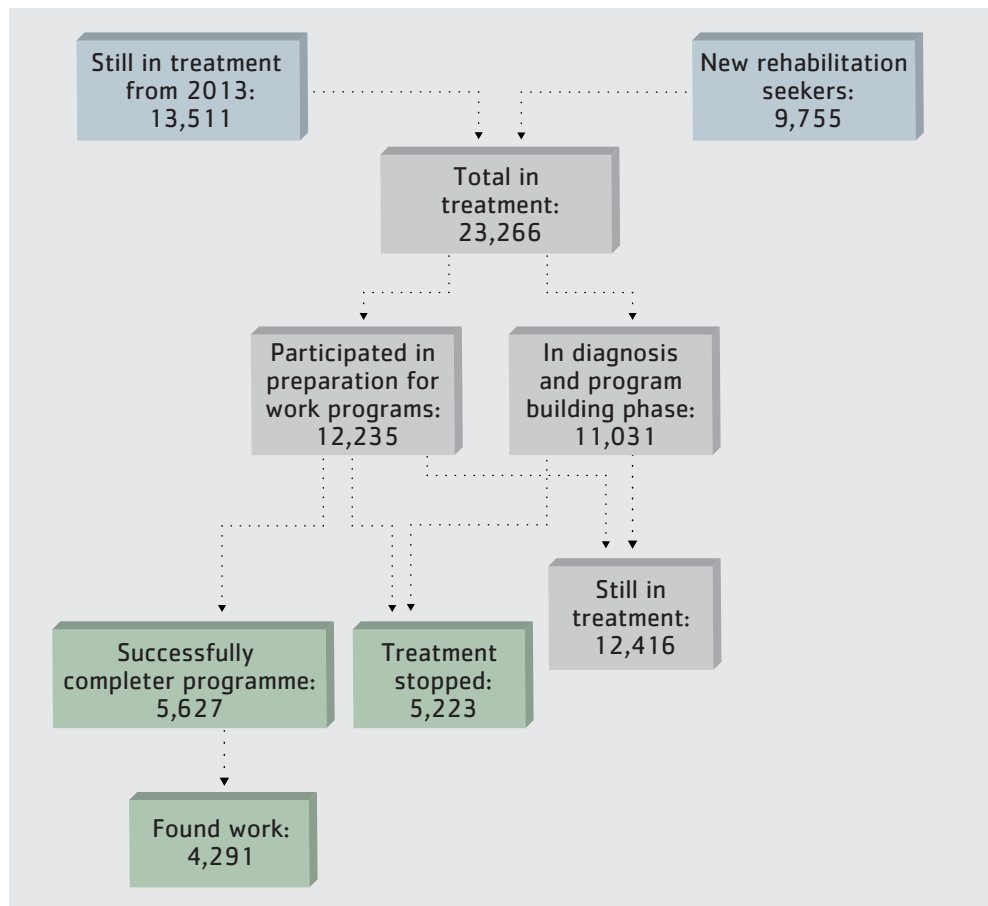


Table 4
Persons who Ended Rehabilitation Treatment
by NII Division and Outcomes

Outcomes	Total		General disability	Work injured	Survivors	Hostile action victims
	Absolute numbers	%				
Total	Absolute numbers	11,437	8,949	1,691	483	314
	Percent	100	78	15	4	3
Found a job		4,291	76	15	6	3
Completed vocational training		651	79	11	8	2
Completed remedial training		685	81	13	5	0
Referred to another party		587	94	5	.	1
Treatment discontinued		5,223	78	16	3	3

Flowchart 4
Population in Vocational Rehabilitation by Phase of Process, 2014



An average of two years and two months was required in 2014 to complete the rehabilitation programme. However, the rehabilitation process is not of fixed length, and is affected by many factors, including the number of programs in which the participant takes part, the type of training, and medical condition. Thus, for example, those belonging to the General Disability Division completed the program on average in 2.2 years, while those from the Work-Injury Division needed on average only 1.8 years to finish. These differences stem among other things, from work habits and levels of independence.

The medical condition of the participant also has a great impact on their length of stay in the rehabilitation framework: for those with a medical disability level higher than 65%, the process was 35% longer than for those with a level of 40% and up (2.7 years versus 1.11 years).

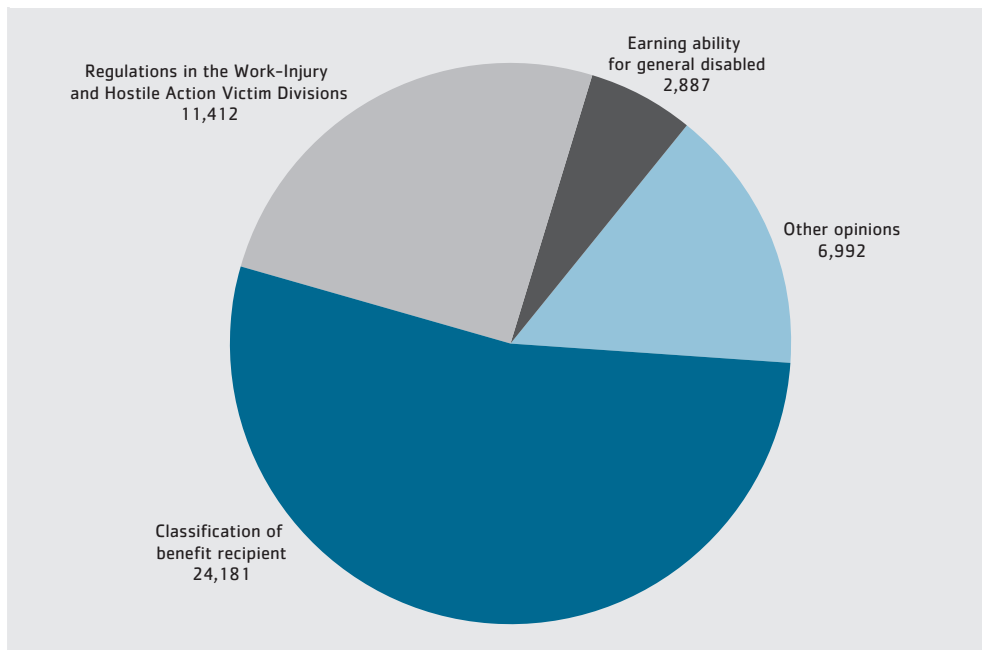
Undoubtedly, the age distribution among those seeking rehabilitation has a crucial impact on the rate of job market integration in each age group (chart 3). Despite the effort to integrate them into employment, the rate of 18-29 year olds who find work is slightly lower than that of new rehabilitation seekers (29% versus 36%), apparently due to a lack of job skills and work experience, as well as medical conditions.

f. Additional Activities of the Rehabilitation Division

- Professional review preparation – Rehabilitation Division workers provide professional reviews for the Divisions of the Benefits Administration in the following areas:

Chart 5

Recipients of Assistance from the Rehabilitation Division by Subject, 2014



(1) determination of the earning ability of disabled persons (2) classification of benefit recipient (3) analysis of work-injured person's entitlement to a higher disability level and determination of entitlement to discounts (4) entitlement of work-injured persons and hostile action victims to special benefits. Workers of the Division also provide analyses outside of the context of the National Insurance Law.

- In 2014, rehabilitation workers wrote a total of 45,472 reviews, 53% of them determining the earning ability of general disabled persons (chart 5).
- **Assistance for work-injured and hostile action victims in exercising rights to monetary benefits** to which they are entitled (such as special allowances and grants). In 2014, they assisted 4,735 people in exercising rights to monetary benefits, completing 981 of the cases this year.
- As social workers, Division employees also treat widows in crisis and hostile action victims for the rest of their lives. In 2014, 85 people were treated.

g. Payments

Vocational rehabilitation also involves financing related expenses required for rehabilitation:

- **Rehabilitation benefits:** A monthly subsistence benefit at the level of a full disability allowance, paid during the period of studies for rehabilitation participants not entitled to a general disability allowance or work disability allowance, on condition they study at least 20 hours per week.
- **Travel expenses:** There are three possibilities for participation in travel expenses: (1) refund for public transportation to training/diagnosis. (2) supplement to mobility benefit for those receiving a partial mobility benefit. (3) use of NII-operated transport services for rehabilitation participants with a medical disability level of 65% or higher without a vehicle or driver's license.
- **Tuition:** Participation in academic tuition or cost of training, up to the maximum amount set by the Rehabilitation Division guidelines.
- **Tutoring and accessibility services:** Tutoring assistance as needed, and in accordance with the rehabilitation participant's total study hours, as well as translation into sign language, closed captioning, and reading aloud, for those needing such services.
- **Rent:** Participation in rent or dormitory fees for those participating in rehabilitation at a distance of more than 40 km from their permanent place of residence, in accordance with their study program.
- **Equipment:** Assistance to disabled persons in purchasing vital equipment necessary for rehabilitation (computer, customised keyboards for the blind, books, school supplies, etc.)

- **Other expenses (including per diem expenses):** Assistance in exercising monetary rights, mainly among work-injured and hostile action victims, as well as participation in subsistence expenses subject to regulations.

In recent years, greater care has been taken to issue rehabilitation entitlement permits only to suitable candidates, and to match candidates with optimal rehabilitation programs. In 2014, some NIS 269 million were paid to 14,148 different people⁸ (table 5). The average cost per rehabilitation participant in 2014 was approximately NIS 19,000 – a rise of 26% versus the preceding years, apparently due to the growth in number of rehabilitation participants referred to academic studies.

Table 5
Expenditure on Vocational Rehabilitation –
Total and by Division, 2013 Prices (thousands of NIS), 2010-2014

Year	Total expenditure	General disability	Work injury	Survivors	Hostile action victims
2010	266,931	178,169	28,723	13,210	46,829
2011	204,311	125,889	24,288	12,089	42,044
2012	243,920	163,044	26,651	11,871	42,354
2013	250,074	170,354	26,954	10,232	42,533
2014	268,783	186,342	26,876	10,298	45,267

The distribution of payments in 2014 is similar to those of the preceding years (table 6):

- Expenditure on rehabilitation participants in the Disability Division represents 69% of the total annual expenditure, although they represent 80% of total rehabilitation participants – which is a result of entitlement to benefits in other Divisions.

Table 6
Related Payments for Vocational Rehabilitation by Division
and Number of Recipients (thousands of NIS and percentages), 2014

	Total		Tuition	Rehabilitation benefits	Travel	Rent	Tutoring	Equipment	Other expenses*
Total expenditure	268,783	100	45	32	6	5	3	0	8
General disability	186,342	100	51	31	6	7	4	0	0
Work-injury	26,876	100	35	57	5	1	2	0	0
Survivors	10,298	100	42	49	8	0	1	0	0
Hostile action victims	45,267	100	29	10	0	0	0	0	60
Total recipients	14,148		12,708	4,997	8,969	1,452	931	189	1,193

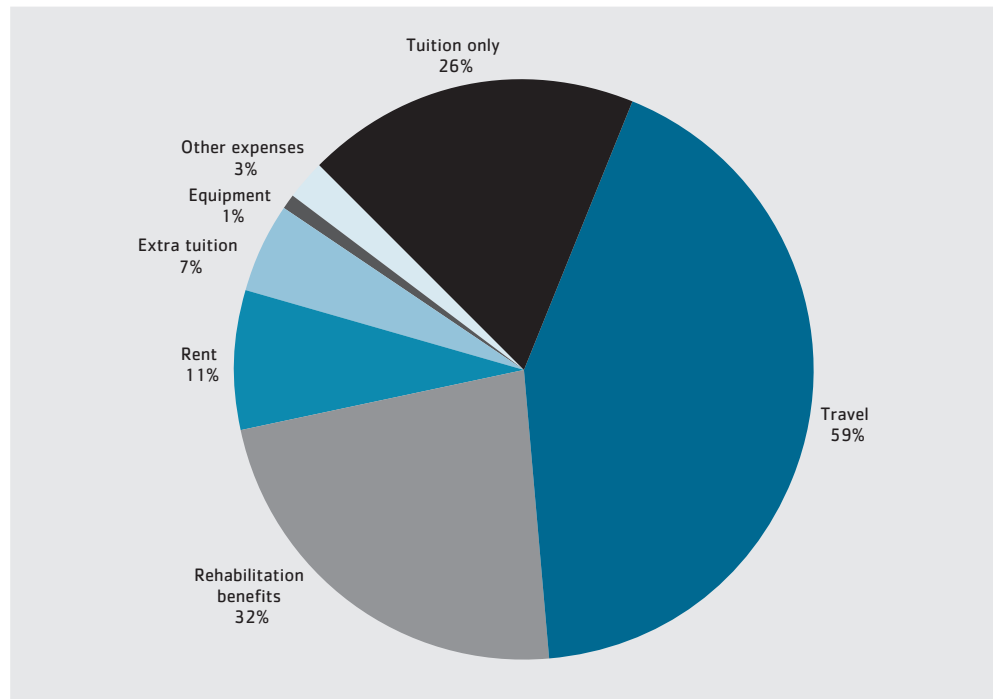
* Not all of those entitled to other payments participated in a vocational rehabilitation program.

8 These payments do not include amounts for special allowances and discounts.

- The Division's main expenditures are on tuition (45% of total expenditure), which is paid to some 90% of participants, and on rehabilitation benefits (approximately 1/3 of total expenditure).

According to the law, one who is found suitable for completion of education or for vocational training is entitled to a greater number of payments (including tutoring, equipment, travel, and rent) in comparison to one who is not studying, with the option of receiving more than one payment. Similar to previous years, in 2014 approximately 32% received a supplement to full disability allowance (rehabilitation benefit) as part of their participation in the rehabilitation program (figure 6). In 59% of the cases, the NII participated in travel expenses to the study location. 26% of tuition recipients do not receive other payments – and it can be assumed that most of them receive full disability allowances.

Figure 6
Additional Rehabilitation Payments to Tuition Recipients, 2014



11. Unemployment Benefits

A. General

Unemployment benefits are designed to ensure income for workers during times of unemployment, and to prevent a sharp drop in their living standards. As in every insurance system, unemployment benefits serve as a necessary safety net, and they are intended to assist the unemployed in fulfilling their earning potential by enabling them to seek jobs appropriate to their abilities. Following stricter legislation enacted in the years 2002-2007, unemployment benefits and grants are paid under the conditions specified below.

B. Conditions of Entitlement to Unemployment Benefits

Unemployment benefits are paid to jobless individuals who were working for the required qualifying time period mandated by law prior to their unemployment – 12 months of employment out of the last 18 months prior to unemployment. Entitlement to unemployment benefits is granted after a waiting period of five days for those fired from their jobs and willing to accept alternative work through the Israeli Employment Service. Work offered to unemployed individuals aged 35 and older must be suitable work in terms of profession, salary, and distance from home. Other unemployed individuals must accept any job offered them by the Employment Service.

Unemployment benefits are paid for a maximum period of 50-175 days, depending on age, education, and family status¹. Jobless individuals with at least 12 years of schooling, who participate in vocational training are entitled to unemployment benefits for the maximum period, like other unemployed persons. Unemployed individuals with less than 12 years of schooling participating in vocational training are entitled to benefits for a maximum period of 138 days, although their entitlement without vocational training would have been 50 to 100 days.

Unemployment benefits are calculated in accordance with age and salary of the unemployed² immediately prior to unemployment, and the benefits have limited levels:

- 1 The maximum benefit period is calculated based on the following terms:
- * 50 days: for a claimant aged 25 or younger, with fewer than 3 dependents.
 - * 67 days: for a claimant aged over 25 but not older than 28, with fewer than three dependents.
 - * 70 days: for a discharged soldier (as defined below).
 - * 100 days: for a claimant aged over 28 but not older than 35, with fewer than three dependents.
 - * 138 days: for a claimant not older than 35 with fewer than 3 dependents, or a claimant over 35 but not older than 45 with fewer than 3 dependents.
 - * 175 days: for a claimant older than 35 but younger than 45 with fewer than 3 dependents, or a claimant over age 45.

2

Portion of unemployed individual's salary	Up to age 28	Older than 28
Portion of salary up to half of average salary	60%	80%
Portion of salary over half of average salary up to 3/4 of it	40%	50%
Portion of salary over ¾ and up to full average salary	35%	45%
Portion of salary equal to average salary and up to maximum insured salary	25%	30%

for the first five months of benefit receipt – not more than average salary, and from the sixth month – up to 2/3 of average salary. Unemployment benefits paid to the jobless not in vocational training are 70% of what would have been received had they been participating in vocational training.

Unemployment benefits for a discharged soldier: Until June 2007, a discharged soldier was exempt from a qualifying period and was eligible for unemployment benefits during the first year after discharge. As of July 2007, a discharged soldier must have a qualifying period of six working months in the first year after discharge in order to be entitled to unemployment benefits. The level of unemployment benefits equals 80% of the minimum wage for a maximum period of 70 days.

Grant for discharged soldier: In 2013, a soldier who worked at a preferred/required job as defined by law in the first two years following discharge, was entitled to a grant totaling NIS 9,370. The grant amount equals unemployment benefits per day times 138 (days) divided by 2. Soldiers who have exercised their rights to unemployment benefits are not entitled to this grant.

B. Legislative Changes

In 2014, there were no legislative changes regarding unemployment benefits, but a bill is currently being considered regarding the self-employed who are not currently covered by this safety net. The bill proposes to include them among the insurees in this Division, in return of course, for payment of insurance fees (see box 1).

Box 1

Unemployed Insurance for the Self-Employed

In recent years the labor market has changed, with growing demand from businesses for freelancers. Therefore, in both the business and the public sectors, the link between workers and employers is based less and less on employment agreements and employer-employee relations. Sometimes workers become self-employed because they have no choice, and so they are not properly protected against unemployment. Many of them fall into a situation of low income and poverty (Diagram 1). As a result of this structural change in the labor market, it is important to review the subject of unemployment insurance for independent workers, its necessity and the social benefit involved. A central principle of such coverage is that it must not endanger the financial strength of national insurance. Below we present a model that offers a high probability of retaining the NII's financial strength (Table 2).

In this box we present the work done by the NII to estimate the proportion of self-employed who stop work (the unemployment rate), in order to estimate the budget required for their unemployment insurance, should such a law be passed.

Diagram 1
Incidence of net poverty in the self-employed (percentages), 1977-2011



The database for building the model

The NII has many sources of information, and each has its advantages and disadvantages. Ultimately the decision was taken to use the full collection file of salaried employees in order to estimate unemployment rates among the self-employed. An insured person is defined as someone who ceased being independent (the business closed) if for at least three months he/she has not been charged self-employed insurance contributions (we emphasize that this check was done on the basis of charges and not receipts, since sometimes there is a delay in the date of payment).

Table 1
Self-employed up to 67 years who stopped working
for at least three months, by qualifying period, 2009-2011

Year	Total self-employed (excluding limited companies) – monthly average	Businesses that closed during the year	Number of months paying insurance as self-employed (qualifying period)	
			Less than 24 months	24 or more months
2009	315,256	37,704	8,483	29,221
2010	326,547	39,871	9,540	30,331
2011	336,365	42,045	10,157	31,888

In 2009–2011 about 12% ceased being self-employed. During those years, the rate of unemployment ranged from 7.5% in 2009 to 5.6% in 2011. The rate of self-employed who had that status for at least two years (the qualifying period in the proposed bill on unemployment insurance for the self-employed) before stopping work according to NII figures is 75%, and the rate of the unemployed who had been salaried in the last year based on the CBS survey is about 50%. The conclusion is that the potential rate of independent workers who would be eligible for insurance is higher than the rate of salaried employees.

A breakdown of unemployed independent workers by age shows that about $\frac{3}{4}$ of them are over 34 years old, compared to about a third of unemployed salaried workers. It appears therefore, that most of the self-employed who could be unemployed would be eligible for long periods of payment.

Table 2
Self-employed who ceased working for at least 3 months,
by age, 2009–2011 (percentages)

Year	Total	Age group				
		Up to 24	24-27	28-34	35-44	45-67
2009	100.0	3.9	4.8	16.2	20.1	54.9
2010	100.0	3.8	4.8	16.0	20.6	54.8
2011	100.0	4.0	5.1	16.5	20.8	53.6

The average charge for insurance contributions for this population is lower than for most independent workers: in 2011 the average income of the unemployed independent was NIS 4,896 compared to NIS 7,164 for self-employed as a whole. Of course it is possible that their income in the years prior to stopping work was higher than NIS 4,896, but for estimating purposes we have used this low figure, to reduce the estimated cost of the insurance.

Table 3
Monthly income subject to insurance contributions
for self-employed, by type of activity, 2009–2011

Year	Total self-employed		Self-employed for at least 2 years who stopped working	
	Absolute number	Average income (NIS)	Absolute number	Average income (NIS)
2009	315,256	6,365	29,221	4,417
2010	326,547	7,529	30,331	4,348
2011	336,365	7,164	31,888	4,896

Estimated number eligible for unemployment benefit

Cross-checking the file of independent potential recipients of unemployment benefits with the pay file of employees showed that 17% of the self-employed became employees immediately after closing their businesses. We subtracted this proportion from the potential group, even though enactment of a law on unemployment insurance for the self-employed may change their behavior so that they would not rush to find salaried employment. This assumption is also favorable to the estimated cost of the insurance.

Table 4

Estimated potential for unemployment insurance for the self-employed

Number of self-employed - total	336,365
Stopped work and were independent for at least 24 months	31,888
Stopped work and were independent for at least 24 months less those who became salaried employees immediately after closing their business	26,467
Stopped work and were independent for at least 24 months – monthly average	9,132
Number of company owners	70,000
Company owners who closed their companies less those who became salaried employees	2,905
Company owners who closed their companies – monthly average	830
Total insured	406,365
Eligible for unemployment benefit	9,962
Percentage of total self-employed	2.45
Recipients of unemployment benefit as percentage of total employed workers	2.30

Table 5

Estimated income of self-employed (NIS)

Average income of all self-employed	7,164
Average income of company owners	14,000
Average income of all insured	8,342
Total insured	406,365
Total revenues per annum	40,676,626,320

Table 6

Estimated total cost of unemployment insurance (NIS)

Average income of self-employed eligible for unemployment benefit	4,896
Average daily unemployment benefit for self-employed	157
Average income of company owners	14,000
Average daily unemployment benefit for company owners	228
Average unemployment benefit for self-employed and company owners	162.9
Total cost per year	408,973,476

Table 7
**Estimated rate of collection for unemployment insurance
 for budget balance**

Total annual revenues (NIS)	40,676,626,320
Total annual expenditure (NIS)	408,973,476
Expenditure as percentage of revenues	1.01

D. Data and Trends

Over the course of 2014, the number of unemployed receiving benefits rose approximately 4% on average per month, while the number of jobless dropped approximately 3%. In total, an average of approximately 72,000 people received unemployment benefits per month, versus 69,000 in 2013. The number of jobless totaled 223 thousand versus 228 thousand in the previous year. The number of benefit recipients and their percentage of the unemployed for the years 2001-2014 are presented in Table 1 below.

Table 1
**Unemployed Persons and Recipients of Unemployment
 Benefits (Monthly Average), 2001-2014**

Year	*Nonemployed		Absolute numbers	% of nonemployed
	Absolute numbers (in thousands)	% of labor force		
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
2013	228.4	6.2	69,351	30.4
2014	222.5	5.7	72,054	32.4

* The data until 2011 are after adjustment.

Box 2
**Jobseekers at the Israeli Employment Service Exercising Rights to
 Unemployment Benefits, 2013**

As has been mentioned, according to the Unemployment Benefits Law, only someone who has reported to an Israeli Employment Service bureau looking for work is entitled

to unemployment benefits. This box presents the results of an examination of the rate at which those who have met this initial condition have exercised their unemployment benefit rights.

The data were checked using a file of those who reported to the Employment Service during the course of 2013. This file, which included the number of days on which the jobseeker reported each month, was incorporated with administrative files from the National Insurance Institute, such as a health file, salary, and files of unemployment benefit claims.

The Employment Service file contains data on 305,029 people who registered at its offices during 2013. 15,918 of them did not report for subsequent registration, such that the potential population for entitlement to unemployment benefits is 289,111. 85.1% actually received unemployment benefits or had their claim rejected (Table 2).

Table 1
Persons Reporting to the Employment Service Based
on Number of Reported Days and the Population
Potentially Eligible for Unemployment Benefits

Total	305,029	100.0
Only registered	15,918	5.2
Reported at least once	289,111	94.8

A comparison of the people who did not submit a claim for unemployment benefits – 43,139 people (14.9%) – with salary files, indicated the following:

- 19,984 did not accumulate a qualifying period, meaning, they were not eligible for unemployment benefits.
- 13,326 had eligibility for unemployment benefits, but accumulated only up to five days, meaning they were included in the waiting period group not eligible for benefits.
- 4,123 did not stop working even though they reported to the Employment Service.

In total, 90% of those reporting to the Employment Service Bureau exercised their right to unemployment benefits.

Those who failed to submit a claim for unemployment benefits, and thus apparently did not exercise their eligibility, are distributed as follows: 18% Arabs; approximately half women; 60% up to age 34; 90% earning less than the average wage.

To summarize, only 2% of those reporting to the Employment Service failed to exercise their eligibility for employment benefits. It should be noted that any job seeker at the Employment Service Bureau receives complete information regarding

benefits and their terms of eligibility. As these people fulfilled this initial condition, it is reasonable to assume that their eligibility was not exercised with their full knowledge of the law in this matter. The total amount to which they would have been entitled they had submitted claims is approximately NIS 15 million.

Table 2
**Persons Reporting to the Employment Service
by Eligibility for Unemployment Benefits**

Submitted a claim for unemployment benefits	245,972	85.1
Failed to submit a claim for unemployment benefits – total	43,139	14.9
Failed to accumulate a qualifying period for unemployment benefits	19,984	6.9
Reported up to 5 days (unemployment benefit of NIS 0)	13,326	4.6
Continuously employed	4,123	1.4
Did not exercise their eligibility for unemployment benefits	5,706	2.0
Total	289,111	100.0

Table 3
**Those Who Reported and Failed to Exercise Eligibility
for Unemployment Benefits – Select Characteristics**

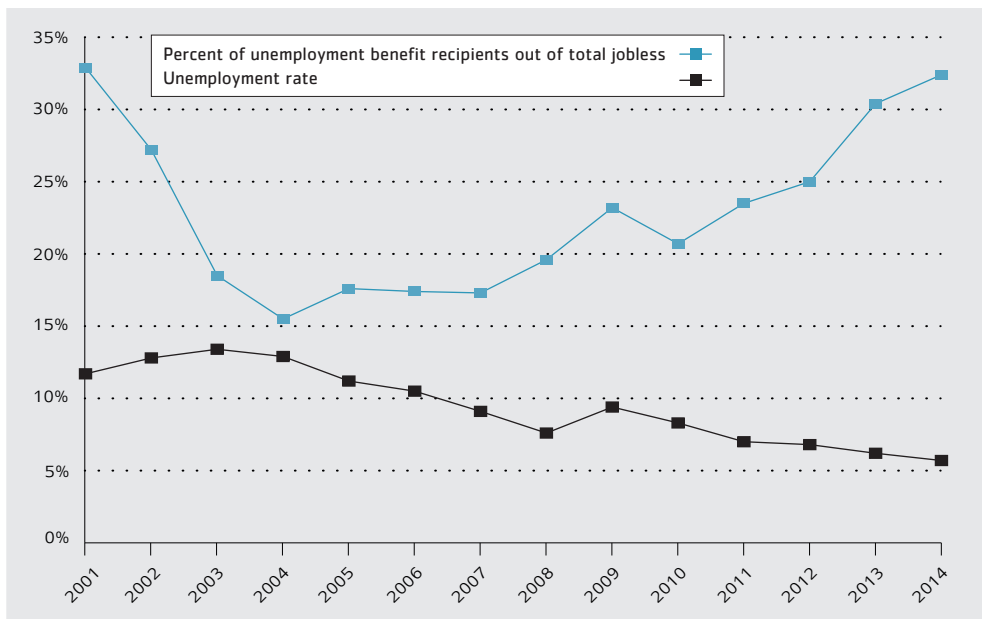
	Absolute numbers	Percent
Nationality		
Jewish	4,683	82.1
Arab	1,023	17.9
Gender		
Male	3,079	54.0
Female	2,627	46.0
Age		
24-20	1,025	18.0
34-25	2,216	38.8
44-35	1,004	17.6
54-45	716	12.5
55 and up	745	13.1
Monthly salary prior to reporting		
Up to NIS 4,000	2,364	41.4
NIS 4000 to 8000	2,643	46.3
NIS 8000 or more	699	12.3
Total	5,706	100.0

Approximately 32% of the jobless received unemployment benefits in 2014 – a rise of 7% versus 2013, stemming on the one hand, from the reduction in number of unemployed in 2014, and on the other, the increase in number of unemployment benefit recipients due to an amendment regarding day laborers. It should be noted that starting in 2001

the rate of benefit recipients among the jobless declined, while in 2011 this decline was halted and even slightly reversed, and in 2014 the rate returned to that at the beginning of the period under discussion.

There is a negative correlation between the unemployment rate and the number of benefit recipients among the jobless: when unemployment rates were high, the number of recipients grew, but their percentage among the unemployed dropped. When unemployment rates were low, the number of recipients dropped more moderately, and thus their percentage among the unemployed grew.

Figure 1
Unemployment Rate and Proportion of Unemployment Benefit Recipients among the Jobless, 2001–2014



E. Unemployment Benefit Recipients

In 2014, approximately 221 thousand different unemployed individuals received unemployment benefits for at least one month over the course of the year, equaling approximately 72 thousand on average per month – a rise of approximately 4% versus 2013. Following the legislative change in 2007 requiring discharged soldiers³ to accrue a qualifying period in order to be entitled to unemployment benefits, only 0.5% of the unemployed who received benefits in 2014 were soldiers; they had failed to accrue the qualifying period, even though they were only required to work for six months of the 12 months following their discharge (an unemployed civilian is required to have a qualifying period of 12 out of 18 months preceding unemployment) (Table 2).

3 Discharged soldier: an individual within two years of discharge.

Table 2
Recipients of Unemployment Benefits by Year of Unemployment, 2006-2014

Year	Total		Recipients of unemployment benefits who were employed			Discharged soldiers		
	Numbers	% change versus previous year	Total (numbers)	% of all recipients	% change versus previous year	Total	% of all recipients	% change versus 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
2013	217,802	12.7	216,038	99.2	12.7	1,764	0.8	11.4
2014	220,581	1.3	218,785	99.2	1.3	1,796	0.8	1.8
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	3.5	486	1	-87.5
2009	73,025	52	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	13.5
2013	69,351	12.3	68,980	99.5	12.3	371	0.5	13.1
2014	72,054	3.9	71,671	99.5	3.9	383	0.5	3.2

Table 3
Unemployment Insurance Recipients Who Were Employed by Employment Service Classification (Percentages), 2006-2014

Year	Total	Holders of academic degree	Non-holders of academic degree
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
2013	100.0	29.6	70.4
2014	100.0	29.3	70.7

Figure 2 presents the difference between the change in number of discharged soldiers receiving unemployment benefits and the change in number of discharged soldiers receiving grants up to 2006. In the wake of a legislative change that in practice canceled the entitlement of discharged soldiers to unemployment benefits, the correlation between the two series no longer held true.

Figure 2
Unemployment Benefit Recipients (Entire Population and Discharged Soldiers) and Recipients of Discharged Soldier Grants for Preferred-Employment, 1995-2014



A consideration of unemployment benefit recipients by Employment Service classification indicates that in 2013 and 2014 the rate of degree holders reached nearly 30% (Table 3). The rate of recipients studying in vocational training courses was less than 1% in recent years.

F. Unemployment Benefit Recipients Who Received a Benefit from the Income Supplement Service

Unemployed individuals who have fully exercised their rights to unemployment benefits, and for whom the Employment Service has no job whatsoever to offer, or to whom a job with a low salary was offered, are entitled to apply to the Income Supplement Service.

In order to estimate the number of jobless who received unemployment benefits and subsequently an income supplement benefit, a file of unemployed individuals who fully exercised their rights to unemployment benefits during the months January-June 2014 was cross-referenced with the 2014 file of individuals receiving an income supplement, in other

words those who completed receipt of unemployment benefits and who subsequently had at least six months in which they were able to submit a claim for an income supplement.

Approximately 37,000 unemployment benefit recipients fully exercised their rights in the first half of 2014, but only 2,900 of them (7.8% of those who had fully exercised their rights) received an income supplement benefit. This rate reached approximately 10% among the older group.

G. Extent of Unemployment (Length of Benefit Payment)

Unemployment benefits are paid to unemployed individuals for 50, 67, 100, 138, or 175 days – depending on age and number of dependents. In the years 2010–2011, as a result of an agreement legislated as a temporary measure at the beginning of 2009 – according to which the employment period required for receipt of benefits was shortened from 12 out of 18 months to 9 out of 18 months⁴ – there were other durations of payment – 65, 97, and 125 days. The exercising of rights to unemployment benefits is limited to a year from the first day of unemployment.

The extent of unemployment in 2014 relates to jobless individuals who had been unemployed for a full year, meaning their entitlement began in 2013. No significant change occurred in the average extent of unemployment between the two years: from 106 days in 2013 to 105 in 2014.

The rate of those exercising rights for the maximum payment period relative to the possible period mandated by law was higher in the youngest and oldest groups than in other groups (Table 4). This phenomenon reflects the difficulties of the oldest group, which suffers from low chances of integrating into the job market, and of the youngest group which does not manage to find jobs during the period in which they are paid unemployment benefits.

Table 4
Extent of Unemployment of Benefit Recipients Who Completed Their Year of Entitlement in 2014 (As a Percentage of Maximum Period) and the Maximum Period

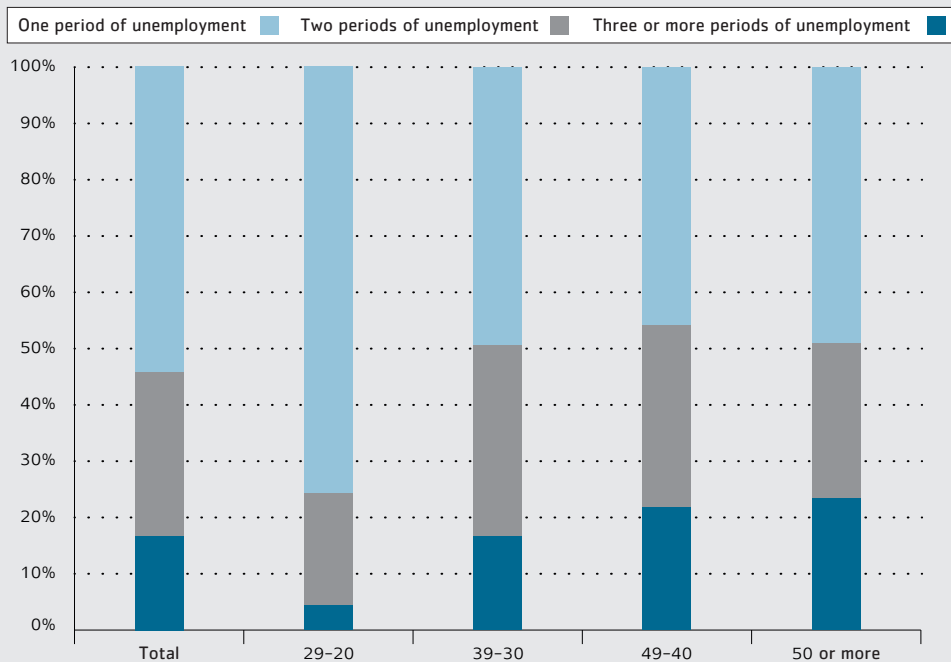
Maximum period (in days)	Total	Number of days of unemployment as percentage of maximum period (%)					Number of days of unemployment as % of maximum period
		Up to 25%	50%-26%	76%-51%	99%-76%	100%	
Total	100.0	9.3	11.0	10.8	20.9	48.0	80.3
50	100.0	6.5	10.3	10.2	18.0	55.0	84.5
67	100.0	6.2	11.0	13.3	18.7	50.8	85.8
70	100.0	36.1	10.2	10.4	16.3	27.1	52.9
100	100.0	8.3	11.8	12.9	27.4	39.5	79.6
138	100.0	9.7	12.8	11.0	21.0	45.5	78.5
175	100.0	10.3	9.8	9.3	18.6	51.9	79.8

4 See also the 2011 Annual Survey, p. 220.

Box 3**Do recipients of unemployment insurance claim the benefit more than once?**

In this box we will try to answer the question to what extent do people who have previously received unemployment benefits tend to claim it again. We will look at the unemployed who received the benefit in 2013: had they also received it during the 10 years prior to 2013?

In 2013 some 216,000 unemployed persons received benefits for several days during the course of the year. For the majority in the 11 years since 2002— 54% - this was the first time they had claimed unemployment pay, and for 29% it was the second time. In other words, 83% of the unemployed who received the benefit in 2013 had claimed it at most twice during 11 years, and only 17% had claimed unemployment pay at least three times. (Diagram 1)

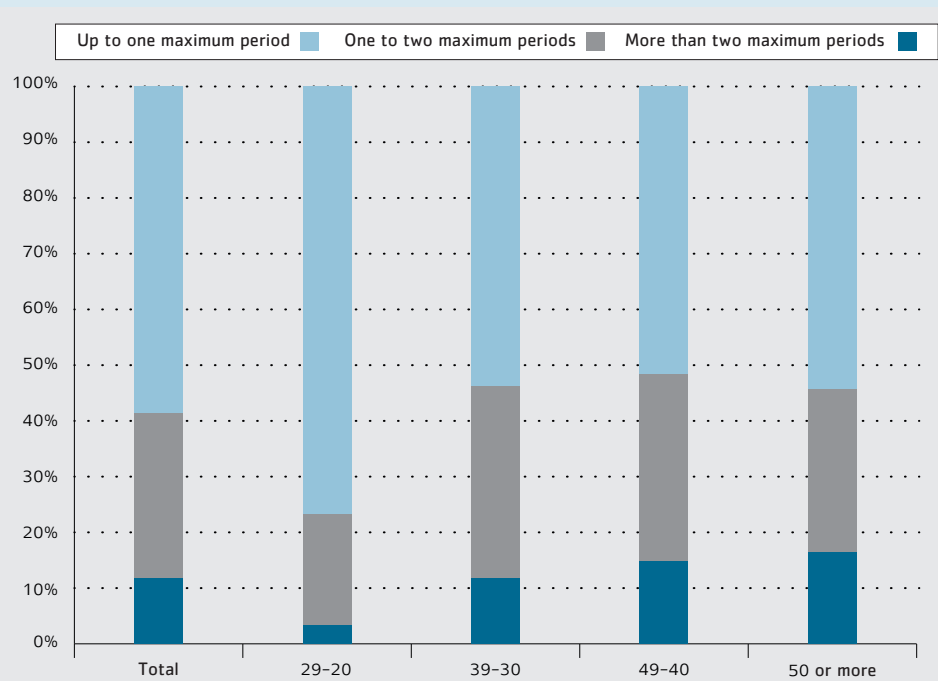
Diagram 1**Recipients of unemployment insurance in 2013
by number of periods of unemployment since 2003 and by age**

The unemployed in the last group, who had received unemployment pay three or more times, are usually seasonal workers, such as assistants in kindergartens or lecturers without tenure at universities and colleges, who receive unemployment pay

each year during the vacations at their institutions, generally in the summer months. They do not utilize their full eligibility each year, and below we will explain why.

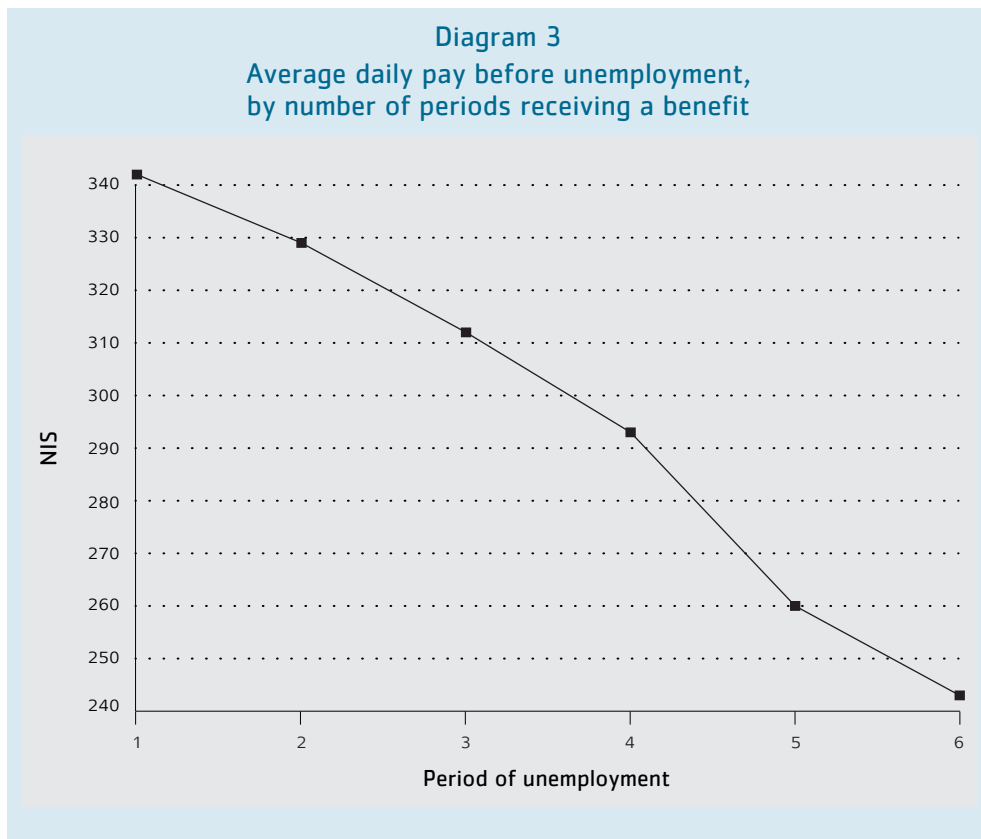
Each year, the days for which a benefit was paid are calculated as a proportion of the maximum period for that year. The breakdown of the total shows that 59% did not use even one maximum period during 11 years (Diagram 2). This rate is higher than the rate obtained from actual periods of unemployment. Another 29% utilized the maximum period once or twice. In other words, some 88% of the unemployed took advantage of less than two maximum periods over 11 years.

Diagram 2
Recipients of unemployment benefits in 2013
by number of maximum periods since 2003



The breakdown by age does not show any real differences, apart from the youngest age group, some of whom were apparently not yet in the labor market for at least some of the years prior to 2013.

Data regarding wages before the unemployment period show a correlation between the number of unemployment terms and wage level (Diagram 3). The lowest wage levels are found among the unemployed who claimed for several periods of unemployment. This phenomenon is familiar in the labor market – the low paid usually work in unskilled jobs that are not stable. The lower the pay, the higher the probability of being fired.



H. Level of Unemployment Benefits and Sum Total of Payments

As mentioned above, unemployment benefits in Israel are calculated based on a progressive formula that grants a diminishing replacement rate (rate of unemployment benefit out of total salary immediately prior to unemployment), in line with other social insurance programs. This format integrates two considerations: the insurance consideration – insurance against unemployment – according to which compensation granted to the unemployed and their families for standard of living maintenance does not fully replace the salary immediately prior to unemployment; and distribution of income – higher compensation for those with low salaries than for those with high salaries.

Also in 2014, average unemployment benefit payments decreased as a percentage of average salary by 2% versus 2013, after a drop of 3% in 2013 and continuous increases in previous years. These declines are explained by the legal change enacted in 2013, according to which there is no longer a distinction between unemployed day workers and unemployed monthly workers – resulting in the new unemployment benefit recipients being the weakest population in the labor market. As expected, unemployment benefits for women are 20% lower than for men, and they decreased at a higher rate than those of men.

Table 5
Level of Unemployment Benefits per Day* Relative to Average Daily Salary (Percentages), 2006-2014

Year	Total	Unemployment benefits per day relative to average daily salary					Average unemployment benefits as % of average salary
		Up to ¼ average salary	From ¼ to 1/3 average salary	From 1/3 to ½ average salary	From ½ to 2/3 average salary	From 2/3 to full average salary	
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	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
2013	100.0	7.5	9.1	36.9	29.8	16.6	50.7
2014	100.0	9.2	10.3	36.4	28.0	16.1	49.6

Until 2008, average unemployment benefits did not reach half of the average salary (Table 5). In 2009, due to the economic crisis that resulted in a wave of firings including high-salaried employees, the rate of unemployment benefits as a proportion of average salary rose to 53%. Since then it has declined, until it once again dropped below half of the average salary in 2014. The percentage of unemployed who received unemployment benefits at a level of more than half of the average salary rose from 38% in 2007 to approximately 50% in the years 2011 and 2012. In the last two years, this rate has again begun to drop, reaching 44% in 2014, while at the same time the share of jobless receiving unemployment benefits lower than half of the average salary increased – from approximately 50% in 2011 at 2012 to 56% in 2014.

Table 6
Unemployment Benefit Payments (Millions of NIS), 2006-2014

Year	Current prices	Fixed prices (2014)	Rate of real change
2006	1,957	2,347	-3.8
2007	1,757	2,097	-10.7
2008	1,840	2,099	0.1
2009	3,028	3,343	59.3
2010	2,534	2,725	-18.5
2011	2,501	2,600	-4.6
2012	2,835	2,897	11.4
2013	3,176	3,191	10.2
2014	3,283	3,283	2.9

In 2014, the overall expenditure for payment of unemployment benefits totaled approximately NIS 3,283 million, versus NIS 3,176 in 2013 – a rise of about 3%. This rise comprises an increase of 4% in number of unemployment benefit recipients, and a drop of approximately 1% in average level of unemployment benefits.

12. Insurance of Employee Rights in Bankruptcy and Corporate Liquidation

a. General

The Employee Rights in Bankruptcy Division was established in 1975 against the backdrop of harm caused to many employees by business bankruptcy and liquidation. These workers not only lost their jobs and the wages still owed them, but also the severance pay mandated by work agreements, as well as social benefits to which they were entitled. This occurred because in most cases employers no longer had the financial resources or assets to finance the debt owed their workers and provident funds (see definitions below).

The mission of the Division for Employee Rights in Bankruptcy and corporate liquidation is to provide benefits that pay workers what their bankrupt employers owe them for wages and severance pay, as well as to maintain continuity of rights to social benefits in provident funds.

Benefits paid to workers and provident funds by the Division are financed through insurance fees paid by the employers (in 2014, at a rate of 0.01% of the employee's monthly salary up to the income ceiling obligated in insurance fees, and 0.05% above this ceiling up to the maximum basis of collection), as well as through government participation at a rate of 0.02% within the framework of Finance Ministry indemnification.

The Division's activities enable a complete separation between the execution of payments to workers and provident funds, and selling off employer assets in bankruptcy and liquidation. Furthermore, the benefit amounts have been linked to changes in the basic amount as defined in the National Insurance Law.

Despite significant progress achieved in the area of workers' wages and rights protection, several problems still remain:

- The law requires the issuance of a liquidation/bankruptcy order. This is generally a drawn-out process that often delays payment of the balance of debt to the employee.
- The legal expenses involved with employer liquidation proceedings can be higher than the amount the employer owes the worker, and thus the worker has no reason to initiate such proceedings, and cannot exercise his/her rights in this Division. Over the last year, in the wake of a reduction in the cost of notes of liquidation, there was a greater number of applications for lower amounts of wage and severance in liquidation.

Following are some of the law's definitions:

- **Employer in bankruptcy or liquidation:** Any type of corporation against whom a bankruptcy or liquidation order has been issued, and whose workers or provident funds have not received what they were owed: self-employed workers, limited companies, partnerships, co-operative associations, and NGOs.

- **Employee:** Anyone who worked for an employer at the time that the bankruptcy or liquidation order was issued, who has yet to receive the balance of wages and severance pay owed him/her. Included in this definition are employees who are residents of Israel, foreign residents, and residents of the territories who are employed with a valid employment contract.
- **Provident fund:** Any institution which, according to a collective bargaining agreement, employment contract, or other agreement between employee and employer, is obligated to transfer sums from its monies or from employee wages, for the accrual or assurance of employee rights in connection with his/her employment, termination of employment, retirement from employment, or social insurance.

b. The Benefits Paid and Payment Amounts

- **Benefits to Employee**
 - **Wages:** Sums yet to be paid to the employee as compensation for work – wages, overtime, vacation allowance, vacation day redemption, payment for holidays and apparel – including any sum deducted from employee wages not by law and that has yet to be transferred to his/her account. If the wages are not higher than minimum wage, the employee is entitled to receive the minimum wage mandated by law (in 2014: NIS 4,300 per month).
 - **Severance pay:** Severance to which the employee is entitled up to the date of termination of employment, for seniority accrued during years of work for the employer. The maximum benefit paid to an employee (for wages and severance pay) has been set at 13 times the basic amount (NIS 112,424 in 2014).
- **Benefits to Provident Funds**
Intended to ensure the continuity of employee rights. The benefits are limited to a maximum sum of twice the basic amount (NIS 17,296 in 2014).
In 2014, NIS 329.2 million were paid to employees and provident funds (Table 1), 80.3% of this sum was paid to employees. The rate of only wages – 16.5%, and only severance pay – 3.2%.

Table 1
Payments to Employees and Provident Funds and Payment
by Type of Benefit as a Percentage of all Payments, 2010-2014

Year	Total payments (millions of NIS)			Payment by type of benefit to employee as % of total			
	Total	To employees	To provident funds	Total	Wages and severance pay	Only wages	Only severance pay
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
2013	295.6	281.0	14.6	100.0	81.7	15.1	3.2
2014	329.2	321.1	8.1	100.0	80.3	16.5	3.2

C. Data Regarding Employers and Employees

The period of time from termination of employer–employee relations until payment of the benefit frequently lasts several years. The economic crisis in 2008 and the subsequent economic slowdown affected the scope of the Division’s activities in the years 2010–2014, and this is expected to continue in the coming years (Table 2). Lower sums for notes of liquidation have enabled an increase in the number of claims for benefits in this Division.

In 2014, there were 630 new employers in bankruptcy and liquidation whose liquidators submitted claims on behalf of employees and provident funds to the Division – a rise of 10.5% versus 2013. 11,500 new claims were received for handling – a rise of 15% versus 2013, and 10,300 employee claims were approved. The number of employees on behalf of whom provident fund claims were approved in 2014 was 2,370 – a drop of 35% versus 2013.

Table 2
New Employers in the Division, Employee Claims Received and Approved, and Provident Fund Claims Approved, 2010–2014

Year	New employers received	New employee claims		New provident fund claims		Employees for whom payment was made to provident funds	Insurees for whom payment was made to provident funds**
		Received	Approved*	Accepted	Approved		
2010	560	9,100	8,400	320	300	3,900	4,330
2011	510	7,200	7,000	310	290	4,100	4,260
2012	490	10,100	8,800	280	235	1,510	1,570
2013	570	10,000	8,100	330	330	2,520	3,430
2014	630	11,500	10,300	300	190	2,180	2,370

* Including approvals of claims received in previous years.

** Insured in several provident funds.

More than half of the employer cases received by the Division in 2010–2014 had 1–5 claims per case (Table 3). However, additional future claims in cases that will be received in the next few years should also be taken into account, which may change the distribution of employers by number of employee claims in their cases.

Table 3
New Employers in the Division by Number of Claims (Not Including Provident Fund Claims), 2010–2014

Date of receipt of the case	Total employers (absolute numbers)	Number of claims per employer as % of total of all employers			
		Total	5-1	25-6	26 or more
2010	550	100.0	55.2	30.9	13.9
2011	480	100.0	57.5	31.6	10.9
2012	520	100.0	55.7	30.5	13.8
2013	560	100.0	52.4	35.5	12.1
2014	630	100.0	63.2	27.7	9.1

Table 4
New Employers in Bankruptcy Division
by Branch of the Economy(Percentages), 2010-2014*

Year	Total (absolute numbers)	Agriculture	Industry	Construction	Trade	Transport	Services**
2010	560	1.1	17.3	14.4	33.5	2.5	31.2
2011	510	1.2	16.7	12.1	32.7	3.5	33.8
2012	490	1.9	15.9	12.0	31.6	4.3	34.3
2013	570	0.5	15.3	12.7	34.0	4.0	33.5
2014	630	1.6	12.6	11.0	38.6	3.6	32.6

* New series based on economic branch classification – 2011.

** Including commercial, financial, public, and personal services.

Table 5
Employee Claims Approved As Percentage of Total,
by Branch of the Economy*, 2010-2014

Year	Total (absolute numbers)	Agriculture	Industry	Construction	Trade	Transport	Services**
2010	8,400	1.0	14.3	8.0	27.6	3.3	45.8
2011	7,000	0.8	15.3	12.3	17.4	1.1	53.1
2012	8,800	0.5	18.1	4.0	16.0	2.5	58.9
2013	8,100	1.3	19.6	9.4	27.1	2.6	40.0
2014	10,300	0.4	8.7	5.4	32.3	0.9	52.3

* New series based on economic branch classification – 2011.

** Including commercial, financial, public, and personal services.

In 2014, these employers were concentrated in the following economic branches: trade (38.6%), services (32.5%), and construction (11.0%) (Table 4). In that year, service workers represented 52.3% of all new employees whose claims were approved (Table 5).

Table 6
Employees and Provident Funds Who Received Maximum Benefit,
as a Percentage of All Claims Approved, 2010-2014

Year	Employees who received maximum benefit		Employees for whom maximum benefit was paid to provident funds*	
	Total	As % of total claims approved	Total	As % of total claims approved
2010	170	2.0	290	7.4
2011	240	3.4	220	5.6
2012	45	0.5	200	13.3
2013	380	4.7	470	18.5
2014	380	3.7	220	10.0

* Reclassified.

In 2014 like the previous year, 380 employees - approximately 3.7% of all new employees whose claims were approved - received the maximum award. 10% of employees in whose name claims had been submitted to provident funds, were awarded the maximum. It should be noted that this number may rise as a result of differences in payments in the coming years (Table 6).

D. Collection of Employers' Debts

By law, the Division is authorized to seek benefit amounts paid to each employee as a priority debt¹ from the employers' liquidators, for an amount that does not exceed the sum determined in accordance with the Companies Ordinance, Bankruptcy Ordinance, Cooperative Associations Regulations, etc. The amount of priority debt per employee was 24,080 for wages only, and 36,120 for wages and severance pay in 2014. There were no amounts collected as priority debt for benefits paid to provident funds. Regarding the balance of the debt, the Division is considered a regular creditor. It should be noted that if the maximum amount (NIS 112,424 in 2014) is paid to the employee, the amount paid by the liquidators to the Division as priority debt will be transferred to the employee to cover part of what the liquidators owe the employee. In this case, the Division becomes a regular creditor from the first shekel.

According to the same law, the Division will not be entitled to collect from the liquidator the linkage differentials it paid to an entitled party for the period following the issuance of the receivership or liquidation order, unless the liquidator decided to pay interest, linkage differentials, or both together for the that period to the other creditors also. For example, if an employee was paid wages and severance totaling NIS 35 thousand, with NIS 2,000 of this amount being a linkage differential for the period following the receivership or liquidation order, the remaining sum – NIS 33,000 – would be divided into NIS 13,500 of priority debt, and the balance – NIS 19,500 – would be regular debt.

From the above, it emerges that the law limits the Division's ability to collect (if possible) partial sums from the liquidators at the expense of benefits paid to employees and provident funds that were eroded over time. Table 7 presents the priority debt totals and their percentages within the benefit totals paid in 2010-2014, and the totals collected from liquidators and their percentage of the total priority debt in those years. It can be learned from this table that the Bankruptcy and Liquidation Division was entitled to receive as priority debt in 2014, 63.9% of the total benefits paid to employees and provident funds that year .

In 2014, the NII succeeded in collecting NIS 31 million for benefit payments made in the past, representing approximately 14.7% of the priority debt in that year.

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1 Priority debts are given precedence over other debts, where this priority goes to regular creditors and not to insured creditors who are entitled to all their money in a bankruptcy/liquidation process. According to the relevant laws , some types of debts have priority, and they are ranked by

Table 7
Priority Debt as a Percentage of Total Benefits Paid to Employees and Provident Funds, and Collection from Liquidators as a Percentage of Total Priority Debt, 2010-2014

Year	Current priority debt		Collection from liquidators for past debt	
	Total (millions of NIS)	As % of total benefits	Total (millions of NIS)	As % of priority debt
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
2013	176.2	59.6	15.3	11.8
2014	210.4	63.9	31.0	14.7

13. Reserve Service Benefits

a. General

The National Insurance Institute pays this benefit to any person who is called up for reserve duty under the Security Service Law, as well as to those drafted for training under the Emergency Labor Service Law. The NII also provides grants to working youths up to the age of 18 who are absent from their jobs due to participation in pre-military education (on condition that they participated in this activity for at least two consecutive days, and that they worked at least 30 days during the three preceding months).

By law, the NII is authorized, after consulting with the Public Committee on Reserve Duty, to provide grants for the development of welfare services for those serving in reserve duty, and their families.

Since 1999, the NII has participated in the funding of an extensive IDF project to increase social cohesion and create a sense of identification with, and appreciation for, those serving in the reserves. This project, called the **Welfare Basket**, is run by the IDF Manpower Directorate (known by the abbreviation AKA). The project includes recreational activities, evening gatherings for units, tribute evenings, and other group bonding activities. The total of the grants will not exceed 0.25% of the estimated overall annual total of reserve service benefits paid by law, and the entire budget for this sector is funded by the Ministry of Finance as part of the defense budget. In 2012, some NIS 10 million was paid in grants towards these welfare activities, a total that equals the budget for the years 2011 and 2012. In 2014, NIS 6.5 million were transferred for the budgets of each year from 2014-2016.

In the wake of Operation Protective Edge in 2014, the Reserve Service Division of the NII in partnership with the IDF and the defense establishment, paid advances on reserve service benefits to all employers whose employees were called up to reserve duty, and to all unsalaried reserve duty soldiers: the self-employed, students, the unemployed, etc. The NII also enabled those serving in reserve duty or their spouses, to submit a request for an advance on their reserve service benefit accounts. 78% of those drafted were salaried workers whose employers received advances worth an overall total of NIS 184 million, and 22% were unsalaried and received personal advances at an overall total of NIS 44 million.

b. Benefit Rate and Payment Amounts

The daily benefit rate is based on the worker's gross salary (liable to insurance contributions) in the three months preceding the 1st of the month in which the service began, plus a cost-of-living allowance, divided by 90 days. Also taken into account for purposes of this calculation are reserve service benefits, unemployment, work accident and maternity leave payments. The benefit will not be less than the minimum – 68% of the base amount

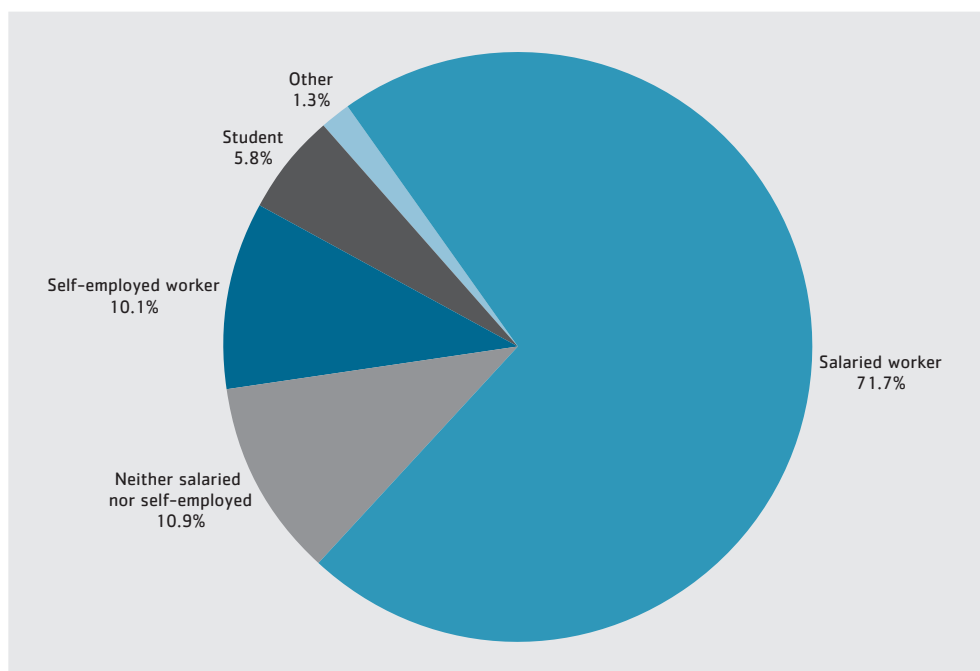
divided by 30 (as of January 2014: NIS 196.02 per day, NIS 5,881 per month), and shall not exceed the maximum: 5 times the base amount divided by 30 (as of January 2014: NIS 1,441.33 per day, NIS 43,240 per month).

Payments to Reservists (Thousands of NIS), 2010-2014

Year	Current prices	2014 prices	Real rate (percent)
2010	1,005,979	1,079,724	-14.9
2011	1,045,343	1,084,554	0.4
2012	1,124,500	1,147,092	5.8
2013	1,103,003	1,108,253	-3.4
2014	1,357,530	1,357,530	22.5

The sum total of payments to those serving in reserve duty grew between the years 2010-2012, but decreased in 2013 (see table). In 2009, there was a very significant real rise, 35.8% versus 2008, due to payments for Operation Cast Lead (which took place from 27.12.08 until 18.1.09). In 2010, payments decreased by 14.8%, and in the last few years they rose again by a cumulative rate of 6%. In 2014, a real rise in payments was once again observed – 22.5% - due to Operation Protective Edge, and total payments reached NIS 1.4 billion. Of all persons serving in reserve duty in 2014, approximately 72% were salaried workers, and approximately 10% were self-employed (see figure below).

Reservists by Occupation Type



Chapter 4

Collection: Activities and Trends

1. General

The National Insurance Institute is responsible for collecting contributions to fund the benefits payable pursuant to the National Insurance Law, as well as health insurance contributions pursuant to the Health Insurance Law, which are intended to fund the health system. National and health insurance contributions are collected from working (salaried employees and self-employed persons) and non-working residents of the State, at varying rates applicable to the income subject to insurance contributions. Furthermore, since 1986, the Finance Ministry has been compensating the National Insurance Institute for the loss of collection proceeds resulting from the reduction in insurance contributions of employers and self-employed persons. This compensation is called **Treasury indemnification** and it constitutes a component of the NII's proceeds from national insurance contributions¹.

As in previous years, in 2014 collection from the public was affected by fluctuations in economic developments in the country, plus changes in the average wage, the number of employed persons, and legislation.

2. Legislative Changes

In 2005, a gradual reduction of employer insurance contributions began. Concurrently, two rates of insurance contributions were instituted for employers, reduced and regular, replacing the uniform rate for all income levels subject to insurance contributions, similar to the rate structure for salaried and non-salaried employees. Prior to the revision of the law, the employer had been paying 5.93% of the employee's income up to the maximum income subject to insurance contributions. Following application of the amendment, during the period of January-August 2009, the employer 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 of employee insurance contributions was decreased 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% of the average wage to 60% thereof. These revisions were made with a zero budget, i.e. with no change in the total revenues of the NII. The increase in the reduced rate bracket also applies to the employer's share, so as to avoid loss of collection.

In July 2009, the enactment of the Economic Efficiency Law of 2009–2010 was completed and it comprised two revisions that affected collection from September 2009

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 1 The rate of insurance contributions imposed on the Government instead of the employers is shown in Table 10 of the Act (Rates of Insurance Contributions) and stipulated in Section 32 therein, which deals in general with Government participation in funding branches of insurance.

to March 2011: the reduced rate of the employer's insurance contributions was raised from 3.45% to 3.85% (thus returning to the situation prevailing in 2008) until 31.3.2011 and the ceiling for payment of national and health insurance contributions was doubled until 31.12.2010: from 5 times the basic amount to 10 times the basic amount.

These two steps should have increased the total collection of national insurance contributions, but in fact the additional collection and the additional allocations under Section 32 were transferred in their entirety to the Finance Ministry, since the Finance Ministry's participation in collection for the Children branch was simultaneously reduced from 210% to 207.5% in 2009, to 169% in 2010 and to 208% in 2011.

Under the Economy Arrangements Law of 2011- 2012, three further amendments were introduced: (a) The ceiling for payment of national and health insurance contributions was raised to 9 times the basic amount (from 1.1.2011). (b) In 2012 the ceiling should have been raised to 8 times the basic amount, but following the Trajtenberg Law, which was enacted in the wake of the social protests, it was decreased and reverted to 5 times the basic amount (from 1.1.2012). (c) Regular employer insurance contributions were raised by 0.47% – from 5.43% to 5.9% (from 1.4.2011). These steps increased the collection of the NII, but not the share of the State Treasury and therefore its participation in the Children branch was 200.5% from 1.4.2011 (204.5% in 2012). In August 2012, the Deficit Reduction Law was enacted, which gradually increased the regular employer insurance contributions as of 2013 by 0.6 percentage points and it was applied to the insurance branches for which the employer is liable and where there is no Finance Ministry participation, therefore its participation in collection for the Children branch reverted to 210%.

In 2014 the regular rate of the employer's contribution was supposed to increase by 0.5%, but on 1.1.14, the rates for 2014 were raised by 0.25%, and the increase to 7.5% was postponed to 2016 and not to 2015 as was originally planned.

Table 1
Collection from the Public and Estimated Effect of Legislative Changes
on the Proceeds (NIS million), 2013-2014

	2013			2014			Percent change 2014 vs 2013			
	Net of legislative change	Legislative change	Actual	Net of legislative change	Legislative change*	Actual	Nominal		Real	
							Net of legislative change	Actual	Net of legislative change	Actual
Total	53,420	0	53,420	55,746	400	56,146	4.4	5.1	3.9	4.6
National insurance	34,498	0	34,498	35,956	400	36,356	4.2	5.4	3.7	4.9
Health insurance	18,922	0	18,922	19,790	0	19,790	4.6	4.6	4.1	4.1

* In 2014 relative to 2013 there was an increase of 0.25 percentage points to the regular rate for the employer, after the rise in this rate of 0.6 percentage points in 2013. Therefore the rate of change between 2013 and 2014 was expressed by an addition of 0.25% for 11 months.

3. Collection of National Insurance Contributions

a. Volume of Collection

In 2013, the employer's insurance contributions were raised, as prescribed by the Trajtenberg committee established in the wake of the social protests of 2011. The committee decided on a three stage increase. The first stage – an increase of 0.6% (from 5.9% to 6.5%) was carried out in 2013. The next two stages were split into three parts: an increase of 0.25% in 2014, 0.5% in 2015 and 0.25% in 2016.

In 2014, the NII's proceeds from collecting national and health insurance contributions amounted to NIS 58.7 billion: 56.1 billion were collected directly from the public and 2.6 billion were transferred by the State Treasury in accordance with Section 32C1 of the law, which indemnifies the NII for the reduction in national insurance contributions for employers and for self-employed persons (Table 1). This year, as in 2013, direct collection from the public, without the Finance Ministry indemnification net of legislative changes, increased by 3.9% in real terms.

In 2014, the collection of national insurance contributions from the public increased by 4.9% (compared to an increase of 5.7% in 2013), and collection of health contributions grew by 4.1% (compared to 2.8% in 2013). Health insurance contributions as a proportion of the total insurance collection from the public decreased slightly, to 35.2% in 2014 compared to 35.4% in 2013. The decrease in the rate of growth of health insurance collection from employers stems primarily from the increased rate of the employer's insurance contributions, with the result that health insurance contributions comprise a lower proportion of total insurance contributions from the public. The ratio of the rate of collection from the public to GDP in 2014 was 5.2%² – showing a growth trend relative to the last two years. The proceeds of collection proceeds from the public as a percentage of the total direct taxes³ collected from individuals decreased³, from 48.1% in 2012 to 47.9% in 2013 and to 47% in 2014, as a result of the increase in income tax collection.

b. National Insurance Contribution Rates

In 1995, two national insurance contribution rates were prescribed – reduced and regular – for all categories of insured persons. As of January 2006, the reduced rate was imposed on the part of the income subject to national insurance contributions that does not exceed 60% of the average wage according to the law⁴, and the regular – on the balance

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2 Table 13 in Chapter 1.

3 Direct taxes collected from individuals include income tax (from wage earners, the self employed and company directors), national insurance contributions and health insurance. The total of all direct taxes, in addition to taxes collected from individuals, also includes corporation tax (State Revenues Administration, Annual Reports)

4 The average wage as defined under the National Insurance Law – NIS 9,089 per month in 2014, and the basis for reduced rates was 50% of the average wage until the end of 2005.

Table 2
Rates of National Insurance and Health Insurance Contributions
by Category of Insured (Percentages), 2013 and 2014

Category of insured	National Insurance				Health Insurance	
	Regular rate		Reduced rate		Regular rate	Reduced rate
	2013	2014	2013	2014		
Salaried – Total	13.10	13.35	4.52	4.92	5.0	3.1
Of which: Worker	7.00	7.00	0.40	0.40	5.0	3.1
Employer	6.50	6.75	3.45	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
Of which: Worker	11.23	11.23	6.72	6.72	5.0	3.1
Government	0.59	0.59	0.59	0.59	-	-
Not working, not self-employed	7.00	7.00	4.61	4.61	5.0	5.0

of income up to the ceiling: of salaried employees, of employers and of the self-employed (without differentiating between their share as employee or employer). The reduced rate is applicable to all insured persons – employees and non-employees – and as of August 2005, it has also been extended to employers (Table 2).

c. Categories of Insured

In 2014, there were approximately 3.2 million salaried positions for which national insurance contributions were paid – an estimated increase of 3.1% (Table 3). This group does not include workers from the Palestinian Authority, foreign workers and the Israeli insured with special characteristics, such as kibbutz members, early pension recipients, domestic employees, anyone undergoing vocational training and Defense Ministry employees⁵.

Within the insured population other than salaried employees, it is customary to differentiate between two groups: individuals paying insurance contributions based on their income (60%) and individuals who have no income and thus pay insurance contributions based on the minimum income (40%). The first group consists mainly of self-employed persons (90.7%), but pursuant to legislative changes in 2008, also insured persons with passive income (dividends and capital income) higher than 25% of the average wage, whether or not they have income as an employee or as a self-employed person, are liable for insurance contributions (9.3% of people in this group).

The second group of non-salaried insured persons consists of those who pay the minimum level of insurance contributions, and is divided between those who do not work and have no income subject to insurance contributions (approximately 61.9%) and

5 Section 6 in this Chapter gives some information about these groups.

Table 3
Employers (by Size of Employer) and Insureds Subject to National Insurance Contributions, by Category of Insured, 2013 and 2014

Category of insured	2013	2014	Percent change
Insureds who are salaried employees*			
Total:	3,100,000	3,195,000	3.1
Employers**			
Total	242,291	248,931	2.7
With 1-5 employees	175,070	179,769	2.7
With 6-20 employees	46,913	50,079	6.7
With 21-99 employees	16,309	14,959	-8.3
With 100-499 employees	3,345	3,453	3.2
With 500+ employees	654	671	2.6
Non-salaried insureds**			
Total	749,452	740,248	-1.2
With liable income - total	431,015	444,081	3.0
From work (self employed)	391,709	402,889	2.9
Not from work	39,306	41,192	4.8
Paying minimum level contributions – total***	318,437	296,167	-7.0
Not employed and not self-employed (minimum 15%)	209,528	183,463	-12.4
Pupil and student (minimum 5%)	44,471	51,075	14.9
Yeshiva student (minimum 5%)	64,438	61,629	-4.4

* Number of employee insureds reported by the employers (on Form 102) – monthly average.

** The data refer to the year end.

*** The income base is a percentage of the average wage.

pupils and students (38.1%). In 2014, the number of insureds who paid the minimum level of insurance contributions decreased by 7.0% and the number of those who are neither salaried employees nor self-employed fell by 12.4%. The reason for the decrease is the change in National Insurance procedures: that status of an insured who is not salaried and not self employed, and who starts work with a small employer (up to nine employees), who reports his employees' pay each month, changes immediately to salaried. The number of students rose by 14.9% in 2014 and the number of yeshiva students decreased by 4.4%, apparently because they entered the job market.

The number of employers paying insurance contributions for their employees rose by approximately 2.7% in 2014 (Table 3).

d. Volume of Collection by Category of Insured

In 2014 receipts from national insurance contributions amounted to NIS 38.9 billion: NIS 36.3 billion from the public and NIS 2.6 billion transferred from the Finance Ministry as compensation for the reduction in National Insurance contributions for

Table 4
National Insurance Contributions Collected,
by Category of Insured (current prices, NIS millions), 2010-2014

Category of Insured	Absolute numbers					Percent real change				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Total collection	31,335	33,735	34,569	36,969	38,930	7.4	4.2	0.8	5.3	4.8
Salaried & employers	28,211	30,527	31,327	33,540	35,310	7.7	4.7	0.9	5.5	4.8
Non-salaried	3,124	3,208	3,242	3,429	3,620	5.1	-0.6	-0.6	4.2	5.1
Collection from the public – total	29,101	31,305	32,144	34,498	36,356	7.4	4.1	1.0	5.7	4.9
Salaried & employers	26,139	28,268	29,067	31,252	32,920	7.6	4.7	1.1	5.9	4.8
Non-salaried	2,962	3,037	3,077	3,246	3,436	5.6	-0.8	-0.4	3.9	5.4
Finance Ministry indemnification – total	2,234	2,431	2,425	2,471	2,574	8.3	5.3	-1.9	0.4	3.7
For employers	2,072	2,260	2,260	2,288	2,390	9.5	5.5	-1.7	-0.3	4.0
For non-salaried	162	171	165	183	184	-4.5	2.2	-5.1	9.2	0.1

employers and the self employed (Table 4). That year the NII's proceeds from national insurance contributions increased by 4.8% in real terms and collection from the public increased by 4.9% in real terms. The amounts that the Finance Ministry transferred as indemnification for the reduction in national insurance contributions of employers and self-employed persons rose in real terms by 0.4%. Direct collection from the public in 2013 increased slightly compared to previous years and amounted to 93.4% of all insurance contribution proceeds due to the increase in regular contribution rates from employers.

In 2014, direct collection from salaried employees increased by 4.8% in real terms, compared to 5.9% in 2013. Direct collection from salaried employees and their employers was affected both by the legislative changes already reviewed and by changes in the job market: the average wage for a salaried position rose by 2.0% in nominal terms in 2014 (compared to 3.0% in 2013). The number of jobs rose by 2.2% in 2014 (compared to 1.5% in 2013). For the last two years, the proceeds of national insurance contributions for salaried employees (including the share of the employee, the employer and the Finance Ministry) have accounted for 90.7% of all proceeds.

In 2014, direct collection from non-salaried insured persons increased by 5.4% in real terms compared to 2013, and in 2013 by 3.9% compared to 2012. Collection from the non-salaried for NII branches primarily consists of collection from the self-employed (about 92.8%). In 2014, collection from self-employed persons – which was based on the 2012 assessments that were updated by price increases only – increased by 5.0% in real terms. Collection from the non-salaried, who pay national insurance contributions based on the minimum, which constitutes about 4.3% of all NII collection for the insurance branches from non-employees, increased by 2.6% in real terms. An examination of the

payment ethics of self-employed persons and of those who do not work and are not self-employed highlights the difference between them: while collection from self-employed persons represented about 97.3% of their collection potential in 2014, including the outstanding balance, for insured persons at the minimum level this proportion was only 54.6%. However, we must note that there is a slow improvement in payment ethics: in 2010, the proportions were 95.9% and 49.1% respectively.

Participation of the Finance Ministry in National Insurance Collection in the Last Decade

We can distinguish four phases in the Finance Ministry's participation in collection (pursuant to Section 32a) in the last decade (Table 1):

- 2005-2009: reduction in the rate of employers' contributions, while maintaining the participation in collection by branch at the 2004 level, so that the allocation to the NII grew.
- 2009-2011: doubling of the ceiling for contributions from 5 times to 10 times the basic amount, with an increase in the reduced rate of employers' contributions. These steps were intended to improve the NII's proceeds, but at the same time

Finance Ministry Participation in Collection (percent) and Amounts Collected, and Treasury Participation (NIS millions), 2004-2015.

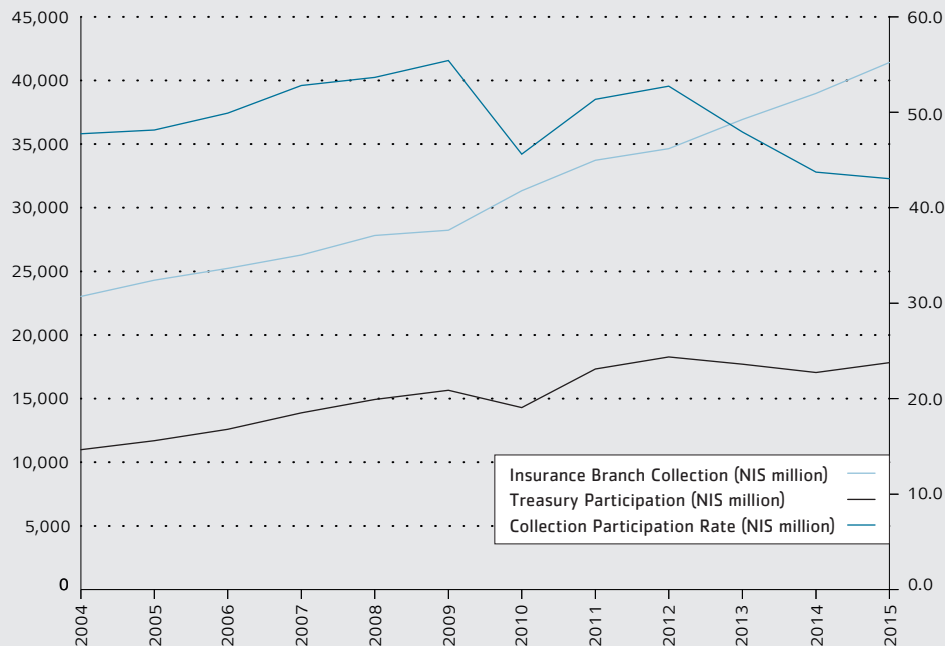


Table 1
Finance Ministry Participation in National Insurance (Section 32a)
by Branch (percent of proceeds)

	Total	Old Age & Survivors	Long term nursing	General disability	Children	Maternity
2004	47.7	6.5	2.5	2.0	36.7	0.0
2005	48.1	6.6	2.3	2.0	37.2	0.0
2006	49.9	6.9	2.4	2.1	38.5	0.0
2007	52.8	7.3	2.5	2.1	40.3	0.6
2008	53.7	7.4	2.5	2.2	41.0	0.6
2009	55.4	7.6	2.7	2.2	42.3	0.6
2010	45.6	8.2	2.5	2.5	31.9	0.5
2011	51.4	7.5	2.6	2.2	38.5	0.6
2012	52.7	7.5	2.7	2.2	39.7	0.6
2013	47.9	7.4	2.8	2.1	34.9	0.7
2014	43.7	7.3	2.5	2.1	31.1	0.7
2015	43.0	7.2	2.5	2.0	30.6	0.7

a decision was made to absorb the extra collection and the participation of the Treasury by reducing the Government's rate of participation in the Children branch.

- 2011-2013: raising the ceiling for contributions from 5 times to 9 times the basic amount – increased the NII proceeds, together with a reduction in the rate of participation in the Children branch so that the allocation would not increase due to raising the ceiling. The rate of normal contributions for employers was increased for branches in which there is no participation, and therefore there was no need to change the value of participation in collection for the Children branch due to this change.
- 2013-2014 onwards: reduction in child allowances, directing the savings to the Finance Ministry by reducing its rate of participation in collection for the Children branch from 210% to 170.3%.

The overall rate of Finance Ministry participation in collection up to 2009 reached a record high of 55.4% of NII proceeds, including indemnification (Figure 1). Since then the rate has fluctuated and from 2012 there has been a continuing decrease, with an expected low of about 43% in 2015.

Details of Laws

- **The Economic Arrangements Act 2005** – rates of National Insurance contributions payable by employers were gradually reduced by 1.5% (from 5.93% to 4.43%) in five stages, in order to increase the reciprocal contributions set aside for older funds.

At the same time, between 2005 and 2009, the Finance Ministry participation rose gradually from 15% to 17.1% in the Old Age branch, from 160% to 210% in the Children branch, and from 12% to 13% in the Disability branch – in order to maintain participation at the pre-reduction level.

- **The Reduction in the Tax Burden Act 2006** – the reduced rate of National Insurance contributions was lowered from 1.4% to 0.4% and the basis of the reduced rates was raised from 50% of the average wage according to the law to 60% of it, with adjustments to the regular rates, and all with a budget of zero.
- **The Economic Arrangements Act for 2009-2010** – the ceiling for payment of insurance contributions was doubled from 5 to 10 times the basic amount, and 0.4% was added to the reduced rate for employers, from 3.45% to 3.85%. At the same time, Finance Ministry participation in the Children branch was reduced to 207%, 171% and 208% in the years 2009, 2010 and 2011 respectively.
- **The Economic Arrangements Act for 2011 and 2012** – from 1.5.2011 the regular rates of insurance contributions for employers were raised from 5.43% to 5.90%, but not in branches of insurance where there is participation from the Finance Ministry. The Ministry's participation in the Children branch, instead of returning to 210%, fell in 2011 to 200.5% because of the increase in the ceiling to 9 times the basic amount, and in 2012 to 204.5%, due to the decision to raise the ceiling to 8 times the basic amount. In fact, the decision to raise the ceiling to 8 times the basic amount was not implemented, due to a decision of the Trajtenberg Committee, which reinstated the ceiling of 5 times the basic amount. The rate of participation

Table 2
Finance Ministry Participation in National Insurance (Section 32a)
by Branch (NIS millions, current prices)

	Total	Old Age & Survivors	Long term nursing	General disability	Children	Maternity
2004	10,989	1,508	577	457	8,447	
2005	11,700	1,607	575	481	9,037	
2006	12,592	1,740	600	526	9,726	
2007	13,879	1,911	660	564	10,592	152
2008	14,927	2,054	701	607	11,405	160
2009	15,647	2,160	753	630	11,937	167
2010	14,291	2,555	783	791	9,995	168
2011	17,321	2,521	872	737	13,000	191
2012	18,271	2,625	940	756	13,743	207
2013	17,700	2,724	1,023	778	12,912	262
2014	17,046	2,835	990	825	12,126	270
2015	17,821	2,966	1,027	846	12,686	296

did not return to 210% at the start of the year, as it was supposed to, but only from June 2010.

- **The Economic Arrangements Act for 2013 and 2014** – the participation rate in 2013 and 2014 fell to 166% and 170.3% respectively, because the Finance Ministry was interested in the money from cuts to child allowances in those years.

Table 3
Finance Ministry Allocation According to Collection
in the Children Insurance Branch (percent)

Year	Allocation rate
2004	160.00
2005	171.30
2006	177.44
2007	190.60
2008	201.50
2009	208.53
2010	172.21
2011	206.08
2012	207.25
2013	195.33
2014	169.94
2015	170.30

4. Collection for the Health System

a. Health Insurance Contributions

In January 1995, the National Health Insurance Law came into force, which establishes the right of every Israeli resident to health insurance and prescribes a defined and uniform basket of health services for all, with the responsibility for funding its cost being imposed on the State. The Law specifies the sources for funding the basket, the method whereby the cost of the basket will be updated and the formula for allocating the resources among the sick funds. An Israeli resident may choose any one of the sick funds recognized by the Ministry of Health and the funds must accept every resident without any restriction, stipulation or payment whatsoever.

The health insurance contributions, which are one of the primary sources for funding the basket of health services, are collected by the National Insurance Institute and divided among the sick funds. For this purpose, the NII keeps a file of everyone covered by health insurance, which is regularly updated and provides information on the membership of the various sick funds.

In accordance with the Law, every Israeli resident is liable for payment of health

insurance contributions, even if he does not work, excluding a few groups that are exempt from payment. The health insurance contributions from salaried employees and non-salaried insured persons are collected in the same way as are national insurance contributions, whereas the insurance contributions from recipients of National Insurance Institute benefits (who have no other income) are deducted at source from the benefit.

Health insurance contributions are payable by workers at two levels: a reduced rate of 3.1% on the part of the income that does not exceed 60% of the average wage and a regular rate of 5.0% on the balance of the income exceeding 60% of the average wage and up to the maximum income, subject to insurance contributions, which is 5 times the basic amount. The update is at the rate of price increases.

Those who do not work and those who receive NII benefits are entitled in most cases to special rates depending on their income level. Table 5 specifies the amounts of insurance contributions deducted from the benefits by benefit category, as follows:

The health insurance contributions of wage-replacing benefit recipients (such as maternity benefits, injury benefits, reserve service benefits and unemployment benefits) are deducted from the allowance at the rates in force for work income.

The health insurance contributions of working-age benefit recipients who do not work are deducted from their benefits at the minimum rate prescribed by law.

The health insurance contributions of old-age and survivors' pension recipients with no income supplement are deducted from the pensions by the amounts prescribed for an individual or a couple, as applicable.

The health insurance contributions of old-age and survivors' pension recipients with income supplement are deducted from their pensions by the minimum amount, for all sizes of family.

The health insurance contributions of working-age benefit recipients who have income from work are imposed on their work income only, and not on their benefits.

Since January 2006, benefit amounts have been updated according to the rate of increase in the consumer price index in the previous year (the index of the last November compared to the previous November) and therefore the minimum amounts are also updated by this rate. A person who is neither a salaried employee nor a self-employed person and who does not receive a benefit pays minimum insurance contributions (NIS 103 per month as of January 2014). Certain groups are exempt from payment of health insurance contributions: housewives, new immigrants during the first six months following their immigration to Israel; employees younger than 18; students younger than 21 who do not work and who are subsequently are inducted into the military (exempt

Table 5
Level of Health Insurance Contributions by Benefit Category, 2013

Type of benefit	Monthly health insurance contribution
Wage-replacing benefits	
Maternity allowance	} 3.1% of the benefit up to 60% of the average wage; 5% of the remaining benefit that exceeds 60% of the average wage and up to the ceiling
Injury allowance	
Unemployment benefits	
Reserve service benefits	
Accident allowance	
Bankruptcy and corporate liquidation	
Old Age and Survivors	
With income supplement	NIS 103
With no income supplement:	
For an individual	NIS 196
For a couple	NIS 283
Other benefits	
Income supplement	} NIS 103
Maintenance	
General disability	
Work-related disability, with dependents	
Working-age survivors	

from payment for 12 months); and detainees and prisoners who have been sentenced to more than 12 months' imprisonment and who receive health services from the Israel Prison Service.

b. Health Insurance Contribution Proceeds and Their Distribution Among the Sick Funds

Until the beginning of 1997, the National Insurance Institute collected the parallel tax and the health insurance contributions for the health system. Upon approval of the Economic Arrangements Law of 1997, the parallel tax collection was abolished altogether and funding of the basket of health services from the State budget was increased accordingly. In 2014, the NII collected approximately NIS 19.8 billion in health insurance contributions – an increase of 4.1% in real terms, compared to an increase of 2.8% in 2013 (Table 6). 81% of the total was collected from salaried employees, from non-employees – approximately 9.7%, and from NII benefit recipients – about 9.3%. Health insurance contributions from non-salaried insured persons were collected in the following proportion: 79% from the self-employed and 21% from insureds who do not work and are not self-employed, who pay the minimum level of insurance contributions.

Table 6
Health Insurance Contributions Collected
by Category of Insured (NIS million), 2010-2014

Year	Total	Salaried employees	Non salaried	Benefit recipients	Rate of change	
					Nominal	Real
2010	16,290	13,067	1,660	1,563	8.6	5.8
2011	17,414	14,105	1,692	1,617	6.9	3.3
2012	18,132	14,665	1,750	1,717	4.0	2.3
2013	18,922	15,324	1,831	1,767	4.4	2.8
2014	19,791	16,036	1,926	1,829	4.6	4.1

Table 7
Health Insurance Contributions from Benefit Recipients
by Category (NIS millions, 2014 prices), 2013 and 2014

Type of benefit	2013	2014	Real annual growth (percent)
Total	1,775.4	1,829.0	3.0
Old age and survivors	1,265.4	1,332.5	5.3
Work-related disability	40.5	9.7*	-76.1
Disability	160.5	174.3	8.6
Income supplement	81.8	80.3	-1.8
Reserve duty supplement	0.3	0.8	162.4
Maternity allowance	121.2	127.1	4.9
Unemployment benefit	67.4	69.6	3.2
Injury allowance	13.4	13.8	3.4
Maintenance	7.1	7.3	2.7
Bankruptcy	4.4	5.3	20.5
Other	13.5	8.3	-38.5

*The insurance contributions deducted from work decreased following a one-off action.

In 2014, health insurance contributions amounting to NIS 1,829 million were deducted from benefits – a real increase of 3% compared with 2013 (Table 7). The increase in the amount deducted from reserve duty benefits and unemployment benefits is particularly striking. About 73% of the health insurance contributions deducted from benefits were paid by recipients of old-age and survivors' pensions (including pension recipients with income supplement). It should be noted that the health insurance contributions are deducted from the benefit only if the benefit recipient has no work income or has other income that is exempt from payment of insurance contributions. Married women who work only in their own homes (housewives) are exempt from payment of health insurance contributions, even if they receive a benefit in their own right from the National Insurance Institute, provided that it is not a wage-replacing benefit.

The National Health Insurance Law stipulates that the monies designated for funding the health basket are to be transferred directly to the sick funds by the National Insurance Institute. The principle governing the distribution of the monies is based on the capitation formula, which takes into account primarily the number of insured persons in each of the funds, weighting by the age of each insured. As of the 1st of November 2010, two new variables were added to the capitation formula: the gender of the insured and the remoteness of his place of residence from population centers. The capitation formula is designed to adjust the composition of the various groups covered by the sick funds to the expenses of the funds.

The capitation method works in favor of Clalit Health Services, which is characterized by a high percentage of older members and of members living in communities that are remote from central Israel (Table 8). Thus, for instance, approximately 71% of the very elderly (aged 85 or older) and 69% of the residents of outlying areas are insured by this sick fund. In January 2014, individuals insured by Clalit comprised about 52% of all insured, but Clalit's share of health insurance monies was about 56%. On the other hand, this method reduces the amounts transferred to the Maccabi and Meuhedet sick funds, whose members are younger. From 2005–2014, Clalit Health Service's share in the distribution of health insurance monies declined from 59% to 56%.

It should be noted that as of August 1, 2006, the capitation rates are calculated every month instead of once every three months as was customary until then. The monthly calculation makes it possible to reduce the disparity between the number of insureds

Table 8
Number of Insureds and Key to Distribution of Health Insurance Monies, by Sick Fund (percentages), January 2005–January 2014

Year	Total	Sick Fund			
		Clalit	Leumit	Meuhedet	Maccabi
Total Insured					
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
1/2013	100.0	52.3	9.1	13.6	25.0
1/2014	100.0	52.4	8.9	13.7	25.0
Key to Distribution					
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
1/2013	100.0	56.167	8.497	11.745	23.591
1/2014	100.0	55.969	8.402	11.839	23.790

at the beginning of each quarter and the actual number of insureds in each of the three months of the quarter.

Under the National Health Insurance Law, the health services are funded from several sources:

Health insurance contributions, which are collected by the National Insurance Institute;

Amounts transferred by the Road Accident Victims Compensation Fund (Karnit) to the National Insurance Institute (since 2010);

The direct proceeds of the sick funds for health services that they provide for a fee (such as, medications and doctor visits);

Additional amounts from the State budget intended to supplement various health expenses to cover the cost of the basket of health services.

According to the estimate for 2014, the cost of the health basket for which the sick funds are responsible increased by about NIS 2.023 billion in nominal terms and reached NIS 38.6 billion - an increase of about 3.8% in real terms compared to 2012 (Table 9). In 2014, the State's share in the funding of the basket rose to about 41.2% compared to the proportion of the health insurance contributions, which declined to 52.4%. It should be noted that the Economic Arrangements Law of 2008 stipulated that the proceeds of the sick funds from the deductibles paid by their insureds would be 6.45% of the cost of the basket (instead of 5.4% until 2007). This amendment explains the reduction in the State's participation by 1% since 2008.

The standardized per capita cost of the health basket makes it possible to study the effect of the insured's age on sick fund expenses (Table 10). The per capita cost of the basket is calculated in relation to the sources of the basket that are distributed among the sick funds according to the capitation formula and excludes amounts not distributed in accordance therewith, such as expenses for serious illnesses, administrative expenses and

Table 9
Cost of Health Services Basket under the Responsibility
of the Sick Funds, by Source, 2010-2014

Source	2010	2011	2012	2013	2014*
Cost – NIS millions	30,333	32,668	34,678	36,555	38,578
Percentages	100.00	100.00	100.00	100.00	100.00
Total	100.00	100.00	100.00	100.00	100.00
Health insurance contributions**	54.3	54.3	53.3	52.9	52.4
State budget	39.3	39.3	40.3	40.7	41.2
Independent income	6.4	6.4	6.4	6.4	6.4

* Ministry of Health estimate (February 2015).

** Includes amounts transferred to the NII by the Road Accident Victims Compensation Fund (since 2010). In 2014, the sum of NIS 447 million was transferred.

Table 10
Per Capita Cost of the Health Basket,
by Age Group (NIS per year, 2014 prices), 2013 and 2014

Age group	2013	2014*
Standardized per capita total	3,998	4,101
Up to 1 year	6,607	6,777
1-4	3,417	3,505
5-14	1,606	1,647
15-24	1,610	1,651
25-34	2,311	2,370
35-44	2,733	2,802
45-54	4,290	4,400
55-64	6,993	7,172
65-74	11,480	11,775
75-84	14,846	15,235
85 and older	15,138	15,522

* Estimate

allocations to the Health Council and to Magen David Adom. In 2014, the weighted per capita cost of the basket was NIS 4,101, compared to NIS 3,998 in 2013 – an increase of approximately 2.6% in real terms. The cost of the basket reflects the relative expenses for different age groups: except for children up to the age of 4, the cost of the younger age groups is usually lower than that of the older age groups. So for instance, in 2014 the cost of the basket for the elderly (aged 85 or older) was 3.8 times higher than the average cost for everyone insured by the sick funds, and 9.4 times higher than the cost for the 15-24 age group.

5. Distribution of the Burden of Payment of National Insurance Contributions and Health Insurance Contributions

The national insurance system, like any insurance system, makes the entitlement to benefits conditional, in most cases, on the payment of insurance contributions. According to this principle, every insured, irrespective of his employment status, is liable for payment of insurance contributions. The parameters of the function of national insurance contributions, mentioned at the beginning of the chapter – a minimum and maximum for the income subject to national insurance contributions and the insurance contribution rates of the various insureds – is characteristic of most social insurance systems in western countries. It is indisputable that the setting of a floor and ceiling for income subject to national insurance contributions constitutes a regressive element of the collection system. The reform introduced in the NII collection system in 2006 – which

Table 11
Salaried Employees: Income (average per month of work)
and Burden of Insurance Contributions, by Decile, 2012

Decile	Average income per month of work	Payment of insurance contributions					
		Absolute numbers (NIS)			Percentage of income		
		Total	National insurance	Health insurance	Total	National insurance	Health insurance
1	999	35	4	31	3.5	0.4	3.1
2	2,345	82	9	73	3.5	0.4	3.1
3	3,521	123	14	109	3.5	0.4	3.1
4	4,474	157	18	139	3.5	0.4	3.1
5	5,442	214	40	174	3.9	0.7	3.2
6	6,659	360	125	235	5.4	1.9	3.5
7	8,286	555	239	316	6.7	2.9	3.8
8	10,769	853	413	440	7.9	3.8	4.1
9	15,305	1,397	730	667	9.1	4.8	4.4
10	28,726	3,017	1,681	1,337	10.5	5.9	4.7
Average	8,653	599	264	334	7.0	3.1	3.9

broadened the income base subject to national insurance contributions and instituted a reduced rate for that part of the income that does not exceed 60% of the average wage – was designed to moderate the regressive distribution of the burden of payments of national insurance contributions imposed on the insured individuals. The decision to delegate the collection of health insurance contributions to the National Insurance Institute as of 1995, when taken with the principle that every resident is insured and the majority of insured persons is liable for payment of health insurance contributions, have led policymakers to adopt elements of the function of national insurance contributions also with respect to the function of health insurance contributions.

The most current income data available to us refers to 2012. The data in Tables 11 and 12 refer to the statutory status in 2012, i.e. to the insurance contribution rate for that year and to the maximum income subject to national insurance contributions and to health insurance contributions (up to 5 times the basic amount). The steps taken within the framework of the tax reform introduced in 2006 (such as the reduction in the reduced rate for employees from 1.4% to 0.4%, the increase in the regular rate from 5.58% to 7.0% and the increase in the reduced rate bracket from 50% of the average wage to 60% thereof) are also reflected in the insurance contribution rate that is calculated on the basis of the wage and income data for 2012.

Table 11 presents data on the income (average per month of work), national insurance contributions (the share of the employee only) and health insurance contributions, on average per decile of the salaried population. The salaried employees are ranked according to income subject to insurance contributions (average per month of work) and each decile

is comprised of 10% of the employed individuals⁶. Individuals in each of the first four deciles pay national insurance contributions at a rate of 0.4% of their income and the rate rises gradually to 5.9% in the top decile. A similar picture arises from health insurance contribution rates by deciles, but the lowest rate among the first five deciles is 3.1%, equivalent to the reduced rate.

Table 12 presents the insurance contribution rates by deciles of the self-employed population for 2012⁷. The burden of national insurance contributions in the first and second deciles is striking, since the current minimum insurance contribution payment (25% of the average wage) underscores the regressive nature of the system at the lower income levels. The rate of national insurance contributions paid by the self-employed (as both employees and employers) is 6.7% in the third decile and it rises gradually to 9.8% in the tenth decile.

It should be noted that unlike salaried employees, the income of the self-employed in each decile is indicated in terms of monthly average per year (and not per month of work), since the collection from them is based on their reported annual income. For this reason, the income of salaried employees shown in Table 11, cannot be compared to the income of self-employed persons shown in Table 12.

6. Special Populations Defined as Salaried Employees

The data presented in the body of the chapter on the number of salaried employees pertains to the number of employees reported by the employer on Form 102. The salaried employee population, as defined by the National Insurance Institute, includes groups with unique characteristics and they are specified below.

Members of kibbutzim: Members of kibbutzim (communal settlements) and moshavim (cooperative settlements) are defined under the law as salaried employees of the cooperative society (as an employer), which has the duty and the responsibility to register them as salaried employees and to pay insurance contributions on their behalf. Members of kibbutzim or moshavim are insured under all the NII branches, except for the Unemployment branch. In 2014, an average of 40 thousand members was reported per month (aged 18 or older) and the insurance contributions paid on their behalf amounted to approximately NIS 100 million for the year.

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- 6 In April 1999, a legislative amendment was adopted, whereby the minimum income for calculating insurance contributions of salaried employees was equated to the minimum wage in the economy, taking part-time jobs into account. When calculating the insurance contributions we assumed full compliance by employers with the Minimum Wage Law and that any reported wages that are less than the minimum wage level are due to part-time jobs. The deviation in the average rate of insurance contributions from income in the lower deciles is negligible.
 - 7 The last year for which there is complete administrative data on income of salaried employees and self-employed persons.

Table 12
Self-Employed Persons: Income (monthly average per year)
and Burden of Insurance Contributions, by Decile, 2012

Decile	Average monthly income per year	Payment of insurance contributions					
		Absolute numbers (NIS)			Percentage of income		
		Total	National insurance	Health insurance	Total	National insurance	Health insurance
1	660	212	145	67	32.1	21.9	10.1
2	1,776	212	145	67	11.9	8.2	3.8
3	2,362	232	159	73	9.8	6.7	3.1
4	3,355	329	225	104	9.8	6.7	3.1
5	4,389	431	295	136	9.8	6.7	3.1
6	5,618	580	398	183	10.3	7.1	3.3
7	7,408	871	599	272	11.8	8.1	3.7
8	9,995	1,291	889	402	12.9	8.9	4.0
9	14,543	2,029	1,400	629	14.0	9.6	4.3
10	34,988	4,939	3,413	1,526	14.1	9.8	4.4
Average	8,671	1,076	740	335	12.4	8.5	3.9

Domestic employees: The status and rights of people employed in private households are the same as those of all other salaried employees, although the insurance contributions paid on their behalf are set at different rates. At the end of 2014, there were about 206,000 active employers with domestic employees and insurance contributions of about NIS 94 million were collected from them that year.

Employees from the Palestinian Authority: Workers from the territories and from the Palestinian Authority who are employed by Israeli employers are liable for payment of insurance contributions to three branches: Work Injury, Maternity and Bankruptcy. The insurance contributions for them are collected by the Payments Section of the Employment Service. In 2014, an average of approximately 38.4 thousand such employees was reported per month and the amount of insurance contributions paid on their behalf was about NIS 8.8 million for the year. The average monthly wage per employee, on the basis of which the national insurance contributions were paid, was approximately NIS 3,863.

Foreign workers: This group consists of people who are not Israeli residents and who are employed by Israeli employers. As in the case of employees from the Palestinian Authority, foreign employees are insured under the Maternity, Work Injury and Bankruptcy branches and the insurance contribution rates applicable to them are established by a special regulation. In 2014, an average of approximately 100,000 foreign employees were employed per month; their average monthly wage was about NIS 7,900 and their insurance contributions amounted to NIS 78 million for the year.

Employees who retired prior to reaching retirement age: These employees are liable for the payment of national and health insurance contributions on their early pension. In 2014, an average of approximately 52,000 pensioners paid insurance contributions each month and their insurance contributions amounted to approximately NIS 380 million for the year.

Insureds undergoing vocational training: This group includes insureds (both non-working and working) who are undergoing vocational training within the framework of the Ministry of Economy or at locations approved for this purpose under the National Insurance Regulations. The national insurance contributions are imposed on the employer and on the person undergoing vocational training for two branches only: Work Injury and Maternity. In most cases, the Ministry of Economy is the employer, unless the trainee has been sent to study on behalf of his employer. The number of insureds who were undergoing vocational training (and who paid insurance contributions) reached an average of approximately 40,000 per month in 2014 and the insurance contributions paid for them amounted to NIS 9 million for the year. This is because employers cease collecting the “not working and not self-employed” insurance contributions from the employees in vocational training and transfers to the NII only the “employee” share of the insured. The insured pays his “not working” share directly to the NII separately.

Chapter 5

Funds of the National Insurance Institute

1. National Insurance Institute Funds for the Community

A. General

The NII's main focus of activity is providing benefits in cash or in kind to those who are eligible under the law. These benefits are financed by NII budgets and collecting national and health insurance payments.

In addition to the benefits, the NII also helps to develop services in the community for the welfare of at-risk populations to broaden their opportunities. This is done by the NII's Funds¹ by virtue of the National Insurance Act (Combined version) 5755-1995. The Funds Branch (the Services Development Branch) was established in 2002, to collect all the NII Funds under one aegis², in order to promote projects, programs and initiatives³ intended to develop and introduce social services and infrastructures to meet the needs of the target population and NII policy.

The Branch operates through five Funds: The Fund for Development of Services for the Disabled; the Fund for Promotion of Long-Term Nursing Programs; the Special Enterprises Fund; the Fund for Occupational Health & Safety Activities (Manof); and the Fund for Development of Services for At-Risk Children and Youth.

The target populations for the Funds are children and adults with special needs, disabled elderly in the community and in institutions, families and individuals in financial and social distress, the long-term unemployed, at-risk children and youth, and workers at risk of work accidents.

In 2014, continuing the activity of previous years, the NII Funds focused largely on helping at-risk populations integrate into education and preparation for employment – the foundations of NII policy on welfare and social security and the main area of activity of three Funds: Services for the Disabled, Special Enterprises and Services for At-Risk Children and Youth. These Funds target people with disabilities, at-risk young people, women in financial distress, unemployed youths, and other groups such as populations in the country's periphery, Arabs and the Haredim. In 2014, together with other government ministries, funds were set up to develop social enterprises⁴, and they will begin operation shortly. This year programs were also prepared offering social, cultural, leisure and sports services to people with disabilities and the elderly, to meet the need for such services for these groups.

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- 1 The Research Fund, also included in the Act, operates as part of the Research & Planning Administration, see later in this Chapter.
 - 2 Until that time each Fund operated within the Branch relevant to its activity, except for the Children's Fund, which was established in 2004, and the Special Enterprises Fund, which was part of the Research Administration.
 - 3 A **project** mainly deals with building and equipping infrastructure; a **program** is mainly the operation of a service, and an **initiative** is a project or program involving the whole system (in terms of scope or collaboration between several Funds).
 - 4 See **Annual Report 2013**, Chapter 5

The authority of the Funds to develop welfare services is enshrined in law, which establishes the Regulations for examining projects and programs and governs NII participation in funding – using some of the contributions collected from employers and insured persons in the relevant branch. The maximum annual budget for each Fund is specified in law.

The NII Funds are as follows:

- **Development of Services for the Disabled:** helps public bodies to develop services for people with disabilities, to assist with their integration into society and work and improve their welfare. The Fund operates in the areas of special education and young children, vocational rehabilitation, sheltered housing in the community, leisure activities and sport, improved physical conditions in institutions for the disabled and purchase of rehabilitation equipment, and assistance in making public buildings accessible. The Fund also helps to improve quality of life and services in institutions.
- **Promotion of Long-Term Nursing Programs:** helps to develop and improve services for the elderly in the community and institutions, sets up day-centers for the elderly, purchases equipment for special needs, trains personnel to care for the elderly, and works to improve services in nursing homes.
- **Development of Special Enterprises:** helps public and private bodies develop social services with an experimental and innovative component in a range of fields, particularly for at-risk groups: dysfunctional families, youths and children at risk, people with special needs and old people suffering from violence. These programs are designed to be introduced into the community all over the country, and therefore most are accompanied by research assessment.
- **Development of Services for At-Risk Children and Youth:** works to promote the care of children under 18 who are at risk due to neglect, abuse, violence and sexual abuse, including youngsters who have broken the law, use drugs or are exposed to dangerous living conditions. The Fund is mainly engaged in developing programs to prepare adolescents for independent living and employment, with the aim of preventing future dependence on NII benefits.

The Fund also helps to deal with attention and concentration disorders that can be the basis of risk, and provides care for youngsters who have experienced sexual abuse. The Fund's rehabilitation programs bring these children back into education and welfare systems, and help to prevent them from descending into poverty and need.

- **Occupational Health & Safety Activities (Manof):** the Manof Fund focuses on activities to prevent work-accidents and promote greater health and safety at work: it finances research on this subject and implements the conclusions in experimental enterprises, develops and improves innovative safety means, locates occupational risks and safety hazards in the workplace, and helps with the purchase of safety devices, as well as providing training and information campaigns.

B. Scope of Activity

In 2014 the Funds signed agreements to develop welfare services worth about NIS 193 million for 290 different programs, an increase over 2013 of about 5.5% in financial assistance and 14% in the number of programs.

As stated, the scope of assistance provided by each Fund is prescribed by law. The Fund for Development of Services for the Disabled is allocated the highest amount, more than half of the entire Funds budget, followed in descending order by the Long-Term Nursing Fund, Special Enterprises, At-Risk Children and Youth, and Manof (Diagram 1). Most of the activity of the Disabled Services and Nursing Funds focuses on investment in infrastructure, which is why they need large budgets. The Funds for Special Enterprises and At-Risk Children & Youth focus on developing and operating services and their budgets as defined in the law are lower. The scope of activity and the nature of projects or programs can be seen from the average program budget in each Fund (Table 1).

The NII Funds do not fully finance programs in which they are involved, but rather pool resources from various entities. The maximum rate varies from fund to fund and is specified in its regulations. In some Funds the rate is also determined by the social and economic characteristics of the target population or the local authority (based on accepted statistical indices), and in the case of the Long-Term Nursing Fund – on the economic characteristics of the body operating the service.

The most common rate of participation by the **Fund for Development of Services for the Disabled** is 80% of the total project cost and in certain cases up to 90% of it, up to a maximum of NIS 2.8 million. In the **Long-Term Nursing Fund** maximum assistance in 2014 was NIS 3.2 million, updated at the start of each year. The regulations distinguish between projects in the community (such as day-centers) and projects in institutions (such as retirement homes). For projects in the community the assistance rate is determined

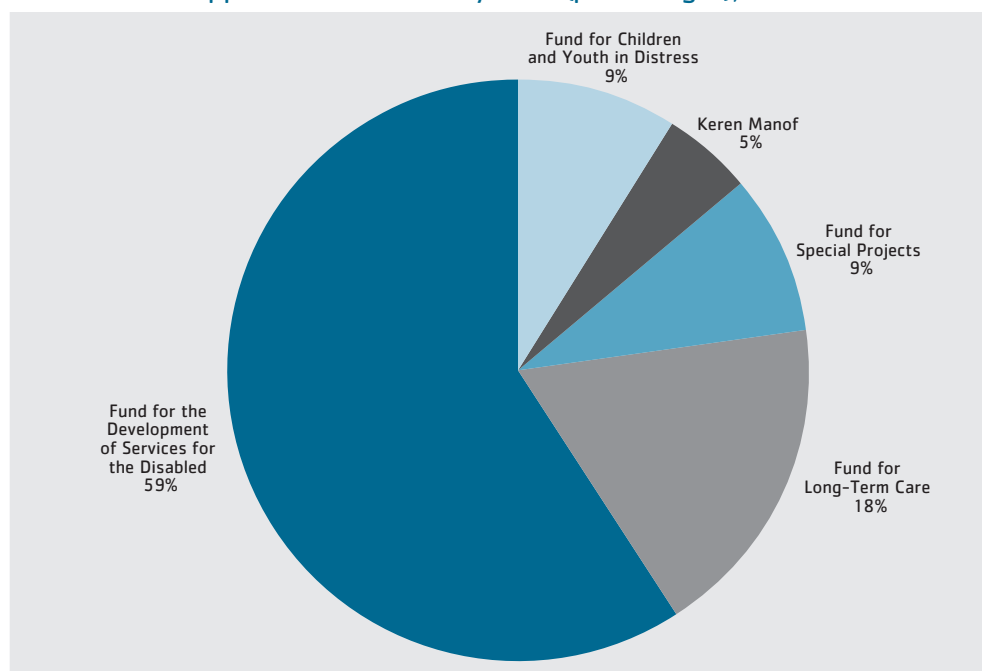
Table 1
Approved Programs and Assistance by Fund, 2014

Fund	Approved programs (number)	Approved assistance		
		Total* (NIS)	Average per program (NIS)	Percent of Division budget
Services for the Disabled	166	113,861,781	686,914	59%
Long-term Nursing	30	34,771,586	1,159,053	18%
Special Enterprises	42	17,659,823	420,472	9%
At-Risk Children & Youth	25	17,860,028	744,168	9%
Manof	18	8,757,890	417,284	5%
Total	280	192,911,108	...**	100%

* The financial data in the following tables refer to amounts approved in a particular year and not to the actual expenditure.

** This figure is not relevant due to the differing nature of the programs in the various funds.

Diagram 1
Approved Assistance by Fund (percentages), 2014



by CBS clusters⁵ and is 60%-90% of the total project cost⁶, and in institutions – 50-70%. The rate is determined after a recommendation from an accountant who checks the financial stability of the requesting entity. The **Fund for At-Risk Children and Youth** provides 50% of the program cost, the **Special Enterprises Fund** up to 80%⁷ and **Manof** may even fund the whole program cost.

Table 2
Total Cost of Programs, Approved Assistance and Rate of Assistance by Fund, 2014

Fund	Cost of programs (NIS)	Approved assistance	
		Total (NIS)	% of Total Cost*
Services for the Disabled	182,967,761	113,861,781	62%
Long-term Nursing	79,726,790	34,771,586	44%
Special Enterprises	49,488,624	17,659,823	36%
At-Risk Children & Youth	44,412,759	17,860,028	40%
Manof	14,515,708	8,757,890	60%
Total	371,111,642	192,911,108	52%

* Taking into account the assistance threshold and percentage assistance specified in the Regulations.

5 See footnote 7.

6 Including resources with other entities. In the Long-Term Nursing Fund this is mainly the Israel Association for Developing Services for the Elderly (Eshel) and the Claims Conference.

7 For a program that the Fund is supporting for three years, financing gradually decreases from 100% to 50% by year of operation.

In total, in 2014 all the Funds provided assistance amounting to NIS 193 million, which was used to develop services costing NIS 371 million (Table 2), so money from the Fund facilitated the leveraging of programs worth almost double the amount of assistance provided. This amount increased by 4.5% over 2013.

The **leveraging ratio** is the ratio between the total cost of a program and the amount invested by the Fund. Leveraging Fund money is very important: it helps the program to significantly expand its activity, and this facilitates the development and operation of additional projects that could not exist without pooling resources. The higher the leveraging, the better the possibility of involving more sources of funding and resources increase. Leveraging also facilitates national deployment, strategic vision and setting standards, even changing the regulations.

C. Fund activity in different locations

Most of the Fund budget (about 80%) is invested in programs running in localities of various types (municipalities, local councils and regional councils) and only about 20%

Table 3
**Approved Assistance, Proportion of Total Budget and of Population*
by Region and District**, 2014**

Region and District	Approved assistance		
	Total* (NIS)	% of total locality budget	Population (% of total)
Jerusalem	20,265,852	17	12
North	19,607,232	13	16
Safed	5,053,352	3	1
Sea of Galilee	1,644,374	1	1
Jezreel	6,273,411	4	6
Acre	6,636,121	5	7
Golan Heights	-	-	1
Haifa	16,968,045	11	12
Haifa	14,864,588	1	7
Hadera	2,103,457	10	5
Center	33,216,728	22	24
The Sharon	6,680,095	4	5
Petach Tikva	16,163,660	11	8
Ramle	6,304,209	4	4
Rehovot	4,068,76	3	7
Tel Aviv	22,933,262	15	17
South	26,493,890	18	14
Ashkelon	7,680,072	5	6
Beer Sheba	18,813,818	13	14
Judea & Samaria	6,604,776	4	4
Total local programs	151,507,819	100	100
Total national programs	41,403,289		
Total	192,911,108		

* The percentage was calculated from the total budget for local programs.

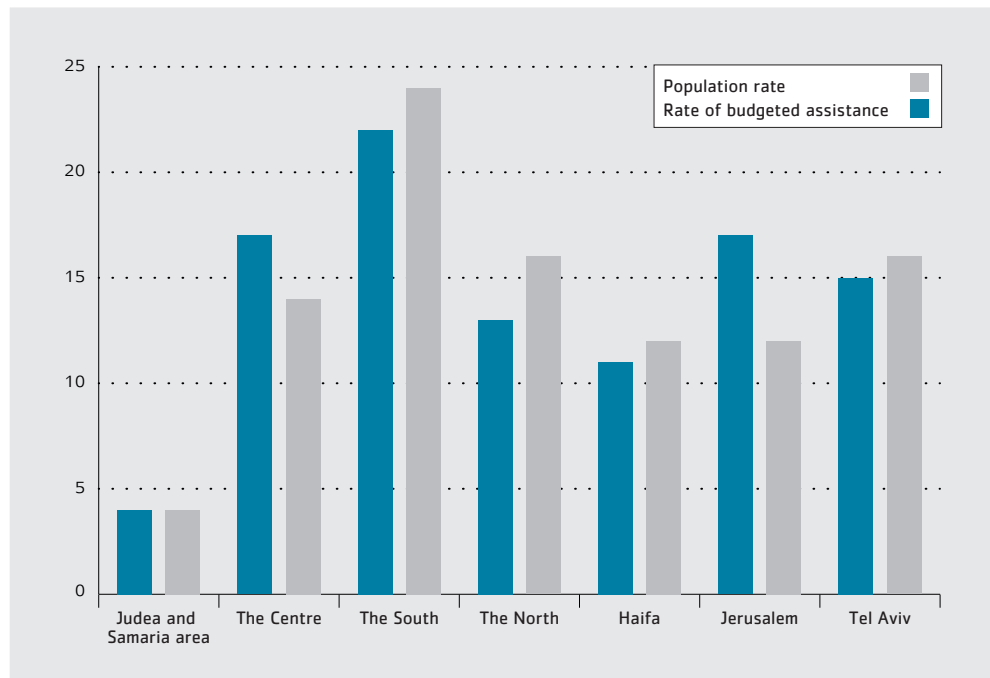
** The regions and districts are according to the official administrative division of Israel into 6 regions and 15 districts. From: Central Bureau of Statistics, Statistical Year Book for Israel, no. 65, 2014.

is invested in initiatives or programs at the national level (such as raising awareness of safety at work or promoting safety in the work place). The investment in peripheral areas – south and north – is about 30% of the total budget for localities, similar to the proportion of the population in these areas (Table 3, Diagram 2), but with a different geographical distribution: in the southern area and Jerusalem the share of investment is greater than the general population, while the proportion of the budget invested in Haifa, Judea & Samaria is similar to the general population.

Local authorities in Israel are classified in clusters by the CBS according to their socio-economic status⁸: clusters 1-3 are defined as having low socio-economic status (21%), clusters 4-7 have medium status (63%), and clusters 8-10 have high status (16%) (Table 4).

Analysis using this classification shows that in 2014, 12% of the budget was invested in localities with the lowest socio-economic status, 76% in medium status localities, and 12% in high status localities – compared to 16%, 60% and 12% respectively in 2013 (Table 4 and Diagram 3). In other words, the investment in low status localities was lower than their share of the population (11% against 21% respectively), in medium status localities it was higher than their share of the population (76% against 63%) and in

Diagram 2
Rate of Approved Assistance and Population by Region, 2014



8 Local Authorities 2013, Central Bureau of Statistics.

Table 4
Approved Assistance (NIS) and Rate of Total Budget
by Socio-Economic Cluster and by Fund*, 2014

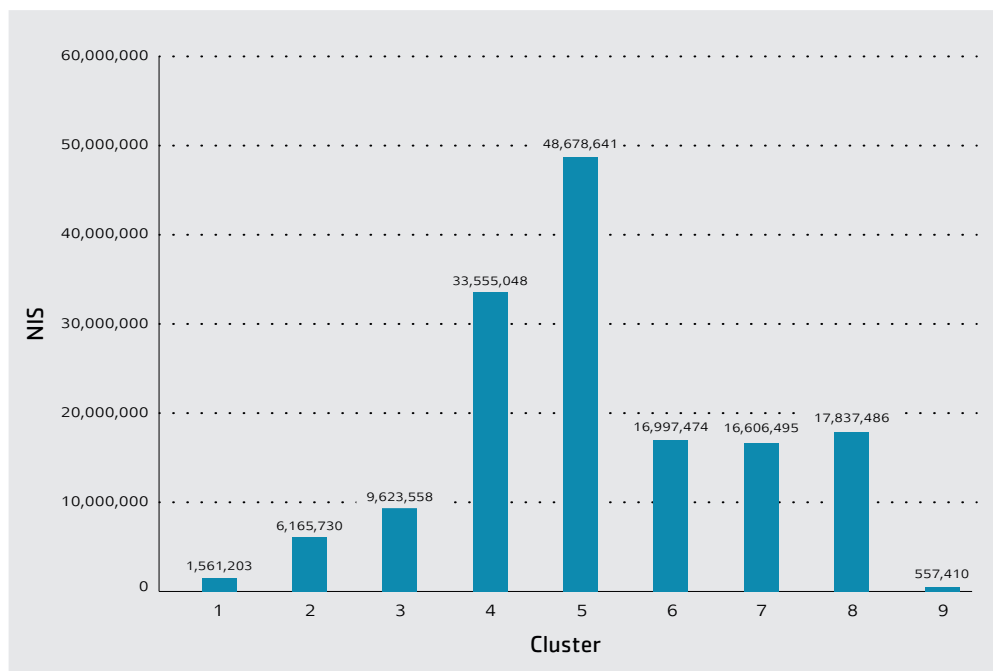
Cluster	Fund				Approved assistance		Population (% of total)
	Disabled	Nursing	Special Enterprises	At-risk youth	Total (NIS)	% of total budget in cluster**	
1	994,203	-	-	567,000	1,561,203	1%	2%
2	4,874,410	300,000	-	991,320	6,165,730	4%	9%
3	7,042,358	-	540,000	2,041,200	9,623,558	6%	10%
4	26,028,343	531,382	2,930,450	4,064,450	33,555,048	22%	19%
5	27,892,006	17,224,635	1,653,100	1,908,900	48,678,641	32%	24%
6	13,403,594	3,106,380	487,500	-	16,997,474	11%	12%
7	9,974,048	3,895,410	2,737,037	-	16,606,495	11%	8%
8	11,979,758	3,487,728	2,370,000	-	17,837,486	12%	15%
9	-	-	-	557,410	557,410	0.4%	1%
10	-	-	-	-	-	-	0.2%
Total***	102,188,720	28,545,535	10,718,087	10,130,703	132,408,015		
National total	113,861,781	34,771,586	17,659,823	17,860,028	192,911,108	100%	

* All programs in the Manof Fund are nationwide.

** The percentage is calculated from the total budget for programs in localities.

*** Total of localities included in the cluster classification.

Diagram 3
Approved Assistance by Socio-Economic Cluster (NIS), 2014



high status localities it was lower than their share of the population (12% against 16%). Localities are assigned to a particular socio-economic cluster according to the average socio-economic indicators in that location, and therefore all their residents are assigned to the same cluster in spite of their different incomes. Therefore, even in localities of medium or high socio-economic status there are at-risk populations requiring assistance.

D. Promotion of Healthy Lifestyle and Physical Activity for People with Disabilities⁹

Two of the main objectives of the NII Funds are to improve the quality of life (well-being) of target populations, and prevent a decline in their function, health and economic situation. The Fund for Development of Services for the Disabled and the Special Enterprises Fund have been working for many years to extend and improve programs that promote a healthy lifestyle and physical activity for people with disabilities.

Physical activity contributes to everyone's health and well-being, whether they have disabilities or not, but it is particularly important for the disabled because it improves physical capabilities, which are often likely to decline due to a sedentary lifestyle. Physical activity can also reduce the risk of developing fractures and chronic diseases such as diabetes, obesity and heart disease. Lack of physical activity may affect ability to perform simple daily activities and thus reduce independent function and – indirectly – personal autonomy. This in turn has negative psychological and physiological effects, such as social isolation, depression, weakness and fatigue.

Data collected in Israel and elsewhere indicate that people with disabilities generally do less physical activity than those without disabilities. A Ministry of Health report from 2009 found that the rate of disabled people who engage in physical activity at least 2-3 times a week is much lower (very disabled – 16%, disabled – 22%, without disability – 30%¹⁰).

In view of this, in recent years the Funds have worked to promote a healthy lifestyle for people with disabilities, by developing innovative frameworks and models, training professionals on the subject, and changing attitudes to sport among the disabled themselves. Activities take place in collaboration with the Fund for Development of Services for the Disabled, which assists with physical infrastructures and equipment, and the Special Enterprises Fund, which helps to develop suitable programs. In 2013 these two Funds set up a joint initiative and published a call for programs to promote physical activity among the disabled.

9 This section is based on Hotzler, Y. & Barak, S. (2012): **Suitable Physical Activity and Sport for People with Disabilities – Review of Literature and Description of Situation, Towards Preparation of a Manifesto**. The National Insurance Institute, Funds Division.

10 Shemesh, E. & Nakamoli Levy D. (2009). **People with Disabilities in the Community**. Ministry of Health, Economics & Health Insurance Division.

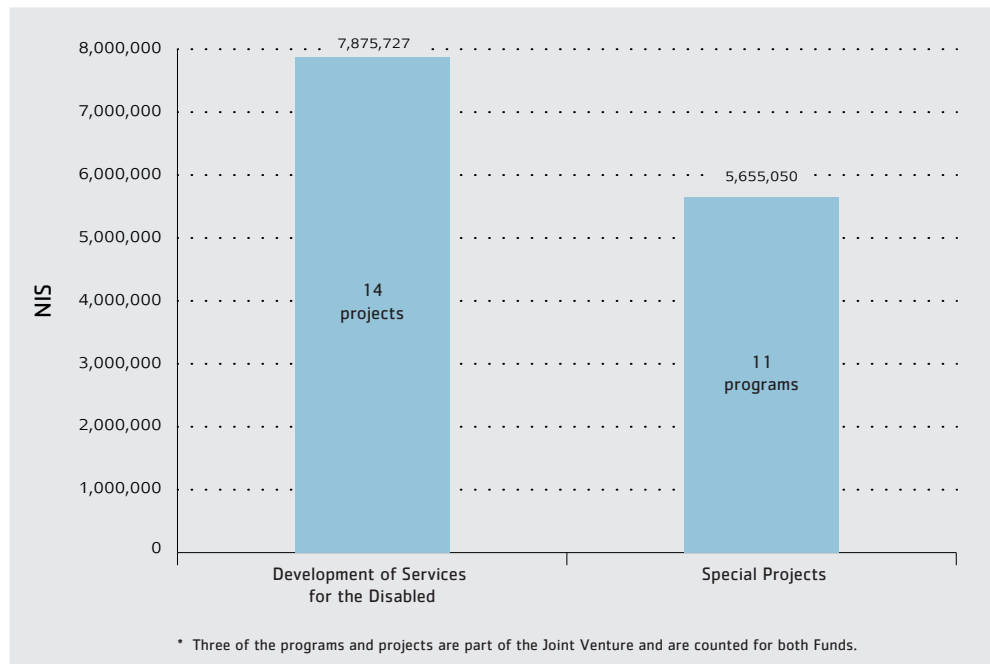
In the last 5 years (2010-2014) the NII Funds have approved assistance amounting to NIS 13.5 million for 25 projects and programs promoting healthy living and physical activity for people with disabilities (Diagram 4), some of them accompanied by assessment studies. Here are some examples:

- **Spivak Sports Center for the Disabled in Israel, Ramat Gan:** A unique facility operating since the 1960s and offering physical, mental and social rehabilitation for disabled people of all ages through participation in suitable sports programs. The Center currently serves some 2,500 children, youths and adults with various types of disability and meets all their needs – adapted sports equipment, professional training, personal assistance and social and psychological support. The Center runs a wide range of sports programs: basketball, swimming, lawn tennis, table tennis, quad-rugby and Boccia – a unique competitive sport for people with severe motor disabilities. The Center also houses an active learning center, to provide information, advice and training on the subject of physical activities for the disabled in the community.
- **Life Game – Association of Educational and Social Enterprises:** this program offers children, young people and adults with disabilities the possibility of engaging in sports suitable for their needs (football and netball) in a consistent, professional way, and to participate in tournaments with other teams. A unique aspect of this program is the use of team sports as a tool for learning skills, by exploiting situations that arise on the sports field in order to convey educational and rehabilitational messages. Thus the program helps to improve the image of participants in their own eyes and in the eyes of others and enhances their communication, motor and cognitive skills. Today more than 100 teams are active all over the country.
- **Challenges – Association for Challenging Sport:** challenging activities in nature, with bicycles and ropes, and marine activities for the disabled. The Association runs seven centers for bicycle riding spread over the country, and professional training for mobility with bicycles for those who are unable to reach the centers. Participants use single bicycles, tandems and hand bicycles. The Association also organizes rappelling and zip line activities all over the country, and diving courses in Eilat, using specially adapted equipment.

The following are examples of programs recently introduced by the joint initiative or in the final stages of preparation:

- **Israel Track – all the ways to exercise:** physical activity for Haredi youngsters with special needs, living in the residential system of the Siach Sod Association.
- **Someone to run with:** students with and without disabilities at Sapir College in Sderot work out together, to encourage disabled youngsters to engage in sport.
- **Expansion of Boccia activity:** including introducing a national league and team to represent Israel in international competitions.

Diagram 4
Projects and Programs to Promote Healthy Lifestyles
and Physical Activity among People with Disabilities, by Fund*, 2010–2014



E. Intervention Model for Dealing with Neglected Children and Youths¹¹

In 2014 the Fund for At-Risk Children & Youths developed a joint initiative with the Rashi Fund and the Ministry of Welfare & Social Services to develop an intervention model for young people from birth to 18 years at risk from various types of neglect as well as their families (see Table 5 – types of neglect). This is the second joint initiative of these 3 entities: in 2007 they jointly established centers for girls and boys who were victims of sexual assault – an initiative that was later absorbed into the work program of the Ministry of Welfare¹².

The focus on neglect of children as a distinct concept matches the globally emerging professional perception, which brings a new message for welfare policy in Israel (see Box). This choice is not accidental: coping with neglect and its consequences for the future development of children and youth in Israel has been of concern to the initiative's partners for some time. Experience in the field shows that families where there is neglect receive only partial help, so these three entities decided to initiate a comprehensive intervention to deal with the problem and help both parents and children who are not currently defined as a separate group in need of intervention, and thus there is no specific

11 Thanks to Miri Rossman for writing this section.

12 For more information see: National Insurance Institute, Annual Report 2012, Chapter 5 (p. 270).

solution for them.

Above all, the initiative's purpose is to create a protected and safe environment for the children, where their needs and those of their family can be examined in order to bring about future change. The initiative is based on the need for a varied, flexible range of solutions in the individual-family-community-society circles, recognizing that there are many factors contributing to child neglect. This perception affects not only analysis of the situation, but also the strategies developed for interventions. The purposes of the initiative are:

- To improve the ability of parents to meet their children's needs and provide protection and safety in the family framework.
- To improve the social, familial, academic, educational and emotional development and function of children.
- To reduce the numbers of children removed from their families due to neglect.
- To develop a theoretical and practical model for intervention, leading to social policy for coping with neglect of youngsters and creation of the services to implement this policy.

Table 5
Types of Neglect

Neglect of physical needs	Neglect of medical needs	Neglect of educational needs	Neglect of concern for child's safety	Emotional neglect
Nutrition Home Clothing Hygiene	Medical observation Treatment of illnesses Treatment of disabilities	School achievements Attendance at school Parental involvement	Neglect in parents' presence Neglect in parents' absence	Stimuli Inclusion and acceptance of child Parent-child relationship Mutuality of the relationship

The initiative began operation in October 2014 in six places (Acre, Karmiel, Ashdod, Modi'in Illit, Dimona and Segev Shalom), and is planned to cover 12 places in all. So far 400 young people and 120 families have participated. In each location a special model for coping with neglect is built, including a program adapted to specific needs. In spite of the differences between models, they are based on identical principles:

- The initiative is under the direction of the local welfare system with a multi-disciplinary team that uses local community resources.
- Interventions involve both parents and children.
- Intervention includes therapeutic and social aspects as well as concrete material help. Responses are individual, family and community based.
- Care is comprehensive, intensive and long term.
- Help with up-take of rights and reducing barriers to consuming services.
- Reaching out to families (home visits, flexibility in meetings, etc.).

- Help for families in dealing with obstacles preventing their participation in activities.
- Monitoring cases of neglect (in welfare, education, health and physical care) among children, including real-time reactions.
- Professional but informal work, based on partnership with families, being non-judgemental, accessible and available, believing in the ability to change and recognizing parents as individuals with needs.

The initiative is planned to operate for four years, during which time the intervention model for dealing with neglect will be finalized. It will be based on work in the field, accompanying research, and computer-based collection and documentation of information.

Neglect among Children

Neglect is defined as **long-term inability of parents to supply the basic physical or emotional needs of their children in a way that could significantly affect their health and development** (from birth to 18). Neglect may be expressed by the inability to provide food, shelter or suitable clothing, or the inability to protect the child from physical abuse, or to ensure he/she receives health and education services. Neglect can also be expressed by failure to respond to the child's emotional needs¹.

Tanner & Danielle² mention some features of the situation, derived from the above definition:

The chronic or long-term nature of the neglect: there is a difference between one-off cases or responses to a specific situation and an ongoing situation that becomes a way of life.

The harm caused to children– the physical, emotional or developmental harm due to long term neglect shows that neglect is harmful in itself and is not just a side effect of other types of abuse.

We should distinguish between child neglect and systematic, intentional emotional abuse (a sustained attack on the child's identity and personality), recognizing the link between other types of harm to children and neglect.

According to Dubowitz³, most of the definitions relating to child abuse involve actual harm, but the harm caused by neglect is sometimes potential, since the outcomes may only manifest themselves years later. His definition of neglect focuses on the child

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- 1 Great Britain, Dept. of Education (2006). *Working together to safeguard children: A guide to inter-agency working to safeguard and promote the welfare of children*. The Stationery Office.
- 2 Tanner K. & Danielle T. (2003). What do we know about child neglect? A critical review of the literature and its applications to social work practice. *Child and family social work*, 8, 25-34
- 3 Dubowitz, H. (2009). Tackling child neglect: A role for Pediatricians. *Pediatric Clinics Of North America*, .56, 364-378

and his/her unmet needs, recognizing that there are many causes of neglect, including parental conduct. This approach matches the ecological one, which states that it is impossible to determine one single cause of neglect, and factors relating to the child, the parents, the wider family, the community and society must all be considered.

Neglect is a widespread phenomenon. Here are some facts:

- It is the most common form of child abuse. 71% of all documented cases of harm to children in the USA in 2010 were neglect. In the USA and Canada, the most commonly documented forms of child neglect are absence of proper supervision, physical neglect, abandonment, and educational and medical neglect⁴.
- 34.5% of cases reported to welfare officers in Israel in 2012 involved neglect⁵.
- 75% of children whose cases reach care planning committees in Israel suffer from neglect or lack of supervision⁶. The assumption is that the main cause for arrangements outside the home is neglect and that most children removed from their families are suffering severe neglect.
- Physical neglect is generally accompanied by emotional neglect, but the reverse is not always true⁷.
- Nine out of ten neglected children receive no treatment⁸.

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- 4 Lavi I. (2013). **Physical and emotional neglect**. Jerusalem: The Haruv institute
- 5 Zionit, Y. and Berman, Ts. (2013). **Children in Israel**. Child Welfare Council. 2013.
- 6 Slonim-Nevo, V. & Lander, Y. (2004). Can the child's welfare exist separately from the family's welfare? Thoughts and recommendations for change, *Society & Welfare*, 24, 4, 401-433
- 7 See footnote 4.
- 8 Horwitz, N. & Berboy, R. (2013). **Review of Literature in order to determine policy on developing services for children living with neglect**. Agora Policy.

F. Promoting Higher Education and Employment for Young People with Disabilities¹³

1. General

The position of the Funds Division of the NII is that education and employment are the basis for integrating at-risk populations into society and the community, and therefore, five years ago the Special Enterprises Fund and the Fund for Development of Services for the Disabled decided to upgrade centers providing support services and advice for students with various difficulties (physical, sensory and mental) – the **Higher Education Revolution**. Identification of needs and study of models used overseas led to the conclusion that a special service should be developed bringing under one roof the whole range of individual services, to provide information and change attitudes, using various means of accessibility.

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13 Thanks to Sarit Morai for writing this section. The section is based on the operating kit and details of successful practice written by the academic consultants of the initiative, Prof. Arlen Cantor and Dr. Nitzan Almog, and internal memos written by the staff of the initiative.

Although the proportion of individuals studying in post-secondary institutions of education in Israel is one of the highest in the world, the rate of students with disabilities is significantly lower than their share of the general population. This contradicts a fundamental principle of the Equality for People with Disabilities Act 5758-1998, which states that “The rights of people with disabilities and the commitment of society in Israel to those rights are founded on recognition of the principle of equality, on recognition of the value of man created in God’s image, and on the principle of human dignity”. Not only that: people with disabilities suffer high rates of unemployment, partly due to their low standard of education. Therefore, access to higher education for the disabled is important not just for the individuals concerned but for all Israeli society. Removing obstacles that deny them education in general, and higher education in particular, is an essential condition for their integration into employment in jobs that match their skills and abilities.

The last two decades have seen developments in the area of access to higher education and employment for people with disabilities – in legislation, legal rulings and policy. The NII Rehabilitation Division has broadened its activity in this area, and help from the Funds has increased. The Council for Higher Education is also funding support centers for students with learning disabilities. These developments have laid the foundations for the development of multi-disability centers to help disabled students overcome the many obstacles they face.

2. The Higher Education Revolution – Centers at Institutions of Higher Education

The purpose of the **Higher Education Revolution** initiative is to increase the number of students with disabilities at institutions of higher learning and thus increase their chances of finding suitable employment. Two specific goals of the initiative are to increase the number of students who start and complete academic studies, particularly those with severe disabilities, and to increase awareness at institutions of higher learning (among teaching staff, administrative staff, students) of the necessity for integrating disabled students and encouraging them to play an active role.

In order to promote these goals, it was decided to set up multi-disability support centers in higher education institutions to manage activity on the campuses (the “one stop shop” method) and offer the following services: a program to prevent dropping out, loan of learning and teaching aids, study and social programs, mediation with faculty, advice on fully taking up legal rights and mediation with suitable organizations, preparation for work, personal advice, and workshops on subjects such as time management, overcoming exam anxiety, and learning strategies.

The Centers will advertise their activities to potential target groups (high school students, disabled people not currently studying, parents and teachers) and will build a pool of data for monitoring integration of students into employment.

So far the initiative has been granted over NIS 20 million to set up 35 centers in 32 institutions¹⁴ (6 universities and 26 colleges), which account for about 75% of students in Israel. Twelve centers were approved in 2011 and a further 23 in 2012. Most centers are already active, and the rest will start operations at the beginning of the 5776 academic year (2015-2016).

Quantitative and qualitative findings of an evaluation study accompanying the initiative will be published in a few years, but it is already possible to point to a number of general trends:

- An increase of 18% in the number of students with disabilities at the institutions, from 5,320 in 2012 to 6,267 in 2014.
- An increase of at least 40% since the start of activity in the number of students with physical and mental disabilities, Asperger and chronic illnesses.
- The centers are an integral part of the institutions and operate under the aegis of the Dean of Students. Heads of the institutions provide financial backing for further activity and development.
- The centers are an important factor in advising and assisting students from their first application to completion of their studies. They have become the principal address on the subject of rights, and are integrated into the services of the NII Rehabilitation Division.
- The centers provide advice on all aspects of campus accessibility (buildings, services, studies). They also initiate information campaigns and training for academic and administrative staff on accessibility to studies, and thus promote awareness of students with special needs.

In 2014 the Knesset held intensive discussions on approval of accessibility regulations for institutions of higher education. The work of the Funds Division bore fruit, and a sub-committee on regulations based on the Equal Rights Act for People with Disabilities 5758-1998, at a meeting on 1.4.2014, recommended including the support centers in the Regulations and defined their functions according to the principles drawn up for the **Preparation for Employment** initiative, with the intention that this would lead to similar centers in all institutions in Israel and greater accessibility for people with disabilities.¹⁵

G. The Integrated Model for Caring for Elderly People with Complex Needs¹⁶

For the last three years, the Long Term Nursing Fund has worked with Eshel and the relevant Government Ministries to develop an integrated model for caring for elderly people using a care coordinator following the **case management** method.

14 In three institutions, two centers were set up at different campuses: The Hebrew University, Sami Shimon College, and Levinsky College.

15 For further reading: Cantor A. and Almog G. (2013): **Successful practice in the work of Support Centers for Students with Disabilities in Institutions of Higher Education**. The National Insurance Institute (2013). **Guidelines – Equipment for Support Centers in Institutions of Higher Education**.

16 The section is largely based on: Assiskowitz, S., Shmelzer, M., Laron, M., Reznitzki, S., and Brodesky, G. (2015) **Pilot program for integrative care in Ashkelon – Accompanying assessment study**. Jerusalem: National Insurance Institute, Research & Planning Administration, and Myers Joint Brookdale Institute.

The ageing western population has caused a rise in the number of people suffering from chronic illnesses and loneliness, or experiencing declining health, function and cognition, with greater awareness of the need to keep the elderly in the community ('aging in place'). In this reality, governments worldwide are facing a challenge to create continuity of care, in order to improve the quality of services, reduce costs of repeated hospitalization, increase uptake of services in the community, and cut rates of institutionalization. According to the literature, managing ageing in the community improves the function and welfare of the individuals involved, helping them with medication management and use of community services, while avoiding their institutionalization¹⁷.

In Israel, old people and their families struggle with a scattered and unco-ordinated system of services, ignorance of existing services, lack of essential services, and lack of clarity about where to turn in times of crisis or distress. Developing the case management model is a way of providing a solution for the elderly and their families, particularly old people with complex needs, in the maze of existing services. Here Israel's efforts echo those of many other developed countries, which have been building such models for populations with multiple or complex needs.

In order to develop the integrated model, a joint administration was set up, including government ministries and various organizations, which decided on the pilot program in Ashkelon. The pilot was intended to examine how to operate a case management model for old people with complex needs within the social services systems in Israel, and it had three main goals: to define the main target populations that could benefit from the program, to define the role of the case manager and his/her interface with other functions in the local health and welfare services, and to look at other benefits of case management for the aged and their families.

The pilot started in April 2014 with 60 old people in Ashkelon. An independent care co-ordination unit was set up that was not attached administratively to any of the elements involved in care, with a social worker to manage the program, and two care co-ordinators – a social worker and a Clalit Health Services nurse.

The assessment study accompanying the pilot from the start presented conclusions regarding the main issues examined in the pilot:

- **Target populations who can benefit from the program:** the program expanded the services provided to low-income old people living alone and suffering from complex problems. About 2/3 of participants began to receive some services for the first time, and although there was no control group, the program's contribution is clear. It was

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17 You, E. C., Dunt, D., Doyle, C., & Hsueh, A. (2012). Effects of case management in community aged care on client and carer outcomes: A systematic review of randomized trials and comparative observational studies. *BMC Health Services Research*, 12(1), 395; Low, L. F., Yap, M., & Brodaty, H. (2011). A systematic review of different models of home and community care services for older persons. *BMC Health Services Research*, 11(1), 93.

possible to find a solution for two groups who currently receive insufficient attention: old people with no family support (about half the participants), particularly those with complex needs who have to find their way around the health and the welfare systems without the help of family members; and those who are beginning to decline in terms of function, health or cognition, but do not yet qualify for services such as the nursing benefit under the Long-Term Nursing Act, and whose socioeconomic situation does not enable them to purchase such services privately.

- **Defining the role of care management and testing the interface with health and welfare systems:** the care co-ordinator's thorough familiarity with health and welfare services shortened the time needed to handle problems and inter-organizational processes. For example, co-ordinators could guide families on how to submit applications for services, such as long-term nursing. Not only that: the professionals pointed out that the program promotes faster communication between health and welfare services.
- **The benefit of a multi-disciplinary team to deal with complex needs:** the welfare services stressed the advantage of incorporating a nurse, while health services stressed the advantage of having a social worker. The multi-disciplinary team also meant members "talked the same language". The professionals pointed out the heavy load of daily work in both welfare and health services, stating that the program gave them the ability to give more attention to complex cases and provide individually tailored responses to old people.

The pilot is currently being extended in the Southern Region to about 600 old people, and there will soon be a new job definition for the care co-ordinator for old people with complex problems, in the expectation that this will improve the responses to these old people.

2. The Research Fund and the Research Room

The NII supports research by providing grants to researchers in the fields of social security, the labor market, the social arena and social policy. Funding is provided according to section 36 of the National Insurance Act 5713-1953. Researchers submit study proposals by December each year, and in the following year decisions are taken on whether to approve funding and for what amount. There are several stages in the research approval process: discussion by the NII's internal Research Committee and formulating recommendations, discussion in the Research Sub-Committee of the NII Council according to the recommendations, and a decision by the Council's Finance Committee. Research proposals must also be approved by the Minister of Welfare and Social Services. Priority is given to research that is closely linked to the NII's objectives and its fields of activity, and research that adds knowledge and helps to shape and evaluate socioeconomic policy. Some research has additional sources of funding.

Types of assistance given by the Fund:

- Regular research grant – partial or full funding for a research project that meets the required conditions.
- Comprehensive research grant – the NII initiates comprehensive studies in the fields for which it is responsible and also participates in proposed research for topics that are in its work plan and according to its order of priorities.
- Participation in funding needed to set up and maintain large databases relevant to NII work, such as widening the scope of the CBS survey of family expenditure, funding follow-up surveys (long term data on incomes).
- Student grants – to encourage young researchers to study the fields mentioned, grants are awarded each year to 2-3 researchers who are studying in Israel and preparing doctoral theses.

After the Minister has approved the funding, a detailed agreement is signed with the researchers, specifying the conditions for receiving funding at defined research milestones.

On completion, the research is published on the NII website, indicating that it was supported by the Fund. All research that was done with the Fund's support since its establishment that could be located has been uploaded to the website.

Since its establishment, the NII has partially or fully funded about 170 studies and has assisted with databases relevant to the study of social security and socio-economic conditions, and research grants for students. Some research has ended and other studies are still ongoing. Eligibility criteria for funding from the Fund and instructions for submitting requests can be found on the NII website under the tab **Funds**.

Research Room

In order to increase research options, in 2011 the NII Research & Planning Administration opened a Research Room, where researchers can make use of the NII's databases and micro-social files after identifying details have been removed.

The Research Room has three workstations equipped with statistical and econometric software suitable for processing R, STATA, SPSS and SAS data. The comprehensive database includes NII administrative files and those of other entities with which the NII has professional contact, such as the wages file of the Tax Authority and data from the Population Register. Other files are brought specially to the Research Room and are incorporated (with the consent of their providers) into the administrative information. For each request, NII staff members prepare a database suited to the goals and needs of the research. Researchers wishing to use the Research Room must undergo a security check and sign a confidentiality undertaking.

A committee representing the Research & Planning Administration meets once a quarter to discuss requests to use the Research Room according to criteria such as the importance of the research, quality of researchers, and scope of resources needed to

prepare the relevant files. The NII reserves the right to charge for the preparation of complex files, and particularly for any changes and updates to requests.

Since the establishment of the Research Room up to the end of 2014, about 15 researches have made use of its data. As with the Research Fund, once the research is complete, researchers are asked to publish their results by arrangement with the NII. Some studies are done in collaboration with researchers from the Research Administration.

Prominent studies that made use of the Research Room data¹⁸:

- **Bank of Israel, Research Division, Noam Zussman & Tamar Ramot-Niska: Public Housing – characteristics of apartments and residents.** The study provides an understanding of who receives housing assistance, and helps to focus policy on relevant populations who receive a range of social services.
- **Ministry of Welfare, Miri Ben Simchon: Characteristics of Recipients of Ministry of Welfare and National Insurance Services.** The research seeks to define populations known to the Ministry of Welfare and who receive NII benefits.
- **Employment Service, Rony Hacoheh: Follow-up Study – Program to help recipients of Income Support – “Circles of Employment”.** The research examines changes in pay and employment characteristics of participants in the Circles of Employment program compared to a control group.
- **Brookdale Institute-Myers-Joint, Engineering & Youth Corps: Noam Fishman & Avraham Walde-Tsadik: Follow-up Study of Makam Graduates.** The research was intended to assist the Center for Promotion of Special Populations (Makam) to learn about the situation of those who left the Center during the following 10 years, to help them make future decisions about target populations, program content and the responses provided.

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 18 The first list can be found in the National Insurance Report for 2013.

Appendices



Insurance Branch Tables

A. General

Table A/1
Receipts and Payments (current prices*, NIS million), 2010–2014

	2010	2011	2012	2013	2014
Total receipts	79,171.4	86,176.5	89,169.9	92,602.6	94,632.8
Thereof: for the National Insurance branches	62,876.7	68,654.6	71,052.1	73,680.0	74,842.8
Collection for the National Insurance branches	31,334.5	33,735.5	34,568.6	36,969.2	38,929.8
Government participation under the National Insurance Law	14,296.9	17,303.8	18,206.4	18,115.0	17,015.0
Interest	7,004.7	7,304.1	7,692.9	7,748.0	7,812.0
Miscellaneous	493.1	429.6	457.7	646.4	565.0
Government allocation for non-contributory payments*	9,747.5	9,881.6	10,126.5	10,202.0	10,521.0
Collection under other laws	16,294.7	17,521.9	18,117.8	18,922.0	19,790.0
Total payments of the National Insurance branches*	57,962.2	61,312.4	65,506.0	67,884.0	70,063.0
For contributory benefits	48,214.7	51,430.8	55,379.5	57,682.0	59,542.0
For non-contributory benefits	9,747.5	9,881.6	10,126.5	10,202.0	10,521.0
Current surplus	-3,006.1	-994.2	-3,144.9	-3,053.0	-4,175.0
Assets at end of year**	183,519.7	194,467.7	212,842.4	218,627.1	227,042

* Not including administrative expenses.

** Since 2009 according to fair value.

Table A/2
Receipts and Payments (2014 prices*, NIS million), 2010-2014

	2010	2011	2012	2013	2014
Total receipts	84,575.1	89,408.9	90,961.4	93,043.3	94,632.8
Thereof: for the National Insurance branches	67,485.9	71,229.8	72,479.6	74,031.2	74,842.8
Collection for the National Insurance branches	33,631.5	35,000.9	35,263.1	37,145.1	38,929.8
Government participation under the National Insurance Law	15,344.9	17,952.8	18,572.1	18,201.2	17,015.0
Interest	7,518.1	7,578.0	7,847.4	7,748.8	7,812.0
Miscellaneous	529.2	445.1	466.9	649.4	565.0
Government allocation for non-contributory payments*	10,462.0	10,252.2	10,329.9	10,250.5	10,521.0
Collection under other laws	17,487.2	18,179.1	18,481.8	19,012.0	19,790.0
Total payments of the National Insurance branches¹	62,211.2	63,612.2	66,822.0	68,207.1	70,063.0
For contributory benefits	51,749.1	53,359.9	56,492.1	57,952.5	59,542.0
For non-contributory benefits	10,462.0	10,252.2	10,329.9	10,250.5	10,521.0
Current surplus	- 3,226.4	- 1,031.4	- 3,208.0	- 3,067.5	- 4,175.0

* Not including administrative expenses.

Table A/3
Payments and Receipts – Old-age and Survivors' Branch*
(NIS million), 2010-2014

	2010	2011	2012	2013	2014
Current prices					
Total payments	21,801.6	23,284.1	24,569.1	25,726.0	27,255.0
Thereof: for the National Insurance branches	17,961.0	19,408.2	20,706.0	21,921.0	23,474.0
Receipts					
Collection for the National Insurance branches	14,200.2	15,082.1	15,344.6	15,989.9	16,602.0
Government participation under the National Insurance Law	2,550.3	2,522.5	2,674.6	2,721.0	2,831.0
Interest	2,608.1	2,697.0	2,697.0	2,682.0	2,650.0
Current surplus	-1,365.4	-2,004.8	-2,862.0	-3,374.0	-4,235.0
Surplus including interest	1,242.7	692.2	-107.7	-692.0	-1,585.0
Assets at end of year**	68,131.5	70,481.6	75,208.7	74,992.6	75,952.4
2014 prices					
Total payments	23,399.8	24,157.4	25,062.7	25,848.4	27,255.0
Thereof : for the National Insurance branches	19,277.6	20,136.2	21,122.0	22,025.3	23,474.0
Receipts					
Collection for the National Insurance branches	15,241.1	15,647.8	15,652.9	16,066.0	16,602.0
Government participation under the National Insurance Law	2,737.2	2,617.1	2,728.3	2,733.9	2,831.0
Current surplus	-1,465.5	-2,080.0	-2,919.5	-3,390.0	-4,235.0

* Not including administrative expenses.

** Since 2009 according to fair value.

Table A/4
Payments and Receipts – General Disability Branch*
(NIS million), 2010-2014

	2010	2011	2012	2013	2014
Current prices					
Total payments	10,796.9	11,269.4	12,133.8	12,701.0	13,512.0
Thereof: under the National Insurance Law	9,343.1	9,740.4	10,422.7	10,950.6	11,713.0
Receipts					
Collection for the National Insurance branches	5,178.4	5,518.4	5,604.3	5,835.8	6,055.0
Government participation under the National Insurance Law	791.0	735.4	771.0	778.3	803
Interest	326.9	199.4	97.6	95.1	85
Current surplus	-3,445.4	-3,606.4	-4,168.3	-4,444.0	-4,958.0
Surplus including interest	-3,118.5	-3,407.0	-4,070.7	-4,348.9	-5,043.0
Assets at end of year**	6,649.5	3,432.3	0	0	0
			2014 prices		
Total payments	11,588.4	11,692.1	12,377.5	12,761.4	13,512.0
Thereof: under the National Insurance Law	10,028.0	10,105.8	10,632.1	11,002.7	11,713.0
Receipts					
Collection for the National Insurance branches	5,558.0	5,725.4	5,716.9	5,863.5	6,055.0
Government participation under the National Insurance Law	844.9	762.9	786.4	782.0	803.0
Current surplus	-3,697.9	-3,741.6	-4,252.0	-4,465.1	-4,958.0

* Not including administrative expenses.

** Since 2009 according to fair value.

Table A/5
Payments and Receipts – Work Injury Branch*
(NIS million), 2010-2014

	2010	2011	2012	2013	2014
Current prices					
Total payments	3,788.0	4,059.5	4,371.3	4,711.0	4,979.0
Thereof: under the National Insurance Law	3,369.1	3,548.7	3,870.1	4,196.0	4,468.0
Receipts					
Collection for the National Insurance branches	1,855.1	2,297.2	2,514.2	3,265.7	3,758.0
Interest	156.3	112.2	45.3	21.2	0
Current surplus	-1,460.7	-1,252.2	-1,341.1	-857.0	-640.0
Surplus including interest	-1,304.4	-1,140.0	-1,295.8	-835.8	-640.0
Assets at end of year**	3,489.2	2,362.7	1,079.8	200.4	36.2
			2014 prices		
Total payments	4,065.6	4,211.7	4,459.1	4,733.4	4,979.0
Thereof: under the National Insurance Law	3,616.0	3,681.8	3,947.8	4,215.9	4,468.0
Receipts					
Collection for the National Insurance branches	1,991.0	2,383.3	2,564.7	3,281.2	3,758.0
Current surplus	-1,567.7	-1,299.1	-1,368.0	-861.0	-640.0

* Not including administrative expenses.

** Since 2009 according to fair value.

Table A/6
Payments and Receipts – Maternity Branch* (NIS million), 2010–2014

	2010	2011	2012	2013	2014
Current prices					
Total payments	4,965.4	5,276.9	5,705.0	6,093.0	6,508.0
Thereof: under the National Insurance Law	4,721.8	5,039.9	5,486.1	5,871.0	6,264.0
Receipts					
Collection for the National Insurance branches	2,426.8	2,686.8	2,761.7	3,054.6	3,274.0
Government participation under the National Insurance Law	168.2	190.9	203.0	261.7	270
Interest	-115.0	0.0	70.1	55.4	47.0
Current surplus	-2,181.7	-2,226.3	-2,579.1	-2,604.0	-2,771.0
Surplus including interest	-2,296.7	-2,226.3	-2,509.0	-2,548.6	-2,724.0
Assets at end of year**					
			2014 prices		
Total payments	5,329.4	5,474.8	5,819.6	6,122.0	4,711.0
Thereof: under the National Insurance Law	5,067.9	5,228.9	5,596.3	5,898.9	6,264.0
Receipts					
Collection for the National Insurance branches	2,604.7	2,787.5	2,817.1	3,069.1	3,274.0
Government participation under the National Insurance Law	180.5	198.0	207.0	262.9	270
Current surplus	-2,341.6	-2,309.8	-2,630.9	-2,616.3	-2,771.0

* Not including administrative expenses.

** Since 2009 according to fair value.

Table 7
Payments and Receipts – Children Branch* (NIS million), 2010–2014

	2010	2011	2012	2013	2014
Current prices					
Total payments	6,204.5	6,890.1	7,244.9	6,390.0	4,909.0
Thereof: under the National Insurance Law	6,024.2	6,708.9	7,057.9	6,199.0	4,712.0
Receipts					
Collection for the National Insurance branches	6,176.6	6,485.5	6,585.4	6,872.6	7,149.0
Government participation under the National Insurance Law	9,994.6	12,973.0	13,620.0	13,374.8	12,117.0
Interest	3,983.6	4,111.6	4,406.1	4,602.6	4,725.0
Current surplus	10,075.0	12,640.8	13,075.8	13,976.0	14,480.0
Surplus including interest	14,058.8	16,752.4	17,481.9	18,579.0	19,205.0
Assets at end of year**	100,691.8	112,988.3	130,529.0	136,989.7	146,309.6
			2014 prices		
Total payments	6,659.3	7,148.5	7,390.4	6,420.4	4,909.0
Thereof: under the National Insurance Law	6,465.8	6,960.5	7,199.7	6,228.5	4,712.0
Receipts					
Collection for the National Insurance branches	6,629.3	6,728.7	6,717.1	6,905.3	7,149.0
Government participation under the National Insurance Law	10,727.2	13,924.0	14,618.4	14,355.2	12,117.0
Current surplus	10,813.5	13,114.9	13,338.5	13,976.0	14,480.0

* Not including administrative expenses.

** Since 2009 according to fair value.

Table A/8
Payments and Receipts – Unemployment Branch*
(NIS million), 2010-2014

	2010	2011	2012	2013	2014
	Current prices				
Total payments	2,535.0	2,506.0	2,838.09	3,180.0	3,287.0
Thereof: under the National Insurance Law	2,468.2	2,483.5	2,814.0	3,152.0	3,353.0
Receipts					
Collection for the National Insurance branches	595.0	677.5	701.5	767.8	829.0
Interest	-37.0	0.0	0.0	0.0	0.0
Current surplus	-1,944.9	-1,881.7	-2,187.5	-2,456.0	-2,498.0
Surplus including interest	-1,981.9	-1,881.7	-2,187.5	-2,456.0	-2,498.0
Assets at end of year**	0	0	0	0	0
	2014 prices				
Total payments	2,720.8	2,600.0	2,895.1	3,195.1	3,287.0
Thereof: under the National Insurance Law	2,649.1	2,576.6	2,870.5	3,167.0	3,253.0
Receipts					
Collection for the National Insurance branches	638.6	702.9	715.6	771.5	829.0
Current surplus	-2,087.4	-1,952.2	-2,231.4	-2,467.6	-2,498.0

* Not including administrative expenses.

** The deficit of the Unemployment branch is covered by transferring money from the reserves of the Children branch.

Table A/9
Payments and Receipts – Long-term Care Branch*
(NIS million), 2010-2014

	2010	2011	2012	2013	2014
Current prices					
Total payments	3,996.2	4,203.8	4,683.2	5,051.0	5,285.0
Thereof: under the National Insurance Law	3,992.8	4,201.4	4,680.4	5,047.0	5,281.0
Receipts					
Collection for the National Insurance branches	529.4	591.2	614.8	701.4	756
Government participation under the National Insurance Law	782.6	870.8	932.3	974.0	989
Interest	-93.8	0.0	81.4	68.4	66.0
Current surplus	-2,719.5	-2,786.2	3,181.5	-3,428.0	-3,596.0
Surplus including interest	-2,813.3	-2,786.2	-3,100.1	-3,359.6	-3,530.0
Assets at end of year**	0	0	0	0	0
			2014 prices		
Total payments	4,289.5	4,361.4	4,777.29	5,075.0	5,285.0
Thereof: under the National Insurance Law	4,285.5	4,358.9	4,774.4	5,071.0	5,281.0
Receipts					
Collection for the National Insurance branches	568.2	613.4	627.2	704.7	756.0
Government participation under the National Insurance Law	840.0	903.5	951.0	978.6	989.0
Current surplus	-2,918.8	-2,890.7	-3,245.4	-3,444.3	-3,596.0

B. Old Age and Survivors

Table B/1
Recipients of Old-age and Survivors' Pensions (monthly average), 2001–2014

Year	Grand total	Old-age			Survivors			
		Total	Under the National Insurance Law	Not under the National Insurance Law	Total*	Under the National Insurance Law		Not under the National Insurance Law (new immigrant survivors)
						Total	Of which: families receiving maintenance allowance for orphans**	
All pension recipients								
2001	677,018	571,200	472,761	98,439	105,818	105,188	6,079	630
2002***	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****	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
2013	833,915	733,686	675,816	57,870	100,230	99,897	5,728	335
2014	868,346	769,219	714,181	55,038	99,127	98,822	5,815	305
Income supplement recipients as a percentage of the total								
2001	30.3	30.0	16.4	95.1	32.0	31.4	-	84.1
2002***	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****	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
2013	22.2	21.7	15.5	94.0	27.9	27.9	-	66.2
2014	21.8	21.0	15.4	93.9	28.1	28.0	-	66.9

* As of January 2002, the arrangement was amended: survivors' pension recipients only include persons entitled to a full survivors' pension.

** The annual number of maintenance allowance recipients refers to the month of August of each year.

*** The data for 2002 is December 2002 data.

**** Since 1980, the number of recipients includes split pension recipients, each of which is counted as a separate unit and since 2010 they are counted as a single unit.

Table B/2
Recipients of an Old-age and Survivors' Pensions by Family Category, (monthly average), 1995, 2000-2014

Year	Old-age			Survivors								
	Single elderly person*	Elderly couple		Widow / er**		Children only						
		Without children	With one child	With 2 or more children	Without one child	With 2 children	With 3 or 4 children	With 5 or more children	One child	2 children	3 or 4 children	5 or more children
1995	345,200	101,600	3,300	1,950	85,600	3,420	2,300	480	2,730	930	440	70
2000	450,712	96,413	3,041	1,905	87,135	3,559	2,340	556	3,244	1,067	514	121
2001	471,205	95,055	3,044	1,895	87,374	3,547	2,301	551	3,683	1,133	518	127
2002****	501,836	88,488	2,212	1,840	85,902	3,436	2,163	529	4,110	1,136	500	136
2003	512,121	87,778	3,028	1,859	85,405	3,467	2,215	517	4,319	1,134	515	137
2004	533,588	80,313	2,206	1,725	85,127	3,476	2,225	498	4,501	1,151	559	143
2005	531,629	78,845	2,840	1,572	85,359	3,481	2,202	496	4,710	1,227	596	148
2006	542,888	75,241	2,721	1,484	85,489	3,446	2,209	500	4,703	1,263	622	147
2007	548,968	70,901	2,466	1,356	85,486	3,351	2,191	498	4,801	1,340	630	154
2008	560,180	67,101	2,314	1,310	85,183	3,342	2,166	487	4,928	1,369	641	158
2009	578,335	61,386	1,513	1,300	84,694	3,343	2,144	495	4,897	1,372	684	148
2010*****	594,963	58,170	1,528	1,372	83,968	3,342	2,250	561	3,442	1,477	806	168
2011	619,690	55,481	1,581	1,382	83,371	3,354	2,254	552	3,521	1,485	824	175
2012	644,826	53,534	1,545	1,384	82,778	3,275	2,254	531	3,526	1,510	829	183
2013	681,817	48,978	1,550	1,341	81,975	3,264	2,247	512	3,536	1,545	774	193
2014	718,553	47,762	1,559	1,346	80,841	3,285	2,260	508	3,569	1,574	758	197

* Including elderly persons without a spouse, with or without children.

** As of January 2002, the arrangement was amended: survivors' pension recipients only include persons entitled to a full survivors' pension.

*** The data for 2002 is December 2002 data.

**** Since 1980, the number of recipients includes split pension recipients, each of which is counted as a separate unit and since 2010 they are counted as a single unit.

Table B/3
Recipients of an Old-age and Survivors' Pensions together with an Income Supplement,
(monthly average), 1995, 2000-2014

Year	Old-age				Survivors									
	Single elderly person*	Elderly couple			Widow / er**			Children only						
		Without children	With one child	With 2 or more children	Without one child	With 2 children	With 3 or 4 children	With 5 or more children	One child	2 children	3 or 4 children	5 or more children		
Total	Number of recipients													
1995	184,780	104,990	38,800	1,230	1,160	35,250	1,400	880	770	240	120	40	15	5
2000	202,128	120,799	44,498	1,167	1,183	31,160	1,480	898	576	97	201	41	27	1
2001	204,985	123,372	45,354	1,225	1,211	30,552	1,480	922	527	84	194	42	20	1
2002***	204,324	125,655	43,802	888	1,159	29,599	1,476	941	479	63	211	35	13	3
2003	201,947	124,478	43,039	1,130	1,138	29,019	1,464	906	463	55	203	39	10	3
2004	198,542	123,773	41,244	1,124	1,039	28,390	1,429	839	416	41	198	36	12	1
2005	194,537	121,944	39,578	1,105	978	28,041	1,444	778	374	34	218	32	11	-
2006	193,763	122,765	38,383	1,081	922	27,831	1,416	727	354	30	210	31	12	1
2007	191,018	122,404	36,730	1,025	865	27,533	1,263	617	312	27	193	37	10	1
2008	189,225	122,913	35,019	971	830	27,226	1,159	565	290	19	181	43	8	1
2009	188,399	125,158	32,593	707	808	26,868	1,174	571	278	17	180	36	9	1
2010****	188,037	126,906	30,628	715	834	26,624	1,181	583	307	44	150	46	16	3
2011	187,329	128,284	28,961	710	814	26,296	1,154	572	294	38	144	41	17	4
2012	186,801	129,665	27,467	657	783	26,097	1,069	552	279	37	133	42	18	4
2013	187,472	131,894	26,192	661	712	25,904	1,031	554	283	36	138	47	17	4
2014	189,386	134,997	25,162	628	696	25,809	1,032	540	284	34	134	51	14	5

* Including elderly persons without a spouse, with or without children.
 ** As of January 2002, the arrangement was amended: survivors' pension recipients only include persons entitled to a full survivors' pension.
 *** The data for 2002 is December 2002 data.
 **** Since 1980, the number of recipients includes split pension recipients, each of which is counted as a separate unit and since 2010 they are counted as a single unit.

Table B/3 (Continuation)
 Recipients of an Old-age and Survivors' Pensions together with an Income Supplement,
 (monthly average), 1995, 2000-2014

Year	Old-age				Survivors									
	Total	Elderly couple			Widow / er**				Children only					
		Single elderly person*	Without children	With one child	With 2 or more children	Without children	Without one child	With 2 children	With 3 or 4 children	With 5 or more children	One child	2 children	3 or 4 children	5 or more children
		As a percentage of total old-age and survivors' pension recipients												
1995	33.5	30.7	38.1	36.5	58.3	41.1	23.9	25.6	36.2	49.0	3.9	4.2	3.5	5.7
2000	30.8	26.8	46.2	38.4	62.1	35.8	22.7	25.2	24.6	17.4	6.2	3.8	5.3	0.8
2001	30.3	26.2	47.7	40.2	63.9	35.0	22.5	26.0	22.9	15.2	5.3	3.7	3.9	0.8
2002***	29.2	25.0	49.5	40.1	63.0	34.5	22.0	27.4	22.1	11.9	5.1	3.1	2.6	2.2
2003	28.5	24.3	49.0	37.3	61.2	34.0	21.9	26.1	20.9	10.6	4.7	3.4	1.9	2.2
2004	27.5	23.2	51.4	51.0	60.2	33.4	21.2	24.1	18.7	8.2	4.4	3.1	2.1	0.7
2005	27.0	22.9	50.2	38.9	62.2	32.9	21.2	22.3	17.0	6.9	4.6	2.6	1.8	-
2006	26.6	22.6	51.0	39.7	62.1	32.6	20.8	21.1	16.0	6.0	4.5	2.5	1.9	0.7
2007	26.2	22.3	51.8	41.6	63.8	32.2	18.7	18.4	14.2	5.4	4.0	2.8	1.6	0.6
2008	25.7	21.9	52.2	42.0	63.4	32.0	17.5	16.9	13.4	3.9	3.7	3.1	1.2	0.6
2009	25.2	21.6	53.1	46.7	62.1	31.7	17.8	17.1	13.0	3.5	3.7	2.6	1.3	0.8
2010****	24.8	21.3	52.7	46.9	61.0	31.7	18.3	17.4	13.6	7.9	4.4	3.1	2.0	1.8
2011	24.0	20.7	52.2	44.9	58.9	31.5	17.9	17.1	13.0	6.9	4.1	2.8	2.1	2.3
2012	23.3	20.1	51.3	42.5	56.6	31.5	16.9	16.9	12.4	7.0	3.8	2.8	2.1	2.1
2013	22.5	19.3	53.5	42.6	53.1	31.6	16.7	17.0	12.6	7.0	3.9	3.0	2.2	2.3
2014	21.8	18.8	52.7	40.3	51.7	31.9	16.8	16.4	12.6	6.7	3.8	3.2	1.8	2.5

* Including elderly persons without a spouse, with or without children.

** As of January 2002, the arrangement was amended: survivors' pension recipients only include persons entitled to a full survivors' pension.

*** The data for 2002 is December 2002 data.

**** Since 1980, the number of recipients includes split pension recipients, each of which is counted as a separate unit and since 2010 they are counted as a single unit.

C. Long-Term Care

Table C/1
Persons Entitled to a Long-term Care Benefit,
by Gender (monthly average), 1990-2014

Year	Total	Women	Men
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	136,362	96,615	39,747
2010	141,064	99,959	41,105
2011	144,924	102,813	42,111
2012	152,143	107,905	44,238
2013	156,236	110,542	45,694
2014	149,441	112,442	46,999
Percentages of total			
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
2013	100.0	70.8	29.2
2014	100.0	70.5	29.5

Table C/2
Persons Entitled to Long-term Care Benefit,
by Benefit Level (monthly average), 1990- 2014

Year	Total	Largely dependent (91%)		Heavily dependent (150%)		Entirely dependent (168%)	
		Full benefit	Half benefit	Full benefit	Half benefit	Full benefit	Half benefit
Numbers							
1990	27,684	20,643	324	6,516	201	-	-
1995	59,023	45,092	1,109	12,354	468	-	-
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	152,143	77,830	4,415	35,635	2,543	29,319	2,401
2013	156,621	78,633	5,012	36,667	2,777	30,888	2,644
2014	159,441	79,084	4,928	37,657	2,804	32,304	2,664
Percentages							
1990	100.0	74.6	1.2	23.5	0.7	-	-
1995	100.0	76.4	1.9	20.9	0.8	-	-
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	17.4	1.3
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
2013	100.0	50.2	3.2	23.4	1.8	19.7	1.7
2014	100.0	49.6	3.1	23.6	1.8	20.3	1.7

Table C/3
Persons Entitled to Long-term Care Benefit,
by Age (monthly average, percentages), 2000- 2014

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	19.6	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
2013	100.0	0.7	4.0	9.5	18.9	26.4	40.5
2014	100.0	0.7	4.1	9.0	18.6	25.8	41.7

Table C/4
Value of Average Long-Term Care Benefit
(NIS, monthly average), 1990-2013

Year	Current prices	2014 prices
1990	658	2,085
1991	732	1,979
1992	796	1,970
1993	895	1,998
1994	1,007	2,000
1995	1,144	2,065
1996	1,284	2,083
1997	1,420	2,113
1998	1,563	2,206
1999	1,636	2,196
2000	1,747	2,318
2001	1,921	2,521
2002	1,913	2,376
2003	1,844	2,274
2004	1,826	2,261
2005	1,879	2,297
2006	2,011	2,408
2007	2,073	2,469
2008	2,160	2,460
2009	2,268	2,500
2010	2,490	2,672
2011	2,559	2,654
2012	2,649	2,703
2013	2,697	2,710
2014	2,764	2,764

D. Children

Table D/1
Families Receiving a Child Allowance,
by Number of Children in the Family, 1975-2014

Period	Total	Number of children in the family						
		1*	2*	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**	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***	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	1,048,689	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
2013	1,088,251	337,491	334,237	227,985	97,861	43,511	22,481	24,685
2014	1,107,452	340,837	340,320	234,400	99,782	44,112	22,827	25,174
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
2013	100.0	31.0	30.7	20.9	9.0	4.0	2.1	2.3
2014	100.0	30.8	30.7	21.2	9.0	4.0	2.0	2.3

* From 1965 to 1975 an allowance was paid in respect of the first and second child to families of salaried employees only and there is no separate breakdown for the first and second child during this period.

** From April 1984 to February 1993, the entitlement to a child allowance was by means testing (the above data does not include families of salaried employees and families of unemployed persons who received a refund). As of March 1993, the child allowance is again being paid to all families without means testing.

*** As of August 2003, a uniform allowance is being paid to children born since 1.6.2003, regardless of their order of birth in the family.

Table D/2
Children in respect of which Allowances were Paid, by the Child's
Order of Birth in the Family, 1980-2014

Year	Total	Child's order of birth in the family					
		First child*	Second child	Third child	Fourth child	Fifth child	Sixth and subsequent children
Numbers (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***	2,260.6	956.3	633.6	340.8	162.3	80.9	86.7
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
2013	2,628.5	1,088.3	750.8	416.5	188.6	90.7	93.8
2014	2,679.7	1,107.5	766.6	426.3	191.9	92.1	95.3
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
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
2013	100.0	41.4	28.6	15.8	7.2	3.4	3.6
2014	100.0	41.3	28.6	15.9	7.2	3.4	3.6

* From 1965 to 1975 an allowance was paid in respect of the first and second child to families of salaried employees only and there is no separate breakdown for the first and second child during this period.

** From April 1984 to February 1993, the entitlement to a child allowance was by means testing (the above data does not include families of salaried employees and families of unemployed persons who received a refund). As of March 1993, the child allowance is again being paid to all families without means testing.

*** As of August 2003, a uniform allowance is being paid to children born since 1.6.2003, regardless of their order of birth in the family.

E. Maternity

Table E/1
Number of Women Receiving Maternity Benefits, 1955–2013

Year	Number of recipients		
	Hospitalization grant	Maternity allowance	Percentage of total mothers
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*	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
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	105,740	64.7
2012	169,166	112,014	66.2
2013	169,711	114,383	67.4
2014	173,211	120,353	69.5

* In 1995, the number represents the birth grants paid for a layette for the newborn.

F. Disability

Table F/1
 Recipients of a General Disability Pension, by Degree of Incapacity
 and Percentage of Medical Disability, December 2014

Percentage of medical disability	Degree of incapacity											
	Total		60%		65%		74%		100%			
	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages		
total	228,506	100.0	183,729	100.0	5,020	100	16,543	100.0	23,214	100.0		
40-49	40,544	17.7	39,469	21.5	247	4.9	474	2.9	354	1.5		
50-59	22,715	9.9	19,187	10.4	621	12.4	1,428	8.6	1,479	6.4		
60-69	32,075	14.0	25,694	14.0	910	18.1	2,497	15.1	2,974	12.8		
70-79	38,184	16.7	27,230	14.8	1,239	24.7	4,175	25.2	5,540	23.9		
80-89	61,478	26.9	47,193	25.7	1,281	25.5	5,098	30.8	7,906	34.1		
90-100	33,510	14.7	24,956	13.6	722	14.4	2,871	17.4	4,961	21.4		

Table F/2
Recipients of a General Disability Pension, by Number of Children*,
Gender and Family Status (absolute numbers), December 2014

Gender	Family status	Total (absolute numbers)	Number of children under the age of 21				
			None	1	2	3	4 or more
Total	Absolute numbers	228,506	149,562	29,012	20,987	13,244	15,701
Men	Total	132,571	88,634	14,952	11,119	7,591	10,275
	Unmarried	68,844	60,328	4,120	2,463	1,095	838
	Married	63,727	28,306	10,832	8,656	6,496	9,437
Employed women	Total	80,135	54,783	11,087	7,452	3,866	2,947
	Unmarried	53,707	43,195	5,572	2,931	1,219	790
	Married	26,428	11,588	5,515	4,521	2,647	2,157
Housewives	Total	15,800	6,145	2,973	2,416	1,787	2,479

* Only children meeting the NII definition of child were taken into account.

Table F/3
Recipients of the Benefit for Disabled Child,
by Grounds of Entitlement, December 2014

Grounds of entitlement	Number of recipients	Grounds of entitlement	Number of recipients
Total	42,063		
P.D.D.	6,051	Partial deafness	367
Autism	4,877	Malignant disease	39
Urethrostomy	7	Secondary cancer disease	1,621
Immunosuppression – secondary disease	51	Constant attendance	550
Four sections of two diseases	53	Assistance with communication	1,779
Blood tests outside of home	120	Diabetes	593
Jejunostomy	27	Developmental delay	503
Gastrostomy	230	Intravenous infusions	776
Uncontrollable urge to eat	78	Psychosis	21
Chronic bone infections	3	Cystostomy	67
Continuous feeding	192	Colostomy	160
Drop feeding using nasogastric tube	111	Pathologic bone fractures	1,230
Intravenous feeding	48	Three treatments, including supervision	656
Continued payment for malignant disease	156	Three treatments, not including supervision	194
Absence of limbs	14	Three sections, including attendance	51
Kidney and urinary tract disorders	296	Three sections, including hospitalization	3
Requiring supervision	5,684	Three sections, including blood pressure stabilizers	2,315
Dysfunction in both limbs	108	Largely dependent on others	5,400
Deafness	3,947	Totally dependent on others	1,049
Immunosuppressive therapy	106	Down syndrome	424
Respiratory therapy	200	Rare syndrome	525
Partial blindness	250	Impaired functioning of two limbs	367
Partial deafness	232		
Visual impairment	900		

Table F/4
Rate of Entitlement to Benefit for Disabled Child,
by Grounds of Entitlement, December 2014

Grounds of entitlement	Rate of entitlement	Age restrictions	Grounds of entitlement	Rate of entitlement	Age restrictions
Deafness	100	None	Feeding	100	91 days
Partial deafness	50	None	Absence of two limbs	100	91 days
Down syndrome	50	None	Supervision	50	91 days
Developmental delay	100	91 days to 3 years	Venous	100	91 days
Two sections _ hospitalization of 45 days	100	91 days	Oxygen	100	91 days
Two sections _ blood pressure stabilizers	100	91 days	Tracheostomy	100	91 days
Two sections + supervision	100	91 days	Partial blindness	100	91 days
Two sections + attendance	100	91 days	Disease / rare syndrome	100	91 days
Three sections of one disease	100	91 days	Malignant	100	91 days
Four sections of two or more diseases	100	91 days	Psychiatric condition	100	91 days
PDD	100	91 days	Constant attendance	100	91 days
Autism	100	91 days	Blindness	100	91 days
Urethrostomy	100	91 days	Intravenous infusions	100	91 days
Dysfunction in both limbs	100	91 days	Psychosis	100	91 days
Immunosuppression – secondary disease	100	91 days	Cytotoxic T-Cells	100	91 days
Home blood tests	50	91 days	Catheterization	100	91 days
Blood tests outside the home	100	91 days	Colostomy	100	91 days
Use of nasogastric tube	100	91 days	Ionizing radiation	100	91 days
Jejunostomy	100	91 days	Pathologic fractures	100	91 days
Gastrostomy	100	91 days	Impaired functioning of two limbs	50	91 days
Uncontrollable urge	100	91 days	Assistance with communication	50	3 years
Dialysis	100	91 days	Largely dependent on the assistance of others	50	3 years
Chronic infections	100	91 days	Totally dependent on the assistance of others	128	3 years

G. Work Injury

Table G/1
Recipients of Permanent Disability Pension, by Gender,
Age and Percentage of Disability, December 2014

Age	Total	Percentage of disability					
		Up to 19 ²	20-39	40-59	60-79	80-99	100
General population							
Numbers	39,147	1,407	22,932	7,982	3,233	1,600	1,993
Percentages	100.0	3.6	58.6	20.3	8.3	4.1	5.1
Up to 21	55	0	37	9	3	3	3
22-29	976	9	546	221	84	52	64
30-39	3,804	130	2,155	784	320	181	234
40-49	7,580	418	4,317	1,550	611	310	374
50-59	10,597	534	6,294	2,096	799	411	463
60-64	6,224	239	3,866	1,192	445	208	274
65+	9,911	77	5,717	2,130	971	435	581
Men							
Numbers	34,049	1,315	19,699	6,959	2,851	1,445	1,780
Percentages	100.0	3.9	57.9	20.4	8.4	4.2	5.2
Up to 21	49	0	32	9	3	3	2
22-29	864	8	476	200	77	46	57
30-39	3,310	121	1,823	699	289	164	214
40-49	6,557	392	3,665	1,355	538	277	330
50-59	8,924	488	5,205	1,776	681	370	404
60-64	5,293	229	3,255	1,000	381	186	242
65+	9,052	77	5,243	1,920	882	399	531
Women							
Numbers	5,098	92	3,233	1,023	382	155	213
Percentages	100.0	1.8	63.4	20.1	7.5	3.0	4.2
Up to 21	6	0	5	0	0	0	1
22-29	112	1	70	21	7	6	7
30-39	494	9	332	85	31	17	20
40-49	1,023	26	652	195	73	33	44
50-59	1,673	46	1,089	320	118	41	59
60-64	931	10	611	192	64	22	32
65+	859	0	474	210	89	36	50

* Pension recipients with partial capitalization.

H. Hostile Action Casualties

Table H/1
 Recipients of Hostile Action Benefits: Disabled Persons
 by Status and Dependents by Family Composition, 2000-2014

Year	Disability benefit recipients					Dependents' benefit recipients				
	Total	Regular	Unable to earn a living	Indigent	Benefit to a widow / er of a deceased disabled person	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	1,022	114
2012	4,288	2,558	106	168	46	1,946	543	226	1,023	127
2013	4,404	2,613	105	174	42	1,935	551	215	1,015	127
2014	2,992	2,683	98	170	41	1,919	562	198	1,008	24

I. Unemployment

Table I/1
Previously Employed Recipients of Unemployment Benefits,
by Type of Employment Bureau and Category
of Unemployed (percentages), 2000-2014

Year	Total	Job seekers	Recipients of vocational training	Job seekers		
				Total	Academics	Non- academics
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	45,131	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	56,608	457	56,608	16,077	40,532
2012	61,431	61,062	369	61,062	17,586	43,476
2013	68,980	68,768	212	68,768	20,380	48,388
2014	71,671	71,393	278	71,393	20,979	50,414
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
2013	100.0	99.7	0.3	100.0	29.6	70.4
2014	100.0	99.6	0.4	100.0	29.3	70.7

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 in the General Population, 2010–2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	686,700	395,300	439,500		
Persons	2,345,700	1,568,600	1,754,700		
Children	945,900	746,300	817,200		
Incidence of poverty (%)					
Families	30.3	17.4	19.4	42.4	36.0
Persons	31.4	21.0	23.5	33.1	25.2
Children	39.0	30.8	33.7	21.1	13.6
2013					
The poor population					
Families	661,700	384,400	432,600		
Persons	2,173,200	1,454,400	1,658,200		
Children	867,700	677,400	756,900		
Incidence of poverty (%)					
Families	28.5	16.6	18.6	41.9	34.6
Persons	28.5	19.1	21.8	33.1	23.7
Children	35.3	27.6	30.8	21.9	12.8

Table 2
Dimensions of Poverty among Jews, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	511,300	247,800	278,800		
Persons	1,482,800	821,500	941,500		
Children	544,700	374,900	423,200		
Incidence of poverty (%)					
Families	25.9	12.6	14.1	51.5	45.5
Persons	24.4	13.5	15.5	44.6	36.5
Children	29.5	20.3	22.9	31.2	22.3
2013					
The poor population					
Families	492,100	244,700	275,600		
Persons	1,335,800	767,800	872,400		
Children	472,800	338,600	377,000		
Incidence of poverty (%)					
Families	24.4	12.1	13.7	50.3	44.0
Persons	21.5	12.4	14.1	42.5	34.7
Children	25.1	18.0	20.0	28.4	20.3

Table 3
Dimensions of Poverty among New Immigrants (from 1990), 2010–2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	160,000	69,300	79,800		
Persons	399,000	195,700	225,700		
Children	111,900	75,400	85,600		
Incidence of poverty (%)					
Families	34.8	15.1	17.3	56.7	50.1
Persons	30.6	15.0	17.3	51.0	43.4
Children	34.1	23.0	26.1	32.6	23.5
2013					
The poor population					
Families	158,600	76,000	85,200		
Persons	365,800	182,300	210,000		
Children	90,800	59,600	67,400		
Incidence of poverty (%)					
Families	34.4	16.5	18.5	52.1	46.3
Persons	28.9	14.4	16.6	50.2	42.6
Children	30.1	19.8	22.4	34.4	25.8

Table 4
Dimensions of Poverty among Non-Jews (from 1990), 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	175,500	147,500	160,800		
Persons	862,900	747,100	813,100		
Children	401,200	371,400	394,000		
Incidence of poverty (%)					
Families	59.2	49.8	54.3	16.0	8.4
Persons	61.5	53.2	57.9	13.4	5.8
Children	69.1	64.0	67.9	7.4	1.8
2013					
The poor population					
Families	169,600	139,700	157,100		
Persons	837,400	686,600	785,700		
Children	394,800	338,800	379,900		
Incidence of poverty (%)					
Families	55.8	46.0	51.7	17.6	7.4
Persons	59.3	48.6	55.7	18.0	6.2
Children	69.0	59.2	66.4	14.2	3.8

Table 5
Dimensions of Poverty among Families whose Head of Household
is an Elderly Person, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	233,400	92,400	104,800		
Persons	391,600	162,000	186,700		
Children	14,500	13,300	13,500		
Incidence of poverty (%)					
Families	50.5	20.0	22.7	60.4	55.1
Persons	48.9	20.2	23.3	58.6	52.3
Children	79.2	72.4	73.6	8.6	7.1
2013					
The poor population					
Families	239,700	100,300	110,500		
Persons	378,600	163,400	180,800		
Children	7,500	5,500	5,500		
Incidence of poverty (%)					
Families	48.0	20.1	22.1	58.1	53.9
Persons	44.0	19.0	21.0	56.9	52.3
Children	49.1	35.8	35.8	26.9	26.9

Table 6
Dimensions of Poverty among Families with Children, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	311,200	228,000	253,000		
Persons	1,686,100	1,289,400	1,426,100		
Children	945,900	746,300	817,200		
Incidence of poverty (%)					
Families	30.5	22.3	24.8	26.7	18.7
Persons	34.3	26.3	29.1	23.5	15.4
Children	39.0	30.8	33.7	21.1	13.6
2013					
The poor population					
Families	282,200	209,500	238,500		
Persons	1,536,700	1,164,500	1,327,100		
Children	867,700	677,400	756,900		
Incidence of poverty (%)					
Families	27.2	20.2	23.0	25.8	15.5
Persons	30.9	23.4	26.7	24.2	13.6
Children	35.3	27.6	30.8	21.9	12.8

Table 7
Dimensions of Poverty among Families with 1-3 Children, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	208,700	140,100	157,400		
Persons	915,900	627,900	705,700		
Children	421,600	294,000	326,900		
Incidence of poverty (%)					
Families	24.5	16.4	18.5	32.8	24.6
Persons	24.9	17.1	19.2	31.4	23.0
Children	26.4	18.4	20.5	30.3	22.5
2013					
The poor population					
Families	186,200	129,100	151,000		
Persons	821,100	567,300	678,700		
Children	377,400	266,600	311,800		
Incidence of poverty (%)					
Families	21.4	14.8	17.4	30.7	18.9
Persons	21.8	15.1	18.0	30.9	17.3
Children	23.0	16.3	19.0	29.3	17.4

Table 8
Dimensions of Poverty among Families with 4
or more Children, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	102,500	87,800	95,600		
Persons	770,200	661,500	720,400		
Children	524,200	452,300	490,300		
Incidence of poverty (%)					
Families	60.7	52.0	56.6	14.3	6.7
Persons	62.5	53.7	58.4	14.1	6.5
Children	63.1	54.5	59.0	13.7	6.5
2013					
The poor population					
Families	96,000	80,500	87,500		
Persons	715,600	597,200	648,400		
Children	490,300	410,800	445,100		
Incidence of poverty (%)					
Families	57.3	48.0	52.3	16.2	8.8
Persons	59.4	49.6	53.8	16.5	9.4
Children	60.1	50.3	54.5	16.2	9.2

Table 9
Dimensions of Poverty among Single-parent Families, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	61,600	37,300	39,500		
Persons	238,100	148,300	159,900		
Children	132,600	86,400	92,000		
Incidence of poverty (%)					
Families	45.1	27.3	29.0	39.5	35.8
Persons	46.2	28.8	31.0	37.7	32.8
Children	53.2	34.7	36.9	34.8	30.6
2013					
The poor population					
Families	54,500	33,700	36,100		
Persons	202,100	129,200	141,400		
Children	104,700	71,200	75,700		
Incidence of poverty (%)					
Families	41.5	25.6	27.5	38.2	33.7
Persons	43.5	27.8	30.4	36.1	30.0
Children	48.9	33.2	35.4	32.0	27.7

Table 10
Dimensions of Poverty among Families whose Head
of Household has 8 Years of Schooling, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	143,700	84,600	93,000		
Persons	392,100	268,900	299,200		
Children	104,300	92,800	98,800		
Incidence of poverty (%)					
Families	69.1	40.7	45.2	41.1	34.7
Persons	70.1	48.1	53.5	31.4	23.7
Children	82.0	72.9	77.7	11.0	5.2
2013					
The poor population					
Families	130,100	83,200	87,200		
Persons	337,100	252,400	265,800		
Children	93,900	87,300	90,200		
Incidence of poverty (%)					
Families	68.7	44.0	46.1	36.0	33.0
Persons	66.4	49.7	52.4	25.1	21.1
Children	77.4	72.0	74.3	7.0	3.9

Table 11
Dimensions of Poverty among Families whose Head of Household
has 9-12 Years of Schooling, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	286,100	171,000	192,000		
Persons	1,094,800	756,500	853,000		
Children	465,300	376,800	413,200		
Incidence of poverty (%)					
Families	33.2	19.8	22.3	40.2	32.9
Persons	35.7	24.7	27.8	30.9	22.1
Children	47.0	38.1	41.8	19.0	11.2
2013					
The poor population					
Families	270,500	161,700	185,400		
Persons	974,300	661,100	769,300		
Children	404,200	316,200	358,800		
Incidence of poverty (%)					
Families	30.7	18.4	21.0	40.2	31.4
Persons	31.5	21.4	24.9	32.2	21.0
Children	42.4	33.2	37.6	21.8	11.2

Table 12
Dimensions of Poverty among Families whose Head
of Household has 13 or more Years of Schooling, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	256,900	139,600	153,700		
Persons	858,800	543,200	602,400		
Children	376,200	276,700	305,200		
Incidence of poverty (%)					
Families	21.4	11.6	12.8	45.7	40.2
Persons	22.3	14.1	15.6	36.8	29.9
Children	28.8	21.1	23.3	26.5	18.9
2013					
The poor population					
Families	261,100	139,500	160,000		
Persons	861,700	540,900	623,100		
Children	369,600	273,900	307,900		
Incidence of poverty (%)					
Families	20.9	11.1	12.8	46.6	38.7
Persons	21.4	13.5	15.5	37.2	27.7
Children	26.8	19.8	22.3	25.9	16.7

Table 13
Dimensions of Poverty among Families with a Working Head
of Household, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	354,900	211,800	246,300		
Persons	1,578,000	1,052,100	1,219,400		
Children	725,400	545,500	616,000		
Incidence of poverty (%)					
Families	19.7	11.8	13.7	40.3	30.6
Persons	24.3	16.2	18.8	33.3	22.7
Children	33.0	24.8	28.0	24.8	15.1
2013					
The poor population					
Families	327,100	193,900	231,300		
Persons	1,469,500	982,200	1,165,000		
Children	696,400	524,000	601,700		
Incidence of poverty (%)					
Families	17.7	10.5	12.5	40.7	29.3
Persons	22.0	14.7	17.4	33.2	20.7
Children	30.6	23.0	26.4	24.8	13.6

Table 14
Dimensions of Poverty among Families
of Salaried Employees, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	316,700	186,400	215,300		
Persons	1,392,900	917,200	1,053,700		
Children	632,600	473,600	528,300		
Incidence of poverty (%)					
Families	20.1	11.9	13.7	41.2	32.0
Persons	24.6	16.2	18.6	34.2	24.4
Children	33.3	25.0	27.8	25.1	16.5
2013					
The poor population					
Families	280,200	166,100	194,600		
Persons	1,264,400	848,400	987,200		
Children	597,200	454,800	511,100		
Incidence of poverty (%)					
Families	17.7	10.5	12.3	40.7	30.6
Persons	22.0	14.8	17.2	32.9	21.9
Children	30.8	23.4	26.3	23.8	14.4

Table 15
Dimensions of Poverty among Families of Self-Employed Persons,
2010–2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	38,000	25,200	30,700		
Persons	183,100	133,000	163,800		
Children	92,100	71,200	86,900		
Incidence of poverty (%)					
Families	16.5	11.0	13.4	33.7	19.2
Persons	22.0	16.0	19.7	27.4	10.6
Children	30.7	23.7	29.0	22.7	5.6
2013					
The poor population					
Families	42,400	25,300	33,400		
Persons	191,800	126,700	168,500		
Children	97,600	68,600	90,000		
Incidence of poverty (%)					
Families	16.7	9.9	13.2	40.5	21.2
Persons	20.7	13.7	18.2	34.0	12.1
Children	29.2	20.5	26.9	29.8	7.8

Table 16
Dimensions of Poverty among the Working-age Population
who are not Working, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	127,900	94,300	94,800		
Persons	435,600	362,300	363,300		
Children	207,200	188,000	188,500		
Incidence of poverty (%)					
Families	89.1	65.7	66.1	26.3	25.8
Persons	92.9	77.2	77.5	16.8	16.6
Children	97.3	88.3	88.5	9.3	9.1
2013					
The poor population					
Families	119,000	92,800	95,100		
Persons	370,600	314,700	321,600		
Children	164,600	148,300	150,100		
Incidence of poverty (%)					
Families	91.2	71.2	72.9	22.0	20.0
Persons	93.9	79.8	81.5	15.1	13.2
Children	96.8	87.3	88.3	9.9	8.8

Table 17
Dimensions of Poverty among Families with One
Wage Earner, 2010-2013

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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
2012					
The poor population					
Families	286,200	172,400	195,500		
Persons	1,204,400	825,600	930,000		
Children	565,400	434,100	482,600		
Incidence of poverty (%)					
Families	36.0	21.7	24.6	39.7	31.7
Persons	50.6	34.7	39.0	31.5	22.8
Children	65.8	50.5	56.2	23.2	14.7
2013					
The poor population					
Families	243,400	146,000	164,600		
Persons	981,100	693,600	766,300		
Children	466,200	378,300	409,500		
Incidence of poverty (%)					
Families	35.6	21.3	24.1	40.0	32.4
Persons	50.9	36.0	39.7	29.3	21.9
Children	67.6	54.9	59.4	18.9	12.2

Table 18
Dimensions of Poverty among Families with
Two Wage Earners, 2009-2012

	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
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	43.4	27.7
2012					
The poor population					
Families	68,700	39,400	50,700		
Persons	373,600	226,500	289,500		
Children	160,000	111,400	133,400		
Incidence of poverty (%)					
Families	6.8	3.9	5.0	42.7	26.2
Persons	9.1	5.5	7.0	39.4	22.5
Children	11.9	8.3	10.0	30.4	16.6
2013					
The poor population					
Families	83,700	47,900	66,700		
Persons	488,400	288,600	398,700		
Children	230,100	145,600	192,200		
Incidence of poverty (%)					
Families	7.2	4.1	5.7	42.8	20.3
Persons	10.3	6.1	8.4	40.9	18.4
Children	14.5	9.2	12.1	36.7	16.5

Table 19
Average Income per Family by Different Population Groups and by Source of Income
and the Proportion of the Different Sources of Income of the Average Pre-tax Income, 2012

Population group	Source of income*										Pre-tax income	Disposable income
	Work	Total transfer payments	Thereof:			Other income (property, pension)						
			NII benefits	Government subsidies	Private and foreign subsidies							
Total	NIS 13,824 (%) 78.0	2,033 11.5	1,495 8.4	233 1.3	348 2.0	4,796	17,715	14,626				
Jewish family	NIS 14,579 (%) 77.7	2,094 11.2	1,486 7.9	264 1.4	392 2.1	5,117	18,761	15,413				
Non-Jewish family	NIS 8,808 (%) 81.8	1,629 15.1	1,556 14.5	25 0.2	53 0.5	2,663	10,768	9,401				
Family whose head of household is an elderly person	NIS 4,078 (%) 34.3	3,678 30.9	2,945 24.8	403 3.4	349 2.9	7,217	11,897	10,541				
New immigrant family	NIS 10,794 (%) 77.6	2,350 16.9	1,658 11.9	298 2.1	493 3.5	2,829	13,914	12,028				
Family with children	NIS 18,020 (%) 86.5	1,748 8.4	1,235 5.9	172 0.8	405 1.9	4,235	20,822	16,910				
Family with 1-3 children	NIS 18,942 (%) 88.1	1,586 7.4	1,124 5.2	128 0.6	372 1.7	4,182	21,500	17,323				
Family with 4 or more children	NIS 13,234 (%) 76.5	2,585 14.9	1,808 10.4	401 2.3	578 3.3	4,511	17,305	14,770				

* Mid-2012 Survey period prices, for the population including residents of East Jerusalem.

Table 19 (continued)
Average Income per Family by Different Population Groups and by Source of Income
and the Proportion of the Different Sources of Income of the Average Pre-tax Income, 2012

Population group	Source of income*										Pre-tax income	Disposable income
	Work	Total transfer payments	NII benefits	Thereof:			Other income (property, pension)	Pre-tax income	Disposable income			
				Government subsidies	Private and foreign subsidies							
Families with 5 or more children	NIS	11,280	2,999	1,891	607	782	5,145	16,394	14,657			
	(%)	68.8	18.3	11.5	3.7	4.8	31.4	100.0	89.4			
Single-parent family	NIS	10,634	2,943	1,850	131	977	2,948	14,386	12,270			
	(%)	73.9	20.5	12.9	0.9	6.8	20.5	100.0	85.3			
Employment status of head of household	NIS	17,381	1,530	1,102	166	295	4,527	20,380	16,614			
	(%)	85.3	7.5	5.4	0.8	1.4	22.2	100.0	81.5			
Salaried employee	NIS	17,212	1,507	1,085	171	282	4,311	19,981	16,423			
	(%)	86.1	7.5	5.4	0.9	1.4	21.6	100.0	82.2			
Self-employed person	NIS	18,790	1,568	1,157	133	305	5,866	23,109	17,968			
	(%)	81.3	6.8	5.0	0.6	1.3	25.4	100.0	77.8			
Family whose head of household is of working-age but not working	NIS	175	3,904	2,459	599	1,076	2,917	5,409	5,127			
	(%)	3.2	72.2	45.5	11.1	19.9	53.9	100.0	94.8			
Family with one wage earner	NIS	9,439	2,057	1,428	249	429	4,241	13,276	11,062			
	(%)	71.1	15.5	10.8	1.9	3.2	31.9	100.0	83.3			
Family with two or more wage earners	NIS	22,061	1,219	909	117	216	4,696	24,566	19,884			
	(%)	89.8	5.0	3.7	0.5	0.9	19.1	100.0	80.9			

* Mid-2012 Survey period prices, for the population including residents of East Jerusalem.

Table 19 (continued)
Average Income per Family by Different Population Groups and by Source of Income
and the Proportion of the Different Sources of Income of the Average Pre-tax Income, 2012

Population group	Source of income*							Pre-tax income	Disposable income
	Work	Total transfer payments	Thereof:			Other income (property, pension)			
			NII benefits	Government subsidies	Private and foreign subsidies				
Education of head of household									
Up to 8 years of schooling	NIS 3,575 (%) 45.9	3,129 40.2	2,679 34.4	292 3.8	162 2.1	3,614 46.4	7,782 100.0	7,149 91.9	
9-12 years of schooling	NIS 11,298 (%) 77.7	1,940 13.3	1,525 10.5	173 1.2	264 1.8	4,080 28.0	14,546 100.0	12,691 87.2	
13 years of schooling	NIS 17,153 (%) 80.0	1,933 9.0	1,296 6.0	265 1.2	435 2.0	5,479 25.5	21,449 100.0	17,120 79.8	

* Mid-2012 Survey period prices, for the population including residents of East Jerusalem.

Table 20
The Effect of Transfer Payments and Direct Taxes on Inequality of
Income Distribution among Working Families (percentages), 2011-2012

Decile*	The proportion of each decile of total income (%)**					
	Economic income		Pre-tax income		Disposable income	
	2012	2013	2012	2013	2012	2013
Lowest	1.4	1.5	2.1	2.2	2.4	2.5
2	2.7	2.9	3.5	3.6	3.9	4.1
3	4.0	4.2	4.6	4.7	5.1	5.3
4	5.3	5.5	5.8	5.9	6.4	6.6
5	6.8	6.9	7.1	7.1	7.8	7.9
6	8.4	8.4	8.5	8.5	9.1	9.2
7	10.3	10.3	10.2	10.1	10.7	10.8
8	12.8	12.8	12.5	12.5	12.8	12.7
9	17.0	16.4	16.2	15.9	15.7	15.5
Highest	31.4	31.1	29.4	29.6	26.0	25.5
Ratio of income of highest to lowest quintile	22.3	21.4	13.7	13.6	10.7	10.2
Gini index***	0.440	0.430	0.398	0.395	0.355	0.345
% of decrease of the Gini index	-	-	9.5	8.3	19.3	19.9

* The families in each column were ranked according to the level of adjusted income per standard person. Each decile represents 10% of all persons in 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
The Average Monthly Income per Family in each Decile,
2012-2013 (General Population) at 2013 Survey Prices

Decile*	Before transfer payments and taxes			After transfer payments and taxes		
	2012		Real change	2012		Real change
Lowest	--	--	--	3,250	3,594	10.6
2	3,167	3,730	17.8	5,235	5,451	4.1
3	5,521	6,497	17.7	6,880	7,265	5.6
4	7,679	8,462	10.2	8,697	9,467	8.9
5	9,696	10,998	13.4	10,306	11,347	10.1
6	12,259	13,459	9.8	12,251	13,011	6.2
7	14,902	16,440	10.3	14,311	15,772	10.2
8	18,802	19,999	6.4	17,013	17,438	2.5
9	25,044	26,804	7.0	20,749	21,827	5.2
Highest	43,006	45,128	4.9	30,965	31,835	2.8
Total	14,738	15,682	6.4	14,054	14,626	4.1

* For the purpose of establishing the deciles, the families were ranked according to the adjusted income per standard person. Each decile constitutes 10% of all persons in the population.

Table 22
The Incidence of Poverty among all Families
in the Population Before and After Transfer Payments
and Direct Taxes (percentages), 1979-2012

Year	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	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	18.8	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
2012	30.3	17.4	19.4	42.4	36.0
2013	28.5	16.6	18.6	42.4	36.0

* Including East Jerusalem. Hereafter – new sampling.

Table 23
Gini Index of Inequality of Income Distribution among Families,
Before and After Transfer Payments and Direct Taxes, 1979–2013

Year	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	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
2012	0.489	0.417	0.377	14.6	22.9
2013	0.479	0.410	0.363	14.3	24.1

* Including East Jerusalem. Hereafter – new sampling.

Table 24
The Incidence of Poverty and the Gini Index of Inequality of Income Distribution among all Families in the Population, Excluding East Jerusalem, Before and After Transfer Payments and Direct Taxes (percentages), 2000-2012

Year	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes	Percentage of decrease	
				Stemming from transfer payments only	Stemming from transfer payments and direct taxes
Incidence of poverty, families					
2000				54.3	45.3
2001				57.0	47.2
2002				57.0	47.2
2003				54.0	42.7
2004				50.6	39.2
2005				48.4	39.0
2006				46.9	38.4
2007	31.7	16.9	19.5	46.6	38.4
2008				46.2	38.4
2009			20.0	46.2	38.8
2010	32.0	17.0		46.9	39.7
2011	32.2	16.9	19.3	47.6	40.1
2012	29.6	16.6	18.6	43.7	37.1
2013	28.9	17.1	19.2	40.8	33.5
Gini Inequality Index					
2000	0.509	0.411	0.350	19.3	31.2
2001	0.528	0.420	0.357	25.9	32.4
2002	0.532	0.426	0.362	20.0	32.0
2003	0.521	0.419	0.363	19.6	30.4
2004	0.519	0.426	0.375	18.0	27.7
2005	0.519	0.430	0.383	17.1	26.1
2006	0.518	0.433	0.387	16.5	25.4
2007	0.507	0.425	0.375	16.1	25.9
2008	0.506	0.425	0.378	15.9	25.2
2009	0.503	0.422	0.382	16.1	24.2
2010	0.497	0.418	0.376	15.8	24.4
2011	0.489	0.409	0.369	16.4	24.4
2012	0.479	0.407	0.366	15.0	23.5
2013	0.475	0.410	0.363	13.7	23.6

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