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Scientific editing: Miri Endeweld

Administrative coordinating: Jacques Bendelac

Hebrew language editing and press: Maya Orev-Hatal

Production of the English and Arabic edition: Orit Nethanel

Production and printing assistance: Nira Amir

Design and typesetting: Erga Yaari-Weitzman

Cover design: Studio Esh

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Opening Remarks

The social security system grew significantly stronger in 2015: the cut in child allowances made in the middle of 2013 was cancelled, with allowances even augmented by means of payments into savings plans for children that began gradually as of the end of 2015. Although these savings plans are universal, meaning that every child shall benefit therefrom, their contribution to the reduction of inequality is still thin, considering their lack of progressive component under state budget (matching).

The financial stability of the National Insurance Institute (NII) also improved in 2015; it has created close to a NIS 4 billion growth in asset balance up to an overall amount of over NIS 184 billion, by the end of 2015. The principal challenge faced by the NII is to break the interdependence between capital balance and state budget, and turn the former into a substantial reserve that will remain at insurees' disposal. Strengthening the insurance aspect of social insurance, and thereby giving insurees the feeling that they receive something in return for the insurance contributions that they have paid over their working-age period, is another important objective.

Chapter 1 of the report presents an international comparative analysis showing that the insurance part of social security in Israel is lower than generally accepted in other countries, regardless of their respective social security regimes – socio-democratic, neo-liberal or corporatist (in central European countries). This low level in Israel is manifested in the small proportion of expenditure on insurance allowances compared to either overall social security expenditure or yield. The comparison leads to a clear conclusion: strengthening social security's insurance component is to be regarded as a primary aim in the future.

Chapter 2 goes on to compare groups of countries, segmented according to their social security regime, in relation to poverty indices. In this field, too, Israel is in a worse situation than other countries, except in the late working-age group. This chapter also shows poverty data for 2013-2014 based on the traditional relative approach and other approaches which use expenditure data to measure poverty.

Chapter 3 presents the core of the NII's activity – payment of benefits – and specifies the main 2015 developments in this area, as regard to level of payments and number of recipients. This chapter contains a range of boxes on specific topics. In the topic of Reserve Service, a box discusses research on the take-up of rights for benefits showing a

high percentage of take-up, except among young soldiers and when periods of entitlement are very short, thereby providing little return on effort; and in Unemployment – an international comparison revealing that the condition of the unemployed in Israel is comfortable compared to their counterparts in other countries, both from the viewpoints of payment rate and conditions of entitlement. There are also other interesting boxes in this chapter, for example concerning the special attendance allowance in the General Disability branch.

Chapter 4 deals with national and health insurance contributions, and the box here reviews the increase in the number of insurees in every health maintenance organization and the changes in their composition.

Chapter 5, the last chapter of the report, reviews the activity of the NII's five Funds on behalf of the community (development of services for the disabled, promotion of long-term care programs, special enterprises, services for at-risk children and youth, and prevention of work-accidents) as well as the Research Fund, and the activity of the Research Room which is used by external researchers to promote empirical study in Israel.

The report in its entirety is translated into English, and a summary is 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; to Orit Nethanel for assistance in editing and translation; and to Nira Amir for typing and assistance with the production.



Prof. Daniel Gottlieb
Deputy Director-General for Research and Planning

Annual Report 2015 - Foreword

From the General Director

The National Insurance Institute (NII) strives to be an advanced, benevolent 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 take-up and implementation of rights, and to initiate legislative processes for increasing existing rights, all within the limits of budgets and priorities.

As always, in 2015 the NII 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, long-term care benefits, income support and various types of disability allowances. The NII has about 4,000 employees, who in 2015 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 2015 Israel invested 16.1% of its GDP in welfare, mainly in expenditure on welfare and health services, and national insurance benefits. More than half of the expenditure – 8.7% – was allocated to cash support, and the rest – 7.2% – to in-kind support (services) essentially in health services.

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. The NII supports the gradual increase of public expenditure on welfare to about five percentage points (i.e. around 21% of GDP), which is the average rate for OECD countries.

2015 was characterized by positive developments in terms of growth and employment in Israel compared to developed countries, though in a more moderate manner than previous years. GDP grew by 2.5%, unemployment remained low, and the number of employed people continued to rise this year by about 3%.

Payments of NII benefits in cash and in kind – contributory and non-contributory – totaled in 2015 some NIS 74.2 billion, compared to NIS 71.6 billion in 2014. These

amounts include other payments made by the NII, mainly to government ministries, for costs related to developing services in the community, as well as administration and operation expenditures of the wide-ranging NII system in all of its areas (about NIS 1.5 billion). The real growth in total payments reached 4.4% in 2015, and was mainly caused by an increased number of recipients for every benefit in varying proportions, and legislative changes - above all - a renewed increase in child allowances after their cutback in 2013-2014.

In 2015 pensions were not adjusted at all, since the consumer price index did not rise during the determining period for pension adjustment. The increase in wages observed recently after years of stagnation in real terms, brought back a well-known trend according to which the average wage, which not only reflects changes in prices but also in living standards, is subject to a higher increase over time, in comparison with prices. Between 2002 and 2015 the average wage has cumulatively increased by about 35% – a rate about ten percentage points higher than the increase of the consumer price index over the same period. The cumulative erosion of pensions hence reaches a rate of 10% as results of their adjustment by reference to the consumer price index instead of wage changes, and it is therefore advisable to re-examine this matter.

New Aspects of Social Policy

As always, legislative amendments were made in 2015 with respect to various benefits, in particular: the renewed increase of child allowances after a cutback made two years earlier, adoption of a law providing a savings plan for every child, the increase of benefits to frail persons receiving old-age income supplements, and implementation of measures strengthening financial stability.

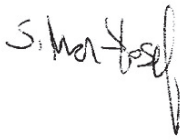
In recent years there have been growing calls from the public to expand and improve national insurance services and conditions of eligibility for the various benefits. The NII takes note of these calls and is working to develop new social programs based on the following principles:

- **Initiative:** However generous and suitable benefits may be, they are not effective if in practice they fail to reach those eligible for them. Therefore, initiatives to ensure full take-up of benefits by insured Israeli residents are at the top of the NII agenda. This concept puts insured individuals at the center, and NII employees and managers work to expedite their rights quickly, efficiently and with empathy. Furthermore, the aim is to achieve automatic take-up of rights as far as possible, while reducing cumbersome bureaucratic processes. Among other things, this involves developing convenient and accessible digital services. To that end, the NII uses surveys to review data related to take-up of rights and underlying reasons when rights were not fully exhausted.
- **Encouraging employment:** At present it is hard to encourage benefit recipients to join the labor market, because any income, however small, leads to pension revocation. This

creates what is called the poverty trap. The NII seeks to limit the poverty trap as much as possible, for example by planning benefits that will harmonize with employment integration, and by encouraging recipients to find work, mainly by means of reducing the negative impact on income support benefits and disability pensions for those going out to work.

- **Prevention:** In addition to a **care-oriented** social policy that deals with people who are already in socioeconomic distress, the NII also designs preventive social policy that aspires to forestall the occurrence of social, economic or health situations of distress. This is exemplified by the development of social ‘bonds’ to prevent diabetes, the creation of a “Social Ventures” Fund for the support of social businesses and elaborating and operating a long-term savings plan for children to prevent intergenerational poverty.

I would like to express my deep appreciation to the NII staff and its administration for their work in 2015, and their dedication to Israeli society and its social needs. I hope the NII will continue to advance socio-economic security among our citizens, and that we will succeed in building a stable, united and civic-minded society where every individual enjoys a life of wellbeing.



Prof. Shlomo Mor-Yosef
General Director

Selected Diagrams

Diagram 1

The National Insurance Institute - Resources and Uses

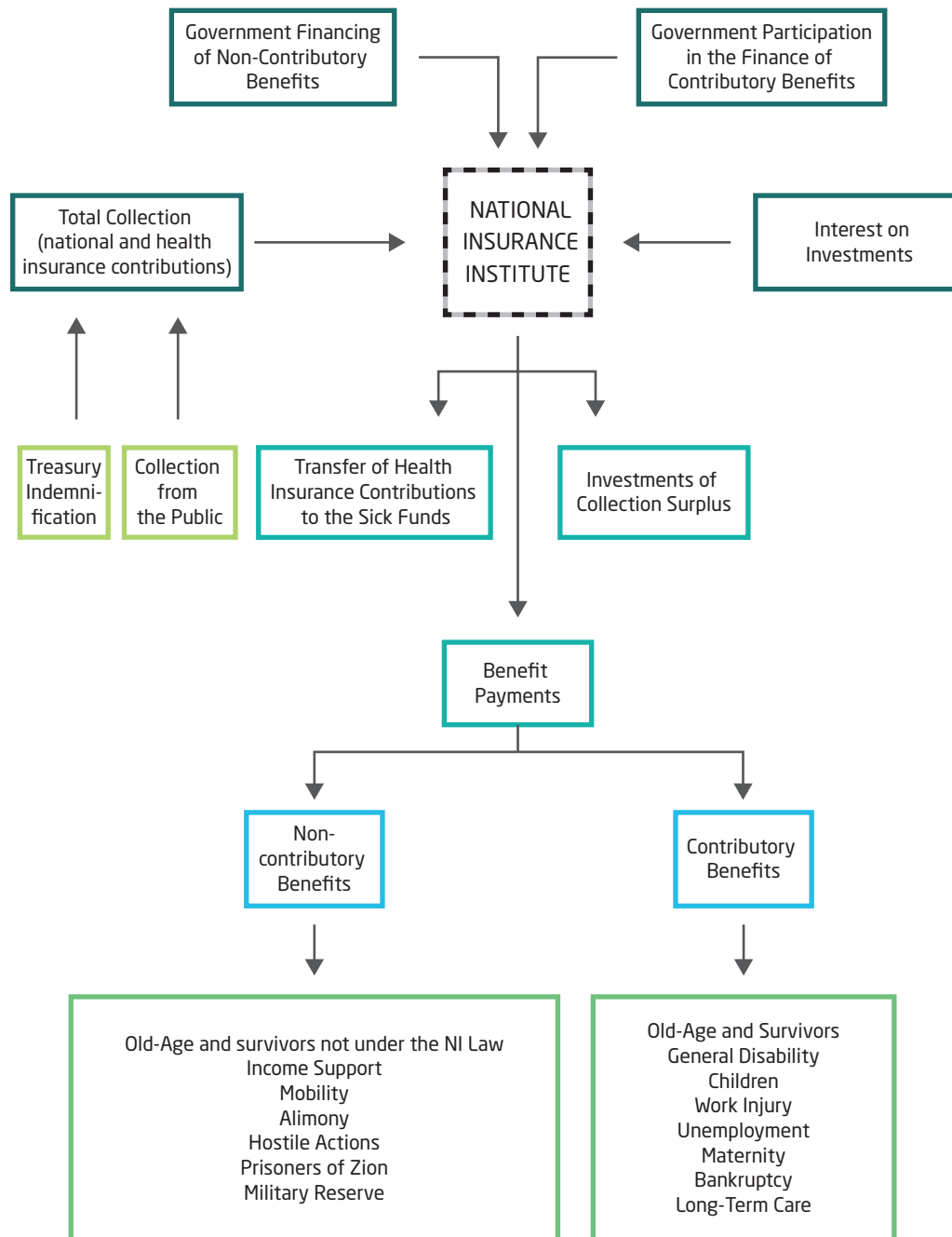


Diagram 2
Benefit Payments by Insurance Branch, 2015

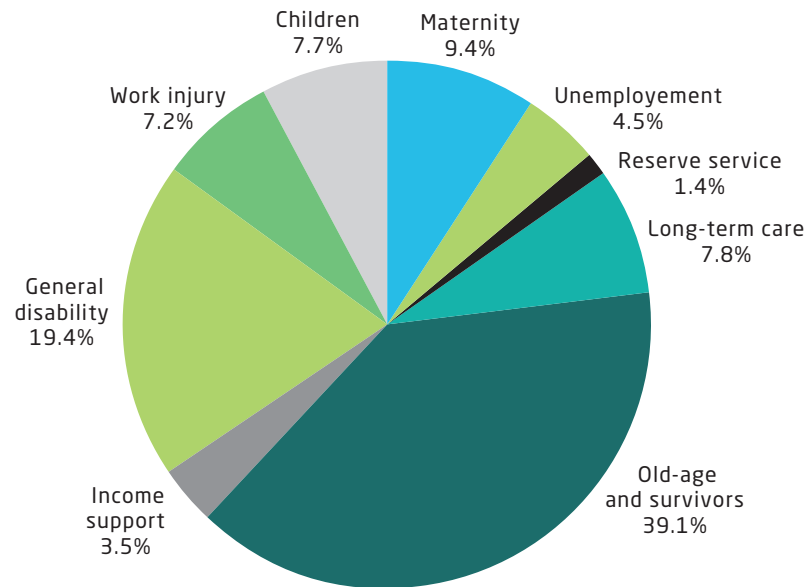


Diagram 3
Receipts of National Insurance Branches by Source of Financing, 2015

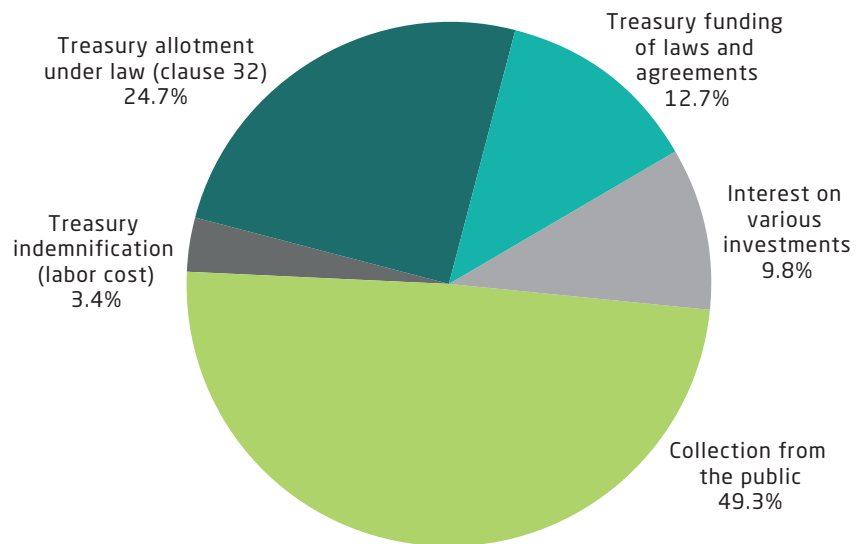


Diagram 4
Benefit Payments as Percentage of GDP, 1980-2015

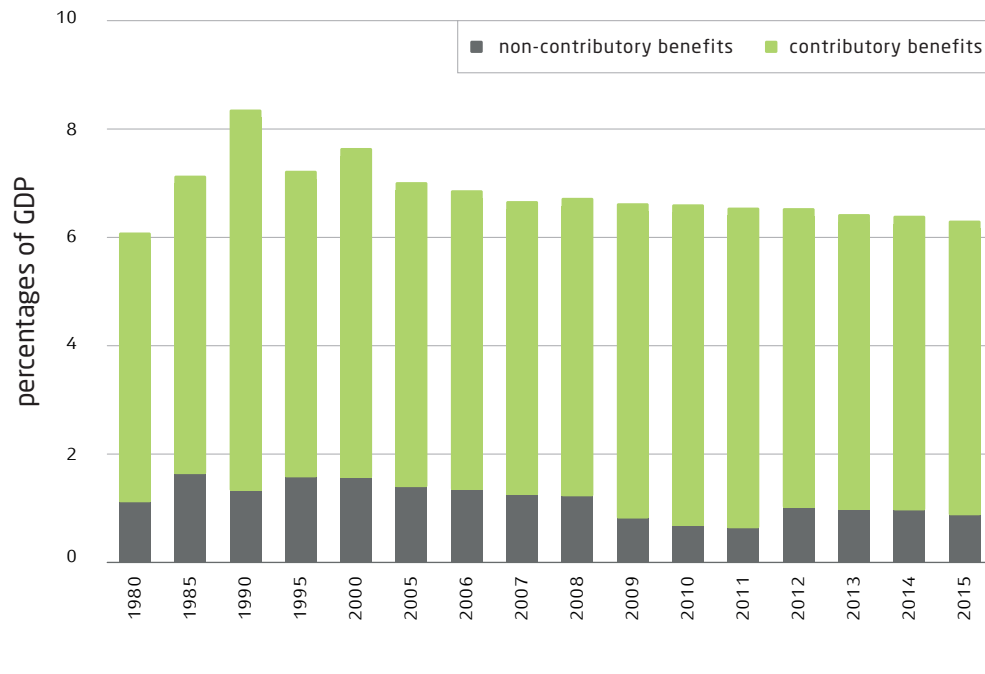


Diagram 5
Collection of Insurance Contributions as Percentage of GDP, 1980-2015

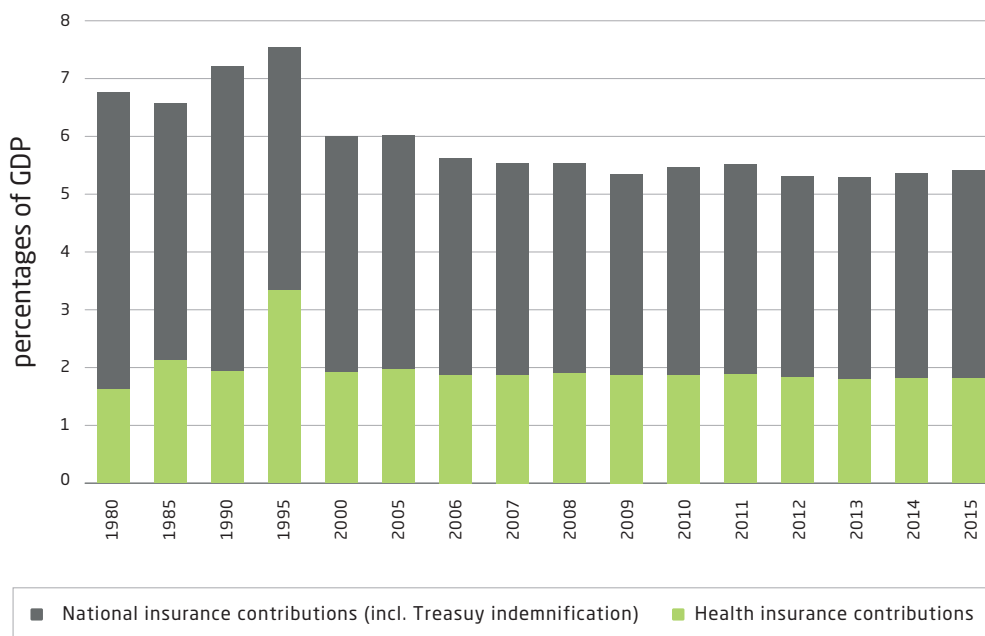


Diagram 6
Public Social Expenditure as Percentage of GDP, OECD Countries and Israel, 2014*

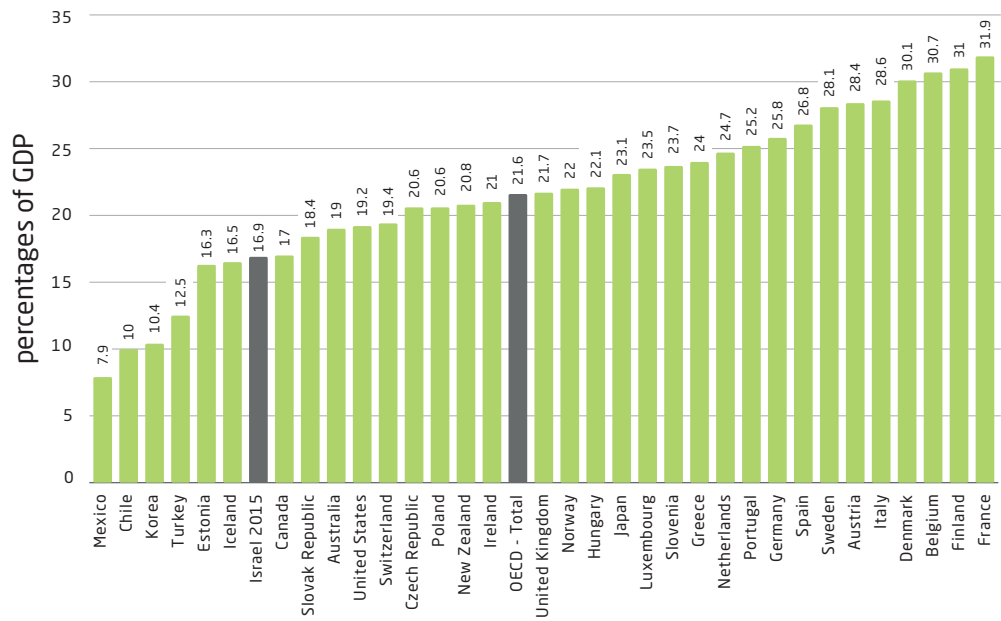


Diagram 7
Public Social Expenditure on Cash Benefits as Percentage of GDP, OECD Countries and Israel, 2014*

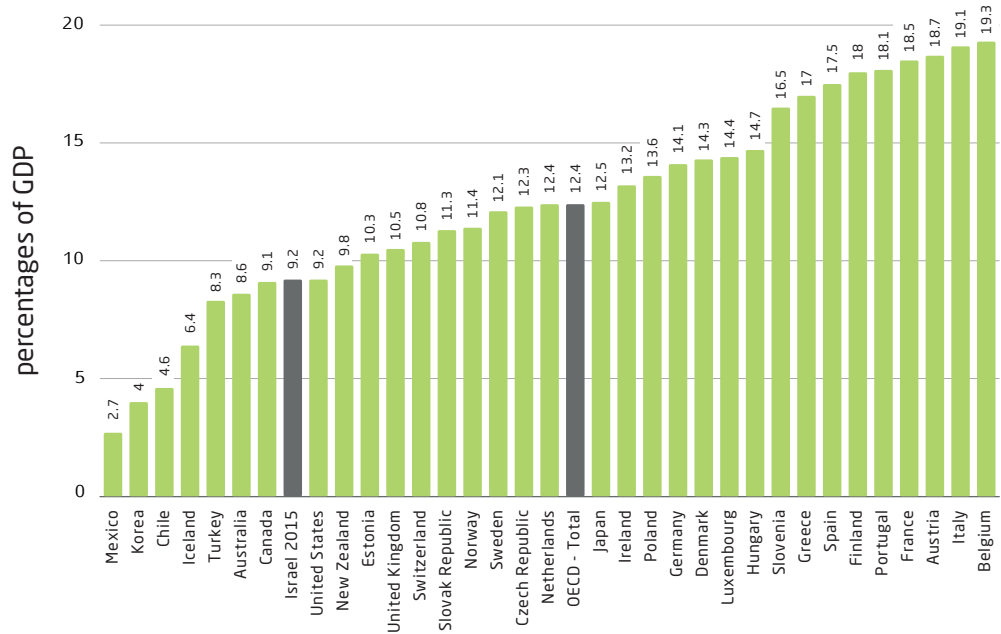


Diagram 8
Public Social Expenditure on in-kind Benefits as Percentage of GDP,
OECD Countries and Israel, 2014*

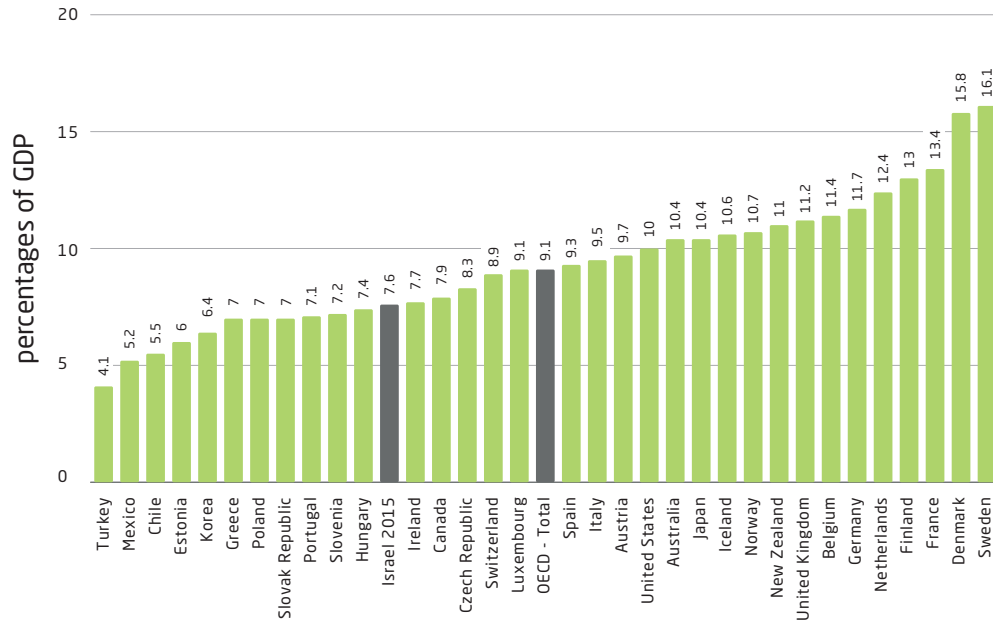


Diagram 9
Rate of Real Cumulative Change in Benefit Payments, 2015 Compared to 2002

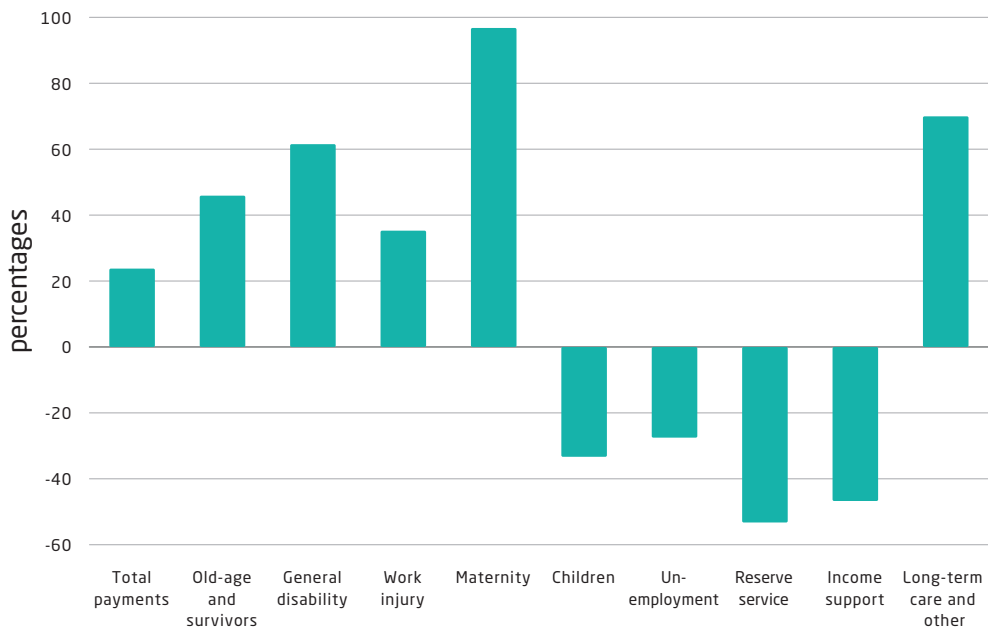


Diagram 10

Rate of Change in Number of Benefit Recipients, by Branch, 2013-2015

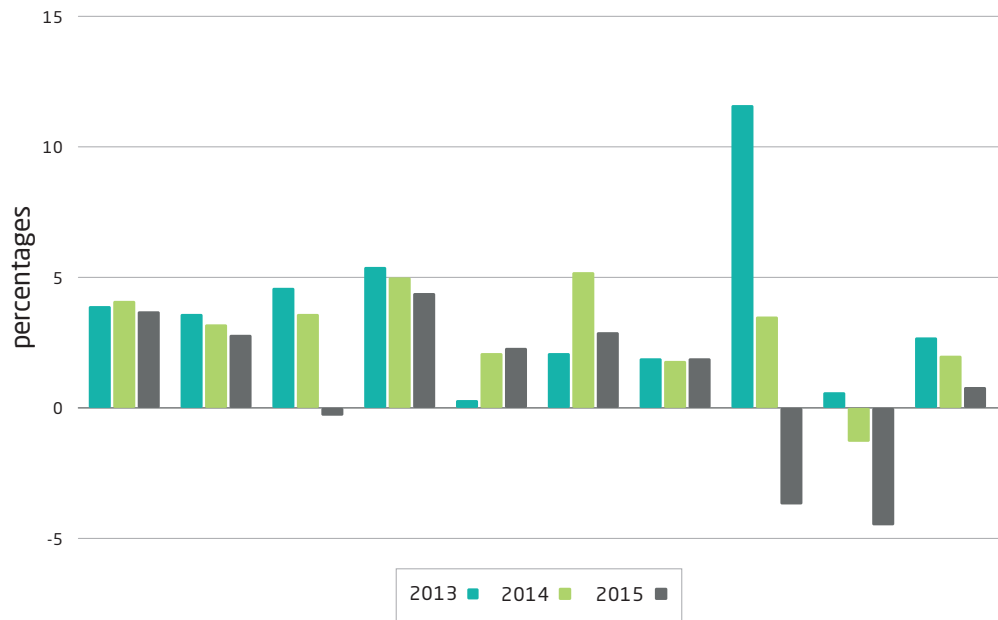


Diagram 11

Unemployment Rate and Rate of Recipients of Unemployment Benefits Over Time, 2001-2015

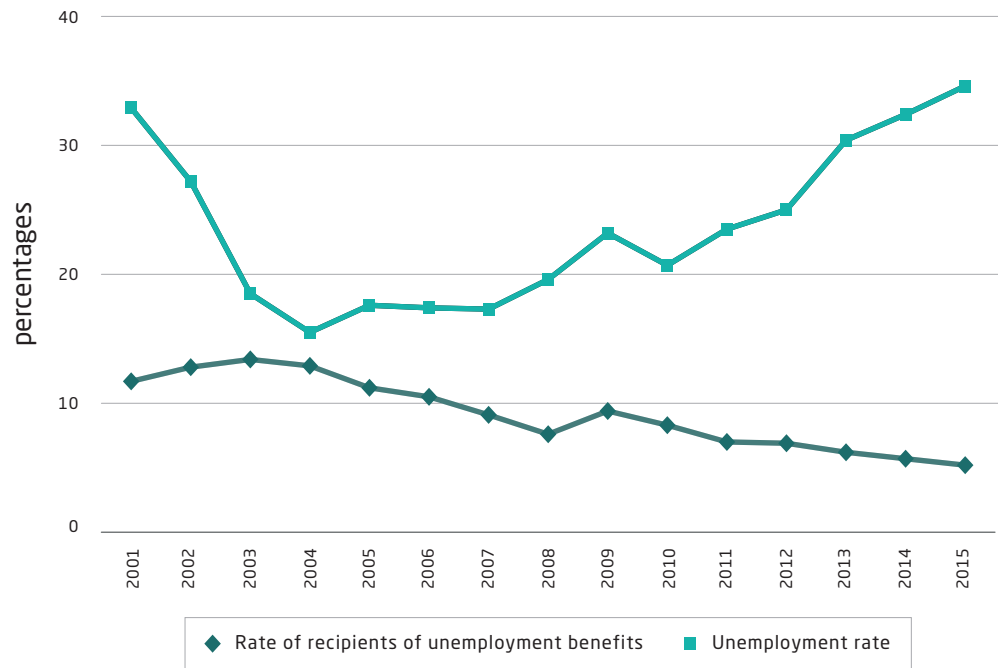


Diagram 12

Poverty in Total Population, Before and After Transfer Payments and Direct Taxes: Families (percentages), 1979-2014 (not including East Jerusalem)

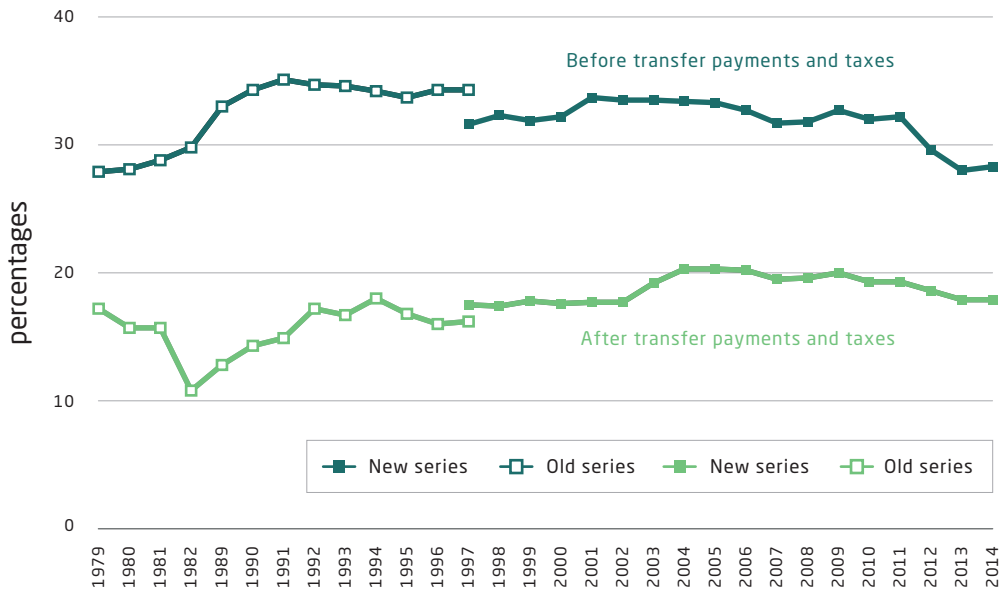


Diagram 13

Poverty Among Children, Before and After Transfer Payments and Taxes (percentages), 1990-2014 (not including East Jerusalem)

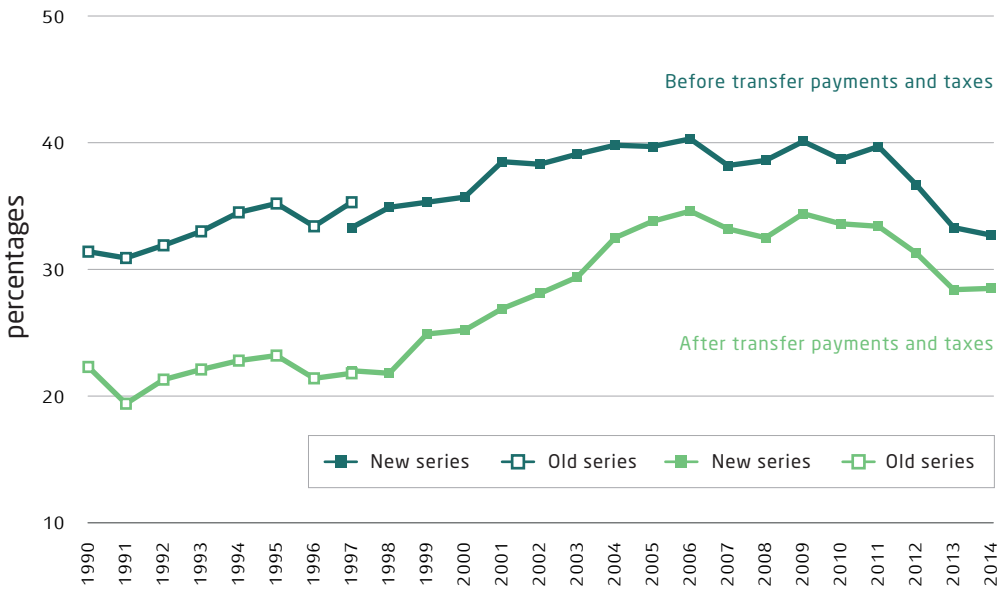
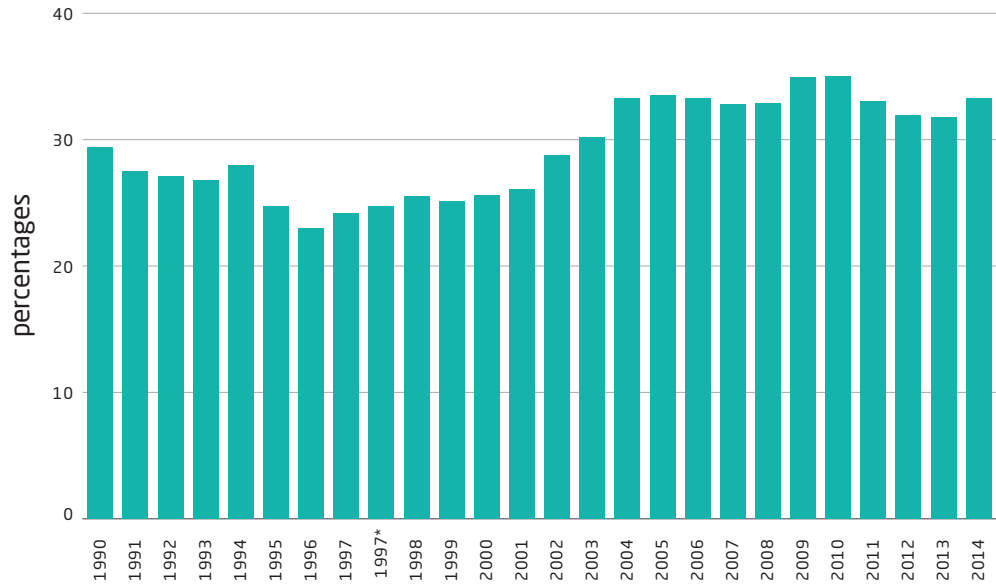


Diagram 14
 Poverty Gap Ratio Index, 1990-2014 (total population, not including East Jerusalem, percentages)



* As of 1997, a new series.

Diagram 15
 The Gini Index for Inequality in Income Distribution Among Families, Before and After Transfer Payments and Taxes, 1979-2014 (not including East Jerusalem)

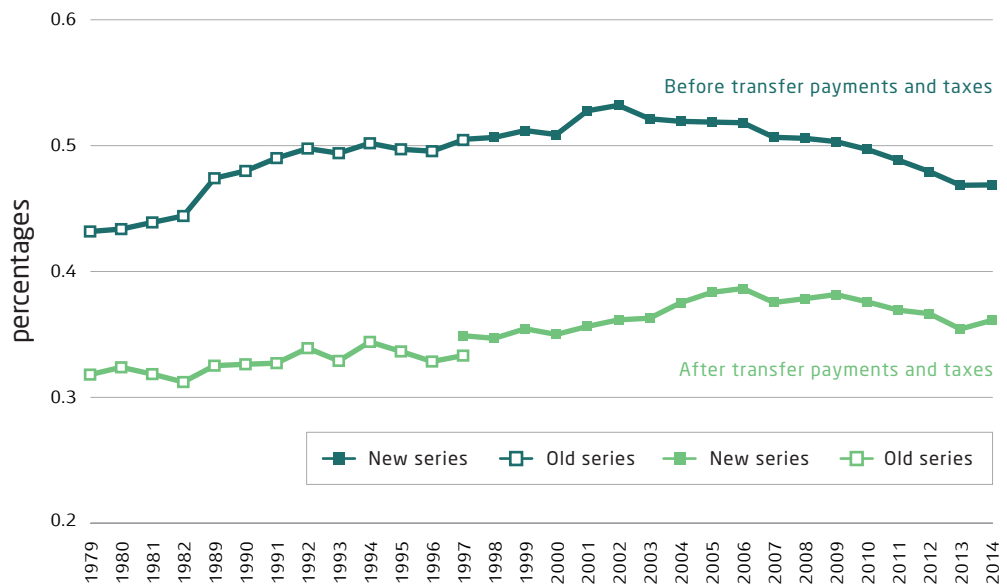


Diagram 16

The Share of Each Decile in Total Transfer Payments and in Total Direct Taxes - Total Population (percentages), 2014

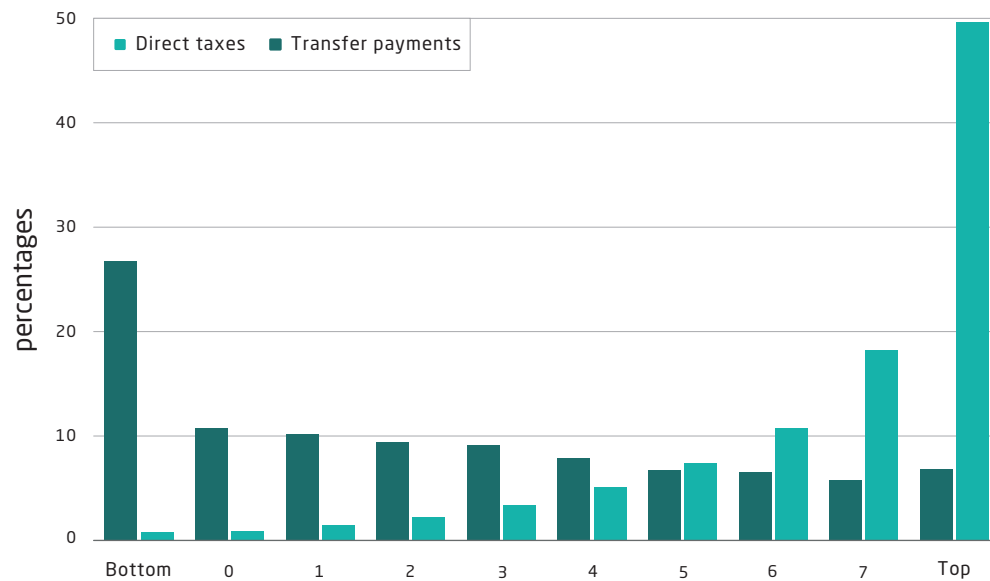
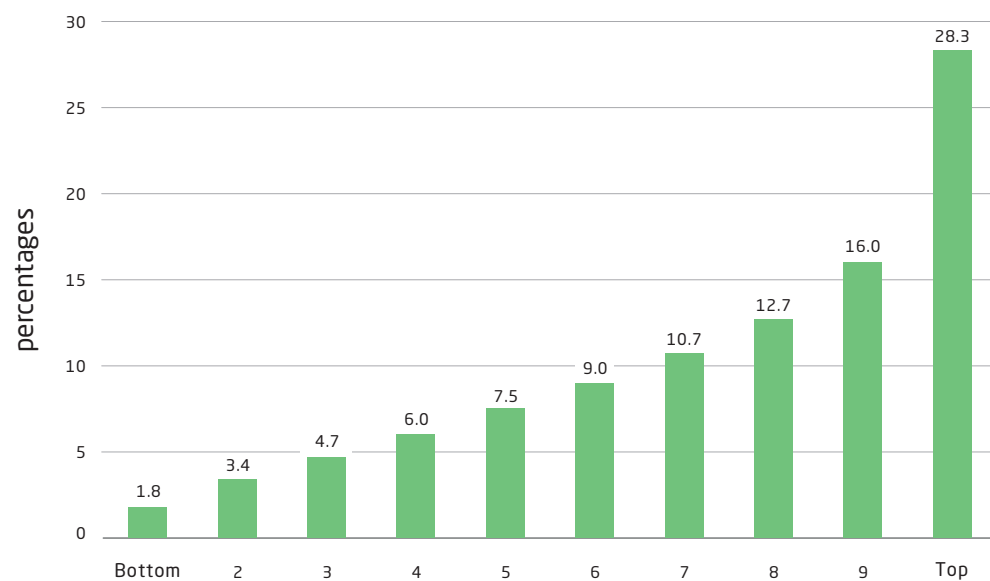


Diagram 17

The Share of Each Decile in Disposable Income (percentages), 2014



* Disposable income is calculated per standard person and each decile represents 10% of all persons.

1

**Social Policy and
Developmental Trends
in National Insurance**

1. Introduction

It is customary to classify social security benefits according to their basic purposes¹:

- **Universal Benefits** - to reduce poverty and inequality.
- **Benefit to Ensure Basic Functioning** - the importance of which intensifies with time because of population aging - paid to those whose basic functioning at home or outside it is impaired (for example the long-term care benefit and attendance allowance for the severely disabled).
- **Basic Subsistence Benefit** - for those without any income sources for their basic living expenses.
- **Wage Replacement/Income from Work Benefit** - where a person is temporarily unable to work due to injury, unemployment, birth and so forth.

In this chapter we will review benefits according to the above classification, evaluate their development in Israel in 2015, and present an analysis from 1997-2014 of welfare expenditure in Israel and around the world in line with a social security model in reviewed countries. We use Esping-Andersen's classification²: **Social-Democratic** - as practiced in Northern European countries, **Corporatist** - as developed by Central European countries, **Neo-Liberal** - as usually practiced in English-speaking countries (United States and England), and **Mediterranean Sea** states, primarily Italy, Greece, Spain and Portugal.

For comparison we will include public education expenditure which constitutes part of welfare costs, but is not included in the welfare expenses classification (SOCX) of the OECD (apart from education for children up to the age of 6).

1 For further information see the **2014 Annual Report**, Chapter 1, Section 5.

2 Esping-Andersen, G. (1990). **The Three Worlds of Welfare Capitalism**. Princeton University.

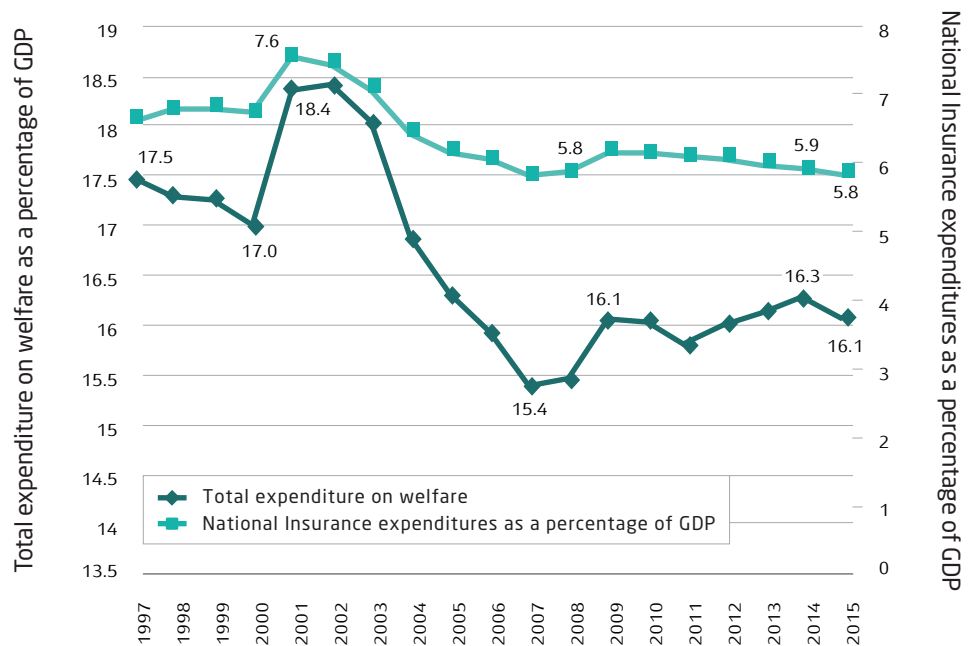
2. Benefits payments in 2015 and a historical overview

The NII, which is responsible for Israel's social security, fulfills two functions:

- Securing social insurance: the NII pays benefits to insurees according to National Insurance Law financed by insurance contributions and other proceeds (hereafter **social benefits**, and **benefits by law**). Eligibility for these benefits is granted mainly by paying insurance contributions.
- Providing, on the government's behalf and fully funded by the latter, payments to all residents, even those who are not insured according to Section 9 of the National Insurance Law and additional laws and agreements (hereafter also **non-insurance benefits**, **benefits other than by law**).

The purpose of NII as insurer is to reduce potential harm to insurees' livelihoods in times of temporary or extended distress as a result of basic life risks and this is also its primary expense: in 2015, it funded approximately 88% of all social security payments. Non-insurance expenditure - approximately 12% of all payments – is designed mainly to pay selective benefits, i.e. benefits conditional upon a means-test, other payments to

Chart 1
Welfare and National Insurance Expenses (Percentage of GDP), 1997-2015



those who have not managed to acquire insuree rights (mainly new immigrants) and compensation of various types. Selective payments constitute redistribution of tax receivables to the public according to social considerations – a clear government role.

The scope of payments to social security when measured as a percentage of GDP, that is, compared to the standard of living index, has stabilized in the last six years to a level of 16%-17%, following a continuous decline from 18.4% at the start of 2000 to 15.4% in 2007 (Chart 1). This trend is also expressed in the proportion of these payments to the GDP - 7.6% in 2001 and 5.9% from 2007 through to 2014³. This rate was affected by the recession of 2001-2003 and exiting the recession (which pushed the GDP rate upward in those years or moderated the decline).

3. The benefits according to their purposes

The purposes of social security are different from one another in terms of the relevant justice aspects for determining pension amounts and their funding principles, so it is important to comprehend the connection between them and the main insurance branches. Dividing pensions into clusters by branch with similar characteristics helps to determine rational eligibility conditions and funding⁴: benefits substituting income from work, universal benefits, benefits ensuring basic functioning (reflecting reimbursement of expenses to improve functioning), and basic subsistence benefits.

Benefits substituting income from work

These benefits are paid to employees who have stopped working following events such as birth, unemployment, work-injury or disability from work⁵ and as a result their income decreases. These benefits are designed to assist an individual and his/her family to maintain their accustomed lifestyle from the perspective of their consumption of products and services.

3 Current data for 2015 regarding welfare expenses as a percentage of GDP can be seen in Chapter 2.

4 The Financial Stability Committee defined clusters from the perspective of balancing benefits and receivables and did not address benefits' basic purposes and the differences in their risks.

5 Some view the basic old-age pension as a wage substitute, however we decided to classify it with universal benefits since it is distributed to all residents according to age and gender whether they worked or not, and is unrelated to their last income level. It is obvious that income-support for the elderly is classified with the basic subsistence benefits cluster.

Universal benefits

These benefits are paid **without a means-test**. The main ones are the child allowance and basic old-age and survivors' pensions⁶, and are paid according to insurees' age or that of their children (child allowance). These benefits reflect the solidarity of the social insurance system since variable (progressive) rates are achieved without operating a means-test. Since they are independent of income or occupation, but instead are related to age, these benefits operate to advance vertical justice while maintaining the system's simplicity and this leads to **a high** and almost full **uptake rate**.

Benefit to ensure basic functioning

These benefits are paid as a result of physical or mental impairment and therefore require the ADL (Activities of Daily Living) or IADL test (Instrumental Activities of Daily Living). Among these benefits are the long-term care benefit, special services allowance for the severely disabled (the attendance allowance), mobility allowance and disabled child allowance⁷. The general disability pension is a combination of a subsistence benefit (due to the earning capacity test) and a functioning pension (due to medical disability). The rehabilitation benefit is more preventative, which is also one of social security's purposes.

A central allowance in this cluster is the long-term care benefit, which for many years has been granted according to a means-test, although a crucial condition for receiving it is a test of functioning. Also, every insuree pays insurance contributions for it, however due to the unique progressive structure of the NII, those of medium to upper middle-class status (namely those who do not benefit from the insurance contributions cap) pay very high insurance contributions without accumulating rights to this important benefit, should they need it. On the contrary: should they want to live in an old-age home, they would have to fund it with other resources and therefore the means-test is particularly disturbing in these cases.

The insurance principle of this important benefit is therefore compromised, since it prevents a large section of the public from receiving it even though they paid insurance

6 Among which are the survivors' pension for widow/ers for example, which is subject to a means-test, and the old-age pension conditional upon age where a means-test is operated at relatively low wage levels. These do not appear here, but rather under the selective benefits addressed below.

7 According to the classification rules of the OECD in the SOCX questionnaire, the general disability pension includes the attendance allowance, mobility benefit and the benefit for a disabled child, and since the disability pension is considered a subsistence benefit, it was weighted at 50%, the same as the basic functioning benefits group and the subsistence benefits group.

contributions while they worked and would certainly want to be covered. The decision to use a means-test for this benefit, which is funded by insurance contributions, is therefore primarily budgetary, since introducing such a test leads to NII surpluses being deposited in the Treasury's current (deficit) budget. The State treasury is therefore automatically interested in reducing payment of the pension so that the NII should have a larger surplus, reducing the State budget's chronic deficit⁸. The long-term care benefit is therefore actually a selective and not a universal one.

Benefits to ensure basic subsistence (selective)

These benefits, whose payment is contingent upon a means test, are supposed to be based on the redistribution of resources principle even where insurance rights have not been accumulated. They constitute the last protective net for families or individuals whose income is lower than the minimum for subsistence after exhausting their eligibility for other benefits, or for those who never accumulated any rights (for example elderly new immigrants arriving in Israel without sufficient subsistence means). Since eligibility for these benefits is unrelated to insurance, they are funded by taxes and paid *de facto* by the NII in accordance with the order of preference in the State budget of that year.

4. Development of benefits in Israel

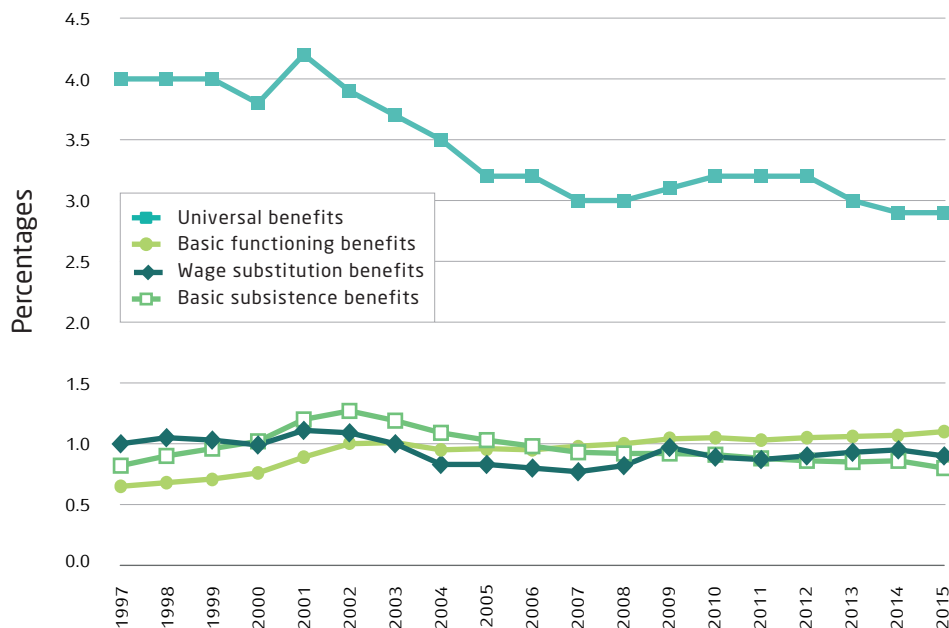
Over time means tests have become entrenched, in particular for basic functioning benefits, even though these are supposed to be based on accumulating insurance rights. This policy prejudices the notion of accumulated rights and thereby undermines the essence of social insurance, especially in reference to such an important benefit as long-term care, where the number of insurees interested in uptake is growing. An insurance right is prejudiced when insurees, already weakened by physical or mental ailments, find it difficult to insist upon their rights by virtue of the insurance contributions they have paid over their working years. Naturally means tests of this type "save" government resources, since the surplus of the NII is not deposited in a real reserve for the social security for future generations but rather in a government **current deficit** budget, constituting a kind

⁸ It should be noted that the NII has not had a budget deficit since the institution's establishment. Nonetheless, the NII has an **actuarial** deficit, meaning a future deficit deriving from the forecast of population aging - if the law is not amended.

of non-transparent reserve for the latter's lack of discipline regarding its budgetary affairs. For these reasons a distinction must be made between **selective benefits**, for example income support (funded completely by the State budget) and **selective budgetary benefits** that are foreign to the social security concept and weaken it.

Reviewing the development of the four clusters described above from 1997-2014 as a percentage of the GDP⁹, it is seen that subsistence, wage substitute and basic functioning constituted approximately 1% of the GDP of each cluster, whereas universal benefits were about 3.5% of GDP (Chart 2). Furthermore, until 2000, the portion of wage substitute benefits in the GDP was higher in comparison with the subsistence and function benefits. In 2001-2002, subsistence benefits as a proportion of GDP was higher than wage substitute and functioning benefits, and just after the start of 2000, and in particular from 2003 through 2014, their proportion decreased to 0.87%. Following the temporary decline in the proportion of wage substitute benefits in the GDP between 2002-2007, they stabilized at a level of approximately 0.8% of GDP from 2004-2008. Since 2009, their rate has increased slightly and gradually to approximately 0.9%

Chart 2
Benefit Payments According to the Four Clusters (Percentage of GDP),
1997-2015



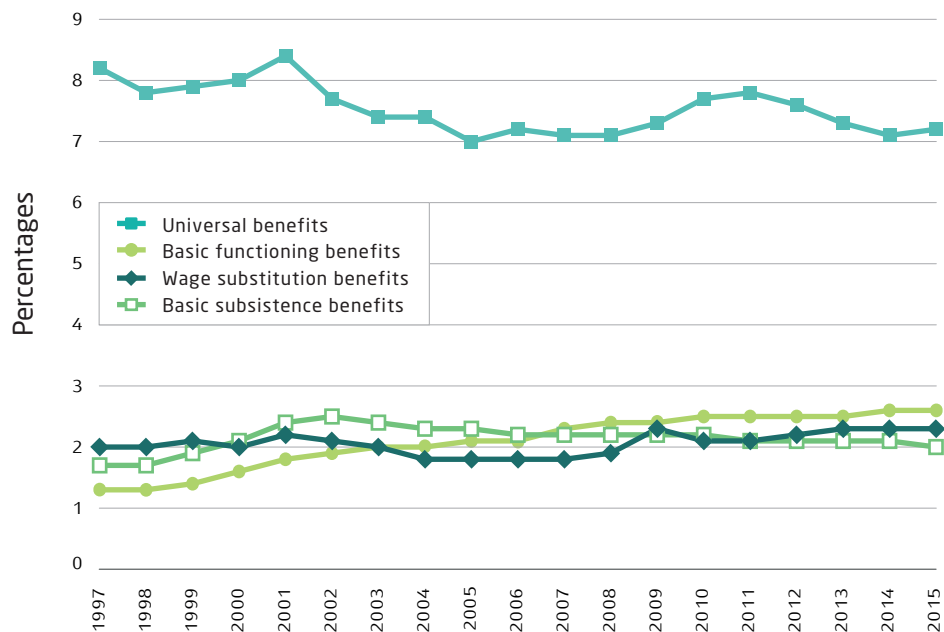
⁹ In the 2014 annual report, cluster analysis was done from 1985. This time the range of years was limited due to insufficient data for comparative purposes for 1985-1997.

The proportion of **basic functioning** benefits in the GDP increased gradually from 0.65% in 1997 to approximately 1.1% in 2014, and in practice since 2007, their portion is higher compared to wage substitute and subsistence benefits in the GDP. It is important to mention that the rising trend in the scope of long-term care benefit payments deriving from population aging, will cause an ever-increasing distortion in the purpose of insurance benefits if the means test is not cancelled. The cost of cancelling the means test is estimated at approximately one billion NIS.

A review of the four clusters as a percentage of public welfare expenditure (GG EXP) in this period shows that subsistence, wage substitution and basic functioning benefits constituted on average 2% of expenditure, while universal benefits constituted approximately 7.5% thereof (Chart 3). The trend of the four clusters over the years is similar to the trend in Chart 2, namely the wage substitution benefits rate of the total expense at the end of the nineties was higher than that of subsistence and basic functioning benefits. In 2000-2006, the rate of subsistence benefits was higher than the wage substitute and basic functioning benefits and since 2007, has dropped until it reached approximately 2% in 2014. The portion of the basic functioning benefit increased in this period, reaching 2.6% of total expenses in 2014, and the wage substitute reached 2% on average.

Chart 3

Benefit Payments According to the Four Clusters (Percentage of Total Expenditures for Welfare), 1997-2015



5. Development of benefits - international comparison

Countries according to their social security model

To compare social security principles in Israel with those of other countries, the countries were classified according to the socio-economic principle guiding their policy in general and their social security network in particular.

1. **Corporatist Countries** - Austria, Belgium, France, Germany, Luxembourg and Switzerland: these countries are based on an extensive system of benefits that is not universal but rather given according to status or employment situation. Social services in these countries are developed relative to the rest of the reviewed countries.
2. **Social-Democratic Countries** - Denmark, Finland, Holland, Norway and Sweden: These countries are based on the social rights concept, on the relatively equal pay model and upon maximum reduction of social and economic inequality. Benefits are universal and independent of status and are therefore higher than customary in other welfare states.
3. **Liberal Regime Countries** (primarily English-speaking countries) - USA, Britain, Canada, Australia, New Zealand and Ireland: neo-liberal countries based on the democratic value of individual liberty on the one hand and minimum state intervention where necessary on the other. Benefits are usually given to all citizens, with an additional tier of assistance to weaker groups. Health, like education or pension, is perceived as a product and not a social right, and the philanthropic system is encouraged by the government.
4. **Mediterranean Sea Basin Countries** - Italy, Greece, Spain, Portugal and Turkey: in these countries there is a special emphasis on family values, justifying a separate classification from the three groups above (Esping Andersen, 1999).¹⁰
5. **Former Soviet Bloc Countries**¹¹ - Czech Republic, Estonia, Hungary, Poland, Slovakia and Slovenia.
6. **Far East Countries:** Japan and South Korea.
7. **South and Central American Countries (Latin America):** Chile and Mexico.

¹⁰ Esping-Andersen, G. (1999). **Social Foundations of Postindustrial Societies**. Oxford: Oxford University Press.

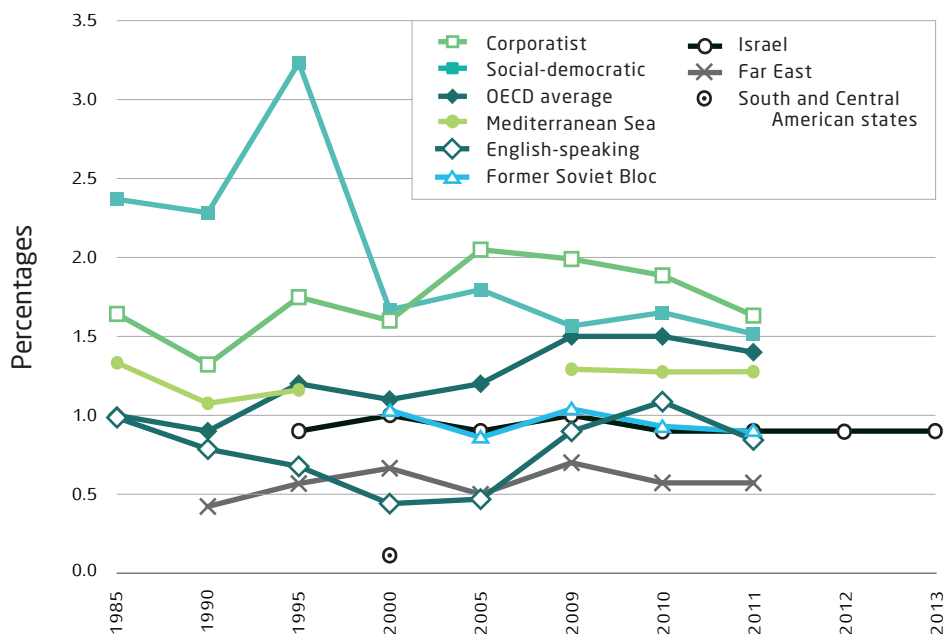
¹¹ Groups 5-7 are not discussed separately in Esping Andersen's classification.

Wage substitute benefits

Chart 4 presents the public expenditure rate on wage substitution benefits in each group of countries as a percentage of the GDP¹². At the beginning of the 90s, perhaps following the unemployment crisis at the time, the wage substitution benefit rate increased to 3.2% of GDP, and as a general rule in the eighties and nineties, social-democratic countries allocated on average 2.6% of GDP to these kinds of benefits. Since 2000 and for more than a decade, this rate declined sharply and stabilized at 1.6% on average, thereby equalling the average in corporatist countries, where wage substitution benefit expenditure was 1.6% on average until 2000. However, these countries changed their policies in the last decade and increased their spending by about 2% on average. One can see that the Mediterranean Sea Basin countries deemed it important to spend on this type of benefit and allocated approximately 1.2% of GDP over the years, the same as OECD countries at that time.

Chart 4

Wage Substitution Benefits According to Groups of Countries (Percentage of GDP), 1985-2013



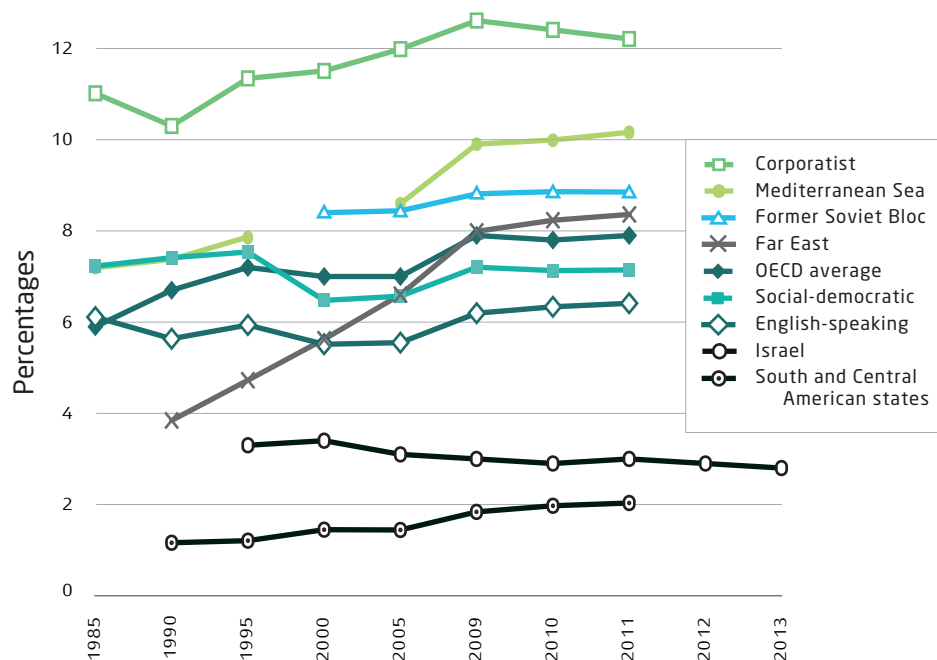
12 The actual calculation for each group of countries was done by reckoning the average of the countries in the group: the percentage of public expenditure on wage substitute benefits of GDP for that country, where the weight given to each country is according to its residents' rate among all residents in the group to which it belongs.

The expenditure rate in Israel on wage substitution benefits is the lowest and is similar to that in the former Soviet bloc countries - approximately 1% from the end of the 90's until 2013. This is not surprising because in the eighties, the USA and Britain led a neo-liberal policy that was characterized by cutting public and private services, reducing social security and limiting it only to the poor, and refrained from state intervention in economic activity. In the nineties with governmental change in some of the English-speaking countries, a **third way** was introduced, supporting assistance for the needy in the framework of the market economy: not to grant them pensions, but rather to attempt to incorporate them in the labor market by providing suitable tools.

Universal benefits

The situation differs with respect to universal benefits, constituting between 1985-2011 on average 12% of GDP in the corporatist countries, and approximately 9% in the Mediterranean and Former Soviet Bloc ones. It appears that the social-democratic countries, whose welfare system is based on granting universal benefits, allocated only 7% on average of GDP to these pensions over the years, similar to English-speaking

Chart 5
Universal Benefits According to Groups of Countries (Percentage of GDP), 1985-2013



countries. In the Far East, the proportion of these benefits of GDP rose significantly, thus in 2011 their rate doubled compared to 1990.

In Israel the universal benefits rate of the GDP is still low in comparison with other countries and the OECD average, and remained almost unchanged from 1998-2013 - about 3% on average in comparison with 7% in OECD countries. In South and Central American countries, although the rate increased from 1990-2011, it was low compared to the rest of the countries - approximately 1.5% of GDP on average.

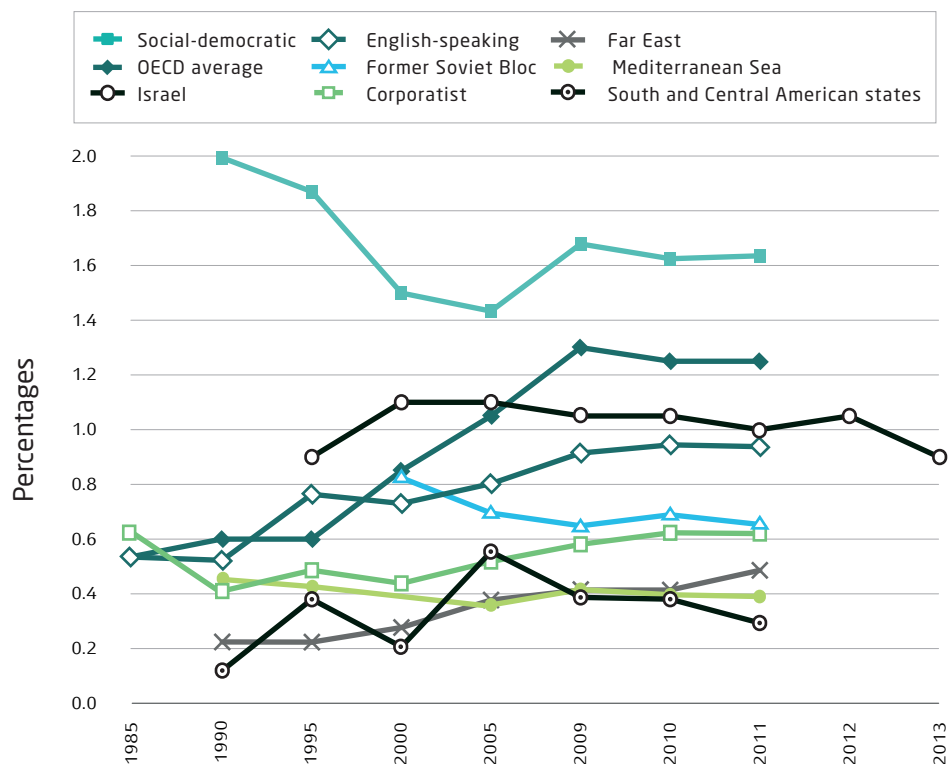
In Israel, the low rate of universal benefits derives from the relatively small number of elderly and high number of children in comparison with many other countries; however since the level of child allowances in Israel is relatively low (even after their recent rise), the weight of universal benefits in the GDP remains fairly low.

Basic subsistence benefits

The benefits ensuring basic subsistence, which are the last safety net for the target population, constitute at the most 2% of GDP in all the groups of countries in Chart 6. In

Chart 6

Basic Subsistence Benefits According to Groups of Countries (Percentage of GDP), 1985-2013



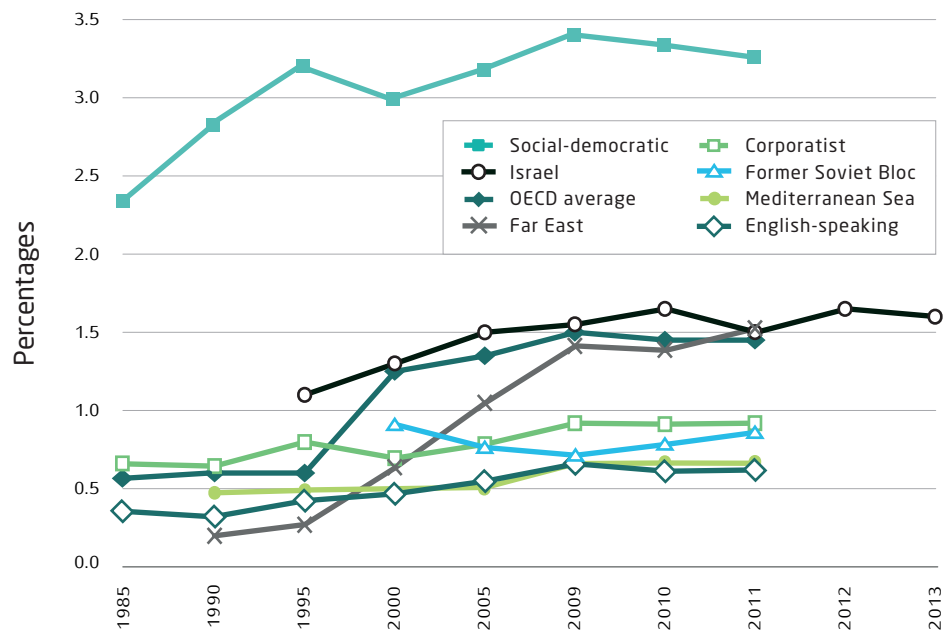
the social-democratic countries, there was a drop from approximately 2% in 1990 to 1.4% in 2005, and thereafter a slight increase to 1.6% in 2011. It can be seen that in comparison with the rest, Israel allocated a higher rate of GDP to subsistence benefits, although on average this rate was approximately 1% between 1995 and 2013. In OECD countries there was a considerable increase from the eighties until 2011 from approximately 0.5% to 1.25% of GDP. In the rest of the groups, the subsistence benefits rate ranged between 0.3% on average in Latin and Far East countries, to 0.5% in corporatist ones and 0.7% in the Former Soviet Bloc countries.

Notwithstanding the sharp cut in the income support benefit in Israel at the beginning of 2000 (some of which focused on reducing the disregard), this cut appears moderate in Chart 6, since in those years the economy was in recession and GDP declined.

Basic functioning benefits

Basic functioning benefits also constitute a small percentage of the GDP in all groups of countries. In the social-democratic group, there was an increase in the mid-eighties until 2011 from 2.4% to 3.2% on average in Israel. Their proportion gradually increased in

Chart 7
Basic Subsistence Benefits According to Groups of Countries
(Percentage of GDP), 1985-2013



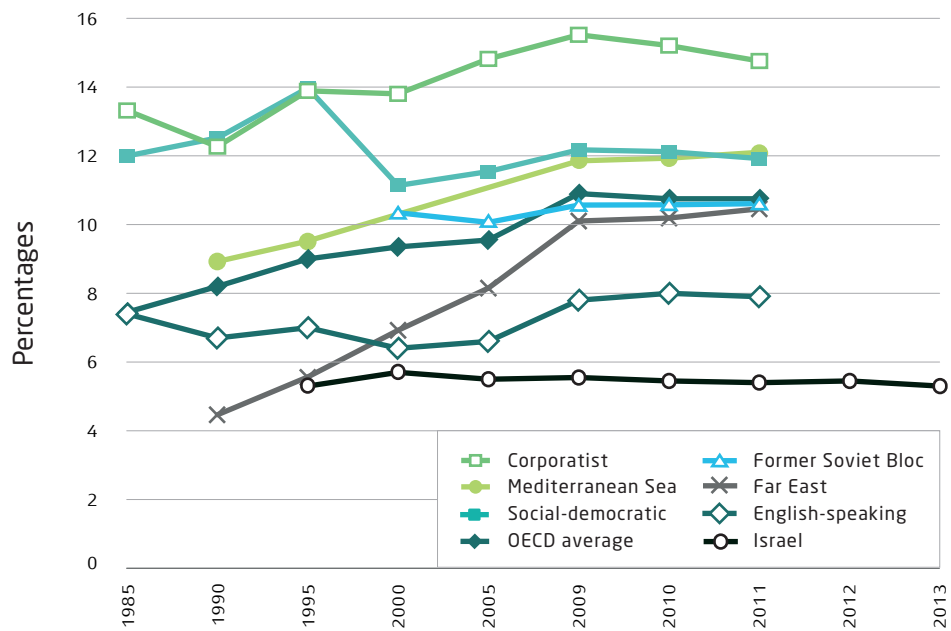
the last two decades from 1.1% in 1995 to 1.6% in 2013. In the OECD countries, their rate of GDP tripled from 1985-1995, during which it stood at approximately 0.5% on average. In the Far East group too, there was considerable improvement in allocation of GDP to functioning benefits, from 0.2% in 1985 to 1.5% in 2011, an improvement also observed in the English-speaking countries, although the rate is still only approximately 0.5% of GDP. In the Former Soviet Bloc countries, they constituted approximately 0.8% of GDP from 2000-2011 and in the Mediterranean Sea group - approximately 0.6% on average.

Insurance benefits

All benefits other than the basic subsistence ones are included in insurance benefits, funded directly by the State budget. Allocation to these benefits in Israel is low by international comparison, and if we add to this the fact that the basic functioning benefit in Israel is based on a means-test, the insurance rights situation becomes even more problematic. Since 1995 the insurance component in Israel (in GDP percentages) has been the lowest in comparison with the countries displayed in Chart 8. Moreover,

Chart 8

Insurance Benefits According to Groups of Countries (Percentage of GDP), 1985-2013

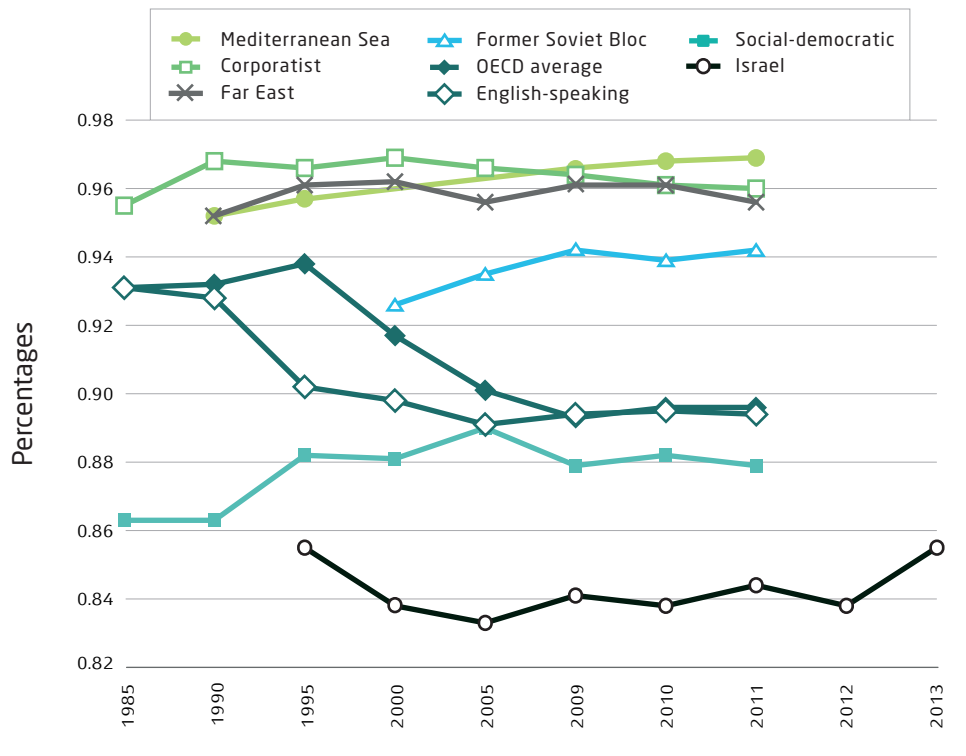


whereas in most groups the trend (at least until 2011) was an increase in the GDP rate, in Israel there was even a slight decline.

Like the global social security rate (which, as mentioned above, includes subsistence pensions), the rate of insurance benefit clusters, too, is the lowest in comparison with the averages of the other group of countries (Chart 9).

Chart 9

Insurance Benefits as a Percentage of all Benefits, According to Groups of Countries 1985-2013



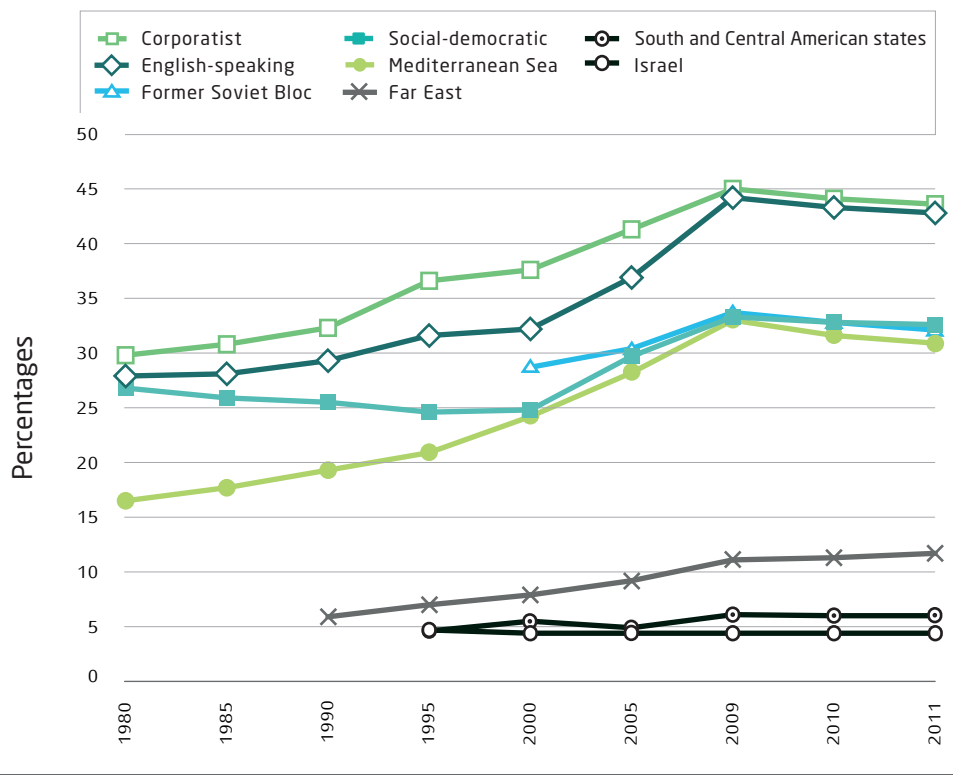
6. Israel public health expenditure and international comparison

From 1980 – 2011, a sustained increase began in the average cost of health in corporatist countries from approximately 30% in 1980 to about 45% in 2009 and 43% in 2011, and in English-speaking countries from about 28% to 44% and 43%. In social-democratic countries the health cost constituted 25% of GDP until 2000, and in 2005 – 2011 the rate increased slightly to approximately 32%. In the Mediterranean Sea Basin

countries health costs were 16.5% at the beginning of the eighties, but rose gradually and consistently to about 32% on average from 2009-2011. In most groups there was a sharp increase in health expenses in terms of GDP between the mid-nineties and 2010.

In Israel there was hardly any change in health expenses since the National Health Insurance Law of 1995 came into force, until 2013, approximately 4.5% of GDP on average, a lower level in comparison with the other groups of countries. In the Latin and Far Eastern countries, health expenses doubled in twenty years, from 6% in 1990 to approximately 12% in 2011.

Chart 10
Public Expenditure on Health According to Groups of Countries
(Percentage of GDP), 1980-2013



7. Scope of payments

NII cash and in-kind benefit payments – both contributory and non-contributory – amounted in 2015 to NIS 74.2 billion, as opposed to 71.6 billion in 2014. These amounts also included other payments that the institution defrays, primarily to Government

ministries for development of community services and national insurance system administrative and operational expenses in all of its fields (approximately NIS 1.5 billion).

The real increase in the Institute's payments in 2015 reached 4.4%, and derives primarily from an Increase in the number of recipients of all benefits, variable rates and changes in legislation, essentially the renewed increase in child allowances that were cut in 2014 (see below in the report). In January 2015, benefits paid by the NII were not revised because of the decline in the consumer price index between November 2013 and November 2014. Nonetheless, in terms of GDP a **decline** of 0.09 percentage points was recorded (Table 1). In terms of GDP, the benefit rate in recent years declined consistently from approximately 7 percent in 2009 to 6.31 in 2015, thereby reaching an all-time low in the preceding decade after a peak in 2002 - 8.7%.

On the other hand, the collection rate increased slightly in 2015 and reached 5.42 percent of GDP, approximately one-half a percentage point more than in 2014. The collection rate of national insurance contributions increased by half a percentage point - 3.6% of GDP. In 2015, benefit payments according to National Insurance Law increased by 5.8% in real terms overall, in comparison with benefit payments other than by law, which **decreased** by 4.3%. These benefits are paid by virtue of State laws or agreements with the Treasury, are fully funded by the latter, and include income support, mobility, alimony, old-age and survivors pensions for those who are not insured (primarily new immigrants), and reserve service benefits. In 2015 these payments amounted to approximately NIS 10 billion (without administrative expenses), constituting approximately 14% of all benefit payments.

Payments of old-age and survivors pensions increased in 2015¹³ by 4.1%, after an increase of 5.4% in 2014 (Table 2). From 2008-2011 payments for these benefits increased mainly due to changes in legislation: in April 2008 basic pensions increased from 16.2% to 16.5% of the basic amount¹⁴ and those 80 years old and older received a special supplement at a rate of one point percentage thereof; in August 2009 within the framework of the Economic Improvement Law, they again increased until 2011 to 17.7% of the basic amount - in total an increase of 7.3%.

In December 2015 the old-age and survivors pensions increased considerably, including income support, to bring them closer to the poverty line (according to type of family) and to make the situation of individuals and couples comparable. The distinction

13 There may be differences in rates of payment presented in this chapter in comparison with those presented further on in the benefits review, since the data upon which this chapter is based include administrative expenses and may also include additional small components that are added to the total benefit payment, such as the education grant in the child allowance.

14 The basic amount: the amount according to which most benefits from January 2006 are calculated. This amount is revised on the 1st of January each year according to the increase in the consumer prices index of the previous year. The basic amount has different tariffs for the different benefits. In 2015 the basic amount for most benefits was NIS 8,648. Until 2006 the benefits were revised according to the increase in the average wage.

Table 1

Benefit Payments and Collection from the Public (Without Administrative Costs) (Percentage of GDP), 1980-2015*

Year	Benefits payments		Collection	
	Total	Collectible benefits	Total**	National insurance 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	6.63	5.82	5.64	3.48
2010	6.61	5.93	5.46	3.60
2011	6.55	5.92	5.53	3.65
2012	6.54	5.53	5.32	3.49
2013	6.43	5.46	5.29	3.50
2014	6.40	5.44	5.37	3.56
2015	6.31	5.44	5.42	3.61

* General note for data as a percentage of GDP in the entire report: There may be differences compared to earlier years due to retroactive changes made by the Central Statistics Bureau.

** Including collection for the health system.

*** Includes Treasury indemnification for reducing national insurance contributions for employers.

between the three age groups has been maintained - up to 70, 70-80 and 80 or older. The supplement amounts ranged between NIS 155 and 542 per month according to family composition. The increase in payments therefore derived from a rise in the number of recipients and legislative change in that year.

The child allowance payments increased in real terms in 2015 by 14.3%. Within the framework of the Economic Improvement Law, in 2013 amounts were cut sharply and immediately for all children, so that aside of existing children who were the third and onwards in their families, a uniform amount was set for each child at NIS 140 per month. As a result, the child allowances were reduced by 13% in 2013 and by 23.2% in 2014. The 2015 increase constitutes a partial correction to the decision that was formulated in coalition agreements pursuant to which pension amounts would be increased again from May 2015 (and therefore the increase in pensions in 2015 would only be expressed in 2016).

Payments for the long-term care benefit increased quite considerably in 2015 – 6.8%. The increase derives both from an increase in the number of those entitled to the benefit in general and to those eligible for the highest benefit in particular, as well as from the increase in payments in-kind following the increase in minimum wage in April 2015. The general disability benefit also increased by a rate of 4.5% primarily because of leniency in eligibility conditions for attendance allowance and disabled child allowances, causing an increase of approximately 10% in the number of recipients and a more moderate rise in the number of recipients of other benefits. The payments in the work-injury and victims of terrorism branches also increased sharply by 9.6%, primarily because of terror that was influenced by security events in 2015.

Payments for unemployment decreased by approximately 5% in 2015 following consecutive increases between 2012-2014, deriving primarily from a change in legislation in 2013, when eligibility conditions and wage determination were compared to calculate the daily and monthly benefit. This decline mainly expresses a drop of approximately 1% in the number of recipients (Table 4) and conflicts with the increase in payments for other wage substitute benefits - maternity and work-injury - also affected by developments in the labor market. Payments for the maternity allowance increased by 4.9% mainly due to an increase in the allowance in light of continuing growth in the number of recipients and an increase in the average payment of the benefit - resulting from continuous growth in the rate of jobs and wages for women over time.

After two years of stability or increase in income support payments for the working age population, in 2015 payments were again decreased by 1.8%. The increase in payments in 2013-2014 derived primarily from changes in legislation (extending eligibility for those who also own a vehicle), while the decrease in 2015 was due to a 4.6% decline in the number of recipients.

The scope of payments for those serving in reserve service dropped sharply by 23.5% in 2015 after a similar increase in 2014 following Operation Protective Edge.

Following the legislative changes that were reviewed above, child allowances grew in proportion of the total benefits from 7.0% in 2014 to 7.6% in 2015. This rate is half the 2000 rate, when child allowances reached approximately 18% of total benefits.

Work-injury and victims of terrorism benefits increased their portion of total benefits from 7.3% to 7.7% as did long-term care, increasing from 0.2% to 8.3% of total benefits. The rest of the benefits remained at a similar level to that in 2014, and some even decreased: the largest, old-age and survivors' pensions, decreased slightly from 38.5% to 38.4%, unemployment from 4.7% to 4.5% and reserve payments from 9% to 1.4%. The proportion of the income support benefit dropped by 0.2% to 3.6%, thereby returning to its limited trend in recent years, after 2000 when its proportion was more than twice that in 2015.

Table 2
National Insurance Benefits Payments (Including Administrative Costs), 1995-2015

Year	Total payments	Old-age and survivors**	General disability	Work-injury and hostile actions	Maternity	Children	Unemployment	Reserve services	Income support***	Long-term care and other
Current prices (NIS millions)										
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
2015	74,215	28,479	14,502	5,702	6,868	5,661	3,319	1,056	2,680	6,125
Realistic annual increase (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
2015	4.4	4.1	4.5	9.6	4.9	14.3	-0.6	-23.5	-1.8	6.8
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
2015	100.0	38.4	19.5	7.7	9.3	7.6	4.5	1.4	3.6	8.3

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

** Including payments for Income support.

*** For working age population.

8. Level of benefits

As stated above, in January 2015 benefits were not revised at all, since the consumer prices index, according to which they are revised on January 1 of each year, dropped from November 2014 to November 2015. Therefore, the basic amount¹⁵, pursuant to which most pensions have been revised since 2006, did not increase. The average wage, on the other hand, which was the basis for revision until 2006, increased during the same period by 2.3% nominally, and by 3.0% in real terms, thus in comparison to the average wage the real value of pensions eroded in 2015 by a rate of 3.0%.

Recently, higher wages following years of real stability reinstates the previously-known trend whereby the average wage, reflecting lifestyle and not only price changes, increases over time more than prices. Cumulatively from 2002 until 2015,¹⁶ the average wage increased by about 34% - a rate that is higher by approximately 10 percentage points than the consumer prices index rise in this period. Therefore, the cumulative erosion in pensions reached 10% after their revision according to the price index instead of wage changes.

Ending the trend of increasing old-age pensions and the difference between freezing pensions in 2015 and increasing the average wage left its mark, and old-age pensions decreased by about a percentage of the average wage (Table 3). In 2014 the pension rate for an individual under 80 was 16.7% of the average wage (after 2011, when the process to raise the basic pension for an individual was completed as determined in the 2009 Economic Improvement Law), and in 2015 the rate dropped to 16.4%. The pension for an 80 year-old or older reaching 17.7% of the basic amount in 2014, dropped to 17.3%, thus preserving the difference of a percentage of the basic amount in favor of these elderly persons in comparison with others under 80. Benefits for the rest of the family, including old-age and survivors' pensions along with income support also decreased accordingly.

Minimum assured income for the working-age population as a percentage of the average wage also eroded in comparison with 2014, due to the real value increase in the average wage as opposed to the revision rate of the basic amount and the benefits that remained the same (Table 4). The income support benefit for an individual up to age 55 and for an individual over 55, decreased from 23.6% of the average wage to 23.1%. In 2010, for example the rate for this type of family was 24.2% - a decrease of approximately one percentage point. The benefit for a single mother¹⁷ up to the age of

15 See Note 14.

16 The transition in revising pensions according to prices and not according to wages in 2006, was preceded by frozen pensions since 2002.

17 "Single mother" (also refers to single father). The feminine form is used since women are the ones who prevail in this type of family composition.

55 with two children dropped from 51.1% to 50.6% of the average wage between the two years. Nonetheless, these rates are similar to those at the beginning of 2000, before the deep cuts in income support benefits due to the many years of stagnant average wage during this period.

Table 3

Old-age and Survivors Pensions and Minimum Income Support for Elderly and Survivors (Fixed Prices and as a Percentage of the Average Wage*), Monthly Average, 1975-2015

Year	Age	Basic old-age and survivors pension				Minimum income support (including child allowances)			
		Individual		Widow/er with two children		Individual		Widow/er with two children	
		2015 Prices (NIS)	Percentage of the average wage	2015 Prices (NIS)	Percentage of the average wage	2015 Prices (NIS)	Percentage of the average wage	2015 Prices (NIS)	Percentage of the average wage
1975		757	14.9	1,259	24.8	1,297	25.5	2,521	49.6
1980		834	17.1	1,617	33.1	1,465	30.0	2,969	60.9
1985		941	18.2	1,823	35.3	1,877	36.4	3,767	73.0
1990		1,185	16.4	2,293	31.7	1,861	25.7	3,771	52.1
1995		1,200	15.5	2,325	30.1	2,008	26.0	4,436	57.3
2000		1,340	15.0	2,595	29.0	2,239	25.0	4,927	55.0
2005		1,333	15.2	2,646	30.2	2,425	27.6	5,068	57.8
2010	Up To 70**	1,476	16.8	2,854	32.4	2,722	30.9	5,598	63.6
	70-79	1,476	16.8			2,793	31.8		
	80+	1,560	17.8			2,921	33.2		
2011	Up To 70	1,489	16.9	2,885	32.7	2,727	30.9	5,654	64.0
	70-79	1,489	16.9			2,807	31.8		
	80+	1,573	16.9			2,934	33.2		
2012	Up To 70	1,501	16.9	2,910	32.7	2,751	30.9	5,716	64.2
	70-79	1,501	16.9			2,832	31.8		
	80+	1,586	17.9			2,960	33.2		
2013	Up To 70	1,500	16.7	2,905	32.4	2,748	30.6	5,655	63.0
	70-79	1,500	16.7			2,828	31.5		
	80+	1,584	17.7			2,956	32.9		
2014	Up To 70	1,521	16.7	2,948	32.4	2,785	30.6	5,665	62.2
	70-79	1,521	16.7			2,869	31.5		
	80+	1,607	17.7			2,997	32.9		
2015	Up To 70	1,531	16.4	2,967	31.7	2,803	29.9	5,759	61.5
	70-79	1,531	16.4			2,887	30.8		
	80+	1,617	17.3			3,016	32.2		

* As measured by the Central Bureau of Statistics.

** Since 2008 the pension has been paid according to age-groups.

Table 4
 Minimum Assured Income for Working Age Population (Fixed Prices in NIS and as a Percentage of the Average Wage*),
 Monthly Average, 2000-2015

Year	Individual		Self-employed mother** (Including child allowances)		Couple with two children (including child allowances)					
	Regular rate	Increased rate	Regular rate	Increased rate	Regular rate	Increased rate				
2015 Prices (NIS)	Percentage of average wage	2015 Prices (NIS)	Percentage of average wage	2015 Prices (NIS)	Percentage of average wage	2015 Prices (NIS)	Percentage of average wage			
2000	1,673	18.7	2,093	23.4	4,620	51.6	3,967	44.3	4,594	51.3
2005	1,624	18.5	1,827	20.8	3,458	39.4	3,013	34.4	3,458	39.4
2006	1,633	18.4	1,838	20.7	3,537	39.8	3,088	34.8	3,537	39.8
2007	1,625	18.0	1,829	20.3	3,519	39.0	3,073	34.0	3,519	39.0
2008	1,663	18.6	1,872	20.9	3,588	40.0	3,131	34.9	3,588	40.0
2009	1,683	19.3	1,894	21.7	3,630	41.6	3,167	36.3	3,630	41.6
2010	1,701	19.3	1,913	21.8	3,685	41.9	3,218	36.6	3,685	41.9
2011	1,683	19.1	1,893	21.4	3,700	41.9	3,237	36.7	3,700	41.9
2012	1,697	19.1	1,909	21.4	3,745	42.1	3,278	36.8	3,745	42.1
2013	1,694	18.9	1,907	21.2	3,676	41.0	3,210	35.8	3,676	41.0
2014	1,719	18.9	1,934	21.2	3,630	39.9	3,157	34.7	3,630	39.9
2015	1,730	18.5	1,946	20.8	3,711	39.7	3,235	34.6	3,711	39.7
2000	2,093	23.4	2,093	23.4	4,620	51.6	4,594	51.3	4,594	51.3
2005	2,030	23.1	2,030	23.1	4,356	49.7	4,311	49.2	4,311	49.2
2006	2,041	23.0	2,041	23.0	4,472	50.3	4,395	49.5	4,395	49.5
2007	2,031	22.5	2,031	22.5	4,449	49.3	4,372	48.4	4,372	48.4
2008	2,080	23.2	2,080	23.2	4,540	50.6	4,462	49.8	4,462	49.8
2009	2,104	24.1	2,104	24.1	4,592	52.6	4,514	51.7	4,514	51.7
2010	2,127	24.2	2,127	24.2	4,657	53.0	4,579	52.1	4,579	52.1
2011	2,103	23.8	2,103	23.8	4,661	52.8	4,582	51.9	4,582	51.9
2012	2,122	23.8	2,122	23.8	4,715	53.0	4,636	52.1	4,636	52.1
2013	2,119	23.6	2,119	23.6	4,660	51.9	4,566	50.9	4,566	50.9
2014	2,148	23.6	2,148	23.6	4,650	51.1	4,532	49.8	4,532	49.8
2015	2,162	23.1	2,162	23.1	4,738	50.6	4,619	49.4	4,619	49.4

Oldest person in family is under 55

At least one member of family is 55 or older

* As measured by the Central Bureau of Statistics.

** Refers also to self-employed father.

Table 5

Pension Point and Child Allowances (Fixed Prices and as Percentage of the Average Wage), Monthly Average, 1990-2015

Year	Pension point value		Pension for two children		Pension for four children		Pension for five children	
	2015 Prices (NIS)	Percentage of average wage	2015 Prices (NIS)	Percentage of average wage	2015 Prices (NIS)	Percentage of average wage	2015 Prices (NIS)	Percentage of average wage
1990	229	3.2	458	6.3	1,771	24.4	2,512	34.7
1995	221	2.9	443	5.8	1,779	23.0	2,530	32.7
2000	226	2.5	452	5.0	1,817	20.3	2,586	28.8
2005	146	1.7	291	3.3	919	10.5	1,407	16.0
2006	176	2.0	352	4.0	956	10.8	1,348	15.2
2007	175	1.9	351	3.9	951	10.5	1,341	14.8
2008	172	1.9	344	3.8	932	10.4	1,314	14.6
2009	174	2.0	349	4.0	1,029	11.8	1,416	16.2
2010 Existing	176	2.0	368	4.2	1,130	12.8	1,521	17.3
New	176	2.0	368	4.2	844	10.1	1,020	12.1
2011 Existing	174	2.0	420	4.8	1,173	13.3	1,561	17.7
New	174	2.0	420	4.8	931	10.6	1,105	12.6
2012 Existing	175	2.0	437	4.9	1,188	13.3	1,578	17.6
New	175	2.0	436	4.9	956	10.7	1,131	12.7
2013 Existing	160	1.8	372	4.2	1,040	11.4	1,414	15.6
New	160	1.8	372	4.2	796	9.0	956	10.8
2014 Existing	139	1.5	279	3.1	783	8.6	1,136	12.5
New	139	1.5	279	3.1	557	6.1	696	7.6
2015 Existing	147	1.6	319	3.4	837	9.0	1,191	12.7
New	147	1.6	319	3.4	663	7.1	809	8.7

Between 2014 and 2015, the value of a point in the child allowance rose from 1.5% of the average wage to 1.6% (Table 5). Declining rates varied between the various types of families and between existing and new-born children (those born after June 2003). The allowance for families with two children increased from 3.1% to 3.4% of the average wage, and for a family with four children increased by one percentage point from 6.1% to 7.1%. The disparity increases according to the increase in the number of children. These increases compensate for the decrease from cuts in these benefits from August 2013 until 2014, and are expected to continue in 2016 also, since the correction in level began in May 2015.

It is noted that notwithstanding the increase in child allowance compared to 2014, its level as a percentage of the average wage was much lower than at the start of the decade. In the case of families with five new children, it reaches approximately one-half of this level.

9. Recipients of benefits

The number of recipients of **old-age and survivors'** pensions increased in 2015 by 3.7 - approximately 900 thousand elderly and survivors on average per month (Table 6). This rate reflects an increase of 4.4% in the number of pension recipients according to the National Insurance Law and special pensions, and a drop of 1.1% in recipients of survivors' pensions. In the **children's** branch, as in recent years, the number of families receiving child allowances increased by a rate of 1.9% as a result of natural population growth. In 2015, child allowances were paid to approximately 2.7 million children living in about 1.1 million families in total.

In the general disability branch, the number of recipients of a **general disability pension** increased by a rate of 3.2% after a one-time stabilization in 2014. In other pensions in the branch, similar increases continued as in previous years: the number of recipients of an **attendance allowance** and a **disabled child benefit** increased by about 10% (as opposed to about 13% in 2014), and the number of recipients of a **mobility benefit** increased by 3.6%. The increase in the number of disabled child benefit recipients derives primarily from expanding the list of grounds entitling to the benefit, while an increase in the number of attendance allowance recipients is attributed to the IADL test being added following the Ben Yehudah Committee (see below Chapter 3, General Disability). In the work-injury branch, the number of recipients of a permanent disability benefit also increased considerably, 4.8% between 2014 and 2015, while the number of injury allowance recipients decreased slightly (by 0.3%) between the two years.

The number of women receiving a birth grant and maternity allowance increased in 2015 by 2.3% and 2.9% respectively, as a result of a natural growth and rise in the number of employed. The number of long-term care benefit recipients increased by a rate of approximately one-half percent. On the other hand, the number of unemployment benefit recipients decreased by 0.9%, and the number receiving income support while of working age dropped sharply by 4.6%. The decrease is attributed in part to a rise in the number of employed in the labor market and a drop in unemployment between 2014 and 2015. The drop in the number of income support recipients continues a long-standing trend that began with the 2003 deep cuts and continued intermittently until 2015. The moderate rise in 2013 seemingly derives from changes in legislation (ownership of a vehicle, see Chapter 3 below, income support), slightly expanding those eligible for the benefit.

Many fluctuations preceded the drop in the number of unemployment benefit recipients 2015. In the three years between 2012 and 2014 there were increases, some extensive, despite a decrease in the unemployment rate due to leniencies in eligibility conditions for day-workers, however in 2003-2008 the number of recipients decreased consistently due to the economic situation and changes in eligibility conditions. Following the financial crisis and rise in unemployment that began at the end of 2008, at the beginning of 2009 a temporary order was enacted designed to assist the unemployed

Table 6
Recipients of Benefits in Main Insurance Branches (Average Per Month) 1990-2015

Year	Old-age survivors and ***	General disability				Work-injury		Maternity		Children Families receiving child allowance***	Unemployment	Income support (for working age population)****	Long-term care
		General disability	Attendance allowance	Disabled child	Mobility	Injury allowance**	Permanent disability	Birth grant**	Maternity allowance**				
1990	442.6	73.5	6.5	5.8	11.4	59.1	11.8	107.7	43.7	532.5	50.6	30.8	25.0
1995	553.9	94.0	10.2	10.3	13.2	84.9	14.6	113.4	55.2	814.7	61.5	74.8	59.0
2001	677.0	142.4	18.9	16.4	19.3	59.5	20.8	127.2	71.2	928.2	104.7	141.8	105.4
2005	719.9	170.9	24.0	21.0	24.9	56.0	25.2	148.4	77.0	956.3	58.8	139.9	115.0
2008	735.8	195.0	29.4	25.3	28.9	58.1	29.2	152.0	93.6	994.8	48.0	111.8	131.1
2009	746.9	200.1	31.2	26.5	30.4	57.5	30.9	156.4	97.7	1012.0	73.0	111.8	136.6
2010	758.5	207.2	33.1	27.9	31.6	59.3	32.3	166.7	103.3	1030.1	57.7	109.4	141.4
2011	780.1	213.0	35.2	29.5	33.0	59.4	33.9	163.4	105.7	1048.7	57.4	105.3	145.6
2012	802.5	217.6	37.8	32.1	34.1	61.4	35.7	169.2	112.0	1068.1	62.4	103.8	152.8
2013	833.9	222.6	40.9	36.0	35.3	64.2	37.4	169.7	114.4	1088.3	69.6	104.4	156.5
2014	868.3	222.6	46.2	40.5	36.6	66.5	39.3	173.2	120.4	1107.5	72.0	103.0	159.5
2015	900.8	229.7	50.8	44.6	37.9	66.3	41.2	177.1	123.8	1128.3	68.2	98.3	160.5
Annual increase (percentages)													
1986-1990	2.6	3.4	7.2	7.7	1.5	-0.1	3.6	0.5	0.5	-0.5	20.9	8.6	17.4
1991-1995	4.6	5.0	9.4	12.2	3.0	8.4	4.4	1.8	4.8	8.9	4.0	19.4	18.7
1996-2000	3.5	7.6	10.2	8.2	4.9	-2.1	6.3	3.1	5.0	2.3	8.5	11.4	10.2
2001	3.0	5.2	13.9	7.2	14.9	-9.3	5.1	-3.6	0.8	1.7	13.1	10.6	10.1
2005	-0.3	5.2	5.9	7.2	5.9	-2.9	5.0	-	-0.6	1.1	0.7	-3.3	1.4
2008	0.9	4.0	7.3	6.3	5.9	3.8	5.0	3.3	8.8	1.4	-3.6	-6.8	4.7
2009	1.5	2.6	6.1	4.7	5.2	-1.0	5.8	3.7	4.4	1.7	52.1	0.0	4.2
2010	1.5	3.5	6.1	5.3	3.9	3.1	4.5	6.6	5.7	1.8	-21.0	-2.1	3.5
2011	2.8	2.8	6.4	5.7	4.3	0.2	5.0	-1.8	2.3	1.8	-0.5	-3.7	3.0
2012	2.9	2.2	7.4	8.8	3.3	3.4	5.3	3.5	6.0	1.8	7.7	-1.4	4.9
2013	3.9	2.3	8.1	12.2	3.6	4.6	4.9	0.3	2.1	1.9	11.6	0.6	2.4
2014	4.1	0.0	13.0	12.5	3.7	3.6	5.1	2.1	5.2	1.8	3.4	-1.3	1.9
2015	3.7	3.2	10.0	10.1	3.6	-0.3	4.8	2.3	2.8	1.9	-5.3	-4.6	0.6

* Since 2010 the number of recipients of old age and survivor's pensions who received split old-age and survivor's pensions are counted as one unit.
 ** Number of the different recipients during the year.
 *** The data for 1985 and 1990 include families where the allowances for the first and second child were paid through their employer. In 1993, the allowance became universal again.
 **** Upon calculating the data for 2004 and onwards, a pension that was split between several recipients was credited to only one recipient. The number of recipients for 2004, in the calculation of which all the split pension recipients were included, was 145.6 thousand on average per month.

who were not eligible for benefits according to National Insurance Law, and to pay them special benefits. As a result, many temporarily joined the recipients of the benefit and the rate increased by more than 50%. A partial offsetting of this sharp increase occurred in 2010 when the temporary order expired and the number of recipients dropped by 21%. An additional moderate decline occurred in 2011.

10. Collecting insurance contributions from the public and sources of benefit funding

NII benefits payments are funded from four sources: (a) collection of insurance contributions (directly from the public with indemnification by the Treasury due to employers' and self-employed insurees' contributions having been reduced). (b) Government participation in funding contributory benefits. (c) Government participation in funding non-contributory benefits. (d) Receivables from interest on investment of the fund balances, primarily in government bonds. In addition to collecting insurance contributions, the NII collects health insurance contributions and transfers them to the health funds.

In the last three years from 2013-2015, changes began in insurance contributions for employers. In 2013, insurance contributions gradually increased by a regular rate of 0.6 points percentage and applied to insurance branches in which the Treasury does not make contributions; for this reason the latter's contributions returned to 210% for collections for the children's branch. In 2014, the regular rate for an employer should have increased by 0.5 percentage points, however it rose by only 0.25 points and therefore the increase to 7.5% continued through to 2016 and not 2015 as first determined. In 2015, the regular rate continued to rise and reached 7.25%. The insurance rate for income higher than 60% of the average wage up to the cap (5 times the basic amount) also including the workers portion, was 14.25%.

Collecting insurance contributions from the public

The NII's receipts from insurance and health insurance contributions increased in real terms by 6.8% in 2015, as opposed to a more moderate rate of 4.6% in 2014. The receipts from NII branches increased by 7.4% - a higher rate than the increase in the health system, which was 5.7% (Table 7). The increase springs mainly from developments in the labor market - a rise in the number of employed and real increase in wages, as well as from an increase in employers' insurance contributions following legislative changes.

In 2015, the receipts from collection amounted to NIS 62.2 billion, constituting 38.8 billion for NII branches and 20.8 billion for the health system. Approximately NIS 2.7 billion was added to collection from the public that the State Treasury transferred as compensation for reduced contributions from employers and the self-employed (in accordance with Section 32 C1 of the Law).

In terms of percentage of GDP, total collection increased to a level of 5.2%, 3.4% of which was collected for NII branches (an increase of 0.1% compared to 2014) and 1.8% for the health system. In all the years presented in Table 7, the collection was 5% of GDP, lower than the rate at the beginning of the decade - 6.3% in 2003. Collection from the public in direct taxes for individuals dropped from 47.3% to 45.6% between the two years.

Collection from salaried and non-salaried insured

The increased collection rate for salaried workers is different from the increase for those who are not salaried. The real value of direct collection from salaried workers and

Table 7

Collection for National Insurance and the Health System, 2011-2015

	2011	2012	2013	2014	2015
Current prices (NIS millions)					
Total receipts from insurance contributions	51,150	52,701	55,891	58,720	62,272
Total collection from public	48,719	50,276	53,420	56,146	59,564
For national insurance branches	31,305	32,144	34,498	36,536	38,783
For health system	17,414	18,132	18,922	19,790	20,781
Treasury indemnification	2,431	2,425	2,471	2,574	2,708
Indicators for development in collection from the public					
Realistic change percentage					
Total collection from public	3.7	1.5	4.7	4.6	6.8
For national insurance branches	4.0	1.0	5.7	4.9	7.4
For health system	3.3	2.4	2.8	4.1	5.7
As a percentage of GDP					
Total collection from public	5.2	5.0	5.1	5.1	5.2
For national insurance branches	3.3	3.2	3.3	3.3	3.4
For health system	1.9	1.8	1.8	1.8	1.8
As a percentage of direct taxes for individuals					
Total collection from public	48.4	48.2	48.1	47.3	45.6
For national insurance branches	31.1	30.8	31.1	30.6	29.7
For health system	17.3	17.4	17.0	16.7	15.9
As a percentage of direct taxes					
Total collection from public	35.4	34.0	33.4	33.7	33.9
For national insurance branches	22.7	22.5	21.6	21.8	22.1
For health system	12.7	12.5	11.8	11.9	11.8

employers rose in 2015 by 7.4% compared to 4.8% in 2014, and was affected by the legislative changes discussed above in relation to employers and changes in the labor market: the average wage for a salaried worker increased nominally by 2.3% (and in real terms by 3%), and the number of jobs increased by 2.4% after similar increases the previous year. Direct collection from non-salaried insurees increased in real value between the two years by 7.00% (in comparison with 5.4% in 2014) and mainly (92.8%) constituted collection from the self-employed. Collection from the self-employed, based on 2013 assessments that were updated solely by the increase in prices, increased in real terms by 5.8%, the collection from non-salaried workers paying insurance contributions on the basis of the minimum income, constituting approximately 4.3% of all collection from the non-salaried, increased in real value by a higher rate of about 9%.

Sources for benefit funding

The NII's total receipts to fund its branches increased in 2015 by 6.1% in real terms and amounted to NIS 79.3 billion in current prices (Table 8). The increase derives from a rise in collection from the public¹⁸ - 7.2%, and a large increase in government participation according to Section 32(a) of the Law - 15% (deriving primarily from its decision to increase child allowances from May 2015 after the August 2013 decrease). The significance of the increase is that when child allowances were cut, the amount saved was transferred to the Treasury by reducing its contribution rate for the children's branch. When allowances returned to 2013 levels, the Treasury's contribution returned to the level preceding the cut - 210%. These increases were offset in part by a decrease in government benefit funding, of 7.6% compared to 2014, and a decrease in interest payments by about 1%, constituting one-tenth of the NII's total receipts.

Since 2010 receipts rose by about 17% in real value, mainly due to the increase from collecting national insurance contributions at a rate of approximately 24%. The government's contribution for both parts increased by one-half - a rate of approximately 10%, while the balance from interest increased by a very moderate rate of approximately 3%. The cumulative increase of all government contributions was therefore more moderate than insurance contributions in this period, since any additional collection due to legislative changes was not accompanied at the same time and deliberately, by an increase in State contribution as should have been foreseen. Therefore the collection portion of insurance contributions increased gradually from 49% in 2010 to 52.7% in 2015, thereby (almost) reaching the 1995 level at the expense of a certain decrease in government contribution and income from interest. This trend contradicts that of the previous five years (2010-2014).

18 This rate is slightly different from that in the previous section since the collection of national insurance contributions in this Table includes the Treasury indemnification.

Table 8
Funding Sources for NII Branches, 1995-2015

Year	National Insurance receipts*	National Insurance contributions	Government participation***	Government funding of benefits	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
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
2015	79,309	41,491	19,453	9,994	7,681
Realistic annual increase (percentages)					
2000	7.6	9.8	1.6	10.8	3.6
2005	3.2	4.2	5.0	-0.5	3.7
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
2015	6.1	7.2	15.0	-7.6	-1.1
Breakdown (percentages)					
1995	100.0	51.6	17.9	19.7	10.6
2000	100.0	50.4	20.2	19.8	9.5
2005	100.0	48.9	23.5	17.3	9.8
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
2015	100.0	52.7	24.7	12.8	9.8

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

Surpluses/deficits and monetary reserves

Disregarding the interest on the NII's investments, the institute's budgetary deficit decreased to NIS 2.2 billion in 2015 as opposed to approximately NIS 4 billion in 2014 and 3 billion in 2013 and 2014. The last year in which there was a budgetary surplus was 2008. The decline in deficit derives mainly from the decrease in deficit in the wage substitute benefits branches (work-injury and unemployment). In the children's

branch, the budgetary surplus continued to grow from 14.5 to 15.5 NIS billion in the two years.

If we take the interest receipts into account, the NII's monetary activity amounted in 2015 to a surplus (Table 9). The operating deficit became a surplus of NIS 5.5 billion as opposed to NIS 3.6 billion in 2014. Nonetheless, all the branches that were in a deficit without including the interest on the investments remained as such even after it was included.

Table 9
Surplus/ Deficits in NII Branches, Current Prices (NIS millions), 2011-2015

Insurance Branch	Without interest					Including interest				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Total	-994.2	-3,145	-3,053	-4,175	-2,214	6,310.0	4,548	4,696	3,637	5,467
Old-age and survivors	-2004.8	-2862	-3,374	-4,233	-4,520	692.0	-107	-692	-1,583	-2,031
General disability	-3,606.4	-4,168	-5,046	-5,043	-5,295	-3,407.0	-4,096	-4,349	-4,958	-5,188
Work injury	-1,252.2	-1,341	-857	-640	-22	-1,140.0	-1,266	-836	-640	-22
Maternity	-2,226.0	-2,579	-2,604	-2,771	-2,736	-2,226.3	-2,613	-2,549	-2,724	-2,684
Children	12,641.0	13,076	13,976	14,480	15,528	16,752.0	17,738	18,579	19,204	20,245
Unemployment	-1,881.7	-2,188	-2,456	-2,498	-1,491	-1,881.7	-2,188	-2,456	-2,498	-1,491
Long-term care	-2,786.2	-3,182	-3,428	-3,596	-3,823	-2,786.2	-3,228	-3,360	-3,530	-3,749
Other	123.0	99	134	126	145	307.0	307	358	365	387

2

Welfare, Poverty and Social Gaps

1. Introduction

Poverty measurement 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.

The chapter opens with Israel's status in terms of public welfare expenditure in 2015 (Section 2) and then presents findings and selected analyses pertaining to the dimensions of poverty and inequality² in Israel as compared to OECD countries (Section 3). That is followed by principal findings on dimensions of poverty and inequality in the general population, according to measurement methods used in Israel³ (Section 4), and finally there is a short survey of three alternative poverty indices developed by the NII Research & Planning Administration over the years, and the poverty findings they yield for 2013 and 2014 (Section 5). The chapter has two boxes: Box 1 presents preliminary data from a pretest of nutritional security among the families who were questioned about this in the 2011 and 2012 surveys, that is to say the data in the survey will be longitudinal from previous surveys and Box 2 expands the international comparison of dimensions of poverty according to age-groups, using Esping-Andersen's⁴ classification of welfare states.

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 about the poverty and inequality findings.

1 Further details and explanations of the measurement method and 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 Section 3 is a brief summary of the publication, **Dimensions of Poverty and Social Gaps- Annual Report, 2014**, which can be found on the NII website.

4 Esping-Andersen, G. (1990) **The three worlds of welfare capitalism**, Princeton University.

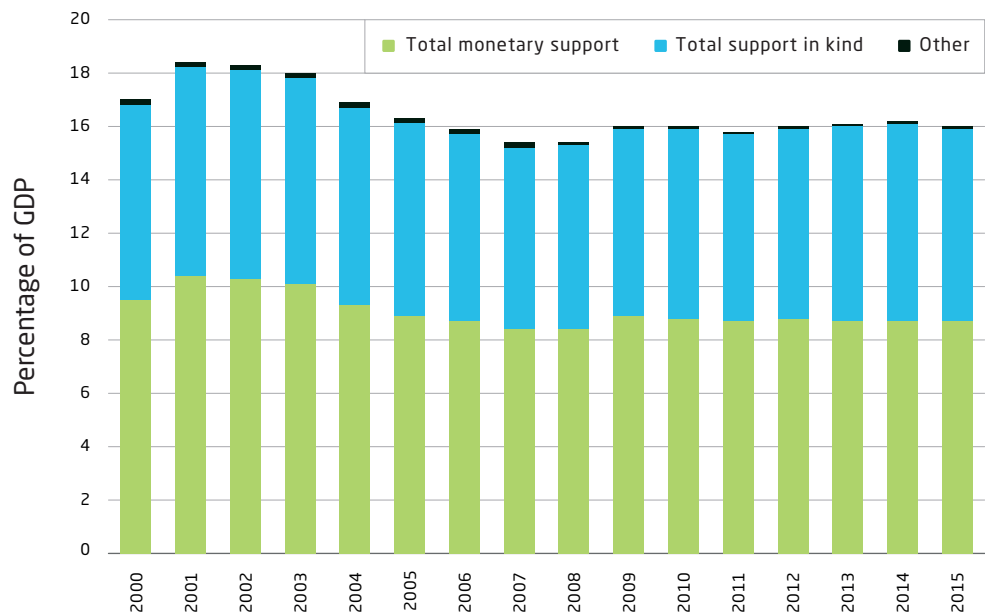
2. Public Welfare Expenditure in Israel in 2014

In 2015, public welfare expenditure constituted 16.1 percentage points of GDP. This rate, which peaked in 2001-2003 (at about 20% of GDP), fell consistently until 2006 and leveled at 16%-17% of GDP (Table 1, Figure1).

In 2015, more than half the expenditure (8.7% of GDP) was earmarked for monetary support, and the remainder (7.2%) for support in-kind, namely services for citizens, mainly health services. Over the years, the proportion of monetary support out of total welfare expenditure in terms of GDP has eroded to some extent compared to the proportion of services in-kind, which has risen moderately. In the years 2006-2012 expenditure in-kind as a proportion of total welfare expenditure stabilized at about 7% and since then rose slightly to 7.4% in 2014 and 7.2% in 2015. The monetary support, which from 2010 to 2014 was 8.7% -8.8% of GDP, remained at the same level in 2015.

Financial support for working-age people has gradually and continually declined from 5.6% of GDP at its peak in 2001 to 3.8% in 2015 – a trend which largely reflects

Figure 1
Public Welfare Expenditure as a Percentage of GDP - Israel, 2000-2015



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

the cut in allowances. Support for the elderly increased from 4.6% in 2013 to 4.9% of GDP in 2014 and 2015.. As for support in-kind, the share of expenditure on health rose moderately but consistently between 2011 and 2014, from 5.4% of GDP to 5.7% thereof, and in 2015 decreased slightly to 5.5%.

Table 1
Public Welfare Expenditure by its Components, 2010-2015

	2010	2011	2012	2013	2014	2015
Total public welfare expenditure	16.0	15.8	16.0	16.1	16.3	16.1
Total monetary support	8.8	8.7	8.8	8.7	8.7	8.7
Support for working- age population*	4.0	4.0	3.9	3.9	3.8	3.8
National Insurance	3.2	3.1	3.1	3.0	2.9	2.9
Other monetary benefits**	0.8	0.8	0.8	0.8	0.9	0.9
Support for the elderly***	4.8	4.8	4.9	4.8	4.9	4.9
National Insurance	2.5	2.5	2.5	2.4	2.5	2.5
Pensions for State employees	2.2	2.2	2.3	2.3	2.4	2.3
Assistance with rent	0.1	0.1	0.1	0.1	0.1	0.1
Total support in kind	7.1	7.0	7.1	7.3	7.4	7.2
Support for the working- age population****	1.5	1.4	1.5	1.6	1.6	1.6
Support for the elderly	0.1	0.1	0.1	0.1	0.1	0.1
Health and long-term care	5.5	5.4	5.5	5.6	5.7	5.5
Other*****	0.1	0.1	0.1	0.1	0.1	0.1

Source: Central Bureau of Statistics data and Research Administration processing, according to the OECD classification rules in the SOCX questionnaire.

* Assistance with rent for working-age families is included in benefits in kind for support of the working-age population.

** The income grant (negative income tax) is also included in this section.

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

**** Benefits in kind linked to monetary benefits in the fields of survivors, work incapacity, family, etc.

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

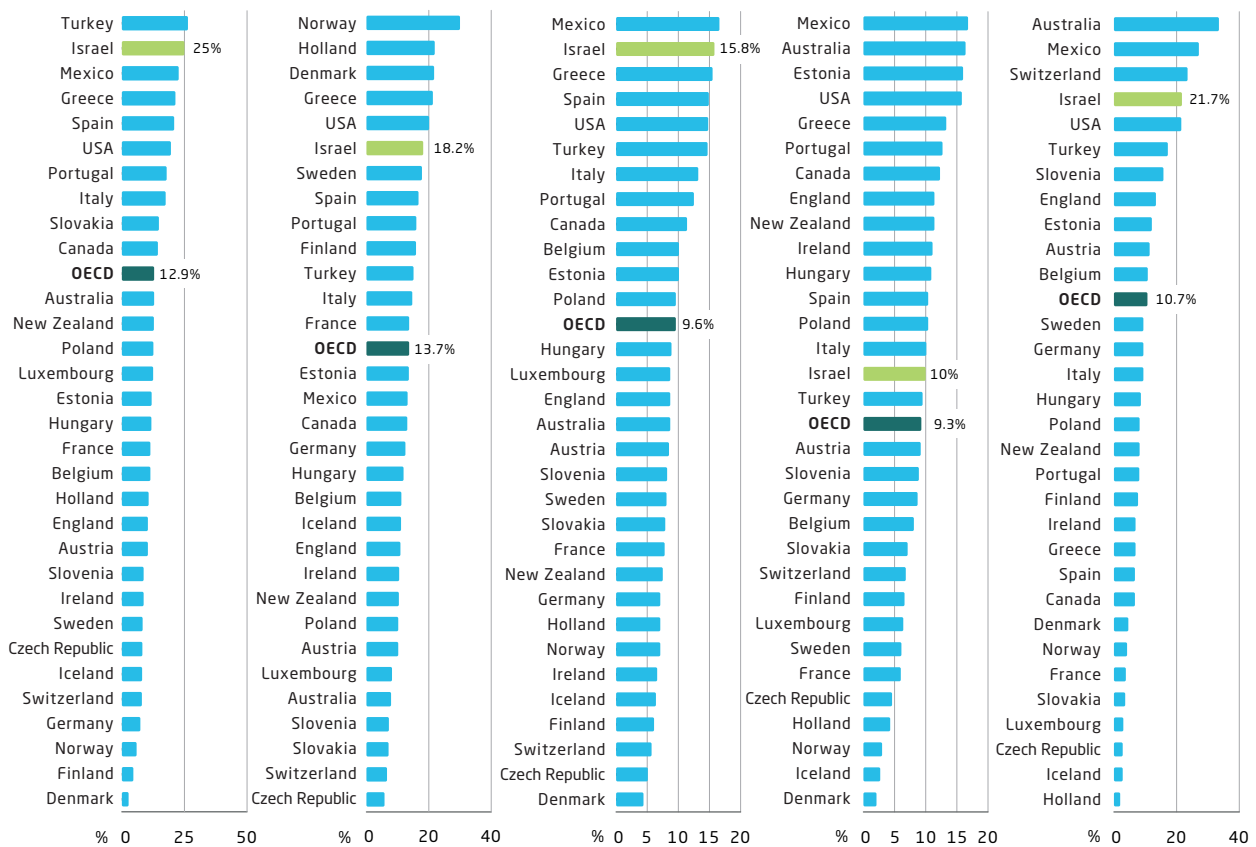
3. Dimensions of Poverty According to Age- International Comparison

Just as there is a change in life situation over the years, so the poverty rate also differs at different ages. For example – the employment situation, amount of income from work and family situation change over the years and influence the economic status of the individual and the probability of being poor.

According to the 2014 expenditure survey data in OECD poverty measurements⁵, the probability of a child in Israel being poor is 25.0%, the highest probability compared with other groups. This probability decreases with the passage of years, to 18.2%, 15.8% and 10.0% at the ages 18-25, 26-50 and 51-65 respectively. At retirement age the probability of being poor rises again and, according to the 2014 data, reaches 21.7%. The comparisons below are based on updated OECD data for each country for the years 2011-2014 in accordance with their availability⁶ and on the 2014 expenditure survey for Israel, and have all been made corresponding to the definition of poverty used by the OECD.

Figure 2

Poverty Rate Among Individuals By Age - International Comparison, Selected Years*



* See footnote 6.

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 individual. However, there are small differences, mainly concerning the weighting scale (the mechanism used to compare the standard of living between families of different sizes).

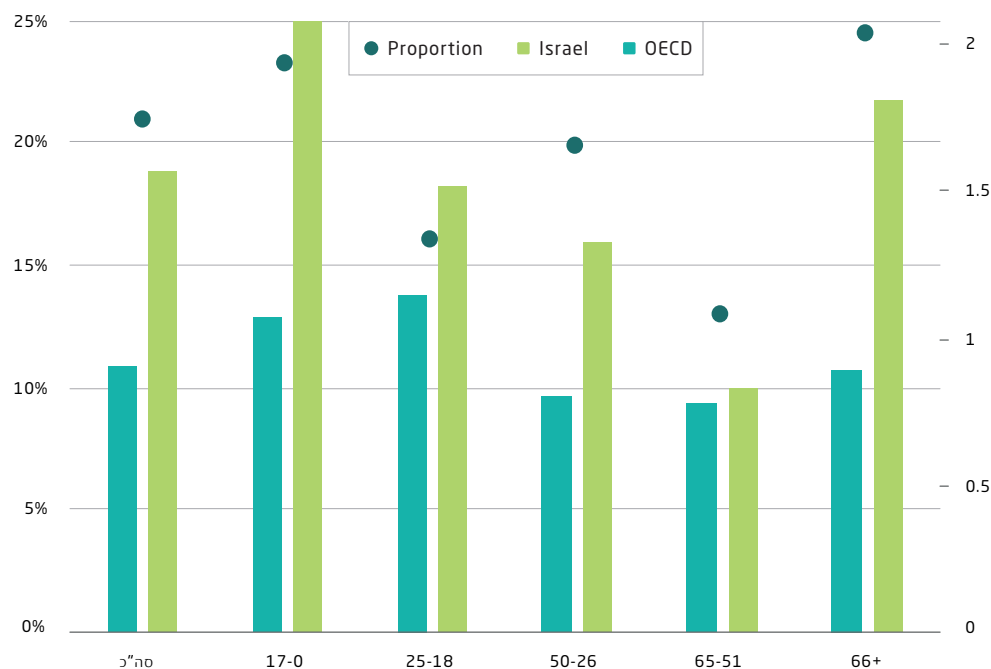
6 The OECD data in this chapter are the most up-to-date available: Canada- for 2011, Finland, Holland and the USA – for 2013, Hungary – for 2014 and the other countries – for 2012. Israeli data are based on the 2014 household expenditure survey.

Unlike in Israel, where the poorest age-group is children, the poorest age- group on average in OECD countries is young people aged 18-25 – 13.7% of them are poor (Figure 2). As in Israel, in the developed countries the probability of being poor also decreases on average in those countries in the following years, to 9.6% and 9.3% at the ages 26-50 and 51-65 respectively, and increases to 10.7% at retirement age. The decrease in the poverty rate during adult life and its increase thereafter at retirement age, both in Israel and in the developed countries, are in line with the increase in income from employment in the working years and the decrease on reaching retirement age.

The poverty rate in Israel compared with OECD countries is higher in most age-groups, except those aged 51-65 (older adults under retirement age), whose poverty rate is 10.0%, similar to that of the countries of comparison - 9.3%. This fact shows the great difference between level of poverty in Israel according to age-groups and high inequality in this regard compared with the average in developed countries.

The poverty rate among all people in Israel is about 74% higher than that of the OECD. This percentage is mainly influenced by the level of poverty among children and adults of retirement age, which are double those of OECD countries (See Figure 3, in which the relation between the two measurements for each age-group is shown in circles whose values appear on the left axis).

Figure 3
Poverty Rate Among Individuals By Age - Comparison With The OECD Average



4. Poverty and inequality in 2014

The poverty line and standard of living

Since 2012, when the combined income survey conducted by the Central Bureau of Statistics was cancelled, poverty and inequality have been calculated according to the CBS household expenditure survey, which includes, in addition to expenditure data, detailed information on family income and changes in data calculation compared with previous years. These changes have created a break in the series and consequently a problem with direct comparison to 2011 has arisen.⁷

In 2013 the survey made use of methods similar to those of 2012, but it emerged that the data on employment rates were very positive, which did not match data from other sources of information: 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). This influenced the dimensions of poverty, which decreased in that year⁸

Table 2
Economic Indicators Influencing the Dimensions of Poverty (Percentages), 2006-2014

Influencing factor	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Domestic product growth rate	5.8	6.1	3.1	1.3	5.5	5.0	2.9	3.3	2.6	5.2
Rate of change in price levels during the entire survey period compared with previous levels	2.1	0.5	4.6	3.3	2.7	3.5	1.7	1.5	0.5	-0.6
Real rate of change in the average wage in the economy	1.3	1.8	-0.4	-2.5	0.8	0.7	0.7	1.1	1.5	2.7
Unemployment rate	10.5	9.1	7.6	9.4	8.3	7.0	6.9	6.2	5.9	5.2
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	31.8	34.5
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	47.6
Employment rate of those aged 25-64	69.4	70.9	71.9	70.7	71.8	72.8	74.0	74.5	75.5	76.2

7 For more information on the significance of this change, which makes direct comparison between 2011 and 2012 difficult, see **Dimensions of Poverty and Social Gaps – Annual Report, 2012** and the appendix to this Report on **Measurement of Poverty and Sources of Data**.

8 The clarifications and reservations arising from this special situation, which make direct comparison difficult not only between 2011 and 2012, but also between 2012 and 2013, are set out in **Dimensions of Poverty and Social Gaps- Annual Report, 2013**.

Table 3

The Poverty Line and Average and Median Income per Standard Individual after Transfer Payments and Direct Taxes (NIS), 2012-2014

Income per standard individual	2012	2013	2014	(% Real growth rates	
				From 2012 to 2013	From 2013 to 2014
Average	5,458	5,691	5,904	2.7	3.3
Median	4,513	4,783	4,923	4.4	2.4
Poverty line	2,256	2,392	2,461	4.4	2.4

In 2014 the gap between the employment rate in the expenditure survey and the employment rate according to other sources moderated slightly, but was still quite high.

As in 2013, in 2014 household income of all kinds also rose, inter alia as a result of increased employment and salary according to the household expenditure survey data and the increase in other income components, such as pension income (Table 3). The average disposable income per standard individual was about NIS 5,900. Median income according to the same definition was about NIS 4,900, and the poverty line per standard individual, which is derived from it, reached NIS 2,461 per month. Average disposable income per standard individual, after deduction of direct taxes and compulsory insurance contributions and addition of allowances and other forms of support, rose by 3.3%, and median disposable income per standard individual, as well as the poverty line, rose by 2.4%.

Table 4

The Number of Standard Individuals and the Poverty Line for a Family*, by the Number of People in the Family, 2013-2014

Number of people in the family	Number of standard individuals in the family	Poverty line for the family			
		2013		2014	
		NIS per month	Percentage of average wage	NIS per month	Percentage of average wage
1	1.25	2,989	32.5	3,077	33.6
2	2	4,783	51.9	4,923	53.8
3	2.65	6,338	68.8	6,522	71.3
4	3.2	7,653	83.1	7,876	86.1
5	3.75	8,968	97.4	9,230	100.9
6	4.25	10,164	110.3	10,461	114.4
7	4.75	11,360	123.3	11,691	127.8
8	5.2	12,436	135.0	12,799	140.0
9**	5.6	13,393	145.4	13,783	150.7

* The average wage calculated for 2013 and 2014 is the weighted average of the average wage for a salaried position (Israeli employees) in the period corresponding with the survey period

** The weight of each additional person is 0.40. So for example in a family of 10 people there are 6 standard individuals

An examination of poverty data as a percentage of average wages shows that in 2014, as in previous years, the poverty line for a family of four was about 86% of the average wage. For a family of six or more, the salary of one breadwinner was not enough to avoid poverty, and to rise above the poverty line a family had to increase its salary by about 14% (six people) to about 50% (nine people) (Table 4)⁹.

Dimensions of poverty and inequality in the total population

In 2014 the poverty rate of families, individuals and children rose slightly compared with 2013: from 18.6% to 18.8% for families, from 21.8% to 22.0% for individuals and from 30.8% to 31.0% for children. Despite these slight changes, the depth and severity of poverty indices indicate sharper increases between the two years (Table 5).

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 in poverty indices achieved in each of the years, 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 indices, SEN index and the Gini index of division of incomes of the poor fall by half or more of their value) and in indices of poverty rates, mainly of children, the improvement achieved is more moderate.

It can be seen that the improvement obtained when direct taxes are not taken into account is greater than when they are, since while direct taxes do indeed work to reduce inequality between incomes, they are not effective at reducing poverty, because they reduce the disposable income of the poor. 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 insurance contributions and NII contributions.

The poverty rate is higher in Israel than in OECD countries in most age-groups, except those aged 51-65 (older adults under retirement age), whose poverty rate is 10.0%, similar to that of the countries in the comparison- 9.3%. This fact shows the great difference in the poverty level in Israel according to age-groups and the high inequality in this regard compared with the average in developed countries.

⁹ This calculation does not take into account allowances and direct taxation; the former work to increase disposable income, while the latter reduce it.

Table 5
Dimensions of Poverty in the Total Population by Selected Poverty Indices, 2012-2014

Poverty index	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes
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*	0.134	0.035	0.041
SEN Index*	0.236	0.098	0.111
Gini index of inequality of income distribution of the poor*	0.435	0.196	0.200
2013			
Families	28.6	16.6	18.6
Individuals	28.7	19.1	21.8
Children	35.7	27.6	30.8
Income gap ratio of the poor (%)*	56.2	32.8	32.8
FGT index*	0.124	0.030	0.035
SEN index*	0.217	0.086	0.099
Gini index of inequality of income distribution of the poor*	0.443	0.184	0.189
2014			
Families	29.1	16.9	18.8
Individuals	29.1	19.9	22.0
Children	35.0	28.1	31.0
Income gap ratio of the poor (%)*	56.3	33.6	34.6
FGT index*	0.125	0.033	0.038
SEN Index*	0.219	0.092	0.105
Gini index of inequality of income distribution of the poor*	0.439	0.192	0.196

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

Table 6
Influence of Transfer Payments and Direct Taxes on Dimensions of Poverty in the Total Population by Selected Poverty Indices, 2012-2014

Poverty indices	Percentage decrease					
	From transfer payments only			From transfer payments and direct taxes		
	2012	2013	2014	2012	2013	2014
Poverty rate (%)						
Families	42.4	42.1	41.8	36.0	34.9	35.5
Individuals	33.1	33.5	31.7	25.2	24.2	24.2
Children	21.1	22.6	19.6	13.6	13.6	11.3
Income gap ratio of the poor (%)*	40.1	41.6	40.3	39.0	41.6	38.5
FGT index*	73.8	76.0	73.9	69.8	72.1	69.7

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

Between 2013 and 2014 the Gini index of inequality in division of disposable income increased at quite a high rate, 2.1%, compared with a moderate increase of 0.2% in the index measured according to economic income (see poverty and inequality tables appendix).

Box 1

Low-Salaried Workers - Characteristics

In 2014 about 28% of employees earned less than the minimum wage, and half of them earned even less than half the minimum wage. About 40% of employees earned more than the minimum wage but less than the average wage, and about a third earned more than the average wage. Among the poor population¹ the situation was worse: more than 60% of them earned less than the minimum wage and half of them even less than half the minimum wage, about 36% earned more than the minimum wage but less than the average wage and a negligible percentage earned more than the average wage².

This situation, which repeats itself every year, and the lack of information about the employment patterns and characteristics of low-salaried workers, led the Research and Planning Administration to design a survey of low-salaried workers to examine various aspects of their situation in the labor market: extent of employment, salary, branches of employment and occupations, fringe benefits, workplace rights and socio-economic status. The survey will also include the self-employed in Israel, about whom there is little socio-economic information, especially the freelancers who, according to various indices, form an increasing number of the self-employed.

Table 1
Interviewees for pretest-
demographic characteristics (n= 131)

Characteristics		(%)
Age	Men	40.0
	25-35	34.9
	36-45	28.6
	46-55	17.5
	56-65	19.0
Family Composition	Couple + children	60.2
	Single + children	10.2
	Couple	11.7
	Single	12.5
	Other	5.5
Years of study	Up to 8	7.3
	9-12	35.5
	13+	57.3
	Working at the time of the survey	81.3

1 According to economic income from work and capital

2 The data are taken from **Dimensions of Poverty and Social Gaps Report, 2014**, Research and Planning Administration, National Insurance Institute, Table 16.

From August to November 2015 a pretest was conducted among a sample of the general population aged 25-65, employees and self-employed at present and in the past, 70% of whom earned less than 2/3 of the median wage in the economy, and 30% of whom earned more, who were sampled for purposes of comparison.

Forty percent of interviewees were men, more than a third were young people up to the age of 35, and about 37% were older than 55 (Table 1). Sixty percent of them were couples with children and 10% single mothers. More than half had had

Table 2

Results of the pretest among interviewees who were working during the interview period (n= 104)

		Number (%)
	Employees	78.6
	Tenured (among employees only)	56.8
Self-employed	Freelancer	18.2
	Owner of small business	3.2
Fringe benefits accompanying the salary	Unionized in a workers' committee	32.0
	Has a pension fund or provident fund	77.6
	Has a continuing education fund	46.4
	Receives a refund of travelling expenses	72.2
	Full-time workers	74.0
Years of work in the labour market	Up to 5	5.3
	6 to 10	11.8
	11 to 20	42.1
	21 to 30	25.0
	31+	15.8
Manner of payment of remuneration	Per hour	41.0
	Per work day	7.0
	Per month of work	33.0
	Per project	16.0
	Others	3.0
Occupation	University graduates	27.1
	Members of the free professions	29.2
	Managers	5.2
	Clerical employees	6.3
	Services and sales	2.1
	Agriculture, industry and construction	19.8
	Unskilled workers	10.4
Employment sector	Private sector	57.0
	Government and local authorities	25.0
	Non-profit organization	16.0
	Other	6.0

13 or more years of schooling and about 80% were working at the time of the survey (according to the administrative data which were used in the sampling they were working at the time of sampling but not at the interview).

Selected results of the pretest, which are based on 104 interviewees who were working at the time of the interview, show some of the information which will be received from the survey after it is completed, and of course they do not represent the survey population (Table 2)³. According to the findings, about 80% work as employees and the rest as self-employed – 15% are owners of small businesses and 5% are defined as freelancers. More than 40% have more than 30 years of work experience, 74% work full-time.

About 40% of the workers are paid by the hour and do not work for a monthly salary. About 60% are employed in the private sector, 27% have an occupation requiring a university education and 30% are members of the free professions.

³ The percentages shown in the table concern those who answered the question. The survey details will be processed after determining the weighting (inflation coefficient) of each participant, which represents the weight of the sample person in the general population.

Poverty by population groups

Various population groups differ in terms of trends and changes in the dimensions of their poverty in 2013-2014 (Tables 7-9).

The poverty rate of families in selected groups changed only slightly in 2014 compared with 2013, except for single-parent families, where it decreased by about 9%, and its distance from the poverty rate in the total population was about 35% in 2014 compared with about 50% in 2013 (Table 7). In families where the head was self-employed, the concentration index rose from 0.7 to 0.8, in other words their poverty rate is 20% lower than that of the total population, compared with 30% in 2013. In families where the head is of working age and does not work the poverty rate decreased in 2014 and is 3.6 times higher than the general level, compared with 3.9 in 2013.

The proportion of families with five or more children among all poor families according to economic income, decreased by about 14% between 2013 and 2014, but when the transfer payments and direct taxes are also taken into account, their proportion decreases by only 7% (Tables 8-9). The proportion of single-parent families among poor families according to disposable income decreased by about 15%, while the decrease in their proportion according to economic income was more moderate – about 7%. The proportion of families whose head was self-employed or of working age and not working

Table 7
Poverty Rate in Specific Population Groups, 2013 and 2014

(Population groups (families	2013			2014		
	Economic	Disposable	Concentration	Economic	Disposable	Concentration
	income	income	*index	income	income	*index
Total population	28.5	18.6	1.00	29.1	18.8	1.00
Population group of head of household:						
Jews*	24.4	13.7	0.73	24.7	13.6	0.72
Haredim (according to the last school approach)**	63.6	52.1	2.79	66.7	52.4	2.80
Haredim (according to subjective definition)***				65.8	54.3	2.89
Immigrants	34.4	18.5	0.99	35.1	18.0	0.96
Arabs	55.8	51.7	2.77	57.2	52.6	2.81
Families with children-total	27.2	23.0	1.23	28.0	23.3	1.24
1-3 children	21.4	17.4	0.93	22.8	17.9	0.95
4 or more children	57.3	52.3	2.80	56.2	52.7	2.81
5 or more children	65.4	60.0	3.22	62.7	60.7	3.24
Single-parent families	41.5	27.5	1.48	41.9	25.1	1.34
Employment situation of head of household:						
Working	17.7	12.5	0.67	18.7	13.1	0.70
Employee	17.7	12.3	0.66	19.0	12.8	0.68
Self-employed	16.7	13.2	0.71	16.4	15.2	0.81
Of working age and not working	91.2	72.9	3.91	92.0	68.0	3.62
One breadwinner	35.6	24.1	1.29	36.5	25.4	1.35
Two or more breadwinners	7.2	5.7	0.31	7.7	5.6	0.30
Age group of head of household of working age:						
Up to 30	29.8	21.7	1.17	31.6	21.9	1.17
Ages 31-45	24.3	19.4	1.04	24.6	19.5	1.04
Age 46 up to pension age	17.5	12.6	0.67	17.2	11.8	0.63
Age group of head of household of retirement age:						
Elderly****	48.0	22.1	1.19	48.7	23.1	1.23
Of legal pension age*****	51.4	23.5	1.26	51.4	24.1	1.28
Education group of head of household:						
Up to 8 years of study	68.7	46.1	2.47	68.6	46.8	2.49
Between 9 and 12 years of study	30.7	21.0	1.13	32.1	21.2	1.13
13 or more years of study	20.9	12.8	0.69	21.2	13.0	0.69

* Tables which present data on Jews: Non-Jews who are not Arabs are also included in the Jewish population.

** Type of last school at which the interviewee studied/studies.

*** According to subjective definition: level of religiosity reported by the interviewee: secular, traditional, religious, Haredi, mixed. In accordance with the definition which was used up to now: from the age of 60 for a woman and 65 for a man.

***** The definition has been adapted to the age of retirement from work under the Retirement Age Law. Therefore this population is not fixed until the completion of the process of raising the retirement age.

Table 8

Proportion of Selected Groups in the Total Population and in the Poor Population (Percentages)*2013

Population group (families)	Total population		The poor population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	Individuals	Families	Individuals	Families	Individuals
Jews**	86.9	81.5	74.5	61.7	63.7	52.6
Haredim (according to the last school approach)***	4.1	7.0	9.2	16.9	11.4	18.7
Haredim (according to the subjective approach)****						
Immigrants	19.8	16.6	23.9	16.8	19.7	12.7
Arabs	13.1	18.5	25.5	38.3	36.3	47.4
Families with children - total	44.7	65.3	42.8	70.8	55.1	80.0
1-3 children	37.4	49.5	28.2	37.7	34.9	40.9
4 or more children	7.2	15.8	14.6	33.2	20.2	39.1
5 or more children	3.2	8.2	7.6	19.7	10.5	23.0
Single-parent families	5.7	6.1	8.3	9.3	8.4	8.5
Employment situation of head of household:						
Working	0.8	0.9	0.5	0.7	0.5	0.7
Employee	0.7	0.8	0.4	0.6	0.4	0.6
Self-employed	0.1	0.1	0.1	0.1	0.1	0.1
Of working age and not working	0.1	0.1	0.2	0.2	0.2	0.2
One breadwinner	0.3	0.3	0.4	0.4	0.4	0.5
Two or more breadwinners	0.5	0.6	0.1	0.2	0.2	0.2
Age group of head of household of working age:						
Up to 30	0.2	0.2	0.2	0.2	0.2	0.2
Ages 31-45	0.3	0.4	0.3	0.4	0.4	0.5
Age 46 to pension age	0.3	0.3	0.2	0.2	0.2	0.2
Age group of head of household of retirement age:						
Elderly*****	0.2	0.1	0.4	0.2	0.3	0.1
Of legal pension age*****	0.2	0.1	0.3	0.2	0.2	0.1
Education group of head of household:						
Up to 8 years of study	0.1	0.1	0.2	0.2	0.2	0.2
Between 9 and 12 years of study	0.4	0.4	0.4	0.4	0.4	0.5
13 or more years of study	0.5	0.5	0.4	0.4	0.4	0.4

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

** Tables which present data on Jews: Non-Jews who are not Arabs are also included in the Jewish population.

*** The type of last school at which the interviewee studied/studies.

**** According to a subjective definition: the level of religiosity reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** In accordance with the definition which was used up to now: from the age of 60 for a woman and 65 for a man.

***** The definition has been adapted to the age of retirement from work under the Retirement Age Law. Therefore this population is not fixed until the completion of the process of raising the retirement age.

increased considerably, at rates of 7.5% and about 11% respectively, despite the decrease in the proportion of these kinds of families among all the those in the population. The proportion of individuals in families with two breadwinners among all poor individuals

decreased by about 12% and the proportion of families and individuals from the age of 46 to retirement among all poor families and individuals decreased by about 12%-13% between the two years.

Table 9

The Proportion of Selected Groups in the Total Population and the Poor Population (Percentages)*, 2014

Population groups (families)	Total population		Poor population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	Individuals	Families	Individuals	Families	Individuals
Jews**	86.7	81.7	73.8	64.0	62.6	55.1
Haredim (according to the last school approach)***	3.8	6.5	8.8	15.8	10.7	17.3
Haredim (according to subjective definition)****						
Immigrants	19.8	16.5	23.9	17.2	19.0	13.0
Arabs	13.3	18.3	26.2	36.0	37.4	44.9
Families with children	44.9	65.5	43.2	69.5	55.8	79.9
1-3 children	37.9	50.3	29.7	39.2	36.1	42.0
4 or more children	7.0	15.2	13.5	30.3	19.6	37.9
5 or more children	3.0	7.6	6.5	16.9	9.7	21.8
Single-parent families	5.3	5.7	7.7	8.2	7.1	6.8
Employment situation of head of household:						
Working	0.8	0.9	0.5	0.7	0.6	0.7
Employee	0.7	0.8	0.4	0.6	0.5	0.6
Self-employed	0.1	0.1	0.1	0.1	0.1	0.1
Of working age and not working	0.1	0.1	0.2	0.2	0.2	0.2
One breadwinner	0.3	0.3	0.4	0.5	0.4	0.5
Two or more breadwinners	0.5	0.6	0.1	0.2	0.1	0.2
Age group of head of household of working age:						
Up to 30	0.2	0.2	0.2	0.2	0.2	0.2
Ages 31-45	0.3	0.4	0.3	0.4	0.4	0.5
Age 46 to pension age	0.3	0.3	0.2	0.2	0.2	0.2
Age group of head of household of retirement age:						
Elderly*****	0.2	0.1	0.4	0.2	0.3	0.1
Of legal pension age*****	0.2	0.1	0.3	0.2	0.2	0.1
Education group of head of household:						
Up to 8 years of study	0.1	0.1	0.2	0.1	0.2	0.1
Between 9 and 12 years of study	0.4	0.4	0.4	0.5	0.4	0.5
13 or more years of study	0.5	0.5	0.4	0.4	0.4	0.4

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

** Tables which present data on Jews: Non-Jews who are not Arabs are also included in the Jewish population.

*** Type of last school at which the interviewee studied/studies.

**** According to a subjective definition: level of religiosity reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** In accordance with the definition which was used up to now: from the age of 60 for a woman and 65 for a man.

***** This definition has been adapted to the retirement age from work under the Retirement Age Law. Therefore this population is not fixed until completion of the process of raising the retirement age.

Table 10

Income Gap Ratio of the Poor in Sselected Population Groups in 2013 and 2014

Population group (families)	2013			2014		
	Economic income	Disposable income	Concentration index*	Economic income	Disposable income	Concentration index*
Total population	56.2	32.8	1.00	56.3	34.6	1.00
Population group of head of household:						
Jews**	59.0	30.2	0.92	57.6	31.5	0.91
Haredim (according to the last school approach)***	58.1	35.0	1.07	56.1	34.3	0.99
Haredim (according to subjective definition)****	56.2	32.8	1.00	55.0	33.9	0.98
Immigrants	67.0	27.1	0.83	63.1	25.9	0.75
Arabs	51.5	35.6	1.09	54.0	38.4	1.11
Families with children -total	50.1	33.7	1.03	51.0	35.5	1.03
1-3 children	47.7	30.8	0.94	48.0	32.5	0.94
4 or more children	52.9	36.7	1.12	54.8	38.9	1.12
5 or more children	54.0	36.7	1.12	57.1	38.2	1.10
Single-parent families	65.0	37.8	1.15	58.6	35.2	1.02
Employment situation of head of household:						
Working	39.7	28.8	0.88	41.3	31.7	0.92
Employee	39.4	28.6	0.87	41.5	31.1	0.90
Self-employed	38.5	29.9	0.91	40.5	35.4	1.02
Of working age and not working	95.5	51.3	1.57	94.8	51.1	1.48
One breadwinner	45.4	32.6	1.00	46.6	35.0	1.01
Two or more breadwinners	28.5	21.4	0.65	29.2	23.9	0.69
Age group of head of household of working age:						
Up to 30	50.3	33.4	1.02	51.0	35.7	1.03
Age 31-45	49.9	34.4	1.05	49.8	35.1	1.01
Age 46 to pension age	55.7	32.5	0.99	58.7	37.4	1.08
Age group of head of household of retirement age:						
Elderly*****	81.6	25.2	0.77	78.5	25.6	0.74
Of legal pension age*****	81.6	24.2	0.74	79.2	25.2	0.73
Education group of head of household:						
Up to 8 years of study	69.1	34.3	1.05	69.1	36.8	1.06
Between 9 and 12 years of study	52.5	33.4	1.02	52.3	34.9	1.01
13 or more years of study	55.3	31.4	0.96	56.4	33.4	0.97

* Concentration index is a gap ratio indicating the ratio between the poverty rate in a group and in the population as a whole.

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

*** Last type of school attended by interviewee.

**** Subjective definition: degree of religiosity based on interviewee's statement: secular, traditional, religious, Haredi, mixed.

***** According to the definition used until now – women from age 60 and men from age 65.

***** Definition adjusted to the retirement age under the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

The concentration index of the income gap ratio among the poor is the ratio between the income gap in a specific group and that in the total population, with the income gap representing the distance of the poor families from the poverty line. In most of the population groups slight changes occurred in the concentration index, except for poor families headed by a self-employed person, where the average distance from the poverty line in 2013 was about 30% - 10% less than the income gap of all poor families (Table 10). In 2014 the income gap in this group rose to about 35%, an even bigger distance than the average in the total population.

The income gap ratio of poor families headed by a person of working age who does not work remains almost unchanged, but the concentration index has decreased, so that the income gap ratio of those families was 48% higher than that of all poor families – a decrease of 6% from 2013. The poverty depth of immigrant families decreased between 2013 and 2014, and is 25% lower than that of all poor families, compared with 17% in 2013.

Box 2

The Poverty Rate by Age-Group, according to Type of Welfare State

This box presents an analysis of the poverty rate according to age-group by international comparison using Esping-Andersen's classification of the welfare state (1990¹: liberal, conservative-corporatist and social-democratic. English-speaking countries (for example the USA, Canada, England, Australia) are generally numbered among the liberal states, those in Western Europe (Germany, France, Austria and others) are numbered among the conservative countries and the social-democratic ones are those of Northern Europe (Denmark, Sweden, Finland and others).

Figure 1 shows, in two different ways, the poverty rate of the various age-groups according to the abovementioned welfare state and the average poverty rate for OECD countries and Israel. In the left column of Figure 1B the total poverty rates are shown.

As in Israel, in the liberal countries the poverty rate among children and the elderly is higher than that of working-age people. This fact is in line with fairly low government intervention, and it is also expressed in the larger share of income from work in the total income in those countries. In contrast to this, in the conservative and social-democratic countries the poverty rate of the elderly is the lowest. Although in Western countries the percentage of elderly is higher than in Israel, in countries with a social-democratic welfare state the poverty rate among children and among the elderly is lower than among working-age people.

1 See footnote 4 in this chapter.

In Israel the age-group with the best economic situation is aged 51-65 – older workers. In contrast to the high poverty rates in Israel in the other age groups, in this group the poverty rate is about 47% lower than the total rate, and it is also lower than that of the liberal countries and only slightly higher than that of the conservative countries. A possible explanation for this is that these employees began working in a period when work arrangements were different from those of the last decades, which are characterized, inter alia, by globalization, indirect employment, great mobility and lower levels of unionization.

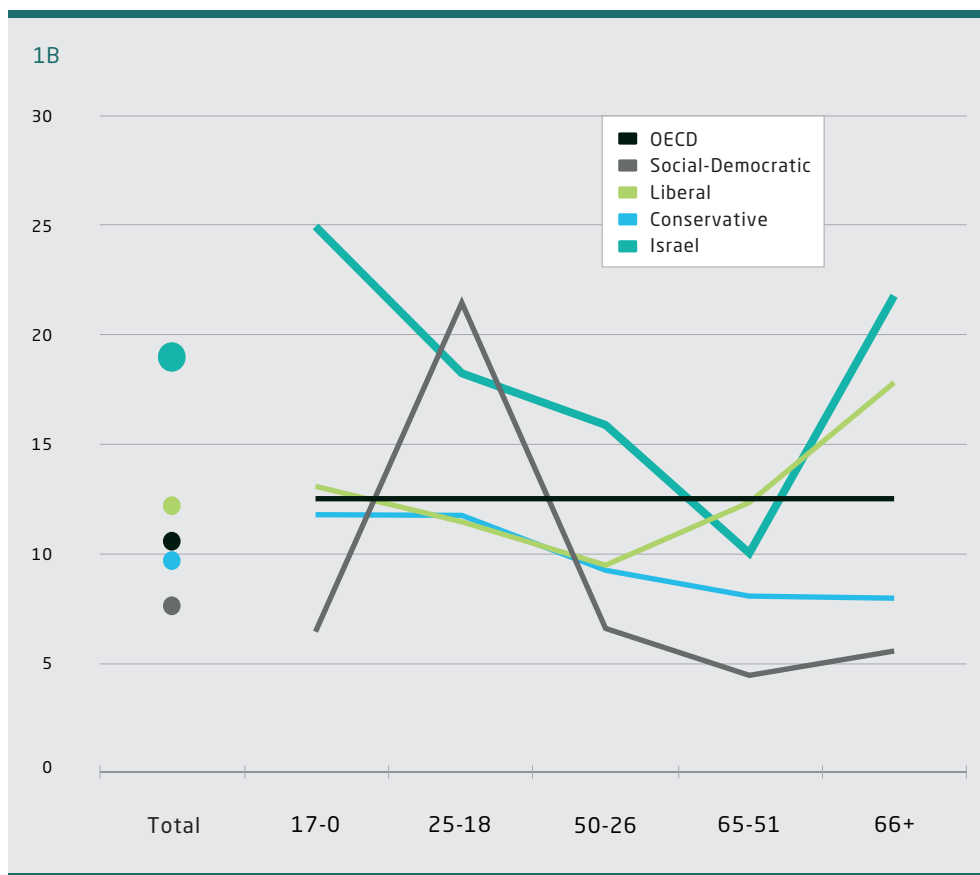
Figure 1B shows that in the countries which belong to the same type of welfare state, the poverty rates according to age-group are usually similar. Exceptions are the elderly in the liberal countries and young people aged 18-25 in social-democratic ones, whose poverty rates are higher than other age-groups. It is important to mention that apart from this group (aged 18-25) in the social democratic countries the poverty rates for all other ages are lower than in liberal and conservative countries, although in the conservative countries the poverty rates are also quite low. In Israel, except for one group – aged 51-65 – in all other groups the poverty rates are higher than in all the welfare states.

Figure 1

Poverty Rate among Individuals by Age Group and by Type of Welfare Policy in the Country*



* According to Andersen's classification presented in the chapter.



5. Poverty according to expenditure

Since the early 1970s poverty in Israel has been defined using the relative approach, which is accepted by most researchers and social policy makers in the West. In this approach, poverty is a condition of relative distress and a family is defined as poor if its living conditions are considerably worse than the typical living conditions 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 the US 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.

Below we will examine three alternative indices to the existing poverty index, that were developed in the Research & Planning Administration of the NII and are calculated like the above approach, based on household expenditure and not on household income. These 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 particular fixed basket of consumption and compared relatively to the baskets of consumption in other households.

Measuring poverty using the NRC method

A study published by the NII in 2004¹⁰ attempted to measure poverty in Israel using the NRC (National Research Council) 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 prices¹¹. 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

¹⁰ Sabag-Endewald, M. & Achdut, L. (2004), **Developing an experimental poverty index from the expenditure side in Israel**. The Research & Planning Administration, National Insurance Institute.

¹¹ In addition to direct taxes, on the recommendation of the American committee, expenditure on transport for work purposes and on keeping children at daycare centres, kindergartens and with

obtained from total current 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), or according to the attributed rent (for those who own their homes). In the case of a family living in its own home, it is compensated on the income side. The added income element is the difference between the attributed rent for the apartment and the total current expenditure on the apartment¹².

Measuring poverty using the MBM method

In another study published by the NII in 2011¹³ 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 endpoints – an absolute index and a relative index, and it belongs to the group of indices in which the poverty line is derived from a suitable level of 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 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 the calculation of the food element: in the NRC index expenditure on food is measured according to actual data as with other expenditures 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 on the basis of the composition of the family by sex and age.

Measuring poverty using the FES method

The third method, the FES (Food Energy Intake and Share) is based on calculation of normative food expenditure on the basis of the recommendations of experts on nutrition, so that a person will be able to function properly in daily life. Calculation of expenditure

12 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 it actually pays).

13 Gottlieb, D. & Froman, A. (2011). **Measuring poverty according to a suitable basket of consumption in Israel, 1997-2009**. National Insurance Institute, Research & Planning

on non-food products is more complicated and is based on some average of two points on the continuum of standard of living: minimum standard of living (food energy intake), in which the family budget is exactly sufficient to purchase the normative food basket, and the family's actual standard of living, which is higher. The identifying feature of this standard of living is that the actual expenditure on food is the same as the normative food basket and the expenditure on non-food items is higher than the amount which the family spent at the low point, as a family with income which is exactly sufficient for expenditure on the normative food basket is forced to make a difficult choice between essential expenditure on food and non-food outlay.

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

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). The reason is that these three methods involve an absolute measurement dimension, whereas the official method is a relative method without any absolute dimension. As a rule, the dimensions of poverty based on income including the credit for home ownership are generally lower than when based on monetary income, that is to say inclusion of the component of home ownership reduces gaps between families in society.

The levels of poverty obtained from the NRC and MBM indices are fairly similar. According to the FES, the indices are lower for families but generally higher for children. According to this index, the drop between 2011 and 2014 was the steepest: about 5 percentage points for families and about 7 percentage points for children. In the case of 2014, the drop in poverty indices does not match the downward trend in poverty as measured by the relative approach on the income side, which rose slightly between 2013 and 2014. 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 change in real terms), so the chances of a drop in the rate of poverty grow.

In 2013-2014 analysis of the data 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 results: for different family compositions, incidence of poverty according to the NRC method, which takes account of credited housing rental

Table 11
Poverty Rate of Families, Individuals and Children According To the Various Approaches, 2011-2014

	NRC			FES			MBM		
	Families	Individuals	Children	Families	Individuals	Children	Families	Individuals	Children
According to monetary income									
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			
2014	17.3	20.5	28.3	14.7	22.0	33.1			
According to total income									
2011	18.0	23.1	33.0	18.3	28.4	42.6	20.3	27.5	39.6
2012	17.6	22.7	32.3	16.0	24.6	37.0	19.4	25.8	37.4
2013	16.4	21.1	30.4	14.6	22.4	34.4	17.6	22.8	33.8
2014	15.6	19.8	28.6	14.1	21.8	33.1	17.3	22.6	33.0

(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 20.3%, while according to economic income it is 13.7%. The FES method produces similar poverty rates for both measurement methods, including and excluding income in-kind, among nearly all kinds of families.

According to the 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 methods is about 57%, and about 52% according to the MBM method, and among two adults with one child the results are about 15%, about 9% and about 17% respectively.

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

A comparison of poverty rates in 2013 and 2014 measured by these three methods shows as with the poverty data on the income side, a decrease in poverty measured on the expenditure side, at different levels for different family compositions and varying measurement methods.

Table 1.2
Poverty Rate and Threshold Expenditure By Family Composition, According to the NRC, FES and MBM Approaches, 2013-2014

Composition of family	NRC			FES			MBM					
	2013		2014		2013		2014		2013		2014	
	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)
	According to monetary income											
One adult	2,872	20.5	2,915	20.3	1,947	6.6	1,963	6.1				
Two adults	4,665	12.7	4,735	11.6	3,886	7.1	3,913	7.4				
Two adults+child	5,756	14.5	5,842	12.2	5,269	9.4	5,340	8.6				
Two adults+ two children	6,764	14.2	6,864	13.3	7,216	11.2	7,187	11.7				
Two adults + three children	7,711	19.9	7,826	19.3	9,198	20.2	9,218	20.9				
Two adults+ four children	8,611	38.8	8,739	39.3	10,958	45.8	11,045	46.6				
Two adults+ five children	9,472	57.2	9,612	47.8	12,952	59.3	12,808	57.3				
Adult+two children	5,301	31.0	5,379	25.7	5,513	27.4	5,770	16.4				
	According to total income											
One adult	3,513	13.6	3,553	13.7	2,434	6.2	2,452	4.9	3,283	14.3	3,362	13.5
Two adults	5,707	9.8	5,773	9.2	4,857	5.6	4,887	5.6	5,593	9.8	5,719	9.6
Two adults+child	7,042	15.0	7,122	13.4	6,585	9.4	6,669	9.0	7,070	17.0	7,237	16.4
Two adults+ two children	8,275	14.8	8,369	14.4	9,018	10.8	8,976	11.7	8,677	18.4	8,828	17.5
Two adults+ three children	9,433	19.9	9,541	18.7	11,494	20.8	11,511	20.2	10,241	22.3	10,427	22.9
Two adults+ four children	10,534	38.6	10,654	39.9	13,694	46.5	13,794	45.5	11,683	45.9	11,910	47.5
Two adults+ five children	11,587	56.8	11,719	49.6	16,186	58.4	15,996	55.2	13,174	54.2	13,335	51.9
Adult+ two children	6,484	32.8	6,558	32.5	6,890	26.3	7,206	22.6	6,749	35.8	6,967	27.8

3 --- National Insurance

1. The Income Support Benefit - General

The Income Support Law is intended to provide a last safety net for families who have no income from work or other sources, or who have very low incomes. The law, which came into effect in 1982, combined in a uniform framework the social benefit payments paid by the NII to the elderly and survivors, as well as the relief support paid in the past by the Ministry of Labor and Welfare. Both payments are financed by the State treasury.

Conditions of eligibility

People are eligible for an income support benefit if they meet at least one of the eligibility conditions specified in the law and also a means-test. The benefit is intended for residents of Israel aged 20 and above, who have no means of subsistence, or whose income does not reach the level defined in the law, and it is paid to a family (single persons or couples, with or without children). Usually the person claiming the benefit and his/her spouse (if any) are required to seek work through the Employment Service, in other words to meet an employment test, unless the law has exempted them from this.

The amount of the benefit is determined in percentages of the **basic amount**¹, in accordance with family composition and number of children. Like NII allowances, the increment for children is given to a family with one child and to a family with two or more children. Families with three or more children are paid a **family increment with the child allowance** for the third and fourth child.

Benefit rates vary according to age. From the age of 55 the benefit is paid at a higher rate. The benefit for those who have reached retirement age and those receiving an old-age, survivors' or dependents' pension under National Insurance Law is also paid according to age groups, as set out in the old-age and survivors' chapter.

1 See note 14 in Chapter 1.

In 2015 the number of families receiving the income support benefit decreased noticeably, by 4.5%, and amounted to fewer than 100 thousand on average per month for the first time since 1997 – despite the natural increase in the general population of approximately 1.8% per year. From the second quarter of 2003, when the number of families reached a peak of 159 thousand, a continuing decrease began until 2009, when the number stabilized. In 2010 the decrease resumed, and except for an increase of 0.6% in 2013, the decrease continued in 2014 also.

2. Legislative Changes

- In the middle of 2014 the **Disabled Victims of Nazi Persecution Law** and the **Benefits Law** were changed in order to increase assistance to Holocaust survivors living in Israel and to expand the number of the eligible. In accordance with these changes the Holocaust Survivors Authority examines eligibility for a monthly benefit. Those recognized as eligible cease to qualify for an income supplement to the old-age and survivors' pension, but remain eligible for the ancillary benefits (among them a heating grant) if their eligibility for the income supplement has ceased because of the benefit.
- In October 2013 there was an update to the **Cold Areas Order**, which specifies the towns in which elderly income support recipients are entitled to a heating grant. The order also stated that anyone receiving an income supplement benefit, who was of retirement age before November 2013 and lived in a town defined as a cold area before the amendment of the order, would remain entitled to the grant. At the beginning of 2016 an agreement was signed with the Treasury, under which a one-time heating grant is also paid to elderly income support recipients who do not live in the areas listed in the order, for an amount lower than the grant paid to those living in cold areas.

3. Evolution of the Number of Benefit Recipients

June 2003 to December 2008 shows a steady falling trend in the number of income support benefit recipients. This trend began with the implementation of stricter legislation

in June 2003², and continued due to the ongoing effect of the decrease in the maximum income for eligibility for the benefit, as well as the improved employment situation in the years 2004-2007 and half of 2008. The operation 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 at the beginning of the year and stabilized at a higher level in the second half, apparently due to an increase in the unemployment rate in that year (Table 1). Since 2010 the decrease in the number of recipients resumed and in 2013 there was an increase, *inter alia* arising from legislative changes (extension of eligibility to vehicle owners). In 2014 there was a drop again, which intensified in 2015, and the average number of families fell to the lowest level since 1997.

In the first three quarters of 2014 the number of benefit recipients fell, but rose in the last quarter (as a result of sanctions in the Employment Service³), whereas in 2015 the decrease continued throughout the whole year (Figure 1). The greater decrease in 2015 arises partly from the technical increase in the number of recipients at the end of 2014, but even without this increase the decrease in the number of recipients accelerated in 2015, and amounted to 4.5% - the highest since 2008.

An examination of the benefit recipients by number of years in Israel shows that in 2009, alongside the continual but more moderate drop in the number of immigrant

Table 1

Families Receiving Income Support Benefit, by Number of Years in Israel* (Monthly Average) 2008-2015

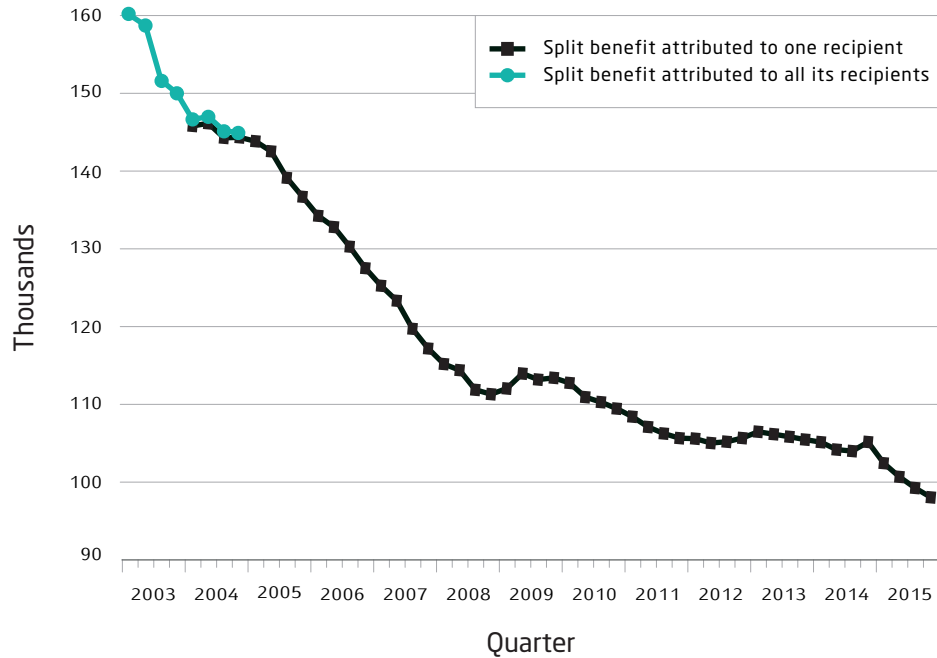
Year	Total		Veterans		Immigrants	
	Absolute number	% change	Absolute number	% change	Absolute number	% change
2008	111,808	-7.0	78,011	-5.4	33,798	-10.4
2009	111,765	-0.04	79,461	1.9	32,304	-4.4
2010	109,407	-2.1	79,102	-0.5	30,304	-6.2
2011	105,292	-3.8	77,443	-2.1	27,849	-8.1
2012	103,766	-1.4	77,945	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
2015	98,347	-4.5	77,316	-3.7	20,982	-7.7

* Number of years in Israel is determined by benefit claimant's number of years resident in Israel.

2 The changes are described in detail in **Annual Survey 2002-2003**.

3 Details in **Annual Report 2014**.

Figure 1
Families Receiving Income Support Benefit, by Quarter (Thousands),
2003-2015



families (according to claimants), the number of veteran families receiving the benefit rose (for the first time since 2004). In 2010 the trend changed again – the number of veteran families fell and there was an accelerated fall in the number of immigrant families compared to 2009. In 2011 the downward trend continued for both veteran and immigrant families, but in 2010-2011 this was largely due to the decrease in the number of immigrant families receiving the benefit. By contrast, in 2012 and 2014 there was an increase in the number of veteran families receiving the benefit (by 2.7% and 0.2% respectively). Therefore the falling trend in the total number of families eligible for the benefit arises from a drop in the number of immigrant families, which was moderated by the increase in the number of veteran families. In 2015 the decrease in the number of veteran families resumed, at the rate of 3.7%, in addition to a further decrease in the number of immigrant families (by 7.7%), a situation which led to the accelerated decrease in the number of recipients.

4. Benefit Recipients - Characteristics

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 employment in the growing economy, and these differences were also likely to affect the composition of the population receiving the income support benefit. In order to illustrate the ongoing changes in composition of the population, data are shown for early 2003 (before the changes in the law) and for 2012- 2015⁴(Table 2):

- The percentage of single-parent families⁵ declined slowly, from 33.2% in early 2003 to 24.3% in 2014, but rose slightly in 2015 to 24.7%.
- The percentage of couples with children decreased from 24.4% in 2003 to 21% in 2010, after which it rose slowly, reaching 21.8% in 2014 and remaining unchanged in 2015.
- At the same time as the percentage of families with children in 2003-2012 decreased, that of single people rose significantly, from 36.5% in 2003 to 46.7% in 2012. In the last three years, as the percentage of couples with children rose, that of single people fell to 45.4% in 2015.
- The quite small percentage of couples without children rose gradually from 5.9% in 2003 to 7.7% in 2010, and has since climbed and stabilized alternately. In 2015 it amounted to 8.1%.

In accordance with legislative changes, which mainly affected benefit recipient families with children, the data indicate a sharp drop in the percentage and number of families with children from 2003 to mid-2005, a moderate drop until 2012, and stabilization in recent years.

As stated, in 2015 there was a decrease in the percentage of veteran and immigrant families. Among the veterans there was a drop in the percentage of single people and

4 For details of the changes in family composition of benefit recipients in 2004-2007 see **Annual Survey 2008**.

5 In legal language – independent parent (mother or father).

Table 2
Income Support Benefit Recipients, by Family Composition and
Number of Years in Israel (Numbers and Percentages), 2003, 2012-2015

Family composition	Numbers			Percentages		
	Total	Veterans	Immigrants	Total	Veterans	Immigrants*
January – 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
2012 average						
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
2013 average						
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
2014 average						
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
2015 average						
Total	98,298	77,316	20,982	100	100	100
Single	44,632	33,467	11,165	45.4	43.3	53.2
Single+ children	24,265	17,045	7,221	24.7	22.0	34.4
Couple	7,992	6,357	1,636	8.1	8.2	7.8
Couple+ children	21,408	20,448	961	21.8	26.4	4.6

* Anyone who immigrated to Israel from 1990 onwards is defined as an immigrant.

a rise in couples without children, while among the immigrants there was a rise in the percentage of single parents with children and a drop in couples without children. 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 the total recipients.

Grounds of Eligibility

Continuing the demographic changes of 2003, the following trends were seen (Table 3):

- A rise in the percentage of unemployed among all recipients until 2010, with a renewed rise in 2012-2013, and a fall in 2014, which intensified in 2015. From 2013 there was a rise in those employed at a low salary. The significance of these fluctuations is that from 2011 to 2013 there was a slight decrease in the average percentage of recipients necessitating an employment test (lack of employment and low salary), stabilization in 2014 and a renewed decrease in 2015 to a level of 77.9% of benefit recipients (compared to 80.1% in 2010). However, most benefit recipients still have to pass the employment test.
- A fall in the percentage of mothers with small children until 2012, and a slow rise in the last three years.
- A fall in the percentage of unemployable people aged 55 and over until 2014. In 2015 there were no longer any recipients in the system who were defined as unemployable.

In addition to these noticeable trends, we also see a drop in the percentage of benefit recipients because of training and vocational diagnosis up to 2010, from 2.5% in the first half of 2005 to 0.9% in 2010. In 2011 their percentage returned to the 2009 level – 1.1% of all recipients, and again fell from 2012 to 2013. In 2014 their percentage of total recipients stabilized, and in 2015 rose slightly to 0.5%.

Table 3

Income Support Benefit Claimants and Their Spouses, by Grounds of Eligibility, 2011-2015

Grounds	2011 average		2012 average		2013 average		2014 average		2015 average	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Total	135,631	100.0	133,800	100.0	134,528	100.0	133,618	100.0	127,699	100.0
Unemployed	88,615	65.3	88,843	66.4	89,701	66.7	88,294	66.1	80,477	63.0
In training or diagnosis	1,455	1.1	984	0.7	505	0.4	564	0.4	587	0.5
Low salary	19,782	14.6	17,952	13.4	17,340	12.9	17,524	13.1	19,041	14.9
Addicts	3,321	2.4	3,182	2.4	3,153	2.3	3,103	2.3	3,123	2.4
Unemployable (aged 55+)	1,183	0.9	765	0.6	260	0.2	89	0.1		
Mothers of small children	10,386	7.7	10,221	7.6	10,394	7.7	10,415	7.8	10,051	7.9
Other	10,888	8.0	11,853	8.9	13,175	9.8	13,629	10.2	14,419	11.3

Income

The decrease in number of income support benefit recipients from 2004 to 2008 was accompanied by a rise in the percentage of working families, from 25.5% to 28.6% (Table 4). In 2009 this percentage fell, then rose again till 2011. In 2012 their percentage decreased again to 26.8% in 2013. In 2014 and 2015 the percentage increased again, to 28.9%. It should be mentioned that the increase in the employment rate in this period affected the entire economy, even those who did not receive the benefit.

Table 4
Percentage of Families with Income from Work,
by Family Composition, 2005, 2012-2015

Family composition	Total	
	Absolute numbers	Percentage of total families
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
2012 average		
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
2013 average		
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
2014 average		
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
2015 average		
Total	28,445	28.9
Single	8,695	19.5
Single+ children	9,933	40.9
Couple	1,801	22.5
Couple + children	8,015	37.4

Compared with 2014, the employment rate increased among all families, except couples without children. There was also a drop in the percentage of families earning up to NIS 2,000 (Table 5) while that of families earning NIS 2,000–3,000 rose. In other words, a larger proportion of the families receiving the benefit had income from work, and their salary level improved slightly, but was still low. Only 11.1% of all the families had a salary 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.

Table 5

Income from Work of Families Receiving Income Support Benefit, by Family Composition, 2014-2015

Family composition	Income level (NIS)					
	1,000-1	1,000-1,500	1,500-2,000	2,000-3,000	3,000-3,500	3,500+
2014 average						
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
2015 average						
Total	10.3	20.3	18.7	33.1	6.6	11.1
Single	16.7	33.0	21.9	26.3	2.0	0.2
Single + children	8.3	13.7	15.2	34.5	9.5	18.7
Couple	11.2	22.1	20.3	30.2	6.1	10.0
Couple + children	5.6	14.4	19.2	39.3	8.0	13.7

Under the August 2012 amendment to the law, owners of vehicles worth up to NIS 40,760 may also receive income support benefits. In December 2015 there were about 9,600 families with vehicles, compared to 8,200 in December 2014. For most of them, some 6,400 (approximately 67%), the amount of the benefit remained unchanged despite having a vehicle. The benefits of the remaining families were reduced by an average of NIS 216. Some 1,200 other families had a vehicle for medical needs in December 2015, similar to their number in December 2013

Other benefits paid to families are regarded as a source of income and taken into account for the means test. A monthly average of 6.3% families were eligible for other benefits from the NII in 2015, similar to the percentage in 2014 (6.2%). The amount of the average monthly family income from these benefits (except for benefits in lieu of salary, which are calculated as income from work) was NIS 1,785 (similar to 2014 – NIS 1,780). About 9.7% of (9,524 families) had income both from work and NII benefits. The total family income from both these sources was about NIS 3,155 on average.

Another possible income source is the yield from assets – financial assets, inter alia bank savings, and real estate. In December 2015 only some 2,400 families, constituting 2.5% of all families, owned a financial asset sufficient to reduce their benefits, compared to 2,500 such families in December 2014. Average income credited to a family whose benefit was reduced was NIS 101. About 800 families had income from work and a credit of income from financial assets: income from work – NIS 2,290 on average, and income from financial assets – NIS 75 on average (lower than the general average).

As with income from financial assets, income from real estate is also credited. In December 2015 there were about 3,000 families with real estate (compared to 2,900 in December 2014), constituting 3.1% of all families receiving the benefit. The average income credited from real estate was NIS 360. Only about 20 families were credited with income from real estate and financial assets and also had income from work.

Level of the Benefit

As a result of the 2002-2003 legislation, which considerably reduced income support benefit levels, the composition of families receiving the benefit changed considerably (Table 6). The percentage of families receiving the benefit at the increased rate for those under 55 (previously eligible) fell from 22% in 2008 to 4.1% in 2015, and among those aged 55 and above, it rose from 21% in 2004 to 30.3% in 2011, fell in 2012, stabilized in 2013, and rose again: in 2014, to 29.7% and in 2015 to 31.3%.

Table 6
Income Support Benefit Recipients, by Family Composition
and Benefit Rate (Percentages), 2011-2015

Family composition	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015
Total	100.0	100.0	100.0	100.0	100.0
Single person receiving regular rate	26.7	27.0	26.5	26.1	25.0
Single person receiving increased rate (under 55, “previously eligible”)	3.0	2.7	2.5	2.3	2.0
Single person receiving increased rate (55+)	18.7	18.7	18.7	18.9	19.9
Independent mother* (under 55)	21.1	20.8	20.9	21.1	21.4
Couple receiving increased rate (55+)	7.7	6.7	6.7	6.9	7.3
Couple + children receiving regular rate	13.8	14.5	15.4	15.7	15.3
Couple + children receiving increased rate (under 55, “previously eligible”)	3.3	2.9	2.5	2.2	1.9
Couple + children receiving increased rate (55+)	3.9	3.8	3.8	3.9	4.1
Other	1.8	2.9	3.0	2.9	3.1

* In past legal language – single mother (also refers to a father).

The percentage of families receiving the benefit at the regular rate fell since 2013 and amounted to 41.2% in 2015. The percentage of single people among them rose until 2012, and fell since then. The percentage of couples with children rose until 2014 and fell to 15.3% in 2015. The percentage of single-parent families (up to the age of 55) fell until 2012 and rose since then.

5. Payments

Benefit Level

In 2015 benefit amounts remained the same as in 2014, because the index (which was determined according to the November 2014 index compared with that of November 2013) decreased. The benefit level rose by 0.6% in real prices, but in average salary terms it decreased by 2.1% (Table 7).

Table 7

Income Support Benefit in Fixed Prices and as a Percentage of Average Salary*, by Family Composition, 2011-2015

Year	Single person				Independent mother** with two children		Couple with two children			
	Regular rate		Increased rate				Regular rate		Increased rate	
	2015 prices (NIS)	% of average salary	2015 prices (NIS)	% of average salary	2015 prices (NIS)	% of average salary	2015 prices (NIS)	% of average salary	2015 prices (NIS)	% of average salary
The eldest in the family is under the age of 55										
2011	1,683	19.1	1,893	21.4	3,280	37.2	2,818	31.9	3,280	37.2
2012	1,697	19.1	1,909	21.4	3,309	37.2	2,842	31.9	3,309	37.2
2013	1,694	18.9	1,907	21.2	3,305	36.8	2,838	31.6	3,305	36.8
2014	1,719	18.9	1,934	21.2	3,352	36.8	2,879	31.6	3,352	36.8
2015	1,730	18.5	1,946	20.8	3,373	36.0	2,897	31.0	3,373	36.0
At least one member of the family is over 55										
2011	2,103	23.8	2,103	23.8	4,241	48.0	4,163	47.2	4,163	47.2
2012	2,122	23.8	2,122	23.8	4,279	48.1	4,200	47.2	4,200	47.2
2013	2,119	23.6	2,119	23.6	4,289	47.7	4,194	46.7	4,194	46.7
2014	2,148	23.6	2,148	23.6	4,372	48.0	4,254	46.7	4,254	46.7
2015	2,162	23.1	2,162	23.1	4,400	47.0	4,281	45.7	4,281	45.7

* As measured by the Central Bureau of Statistics.

** See note to Table 6.

6 **In past legal language** – single mother (also refers to a father).

The child allowance paid to families with children increases their income level. As part of the benefit, families with three or more children are eligible for an additional allowance for the third and fourth child, which is paid with the child allowance; this also increases their income. For example, an independent mother⁶ under the age of 55 with three children, who by law should receive 39% of the basic amount, which is 36% of the average wage - actually received 42.8% of the average wage together with the child allowances and the increment for families with three children.

Total Payments

In 2015 income support benefit payments amounted to NIS 2.49 billion – a real decrease of 3.2% compared to the previous year (Table 8). This decrease was due to a sharp decline in the number of recipients (4.5%) and a small increase in the average benefit (0.4%).

Table 8
Income Support Benefit Payments (without Administrative Expenses,
Millions of NIS), 2011-2015

Year	Current prices	2015 prices
2011	2,477	2,554
2012	2,493	2,527
2013	2,583	2,579
2014	2,593	2,576
2015	2,494	2,494

1. The Maintenance Law

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

The NII is responsible for collecting court-awarded maintenance payments through execution proceedings taken against the debtor. 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 the maintenance payment. Should the NII collect an amount higher from the debtor 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. 2015 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 and in subsequent years, the decreases were more moderate – approximately 2.5% on average per year. In 2015, maintenance payments were made to an average of 17,000 women per month – the lowest number in the last 20 years. Moreover, as noted below, there was a continued reduction in the number of women receiving both maintenance payments and income support benefits.

2. Recipients of Maintenance Payments

The demographic characteristics of the women receiving maintenance payments in 2015 continue the trends of recent years, approximately 67% of them were divorced, 13% lived

separately from their spouses although married, 9% remarried, and the rest, 11%, were common law wives (Table 1). 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 67.2% in 2015, while there has been a rise in the percentage of single women – from 5% in 2005 to 11% in 2015. In 2015, most of the women who received maintenance payments (approximately 77%) were mothers of one or two children and approximately 9% were mothers of four or more children (62% and 17% of all families with children in the population - accordingly).

In recent years, there has been a noticeable reduction in the number of maintenance payment recipients – from some 20,000 women in 2010 to 17,000 in 2015 (Table 2). This reduction is explained at least in part, by the transfer of collection to the execution authorities and increasing enforcement against those who do not pay maintenance payments to their spouses. Their distribution by court ruling and employment characteristics was affected in 2003 by the legislative amendments, but not in a significant manner. Maintenance payments were received by 76% of the women in accordance with a court ruling, 5% received the full amount stipulated in the Regulations, and approximately 19% received a reduced payment due to income from work. The average amount paid to women in 2015 was 21% of the average wage (NIS 1,927 per month). However, there is a large gap between the amount women received based on a court ruling versus the amount received according to the Regulations: Based on court rulings, the average amount was only 21% of the average wage, while according to the Regulations – 35% for those receiving the full amount, and 19% for those receiving a reduced amount (Table 3).

Table 1
Maintenance Recipients by Family Status
(Absolute Numbers and Percentages), 2011-2015

Year	Total		Married to Debtor	Divorced	Remarried	Other
	Absolute Numbers	Percentages				
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
2015	16,689	100.0	12.7	67.2	9.0	11.2

Approximately 44% of maintenance recipients in 2015 worked (in comparison with 64% of married women), but their economic condition was not satisfactory. The amount awarded to most of them by the court ruling was so low that there was no need to do

Table 2

Maintenance Recipients by Payment Type (Absolute Numbers And Percentages), 2011-2015

Year	Total		Payment According To Regulations		Payment Based On Court Ruling
	Absolute Numbers	Percentages	Full	Reduced	
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
2015	16,689	100.0	5.0	19.4	75.6

Table 3

Average Maintenance Payment as a Percentage of Average Salary, by Type of Payment and Work, 2011-2015

Year	Total	Type Of Payment			Work	
		Payment According To Regulations		Based On Court Ruling	Working	Not Working
		Full	Reduced			
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
2015	20.6	35.1	18.8	20.0	16.6	23.7

a means-test (since the court took the woman's income from work into account 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 an average of 40% of the average wage – an amount only 15% higher than the average amount of maintenance paid to women who received full payment as mandated by the provisions of the Regulations.

These data indicate that the Maintenance Law on its own does not assure a minimum income to all women in need, and therefore 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 income support from the NII by virtue of the Income Support Law, if they meet all the other conditions for eligibility. And indeed, in 2015, a monthly average of 3,430 women who received maintenance payments also received income support, in comparison with 6,892 in 2006 – a decrease of approximately 30% to 21% in 2015.

1. Benefits in the Old-Age and Survivors' Division

Old-age and survivors' pensions represent the first layer of the Israeli pension system, and assure a basic income for elderly insurees and their survivors after death. Together with a pension from work, the second layer of the pension system¹, old-age and survivors' pensions are designed to ensure a reasonable standard of living during retirement and old age.

Old-Age Pension

An old-age pension is paid to every insured person universally and without a means-test at the age of entitlement (the absolute age²). At retirement age (the conditional age³) the pension is paid only if the recipient meets the means-test of income from work and capital. The amount of the basic pension per individual is 17.7% of the basic amount.

In mid-2004, the Retirement Age Law was implemented. This law gradually raises the age of entitlement to an old-age pension: for men from 65 to 67, and for women from 60 to 62. These ages have not changed through 2016. In 2017, the retirement age for women will again be increased, to 64.

In 2015 the age of entitlement for women was 68 and 4 months, and it will be raised gradually to 70. The age of entitlement for men was unchanged, and remains 70.

Increments to the Basic Old-Age Pension

- **Dependents' Increment** – Paid to spouse and children dependent on the insuree (in accordance with legal criteria, such as a means-test).

1 See Annual Survey 2007,, Old Age and Survivors' Chapter, Box: Comprehensive Pension Mandatory for Entire Economy in Israel.

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

3 The age at which entitlement to the pension is conditional on 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%.
- **Pension Deferral Increment** – Paid to those who deferred receipt of their pension at ages when a means-test of income from work or capital is performed (from the conditional until the absolute age). Its rate is 5% of the pension for each year of deferral of the pension.
- **Increment for Insuree who has Reached 80 Years of Age** – at the rate of 1% of the basic amount.

Survivors' Pension

This pension is paid to the survivors of an insuree after his/her death. Increments are added to the pension of 17.7% of the basic amount, for seniority and for a survivor who has reached the age 80. Widow/ers are entitled to a survivors' pension as long as their children live with them, or they pass the means-test as required by law.

Income Supplement

An income supplement is paid to recipients of old-age or survivors' pensions who have no income or whose income is low, up to the amount defined by the Income Support Law.

Pensions not Based on National Insurance Law

Pensions not based on the National Insurance Law (special pensions are paid to elderly people and survivors who are not entitled to an NII pension, and they are fully financed by the government.

Those entitled to these pensions are mainly immigrants who on the date of their arrival were older than 62, and 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. An age increment is paid to those who have reached 80 years of age, but there are no seniority or pension deferral increments. The maximum income supplement for these recipients is equal to the amount paid to recipients of the pensions based on the 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 survivors' pension (under 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 allowance personally.

The burial allowance tariff is set by age of the deceased and size of the town 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 2015, burial allowances were paid for approximately 42,000 burials.

Counseling Service for the Elderly

As part of national insurance, a counseling service for the elderly has been operating since the 1970s, in which elderly volunteers support other elderly people. (See Section 6 below).

2. Legislative Changes

Pensions under the National Insurance Law

In 2009, it was determined that the basic old-age and survivors' pensions be gradually increased from 16.5% of the basic amount to 17.7% thereof in 2011- a total increase of 7.3%. The pensions were increased in such a manner that the gap (of 1% of the basic amount) between pensions for those younger than and those older than 80 remained. Pensions for other family members were raised accordingly.

Old-age and survivors' pensions including income supplement

Old-age and survivors' pensions including income supplements also increased in accordance with the rise in basic pensions. Moreover as of August 2009 those aged 70-79 were added.

- In mid-2014 the Disabled Victims of Nazi Persecution Law and the Benefits Law were changed in order to increase the assistance to Holocaust survivors living in Israel and to expand the number of those eligible for assistance. In accordance with these changes the Holocaust Survivors' Authority examines eligibility for a monthly benefit and those who qualify lose their NII income supplement to the old-age and survivors' pension, but eligibility for ancillary bonuses remains if the income supplement ceased on account of the Holocaust Survivors' benefit.
- In December 2015 there was a significant increase in the old-age and survivors' pensions including income supplement, in order to bring them near to the poverty line (corresponding to family situation) and to equalize the position of individuals and couples with regard to the poverty line. In the increase the distinction between the three age groups was maintained.
- From December 2015 the pension for an individual without dependents, plus income supplement, was 32.21% of the basic amount (supplement of NIS 178) for a person under the age of 70; for those aged 70-79- 32.88% (supplement of NIS 155) and for those reaching age of 80 - 34.05% (supplement of NIS 135). The pension for a couple: if the elder is under 70- 50.85% of the basic amount; and if the elder is between 70-79- 51.95% (supplement of NIS 542).

3. Pension Recipients

Old-Age and Survivors' Pension Recipients

In 2015, 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 approximately 803,000 elderly people, and survivors' pensions to approximately 98,000 survivors on average each month. Among the old-age pension recipients were approximately 107,000 who received a full old-age pension and half a survivors' pension and approximately 65,000 disabled elderly people who received a disability pension supplement (see details below). The number of recipients of old-age pensions based on the National Insurance Law increased in 2015 by 5.1%, and the number of recipients of survivors' pensions only (based on the National Insurance Law) dropped by 1.1%.

Table 1

Old-Age and Survivors' Pension Recipients by Pension Type and Legal Basis (Average per Month), 2013-2015

Pension type	Number of recipients (average)			Annual rate of increase (%)	
	2013	2014	2015	2014	2015
Total	833,915	868,346	900,788	4.1	3.7
Old-age					
Total	733,686	769,219	802,716	4.8	4.4
Based on NI Law	675,816	714,181	750,466	5.7	5.1
Not based on NI Law	57,870	55,038	52,249	-4.9	-5.1
Survivors					
Total	100,230	99,127	98,073	-1.1	-1.1
Based on NI Law	99,897	98,822	97,782	-1.1	-1.1
Not based on NI Law	333	305	291	-8.4	-4.6

The number of special pension recipients (usually immigrants) continued to decline in 2015 at a rate of 5.1%, a higher rate than the decrease in 2014 - 4.9%, but lower than 2012 and 2013 - 5.4%. Their share among all old-age and survivors' pension recipients grew from 8.4% in 1990 to 18.7% in 1996, but since 1997 this percentage has gradually dropped to 5.8% in 2015. This development is the continuation of a declining trend in growth for this population since the second half of the 1990s -the result of the drop in number of immigrants arriving in Israel at an advanced age, and of mortality among the oldest of them, which is expected to continue and to reduce the size of 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 2015 by 4.4%. The number of all recipients of old-age and survivors' pensions grew at a rate of 3.7% compared with 4.1% the previous year.

Recipients of Old-Age and Survivors' Pensions with Income Supplement

Recipients of old-age and survivors' pensions who do not have additional sources of income, or whose income from other sources is extremely low, are entitled to receive a supplement to their pension under the Income Support Law. The number of families receiving income supplements from 1990-2001 grew continuously due to the addition of many new immigrants to the system, 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

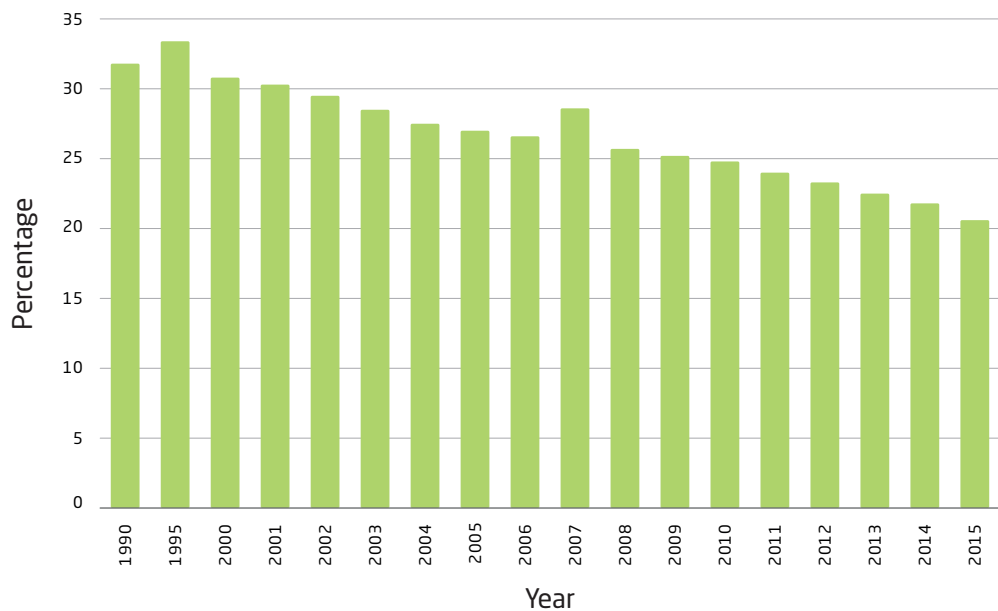
number of families receiving income supplements rose and continued to do so in 2014 – 189.4 thousand recipients on average per month compared with 187.5 thousand in 2013.

As a result of changes in the Disabled Victims of Nazi Persecution Law and the Benefits Law (see section 2 above), the number of income supplement recipients decreased from 190 thousand in December 2014 to 185 thousand at the beginning of 2015. At the end of 2015 their number was 186 thousand and the monthly average was the same in both years.

The percentage of families receiving income supplements among all old-age and survivors' 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 the percentage of families entitled to income supplements rose moderately during the years that the pension rate grew.

Figure 1

Percentage of Recipients of Old-Age and Survivors' Pensions with Income Supplement (Monthly Average), 1990-2015



The percentage of families entitled to income supplements among all recipients of old-age and survivors' pensions decreased from 21.5% in 2014 to 20.4% in December 2015 (Table 2). Their percentage among those receiving pensions based on the Law also dropped: for old-age pensions it was 14.8% and for survivors' pensions 27.5%. The decrease arises partly from the change in the Disabled Victims of Nazi Persecution Law and the Benefits Law.

As expected, in December 2015 the percentage of families receiving income supplements was highest among recipients of special old-age and survivors' pensions, a group which is mainly composed of new immigrants: 89.5% of recipients of special old-age pensions, and 63.6% of recipients of special survivors' pensions. Pensions other than those paid on the basis of the National Insurance Law are conditional on a means-test, and thus it is not surprising that the percentage of those entitled to income supplements is very high among immigrants. Nevertheless, there has been a noticeable drop in the percentage of income supplement recipients since December 2011, when it was 94.4%. This drop increased in 2015 as a result of change of legislation in the Disabled Victims of Nazi Persecution Law and the Benefits Law.

Table 2

Old-Age and Survivors' Pension Recipients by Pension Type and Number of Dependents*, December 2015

Pension type	Total	Without dependents	One dependent	Two dependents	Three or more dependents
Old-age and survivors' pension – total	915,555	847,860	56,914	6,330	4,451
% receiving income supplement	20.4	18.8	43.0	21.6	21.2
Old-age pension based on NI Law	766,248	721,435	41,278	2,379	1,156
% receiving income supplement	14.8	13.2	39.5	30.6	45.5
Old-age pension not based on NI Law	51,812	43,572	7,968	141	131
% receiving income supplement	89.5	89.8	88.2	84.4	95.4
Survivors' pension based on NI Law	97,209	82,618	7,646	3,791	3,154
% receiving income supplement	27.5	30.0	14.7	13.5	9.1
Survivors' pension not based on NI Law	286	235	22	19	10
% receiving income supplement	63.6	64.3	68.2	57.9	50.0

* Includes spouse or children – for old-age pension, and children – for survivors' pension.

Recipients of Old-Age Pensions and Half Survivors' Pensions

There are those who receive both old-age and survivors' pensions (hereafter: **both pensions**), which are paid by virtue of the insuree's rights in these divisions. Regardless

of the first pension to which they are entitled, those entitled to both receive the full old-age pension and half the survivors' pension. Only those whose pensions are based on the **Law** are entitled to receive both pensions. Recipients of pensions **not based on the Law** receive their pension because of an agreement, and not through insurance rights in the Old-Age and Survivors' Division.

In December 2015, 108,590 widows and widowers were entitled to both pensions. 93.9 % of them were women (Table 3), representing 14.2% of all recipients of old-age pensions based on the Law. The high percentage 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 insurance with survivors' pensions on their spouses, while all men confer entitlement to insurance on their spouses. b) The right to survivors' pensions for widowers without children is dependent on a means-test. c) Women generally marry men older than themselves, and have a longer lifespan than men.

The growth rate for recipients of half survivors' pensions is lower than that for total old-age pension recipients based on the Law (3.8% and 5.1% annually, respectively). In December 2015, the average total of both pensions together was NIS 3,185, approximately one-third of which was the survivors' pension. The average total of both pensions to which men were entitled was higher than those received by women, since generally men's old-age pensions are higher due to higher seniority increments and retirement deferral increments.

As expected, the percentage of income supplement recipients among those receiving both pensions is not high – only 7.8%, as the total of both pensions is itself generally higher than the total of pension plus income supplement. The percentage of men receiving income supplements is nearly double that of women, because widowers (without minor children) have to pass a means-test to establish entitlement to the survivors' pension, as opposed to widows, who are exempt from it. Since only widowers who meet the means-test requirement are entitled to receive a survivors' pension, the economic position of widowers receiving survivors' pensions tends to be worse than that of widows, who are not required to pass this test as a condition for receipt of the pension.

Table 3
Characteristics of Recipients of Old-Age and Half Survivors' Pensions
by Gender, December 2015

	Total	Men	Women
Total of all recipients	108,590	6,664	100,199
Percentage receiving income supplements	7.8	13.8	7.4
Average pension (NIS)	3,185	3,238	3,182
Of which: half survivors' pension (NIS)	1,082	923	1,092
Average age	78.3	79.2	78.2

The average age of recipients of both pensions is higher than the age of all those entitled to an old-age pension based on the Law: men - 79.2 years compared with 76.0 respectively, and women - 78.2 compared with 72.8, respectively, as the spouse's death usually occurs at a more advanced age.

Recipients of Old-Age Disability Pensions

Disability pensions are paid to the disabled until they reach retirement age, after which they receive old-age pensions. In the wake of the 2002 legislative amendments to improve pensions for the disabled, the old-age pension paid to a disabled person reaching retirement age after 1.1.2002 is level with the disability pension, including **an additional monthly pension** (hereafter: AMP), which was paid before reaching retirement age.

An additional monthly pension is paid to those whose level of medical disability is at least 50%, and whose level of incapacity to earn is at least 75%, and its amount in most cases was NIS 252-372 per month in December 2015, in accordance with percentage of medical disability. Upon reaching retirement age the disabled person continues receiving the amount which was paid to him as a disability pension and the AMP (if he was entitled to it) as an old-age pension.

In December 2015, approximately 65,000 disabled elderly people (48.5% of them women) received old-age pensions with a supplement to the amount of the disability pension or with an AMP (or both) – a rise of 14.1% compared with December 2014 (Table 4). Approximately 83% also received an AMP. The average amount of the old-age pension for the disabled elderly was NIS 2,842, approximately one-fifth of which was a supplement to the disability pension including AMP. Twenty two point three % of recipients of a disability supplement or AMP were also entitled to income supplements, with the percentage of men being slightly lower than that of women: 21.8% and 22.9% respectively.

Table 4
Characteristics of Recipients of Old-Age Disability Pensions by Gender,
December 2015

	Total	Men	Women
Total of all recipients	65,309	33,620	31,689
Of whom: receive additional monthly pension	54,165	28,177	25,988
Average pension (NIS)	2,842	2,852	2,831
Of which: disability supplement and additional monthly pension (NIS)	536	447	630
Average age	70.3	72.7	67.8

Seniority Increment Recipients

A seniority increment to the old-age pension is granted to elderly people 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, and not more than 50% of the pension. In 2015, the percentage of women and men to whom a seniority increment is paid continued to rise, reaching 79.3% and 95.2% respectively (Table 5). The average increment paid to a recipient of a pension based on the National Insurance Law also rose, from 31.6% of the basic pension in 2014, to 32.1% thereof in 2015. The average increment rate is 37.6%, which means payment for 18.8 years beyond the initial ten years of insurance. Therefore, the data indicate that the percentage of seniority increment recipients rose, and the average number of years for which the increment is paid also rose. The average increment received by men was higher than that received by women – 42.3% compared with only 25.7%, respectively (the average increment rate paid to those entitled is 44.5% for men and 32.4% for women).

The percentage of those receiving a seniority increment among newly entitled men rose slightly compared with 2014, to 98.7%, while among women it decreased to 87.9%. The level of the increment is higher for those now joining the ranks than for the overall group of recipients (men 43.5% compared with 42.3%, women 31.5% compared with 25.7% respectively). The average seniority increment paid to new recipient women and men in 2015 increased compared with the increment for those who were new recipients in 2014, but the gap between women and men remains large: 43.5% for men and 31.5% for women. With the increase in the rate of women's participation in the labor force and their number of years at work, the percentage of women receiving seniority increments is expected to continue to rise, especially the maximum seniority increment.

An examination of the percentage of immigrants (who came to Israel since 1990) among new recipients shows that in the years 2008-2010 their number dropped, but since 2010 it has risen significantly: among the men the percentage of immigrants rose from 10.6% in 2012 to 18.4% in 2013, 19.7% in 2014 and 19.1% in 2015; and among the women the percentage rose to 21.8% in 2014 and 20.6% in 2015. It is clear that immigrants (from 1990 onwards) are entitled to an average seniority increment which is significantly lower than that of veteran citizens (men 19% compared with 49.1% and women 13% compared with 36.3% respectively), but despite this gap we see a rise in the average increment for new recipient men and women.

Recipients of survivors' pensions are granted the seniority increment to which the deceased was entitled. Most recipients of survivors' pensions (both those entitled only to survivors' pensions and those entitled to half survivors' pensions in addition to an old age-pension) – 87.4% – are entitled to this increment, and, as expected, the percentage of female recipients of the increment accumulated by their spouses is higher than the percentage of men receiving this increment: 88.4% compared with 74.1%, respectively.

The average increment of all women receiving the pension is higher than that of men: 29.5% compared with 24.5% respectively. The average increment among those entitled to it is 33.4%, which translates into an increment for 16.7 years beyond the initial ten years of insurance.

Table 5

Recipients of Old-Age Pensions Based on National Insurance Law, by Rate of Recipients of Seniority and Pension Deferral Increments, and Rate of Average Increment, 2011-2015 (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						
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**, ***	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
2015*	85.4	95.2	79.3	32.1	42.3	25.7
2015**	92.7	98.7	87.9	36.8	43.5	31.5
Pension deferral increment						
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**, ***	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
2015*	13.4	13.6	13.2	2.2	2.1	2.4
2015**	15.0	13.5	16.2	2.4	1.6	2.9

* All recipients

** New recipients that year.

*** Not including housewives born prior to 1931 (Law Amendment 138)

Recipients of Pension Deferral Increment

The old-age pension in the 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 regulations). 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 retirement deferral increment at a rate of 5% of the basic pension for each year of deferral. Those entitled to a reduced pension are permitted to choose not to receive the pension and will be entitled to a retirement deferral increment. This increment is less significant than the seniority increment, in respect of both number of recipients and rate.

In 2015, the percentage of men who received a pension deferral increment remained as it was in 2014 – 13.6%, after years of slow decrease, and so also the average increment – 2.1%. The percentage of women rose and reached 13.2%, and the increment increased to 2.4%. The average increment rate for women was higher than for men because women may delay the pension for more years than men (explanation below). The average increment for its recipients was 16.8%, in other words an average deferral of retirement for 3.3 years.

Among new recipients the percentage of increment recipients rose, as did the average amount. The percentage of women rose to 16.2%, and the increment rate rose to 2.9%. The percentage of men rose to 13.5%, and the rate of increment rose to 1.6%.

The increment paid to new recipient men for pension deferral in 2015 was lower than the increment paid to all men, 1.6% compared with 2.1%, respectively, and so also the percentage of those receiving this increment – 13.5% compared with 13.6%. The conclusion from this is that new retirees are entitled to fewer years of pension deferral than earlier retirees, whether because they prefer to receive the pension earlier or because of the reduction of the number of years for which it is possible to defer the pension from 5 to 3. This is not true among new women recipients, who tend to defer receipt of pension more than earlier women recipients and can defer it for more years than in the past, 5 compared with 6 or more (see explanation below).

The new recipient men who delayed their retirement are entitled to an increment of 12.1% on average, in other words the average pension deferral is 2.4 years – nearly the entire deferral period – three years. Among women, the maximum deferral period is longer (see explanation below), and the new recipient women who deferred their retirement were entitled to an increment of 18.2%, in other words 3.6 years.

In the wake of the Retirement Age Law, the rate of increment among women is expected to grow in the future. Until 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 for which women can be entitled to a retirement deferral increment has gradually grown from 5 to 8, and will reach 6 at the end of the process. On the other hand, a man is able to defer his pension for only 3 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 5 years among new recipient men and women).

4. Pension Levels

In 2015, the basic old-age and survivors' pensions without income supplements remained as they were in 2014 (Table 6), because the consumer price index (based on the November 2014 CPI in comparison with the November 2013 CPI) decreased. The rate of the basic pension as a percentage of average salary for a salaried employee decreased to 16.4% for a pension without dependents for a person under the age of 80 and this is evidence of the erosion of the pension arising from the continued increase in average salary. Old-age and survivors' pensions with income supplement remained unchanged until December 2015, when they were increased by 6.9% for a pension without dependents up to the age of 70, by 5.4% up to the age of 80 and by 4.5% for those aged 80 or more. The pension with a dependent spouse increased by 13%, 12.2% and 11.4% respectively.

Table 6

Amount of Basic Old-Age and Survivors' Pensions by Composition of Dependents, 2011-2015

Year	No dependents		With dependent spouse		Widow/er with two children*	
	2015 prices (NIS)	Percent of average salary	2015 prices (NIS)	Percent of average salary	2015 prices (NIS)	Percent of average salary
Not yet 80 years old						
2011	1,489	16.9	2,237	25.3	2,885	32.7
2012	1,501	16.9	2,256	25.3	2,910	32.7
2013	1,500	16.7	2,253	25.1	2,905	32.4
2014	1,521	16.7	2,286	25.1	2,948	32.4
2015	1,531	16.4	2,301	24.6	2,967	31.7
At least 80 years old						
2011	1,573	17.9	2,322	26.3		
2012	1,586	17.9	2,342	26.3		
2013	1,584	17.6	2,338	26.0		
2014	1,607	17.7	2,372	26.1		
2015	1,617	17.3	2,387	25.5		

* Does not include child allowances.

Despite the information in Table 6, most recipients are entitled to a pension amount which is higher than the basic pension, and which includes the increments in accordance

with the entitled person's characteristics (increments for spouse, child, seniority, pension deferral, age, income supplement, etc.). Table 7 presents the average pensions for selected family compositions.

Table 7
Amount of Average Old-Age and Survivors' Pensions by Selected Family Compositions, December 2015

Family composition	For pension recipients without income supplement		For pension recipients with income supplement	
	2015 prices (NIS)	Percent of average salary	2015 prices (NIS)	Percent of average salary
Individual	2,344	25.0	3,060	32.7
Couple	3,212	34.3	4,819	51.5
Widow/widower with 2 children	3,971	42.4	6,236	66.6

5. Total Payments

In 2015 the amount of the payments from the Old-Age and Survivors' Division (not including administrative expenses), at fixed prices, rose by 4.2%. Benefit payments based on the National Insurance Law rose at a real rate of 6.3%, and benefit payments not based on the National Insurance Law decreased at a real rate of 2.7% (mainly because of the increase in the grant to Holocaust survivors and the transition of this population from income supplements to payments by the Holocaust Survivors' Authority). The share of benefit payments not based on the Law (including income supplements for those receiving a pension based on the National Insurance Law) among all old-age

Table 8
Pension Payments in the Old-Age and Survivors' Division
(Not Including Administrative Expenses, in Millions of NIS), 2011-2015

	2011	2012	2013	2014	2015
Current prices (millions of NIS)					
Total of all payments	23,238	24,524	25,690	27,218	28,174
Based on NI Law	19,383	20,689	21,911	23,465	24,544
Not based on NI Law	3,855	3,835	3,779	3,753	3,630
2015 prices (millions of NIS)					
Total of all payments	23,957	24,859	25,649	27,046	28,174
Based on NI Law	19,983	20,972	21,876	23,316	24,544
Not based on NI Law	3,974	3,887	3,773	3,730	3,630

and survivors' payments reached 12.9% in 2015. The total of all payments for National Insurance allowances (not including administrative expenses) grew in real terms in 2015 at a rate similar to the rate of increase in payments in the Old-Age and Survivors' Division – 4.3%, and therefore the share of the Division's payments among NII payments in 2015 remained as it was in 2014 – 38.9%.

6. Counseling service for the elderly

The rights granted to the elderly by the NII- whether in money or in kind (services) – form a significant basis for their maintenance: old-age pension, survivors' pension, income supplement and long-term care. The Counseling Services for the Elderly generally focus on making services accessible, on assistance in fully exercising rights and on providing regular and supportive social contact for those who need it, as will be set out below.

Counseling

Because of the characteristics of old age, many elderly people have difficulty exercising their rights both at the NII and other bodies in the community. A volunteer from the Counseling Service for the Elderly assists them to do so in various ways – translation, conversation, active referral and practical assistance. Counseling is provided at branches or by telephone – at a national telephone center in various languages or by initiated calls, mainly in the periphery. In 2015 approximately 196 thousand elderly people received counseling, compared with approximately 197,500 in 2014 (Table 9).

Initial home visits

Initial home visits take place at the homes of elderly people who have been defined as risk groups, such as those over the age of 80, invalids, elderly people for whom a pension recipient has been appointed, elderly people whose claim for long-term care has been rejected and widow/widowers. The visits are a means of control and of locating elderly people who are at risk and neglected. The information which is received enables the NII to verify that the pensions being paid are indeed being used for the elderly person's benefit. The initial visits are also an important tool for the full exercise of the rights of those who

have difficulty in taking them up due to physical handicaps (income supplement to the old-age or survivors' pension and long-term care benefit).

Volunteers for the initial visit receive regular training and guidance. Their impressions form the basis for an assessment of the elderly person's situation by a professional, for the purpose of continued involvement and referral to appropriate parties at the NII and in the community. In 2015 there were approximately 27,600 initial home visits compared with 26,400 visits in 2014 – an increase of 0.7% (table 9).

Regular home visits

Elderly people who are confined to their homes and do not have regular and supportive social contact may feel lonely, even if they meet caregivers or service providers or there is a spouse who takes care of them. The volunteers from the Counseling Service for the Elderly pay regular home visits to those who have expressed a wish for this and maintain personal contact with them. Over the years the relations which are established between elderly people and volunteers, sometimes close friendships, have proved their great contribution to the quality of life and welfare of the elderly. In 2015 there were more than 340 thousand regular weekly home visits to approximately 8,900 different elderly people, approximately 6,500 visits on average per month. These data are similar to the 2014 data.

Support groups for widows/widowers

Losing one's spouse in old age is a crisis which affects quality of life in various ways. For the past 30 years the Counseling Service for the Elderly has been running support groups for aged widows/widowers at all branches of the NII, which accompany, support and advise them during times of crisis and assist with organization to continue their lives. The contact is usually established shortly after the crisis. In 2015 there were 86 support groups all over the country – an increase from 2014, when there were 80 groups (Table 9).

Information days

Information days are a means of providing information and establishing direct and ongoing contact with insurees on various subjects concerning old age: information

for new retirees, widows' and widowers' rights, Holocaust survivors' rights, support for dementia patients, etc. The departments send personal letters to the target group and invite them to a day-long meeting at which information is provided about National Insurance rights and about the various services in the community (Table 9). In 2015 167 information days were held - a considerable increase from 2014, when 125 information days were held.

In the periphery, where services and representatives of the official institutions are lacking, information days specially geared to these towns are held – in cooperation with social service departments in the area, which provide individual replies to each member of the audience who approaches them.

Local and national projects

Departments providing counseling for the elderly at the branches sometimes initiate projects in cooperation with parties at the NII or with others. The aim is to promote new services such as support groups for main caregivers of elderly invalids or to increase awareness of life situations in old age, such as Alzheimer's disease. In the field there are projects intended to develop services for the benefit of the aged in the community.

Table 9

Number of recipients of counseling services for the elderly by type of service, 2014-2015

Type of service	2014	2015
Counseling	197,480	195,805
Initial home visits	27,435	27,638
Regular home visits	6,534	6,549
Support groups	80	86
Information days	125	167

1. Long Term Care Benefit - General

The long-term care insurance plan was approved by the Knesset in 1980 within the framework of the National Insurance Law, and came into effect in April 1988. Long-term care insurance is designed to enable the elderly to continue living in the community for as long as possible by providing personal care to those requiring assistance for daily functions or supervision, and assisting families caring for them. The Law applies to anyone who is insured under old-age and survivors' insurance, homemakers (married women who do not work outside the home) and new immigrants who are not insured under old-age and survivors insurance.

All elderly persons, Israeli residents living in the community (at home, spouse's home or assisted living) are eligible for the long-term care benefit if their physical or cognitive functioning is impaired and they satisfy the means-test pursuant to the Regulations. Those residing in a nursing home or long-term care ward in an old-age home are not eligible for the benefit. The means-test examines the elderly person and his/her spouse's income only. The Law distinguishes between those receiving the benefit in-kind (see Section 6 below) and those receiving the benefit in cash since they cannot be provided a service (benefit in-kind). The latter undergo a means-test similar to that conducted for those receiving the benefit in-kind. As a condition of receiving the cash benefit, the income of the relative caring for the elderly person and residing with him/her is also examined.

The long-term care benefit for the most part is not paid in cash, but is given to those eligible in the form of services by organizations which the NII pays (benefit in-kind); personal care or supervision at home, transport and personal care at a day-center, providing absorbent products, laundry services and funding the utilization of panic buttons. Since June 2014, those eligible for a benefit in cash can receive additional services as part of the benefit.

The Dependency Test (Activities of Daily Living)

The dependency test (ADL) assesses the degree of assistance a person requires to perform basic daily actions: bathing, dressing, mobility (moving around the home and preventing

falls), toileting and feeding (including ability to heat food and drink). The dependency test also assesses the need for supervision due to impaired cognitive ability, deterioration in mental health or due to a physical condition. The dependency test for a third party's assistance is executed by professional assessors - nurses, occupational therapists and physiotherapists who undergo suitable training.

Whoever has reached 90 years of age can undergo a dependency test by a geriatric doctor as part of his/her public health work, at his/her clinic or in the claimant's home.

Box 1

Changes In The Dependency Assessment Following The Ben Yehudah Committee ¹

Half way through 2012 a Committee was appointed headed by Prof. Arie Ben Yehudah, Clinical Lead of the Internal Medicine Ward at Hadassah Ein Kerem and an expert in Geriatrics, to examine the dependency test for the long-term care benefit (and the attendance allowance for general disability insurance). The members of the Committee consisted of additional geriatric expert doctors, representatives from the Ministry of Health and Welfare, academia representatives and the National Insurance representatives. The Committee was established on the backdrop of the public scrutiny relating to the dependency tests for the long-term care benefit and attendance allowance, and as part of the Institute's response to such scrutiny².

During the course of 2013 the Committee published its conclusions³, and in respect of the long-term care it was decided to leave the dependency as is, however to make several changes thereto to improve it. The National Insurance made the proposed changes in August 2014, including the awarding of points in several fields without the need to accumulate points in other fields:

- Examinees who are completely dependent on others due to mobility difficulties or treating secretions receive a score making them eligible for a benefit at a level of 150% (168% for individuals).
- Examinees requiring constant supervision according to the new questionnaire that was integrated into the dependency assessment receive a score making them eligible for a benefit of the highest level, as in the past, and their dependency to perform ADL (Activities of Daily Living) is not examined.

1 Credit to Irna Zamir, Head of the Long-Term Care Department at the National Insurance Institute, Asher Battleman of the Long-Term Care Division and Roni Dinor, National Supervisory Nurse of the Long-Term Care Division who assisted in preparing the box.

2 The National Insurance Institute – Long-Term Care Division: Tools to perform the dependency assessment - Ben Yehudah Committee, Letter 283, July 3, 2014.

3 The National Insurance Institute: The Committee Report on examining the long-term care and attendance allowance test tools within the framework of the National Insurance Institute, April 2013.

- Individual blind persons are eligible, at the very least, to a benefit of the lowest level⁴.

Breakdown Of Examinees According To Gender And Age

A comparison of the test results (only those performed by the Institute's assessors in the claimants homes), shows that the breakdown pursuant to gender and age before the changes were introduced in the dependency test and after the changes were introduced, are similar.

Table 1

The Examinees In The Dependency Tests According To Gender And Age - Before And After The Reform

	All The Dependency Tests	
	2013	2015
Gender		
Women	71.2%	70.3%
Men	28.8%	29.7%
Total	100.0%	100.0%
Total (N)	116,255	119,956
Age Group		
Up to 64	3.3%	3.2%
65-69	10.3%	10.8%
70-74	17.3%	16.1%
75-79	25.3%	25.5%
80-84	24.0%	24.0%
8-89	15.1%	15.3%
90-94	3.9%	4.4%
95+	0.7%	0.7%
Total	100.0%	100.0%
Total (N)	116,255	119,956

Table 2

Average And Median Age Of Examinees Pursuant To Gender - Before And After The Reform

	Average Age	Median Age
Pre Reform		
Total	78.57	78.78
Women	77.88	78.14
Men	80.29	80.29
Post Reform		
Total	78.72	78.97
Women	78.04	78.38
Men	80.35	80.34

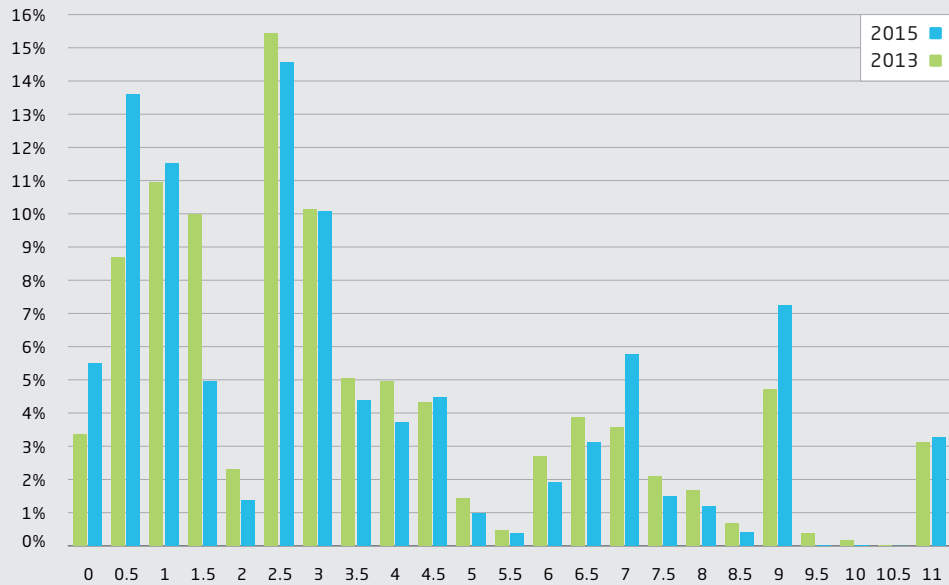
⁴ The National Insurance Institute – Long-Term Care Department: Dependency Assessment Form (NI 2610 Revision 7/2014), General Memo 12/2014, Long-Term Care Memo 1431, August 3, 2014.

The Assessment Results: Final Score

After introducing the changes in the dependency test the recommendation rate to dismiss the claim grew, however the assessments with a high score (7 or 9) also grew.

Chart 1

The Final Dependency Scores - Pre and Post Reform

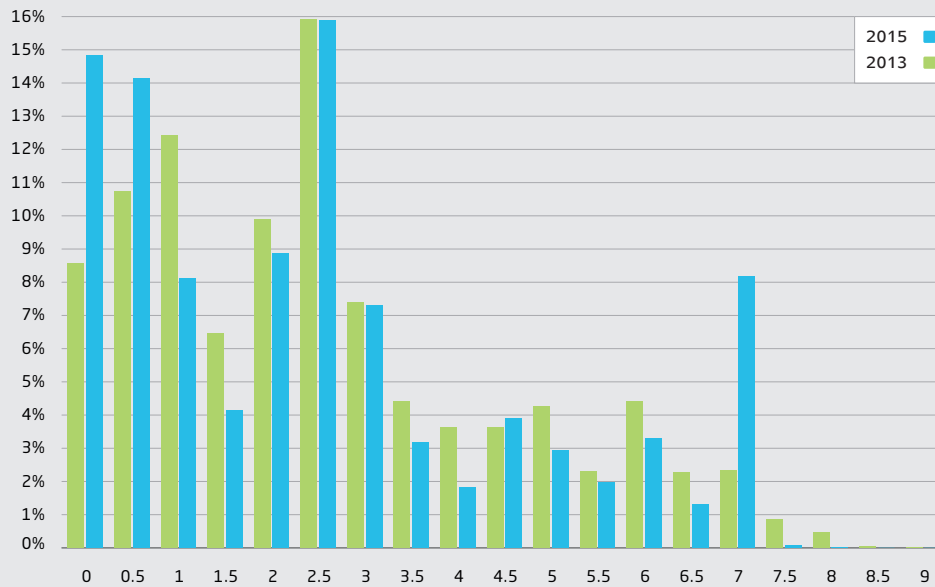


The Assessment Results: The ADL Scores

Pursuant to the new guidelines, no ADL score was recorded for those eligible for constant supervision, and therefore a comparison was made between 2013 and 2015 between the assessments in which eligibility to constant supervision was not granted (108,561 in 2013 and 111,675 in 2015). From the results it appears that there was a slight decline in the number of recipients of the minimum score necessary for eligibility - 2.5 points for those who were not single - and 2 points for single - as opposed to the period preceding the changes. On the other hand, the rate of those eligible who received a score of 7 - some for the maximum points in the mobility at home or treatment of secretions - there was a considerable increase.

In the event of maximum score for treating secretions, if comparing the period before and after the change, the score 2.5 points and the 3 points (maximum score before the change) was substituted with 7 points. In 2013 (before the change) 13,257

Chart 2
The ADL Scores - Pre and Post Reform



eligibility decisions received 2.5 or 3 points for this section⁵, in which only 3,191 eligibility decision received a sum of 7 points in the ADL test (accumulative score in the dressing, bathing, feeding, movement at home, falls and treating secretions fields), - 24.1%, respectively (see Table 3). We will therefore see that the change made

Table 3
The ADL Scores For Persons Severely Disabled In The Treatment Of Secretions Section Before The Reform (2013)

Total Score For ADL Pre Reform	Score For Treating Secretions		
	2.5 Points	3 Points	2.5 Or 3 Points
Less than 7 points	73%	20%	49%
7 points	19%	31%	24%
More than 7 points	8%	49%	27%
Total	100%	100%	100%

5 For comparative purposes, in 2015 only one third of this number received the maximum score of 7 point in this section. Nonetheless, it is noted that the dependency test in the mobility section was examined before the treating of secretions, and if the maximum score was given to treat secretions this was not examined. This being the case one can assume that the number of persons eligible for the maximum score for treating secretions had they been examined - would have been higher.

to the dependency test tool increased the 7 points recipient rates in the ADL part and reduced the other high score rates. Table 3 shows the breakdown of the total score for ADL for those receiving 2.5 or 3 points in 2013.

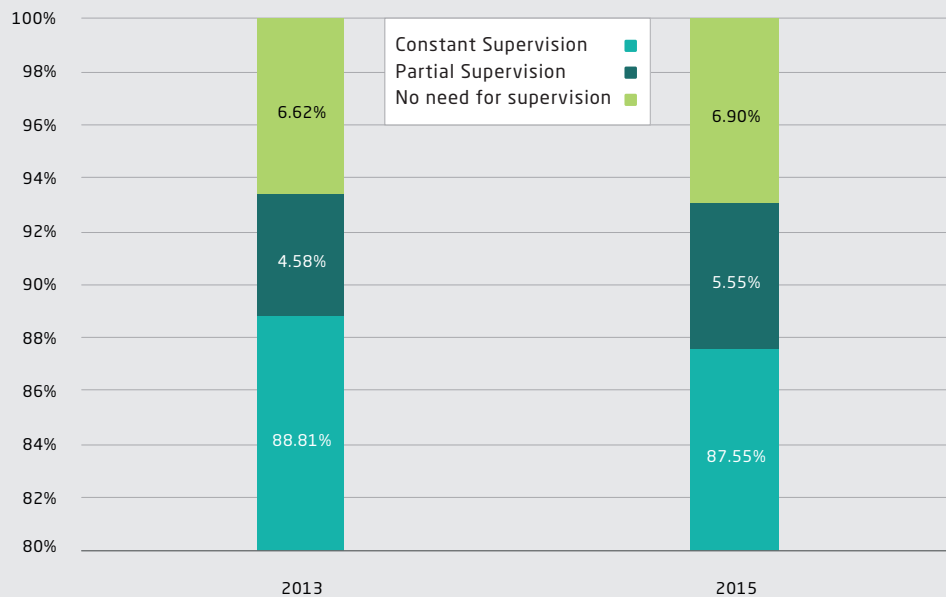
Nonetheless, one should remember that the range entitling a benefit at the medium level, 150% is 6-8.5 points and that single persons receive a supplement of 2 points from the 7 points entitling a benefit at the high level, 168%.

The Assessment Results: The Need For Supervision

The number of examinees who received a score for the need for constant supervision or partial supervision decreased only slightly post reform and therefore it is difficult to attribute this to the affect thereon (Chart 3).

Chart 3

The Need For Supervision Scores In All Assessments - Pre And Post Reform



Following the Committee's recommendations, the National Insurance introduced complementary changes that also affected the number of eligible persons, for example simplifying the tests, primarily in the dressing field. Thus, for example whoever finds it difficult to put on socks before the change received one-half a point, and after the change never received any points (Table 4). all the comparisons of the score results in 2015 in comparison with 2013 indicates that the number of persons who did not receive a score in the dressing field or receive 1 point in 2015 increased, and in

all cases the number of persons receiving a half point in 2015 as opposed to 2013 decreased- i.e. the meaning of the score as an expression of dependency became clearer.

Table 4
Clothing Score - Pre and Post Reform* (Percentages)

Total Score	2013			2015		
	Score: 0	Score: 0.5	Score: 1	Score: 0	Score: 0.5	Score: 1
Up to 2 points (100%)	62.1	31.6	6.2	90.8	1.2	8.0
2 points (100%)	3.9	47.0	49.1	12.0	4.9	83.0
2.5 points (100%)	0.7	12.0	87.3	3.6	2.1	94.4
All of the dependency assessments (100%)	22.4	16.1	61.5	48.5	2.8	48.6

* The score includes the supplement for a single person if given. The meaning of the data in this table is that the changes made to the dressing test has an effect on the threshold score necessary to be eligible in the long-term care system - 2.5 points.

2. The Benefit Levels

In January 2007 three levels for the long-term care benefit were determined which correlate with three levels of dependency: a benefit of a rate of 91% of the full disability pension for a single person - to fund 9.75 hours of care at home per week, 150% for 16 hours and 168% for 18 hours of care at home per week.

A Single Person Claimant is eligible for a full long-term care benefit according to the dependency level that was determined, if his income does not exceed the average wage (NIS 9,260 in 2015), and one-half the benefit - if his income is higher than the average wage and up to 1.5 times the average wage. If his income is higher than 1.5 times the average wage, he is not eligible for a benefit.

A Claimant with a Spouse is eligible for a full benefit if the shared income does not exceed 1.5 times the average wage, and to one-half the benefit if his/her income is higher than 1.5 times the average wage and up to 2.25 times the average wage. A couple whose income is higher than 2.25 times the average wage is not eligible for a long-term care benefit. When a couple files a claim for a benefit, their shared income is divided by two and the means test is executed for each of them as if they were single.

In January 2015 and January 2016, the long-term care benefit was not revised since consumer prices did not increase in 2014 and in 2015.

Those receiving the long-term care benefit at the two highest levels hiring Israeli workers only, and who do not hold a valid permit to hire a foreign worker, are eligible for additional hours per week: three hours for those receiving a benefit at a rate of 150% and four hours for those receiving a benefit at a rate of 168%. Whoever is eligible to one-half the benefit due to income, is eligible to one-half the extra hours according to the dependency level determined.

Temporary Eligibility

The long-term care benefit is given to those eligible as a permanent or temporary benefit. Where an improvement in functioning is foreseen (for example following a hip replacement operation or after a stroke that happened a short time before the test), a temporary benefit is given for six months. For those 80 years old and older a dependency test is executed again around the time the temporary period ends; for those younger than 80 eligibility ends at the end of the period without a test unless they asked to be tested. When in doubt, the benefit is given temporarily. Similar to the permanent benefit, the temporary benefit starts on the 1st of the month after the claim is filed.

Those discharged from hospital, usually due to orthopedic problems or operations, and not eligible in the past for the long-term care benefit, may claim and receive a benefit for two months, pursuant to the documents that are filed (**short term fast route**) or if the individual is dependent on another, pursuant to the dependency test. Eligibility in such a case starts after the claim is filed, even during the course of the month. In contrast with regular temporary eligibility, this benefit is given where a considerable improvement is foreseen short-term, and therefore no additional dependency test is performed at the end of the eligibility period. An eligible person who is of the opinion that his/her functioning has not improved, may file a claim again at any time during the eligibility period for the short-term benefit also.

3. Legislative and Administrative Changes

Changes in Dependency Scoring

Since March 2015, an added score is given to a single claimant residing with a spouse 90 years old and older, even if the spouse is not eligible for the long-term care benefit. The assumption is that at this age it is very difficult to assist a person eligible for a long-term

care benefit. Since July 2015 situations were defined in which an added score as a single person is given without conducting an additional functioning assessment, for example in the event a spouse dies or to grant a long-term care benefit to a spouse¹ as well. Nonetheless, as in the past, the score as an individual without conducting a functioning assessment is not deducted.

Payment of Cash Benefit

Since October 2015, those eligible for the benefit may choose to receive a benefit in cash provided their long-term care services are supplied by a caregiver who is not a relative, six days a week, 12 hours a day at least. The benefit rate is 80% of the benefit in-kind rate. A trial accompanied by a study preceded the change in the Law from March 2008 to June 2015.

4. Claims for a Benefit and Deterioration Applications

Claims for a benefit

The number of claims for long-term care benefits (including pending claims) increased in 2015 by 2.9% in comparison with 2014 and reached 85.4 thousand; 39.6% of which were initial claims and 60.4% - repeat claims (Table 1). The number of initial claims increased by 0.4%; 52.2% were approved (47.8% were rejected). The number of repeat claims increased by 3.3%; 37.3% were approved (62.7% were rejected).

The number of futile claims by those ineligible for the benefit before filing the claim (claims receiving a score of 0 or 0.5 in the ADL section of the dependency test², where no eligibility was determined for supervision) of all the claims for which a dependency test was performed, increased from 32.0% in 2014 to 37.6% in 2015. Those receiving 2.5 points in the dependency test - the eligibility threshold for the benefit - of all claims decreased from 17.4% to 17.0% between the two years. The number of futile initial claims increased from 28.4% to 32.3% and repeat claims from 34.3% to 40.9%. Those receiving 2.5 points in the dependency test in initial claims remained 18.1%, and in repeat claims decreased from 17.0% to 16.4%.

1 A couple who are both eligible for a long-term care benefit receive the additional score as a single person in addition to their dependency scores.

2 See *Annual Review 2011*, Page 125.

Table 1

Claims Filed, Claims Approved, Initial and Repeat Claims* (Absolute Numbers and Percentages), 2011-2015

Year	Total Claims (Absolute Numbers)	Annual Increase Rate	Percentage of Approved Claims	Percentage of Initial Claims Approved	Percentage of Repeat Claims	Percentage of Repeat Claims Approved
2011	79,468	2.1	44.9	52.0	61.1	40.3
2012	80,769	1.6	46.8	55.0	59.5	41.3
2013	83,084	2.9	44.4	53.4	59.4	38.2
2014	82,992	-0.1	43.0	51.6	60.6	37.4
2015	85,437	2.9	43.1	52.2	61.2	37.3

* Initial eligibility claims are presented. Total claims do not include those not completed in 2015. The rates of claims according to their results only include those dealt with in 2015.

Deterioration Applications

Those eligible for a long-term care benefit at a low and medium level who believe that their dependency upon others has increased to such a degree that necessitates the benefit level to be increased, can file a deterioration application including a new dependency test.

In 2015, 39,253 deterioration applications in respect of permanent eligibility decisions were filed (including applications that are still pending) - a decrease of 0.5% in comparison with 2014 (Table 2). For 48.7%, it was decided to increase the benefit and for 1.3%, the benefit was reduced or cancelled (as opposed to 47.0% and 1.4% respectively in 2014).

Table 2

Deterioration Applications and the Results* (Absolute Numbers and Percentages), 2011-2015

Year	Total Deterioration Applications (Absolute Numbers)	Annual Increase Rate	Benefit Increased	Benefit No Change	Benefit Reduced	Benefit Cancelled	Total
2011	35,445	0.7	46.2	52.6	0.4	0.9	100.0
2012	37,669	6.3	47.9	51.0	0.3	0.7	100.0
2013	39,321	4.1	45.8	52.9	0.4	0.9	100.0
2014	39,453	0.6	47.0	51.6	0.4	1.0	100.0
2015	39,253	-0.5	48.7	50.0	0.4	0.9	100.0

* The total number of applications does not include those from people who have died or whose eligibility was suspended, and includes applications still pending in 2015. The rates of applications according to their results only include claims whose handling ended in 2015.

5. Scope and Characteristics of the Eligible

Scope of those Eligible

The number of persons eligible for the long-term care benefit continued to grow in 2015 and reached 160.8 thousand on average per month - an increase of 1.0% (Table 3). In 1991-2015, the number increased 5 fold notwithstanding the higher eligibility age. This is the highest growth rate and is considerably higher than the growth in the number of elderly at that time. A possible explanation for this may be a rise in uptake of rights to the allowance in light of an increase in awareness. In 2009, the eligibility age for women was 62 and will remain so until the end of 2016. In 2009, the eligibility age for men stopped rising when it reached 67. In 2015 like 2014, the eligibility age for men and women did not change from the beginning to the end of the year.

The eligibility age for long-term care benefits among the elderly increased by approximately 6% in the first years of the Law's operation until it peaked at 17.6% in 2012, and since then the trend declined: to 17.0% in 2014 and 16.6% in 2015 (according to an estimate). Factors for the decline in the number of eligible persons are an accelerated growth in recent years in the number of younger elderly (aged 60+ reaching retirement age), their relative proportion of all the elderly, and the fact that they are not eligible for the long-term care benefit since they are healthy and function well.

Table 3

Those Eligible for Long-Term Care Benefits, Elderly in Israel and the Cover Rate, 2011-2015

Year	Eligible For Long Term Care*		Elderly In Israel**		Cover Rate***
	Numbers (Thousands)	Annual Increase Rate	Numbers (Thousands)	Annual Increase Rate	
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	159.2	1.9	934.2	4.3	17.0
2015	160.8	1.0	967.8****	3.6	16.6

* Monthly Average.

** The data for the years 2011-2015 is for men aged 67 and older, and women aged 62 and older, according to Central Bureau of Statistics data.

*** Number of those eligible for benefit as a percentage of the number of elderly.

**** Estimate.

Box 2

Temporary Eligibility for Long-Term Care Benefit¹

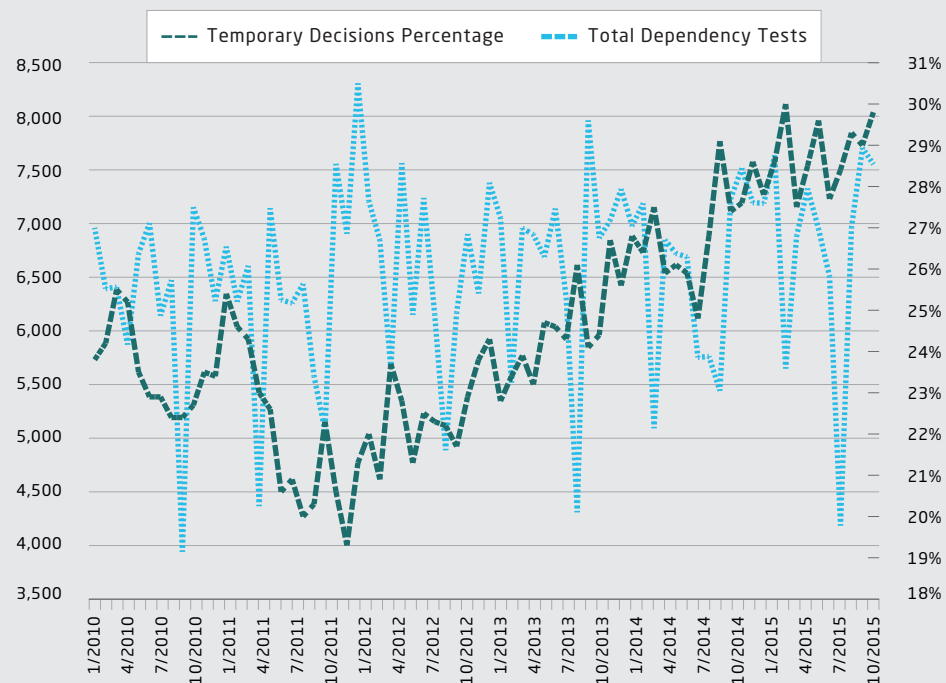
In this box we will display the results of the trend review relating to claims for long-term care benefits that were approved temporarily - where there changes, and if so, did this affect the growth rate of the benefit recipients.

Decisions

In 2012-2015 the number of decisions relating to temporary eligibility increased of all the eligibility decisions in the long-term care insurance (Chart 1). In November 2011 the rate was lowest in this period - 19.3%, and in April 2015 the highest - 30%. It is noted that only after March 21, 2016 was it possible to be awarded temporary eligibility that was not short-term and at all benefit levels based on documents (**fast route**).

Chart 1

Eligibility Decisions And Temporary Eligibility Decisions, January 2010 - December 2015



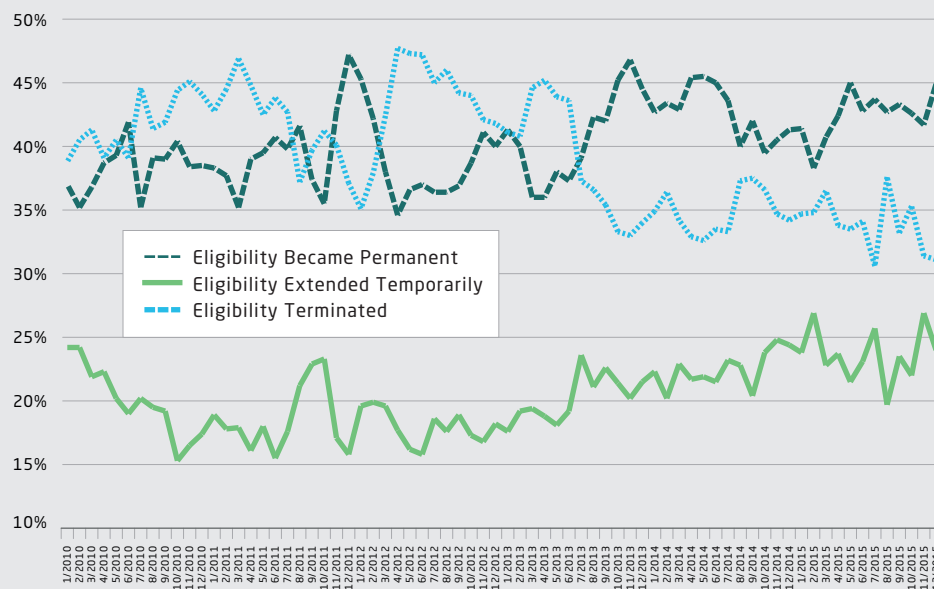
1 Credit to Inna Zamir, Head of the Long-Term Care Department at the National Insurance Institute, and Roni Dinor, National Supervisory Nurse of the Long-Term Care Department who assisted in preparing the box.

At the end of the temporary eligibility, three options are possible: the eligibility ends, temporary extension of eligibility, eligibility becomes permanent. If eligibility is extended, the benefit level depends on the result of the new dependency test.

The number of cases where eligibility was extended temporarily increased from 18.9% of all decisions in June 2012 to 27.0% in November 2015 (Chart 2). Until mid-2013 the number of permanent eligibility decisions was usually slightly lower than the number of decision to end eligibility, however since then the trend has reversed and the permanent eligibility decision was higher than the ending eligibility decisions - 45.2% as opposed to 30.8% in December 2015.

During the years 2010-2014, approximately 14 thousand of approximately 80 thousand eligibility decision were temporary following earlier temporary eligibility decisions.

Chart 2
Eligibility / No Eligibility Decisions For Benefit At The End Of The Temporary Eligibility Period



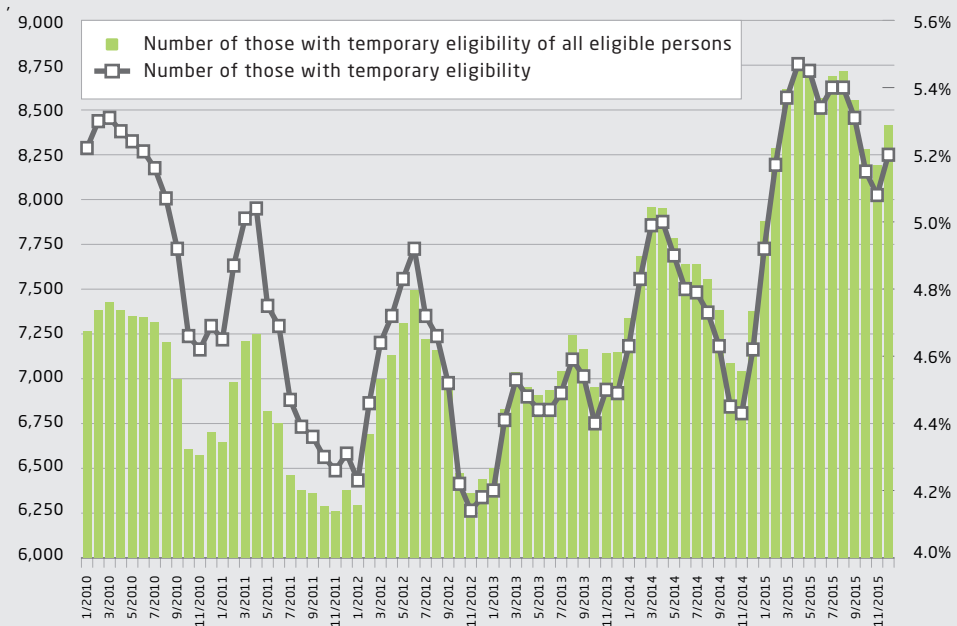
Eligibility for Benefit

At any given time, those temporarily eligible for the long-term care benefit constitute a small minority of all eligible persons since following a short period of time some of them stop receiving the benefit and some receive a permanent benefit. The number of those persons with temporary eligibility and the rate of all persons eligible changed

between the years 2010-2015 (Chart 3). In 2015, the number of all persons eligible to the long-term care benefit increased and peaked in April: 8,781 were eligible for the temporary benefit in this month, and constituted 5.47% of all persons eligible to the benefit.

Chart 3

Temporary Eligibility As A Percentage Of All Persons Eligible For Long-Term Care Benefit

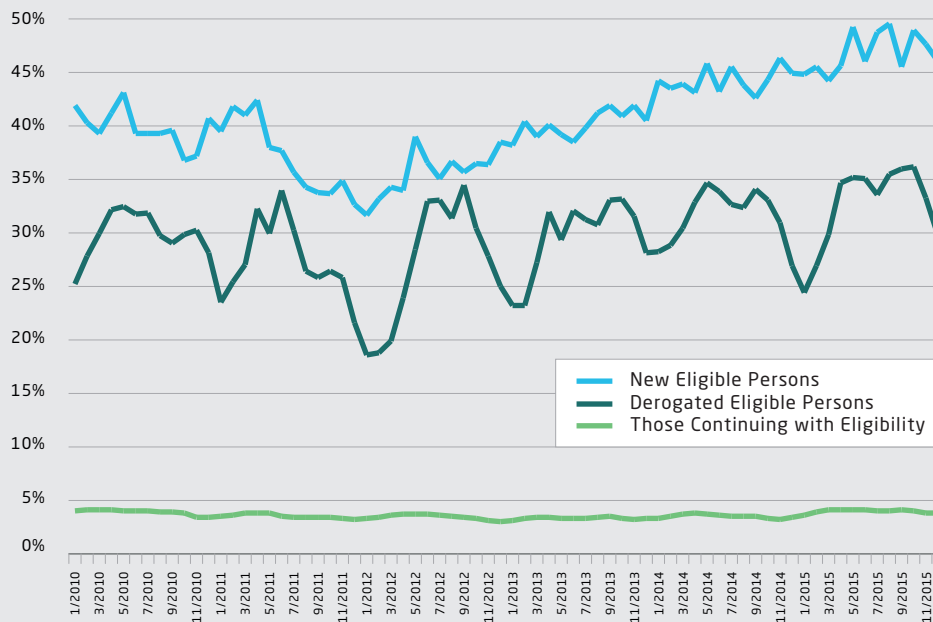


Those Detracted And Those Added

Although the number of persons with temporary eligibility constitute a very small minority of all those eligible at any given time, they constitute a much higher percentage among those being added or detracted from the system. Chart 5 presents the percentages in three eligibility groups: those continuing to be eligible (received a benefit in a given month and during the months before and after), new eligible persons (never received a benefit in the month before) and those no longer eligible (never received a benefit after the given month). Whereas among those whose eligibility continues the number was stable, among new eligible person the number increased from the beginning of 2012 and those who were detracted the number increased more moderately at the beginning of 2013.

Chart 4

Number Of Those With Temporary Eligibility Of All Eligible Persons, Those Continuing To Be Eligible, Those Detracted And New Eligible Persons

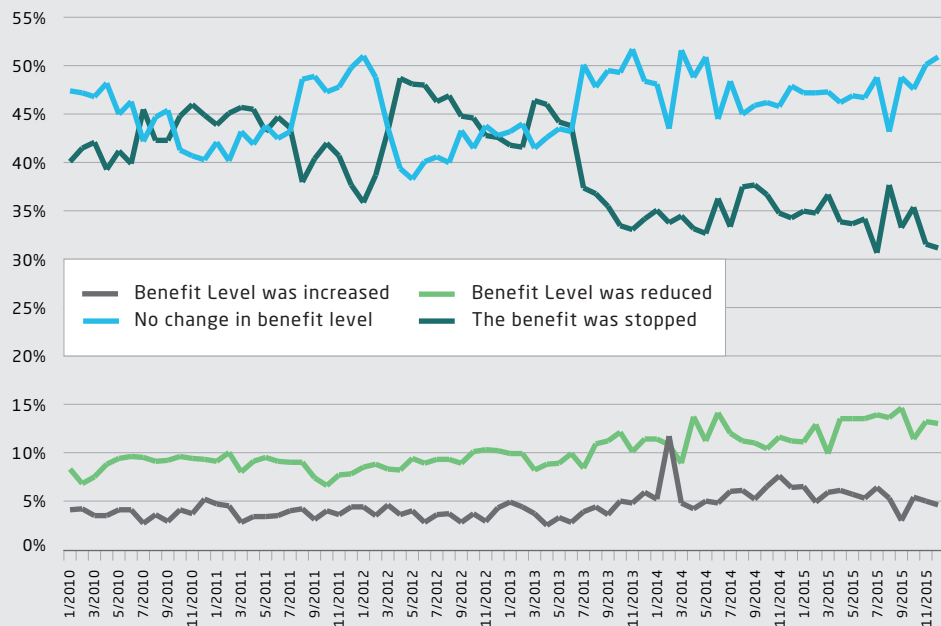


Type Of Benefit Following Temporary Benefit

As stated above, temporary eligibility is given in cases where an improvement is expected in the person's health to warrant the benefit being stopped, even though it refers to the elderly and in many cases their condition does not improve over time. By mid-2010, more than 40% of the temporary benefits were stopped. From mid-2013 the percentage of the number of temporary benefits that were stopped decreased to approximately one-third (Chart 5). Parallel, by mid-2013 the cases where the benefit level was reduced further to receiving a temporary benefit constituted less than one-tenth of the cases, whereas from the second half of 2013 they constituted approximately one-eighth of the cases.

Until mid-2013 in approximately 40%-50% of the cases the eligibility period for the long-term care benefit was extended permanently or temporarily after receiving a temporary benefit of the same benefit level, and from the second half of 2013 the number these cases increased slightly and was in the range of 45%-50% (Chart 5). Broadening the use of the temporary benefit in recent years led to an increase in the number of temporary benefits that were extended permanently or temporarily. The

Chart 5
Decisions Made After Temporary Benefit



number of temporary benefits becoming permanent or temporary at a higher benefit level between 2010-2015 remained approximately 5% (Chart 5).

In the years 2010-2015, approximately 100.7 thousand decisions were made pertaining to temporary eligibility following temporary eligibility: in approximately 39.7 thousand cases the temporary benefit was not extended, in approximately 40.4 thousand cases it became permanent, and in approximately 20.6 thousand cases it was again temporarily extended. In 95.2% of the cases eligibility in which eligibility was not extended, the benefit level was the low level (91%). Among the recipients of a permanent benefit following a temporary benefit in these years, 71.5% received a benefit of the same level, 21.0% of a lower level and 7.5% received a benefit of a higher level. Among the recipients of an additional temporary benefit, the rates were 84.9%, 8.3% and 6.9%, respectively.

Temporary Benefit According To Various Characteristics

The breakdown of the eligibility decisions for the period between January 2010 and December 2015 shows that the number of women eligible for a temporary benefit was considerably higher than the same number of women eligible for a permanent

benefit - 76.7% as opposed to 66.1%. The main reason being the age of the women and men at the time the decision was made: the average age for women receiving temporary eligibility was 74.4 and men 76.5; the average age of women receiving permanent eligibility was 81.1 (82 for men). The median ages were similar in all cases for the average ages.

The average age of persons who stopped receiving the temporary benefit was 74.4: men 76.5 and women 74. The average age of persons whose temporary benefit was extended were slightly lower. On the other hand, the average age of persons whose temporary benefit became permanent was older - 77.5: women 77.2 and men 78.1. In all cases, the median age was similar to the average ages.

After reviewing the breakdown of benefit levels pursuant to types of eligibility it appears that whereas 77.4% of the decision pertaining to temporary eligibility granted the lower benefit level, only 59.8% of the decisions pertaining to permanent eligibility granted this benefit level. The opposite is true in respect of the higher benefit - 17.8% of the decisions pertaining to permanent eligibility as opposed to 5.5% of the decisions pertaining to temporary eligibility.

For those whose temporary eligibility ended most were at a low benefit level - 95.2%. On the other hand, the rate of the two highest benefits among those whose temporary eligibility was extended for an additional defined period was 22.2% and those whose temporary benefits were substituted with permanent benefits - 43.3%.

Did the changes in scope of temporary eligibility affect the number of those eligible for the long-term care benefit? Table 1 presents the monthly averages of the number of eligible persons and the number of eligible persons at the end of the year between 2010 and 2015, from which it derives that in the years 2014-2015 the increase in number of eligible persons became more moderate.

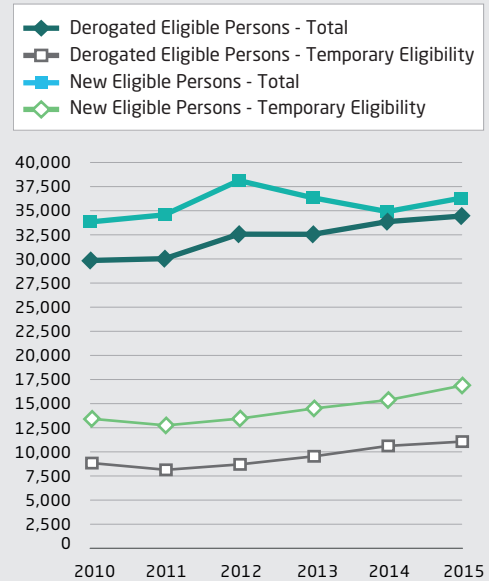
Table 1
Those eligible for long-term care benefit - monthly averages and end of year data, 2010-2015

Year	Monthly Average	Change From Previous Year	End Of Year	Change From Previous Year
2010	141,078	4,912	143,123	4,507
2011	145,075	3,997	148,268	5,145
2012	152,096	7,021	154,098	5,830
2013	156,183	4,087	158,260	4,162
2014	159,198	3,015	159,598	1,338
2015	160,761	1,564	161,877	2,279

In the years 2014-2015, a number of changes occurred in comparison with the years 2010-2013: the increase in the number of eligible persons that were added became more moderate whereas the number of eligible persons that were detracted increased - and these two changes affected the slowdown in the growth pace of the number of eligible persons (Chart 6). The increase in the number of decisions pertaining to temporary eligibility and the rate thereof had a moderate effect on the growth in the number of eligible persons for the long-term care benefit in the years 2014-2015.

Chart 6

Eligible Persons Who Were Added And Those Who Were Detracted - Total Number Of Persons Eligible For Temporary Benefit, 2010-2015



Characteristics of those Eligible

Gender, Age and Family Composition

Women constitute most of those eligible for the long-term care benefit - 70% of those eligible are women, and their rate of all persons eligible decreased slightly in comparison with 2014 (Table 4).

The **aging** trend in those receiving the benefit continues: like 2014, in 2015 the main increase in the number of eligible persons was 85 years and older, whereby their portion of the total number of recipients increased from 41.7% to 43.1%, whereas the portion of those 84 years old or younger continuously declined. For comparative purposes, in 2001 those 85 and older constituted less than one-third (32.1%) of those eligible. This trend reflects the aging of Israeli society, and particularly the growth in proportion of older persons.

In 2015, **family composition** remained stable in comparison with 2014: nearly one-half of those eligible live alone, two out of five live with a spouse, and one out of every nine lives with someone else - usually a son or daughter.

Seniority in Israel

Stability between the two years was maintained in relation to seniority in Israel too: the proportion of those who immigrated after 1989 of all those eligible remained stable - 25.1%, and the proportion of those who immigrated after 1999 increased from 3.7% to 3.9%.

The Ministry of Finance funds the long-term care benefit for those who immigrated to Israel at 62 or older. In recent years, the relative proportion of the eligible whose benefits are funded by the State Treasury, has declined. The average monthly number dropped in 2015 by approximately 1,250 in comparison with 2014, and the average monthly rate dropped from 19.1% to 18.2% between the two years.

Table 4

Those Eligible for the Long-Term Care Benefit According to Demographic Characteristics and Benefit Level (Monthly Average), 2015

Characteristics	Absolute Numbers	Percentages
Total	160,760	100.0
Gender		
Men	47,709	29.7
Women	113,051	70.3
Age		
Up to 64*	1,104	0.7
65-69	6,790	4.2
70-74	13,868	8.6
75-79	29,138	18.1
80-84	40,518	25.2
+85	69,342	43.1
Family Composition		
Men living alone	77,937	48.5
Living with spouse	64,785	40.3
Living with their sons or with others	18,038	11.2
Seniority in Israel		
Veteran	120,419	74.9
Immigrants** - Total	40,341	25.1
Of which: immigrated After 1999	6,235	3.9
Benefit Funding Source		
National Insurance	131,557	81.8
State Treasury	29,203	18.2
Benefit Level		
Low (91%)	82,459	51.3
Medium (150%)	40,808	25.4
High (168%)	37,494	23.3
Eligibility For Supplement		
3 Hours	25,436	62.3***
4 Hours	16,695	44.5***

* Age group includes only women.

** Immigrants to Israel from 1990 and onwards.

*** Eligible for extra hours as a percentage of all those eligible at the benefit level.

Benefit Level

With population aging, a trend evolved regarding a change in the composition of the eligible according to the benefit level expressed between 2014 and 2015: the weight of those receiving the benefit at the low level declined, from 52.7% to 51.3%, while those receiving the highest level increased from 21.9% to 23.3% (Table 4).

The portion of those eligible to a benefit at the highest level continuously increases from 17.6% in 2008 to 23.3% in 2015. The growth rate of this group is the highest. The portion of the benefit recipients at the lower level decreased in 2015 by 1.8% in comparison with 2014, the medium level increased by 1.0%, and the highest level increased by 7.5%.

In March 2009, care hours were added for those who employ an Israeli worker only. The number of those receiving a benefit at the medium level, increased in the two years by approximately 500 and at the highest level by approximately 1,000.

6. Benefit in Cash

Since October 2015, those eligible for the benefit at the two highest levels may choose to receive it in cash provided their long-term care services are provided by a caregiver who is not a relative for six days a week, 12 hours a day at least. They may choose a benefit in cash or to return to the benefit in-kind format at any time they please. A benefit in cash is also granted to the eligible who do not have available services, or services that can be rendered on the dates stipulated in the Law, at a rate of 80% of the in-kind benefit rates³. Those eligible can receive additional long-term care services, and then from the value of their full benefit, additional services are deducted and from the difference, 20% is deducted.

A professional committee determines a treatment plan - which services will be furnished to the elderly and who will furnish them, and also checks that the services are in fact furnished, or determines that the services are not available.

The committee may refuse to confirm an application for a benefit in cash if it is of the opinion that the elderly person and his family are not competent to use the money for the purpose for which it is awarded, and may determine whether the caregiver is suitable and whether the long-term care services received by the elderly person are adequate. The committee may also negate the payment of the benefit in cash and ensure receipt of the benefit in-kind.

In December 2015, most of those who chose the cash benefit (95.2%) were among the eligible for one of the two highest benefit levels hiring a foreign caregiver, the main potential group. Namely, 5.6% of this group elected to receive a benefit in cash as opposed to 4.8% in December 2014 (Table 6).

Table 5

Select Data Pertaining to Recipients of the Long-Term Care Benefit in Cash - December 2015

	Absolute Numbers	Percentages	Absolute Numbers	Percentages of Reference Group
All those eligible	161,877	100.0		
Chose and received cash benefit	2,169	1.3	345	15.9
Received cash benefit without available personal care services at home	356	0.2	23	6.5
Those eligible at two highest levels hiring foreign caregiver	36,824	22.7		
Chose and received cash benefit	2,064	5.6	330	16.0

* The data in the last row of the third column refers to all those eligible in the 'potential group' and not all those eligible.

Only 71 of those eligible (3.3%) received the low benefit level. 1,379 (63.6%) received the highest level and 719 (33.1%) received the medium level. Of the 2,169 eligible who chose the cash benefit and received it in December 2015, only 34 had no valid permit to hire a foreign caregiver (1.6%) - 24 of whom were at the highest benefit level, 10 at the medium level, and none at the lowest level.

7. Providing Services

Services that are provided within the framework of long-term care insurance, are furnished through companies based on an agreement with the NII. At the end of 2009, the results of the last public tender were published with the names of the authorized vendors.

At the end of 2015, there were 121 long-term care service providers: 51 non-profit (42.1% of all the companies) and 70 private companies (57.9% of all the companies). In total, the organizations provided approximately 8.262 million hours of care on average per month in 2015 - 73.6% by private companies and 26.4% by non-profit organizations (Table 6).

Table 6
Hours of Personal Care Provided, According to Type of Service Provider
(Monthly Average), 2015

Type of Services Provider	Number of Hours (Thousands)	Percentages
Total	8,262	100.0
Private Organization	6,079	73.6
Non-Profit Organization	2,183	26.4

The total number of care hours on average per month increased between 2014 and 2015 by 1.1% - from 8,171 million to 8,262 million: private companies increased by 1.6% and non-profit organizations decreased by 0.1%.

Nearly all those eligible⁴ in December 2015 received personal care at home by a domestic or foreign caregiver. 7.4% received personal care at day centers, 18.4% received absorbent products and 11.4% received a panic button⁵ (Table 7). For 67.5% of those receiving care at home it was an individual item in the basket of services, while the rest combined it with other services. One must remember that a person eligible for the benefit can receive more than one type of service and therefore the total number of recipients of long-term care services is higher than the number of eligible persons for the benefit.

Table 7
Recipients of Long-Term Care Services According to Type of Service,
December 2015*

Type of Service	Number of Recipients	Percentage of Recipients	
		Total Persons Receiving Benefit	As a Single Item for Recipients of this Service
Total**	219,386	-	-
Personal Care at Home	159,115	98.9	67.6
Personal Care at Day Center	11,931	7.4	5.7
Absorbent Products	29,566	18.4	0.9
Panic Button	18,346	11.4	0.7
Laundry Services	428	0.3	0.7

* A person eligible for the benefit can receive more than one type of service, therefore the total number of recipients of long-term care services is higher than the number of eligible persons (without those refusing to receive services) in December 2015 - 160,848.

** Until the annual review of 2013, the data was published for the number of absorbent products services that were given - i.e., if an eligible person received two different types they were considered two different recipients. The number of recipients are presented in this report, and an eligible person receiving more than one type is only counted once.

8. Scope of Payments

In addition to direct benefits payments, National Insurance Law compels payment for additional items relating to long-term care insurance. Fifteen % of the annual receivables (for each item) are allocated to the Ministry of Health and the Ministry of Welfare and Social Services, to fund an increase in the number of persons institutionalized. In practice, the Ministry of Health usually utilizes the full allocation and the Ministry of Welfare only utilizes a very small fraction thereof. Monies are also budgeted for the development of community and institutional services for the elderly fund. Expenditure in the long-term care branch also includes administrative expenses such as payments to local committee members and for dependency tests.

In 2015 the total payments remitted to fund long-term care insurance reached approximately NIS 5.6 billion (2015 prices): approximately NIS 5.3 billion to render services to those eligible and the rest for the development of institutional and community services and to conduct dependency tests (Table 8). Approximately NIS 120 million was transferred to the Ministries of Health and Welfare to increase the number of beds in long-term care institutions, and approximately NIS 112 was transferred to the Ministry of Welfare, to health funds and assessors, to prepare care plans for the eligible and conduct dependency tests.

Table 8

Payments in the Framework of Long-Term Care Insurance According to Type of Payment (Millions of NIS, Prices 2015), 2011-2015

Year	Total	Long Term Care Benefits	Transfer to Foreign Entities*	Service Development	Hospitalization in Long-Term Care Institutions	Agreements with the Ministry of Finance
2011	4,343.2	4,119.6	92.8	31.3	97.0	2.5
2012	4,742.7	4,520.8	99.0	26.2	93.8	2.9
2013	5,041.0	4,798.4	101.7	30.8	106.8	3.3
2014	5,248.9	4,988.5	103.5	33.2	119.8	3.9
2015	5,590.6	5,317.1	111.6	36.4	120.3	5.2

* Transfers to the Ministry of Welfare and Social Services and to the Clalit Health Fund to prepare care plans for the eligible, and transfers to conduct the dependency tests.

In 2015, payments increased within the framework of long-term care insurance by 6.5% at fixed prices (2015 prices) and benefits payments by 6.6%. The increase in benefit payments derives from a rise in the number of eligible for the highest benefit, from a moderate increase in the number of all those eligible and from an increase in benefit payments in-kind following the increase in the minimum wage in April 2015. The average benefit level realistically increased in 2015 by a rate of 1.8%.

1. Child Allowance

General

The child allowance is paid every month to all families with children in Israel, and its purpose is to help with expenses relating to raising them. Since the Child Insurance Law came into effect in 1959 as a fixed payment to families with many children, it has undergone many changes designed to meet overheads in Israeli fiscal policies. Changes were made, inter alia, in the amounts and eligibility conditions of allowance recipients¹.

In May 2015, with a new government and following coalition agreements, it was decided to increase the child allowance after it had been decreased in August 2013. At the same time, it was decided to implement a long term savings plan for children as part of a change in the allowance structure, thus the comprehensive cost will reach the savings achieved in August 2013. The allowance tariffs were revised in December 2015 and applied retroactively from May 2015 (Table 1).

Table 1
Child Allowance Amount According to Place of Child
in Family Before and After Applying Coalition* Agreements (NIS) 2015

Child's Place In Family	Allowance Amount					
	Up To May 2015		Since May 2015 Including Savings Amount		Since May 2015 Excluding Savings Amount	
	New Child	Veteran Child	New Child	Veteran Child	New Child	Veteran Child
First	140	140	200	200	150	150
Second	140	140	238	238	188	188
Third	140	172	238	238	188	188
Fourth	140	336	238	386	188	336
Fifth and Over	140	354	200	404	150	354

* May 2015.

1 A review of the changes appears in the Institute's annual reports ("Annual Review").

In 2015 the number of families receiving child allowances reached approximately 1.1 million on average per month - an increase of about 1.9% in comparison with 2014 (Table 2), and the number of children reached approximately 2.7 million, on average per month - an increase of 2.0% (Table 3). The number of families receiving an allowance for one child increased by 1.4%, between the 2 years and reached approximately 346,000, and for 2 children or more - increased by 2.1%. In parallel, the share of families with 3 children increased in relation to the shares of other families.

Table 2

Families Receiving Child Allowance, According To Number of Children in Family (Average Per Month) 2011-2015

Year	Total Number of Families	Number of children in family					
		First	Second	Third	Fourth	Fifth	Sixth and over
Numbers (Thousands)							
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
2015	1,128.3	345.6	346.9	240.3	101.9	44.9	48.7
Percentages							
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
2015	100.0	30.6	30.7	21.3	9.0	4.0	4.3

Table 3

Children Receiving Child Allowance, According To Place In Family (Monthly Average), 2011-2015

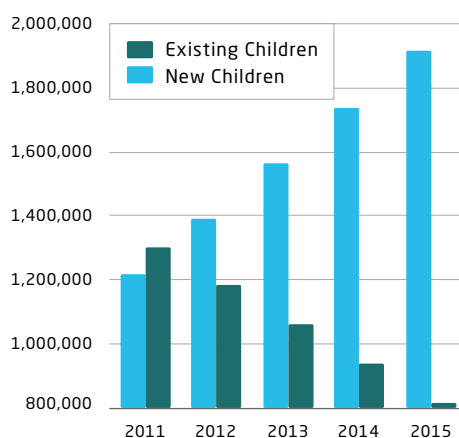
Year	Total Number of Children	Child's place in family					
		First	Second	Third	Fourth	Fifth	Sixth and over
Numbers (Thousands)							
2011	2,519.1	1,048.7	717.1	394.8	180.6	87.4	90.4
2012	2,572.9	1,068.1	733.8	405.4	184.6	88.9	92.1
2013	2,628.5	1,088.3	750.8	416.5	188.5	90.7	93.7
2014	2,679.7	1,107.5	766.6	426.3	191.9	92.1	95.3
2015	2,732.9	1,128.3	782.8	435.8	195.5	93.6	96.8
Percentages							
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
2015	100.0	41.3	28.6	15.9	7.2	3.4	3.6

New children

Following amendments to legislation and the reduction in child allowances² in the years 2003-2004, a **new children's** group was defined - children born after June 2003. Up to June 2009, these children had received an allowance equal to that for the first 2 children, independent of their place in the family³. From August 2013 until the end of April 2015, the allowance for these children was uniform and from May 2015 again changed according to the child's place in the family.

The comprehensive number of new children in 2015 reached approximately 1.9 million, constituting about 70% of all children for which the allowance is paid. The rate of new children, including those for whom the allowance increases over the years, should include all children by the end of the next 4 years. Approximately 39% (about 749,000) are 3rd children and over. In parallel, the number of existing children is decreasing (Chart 1).

Chart 1
Number of New Children In
Comparison With Existing Children
2011-2015



Scope of Payments

In 2015, child allowances increased by a realistic amount of 14.5% in comparison with 2014 (Table 4). This increase derived from a decision resulting from coalition agreements to increase the allowance from May 2015. Changes in the scope of child allowance payments are also seen in the relative shares of all NII payments, which decreased from approximately 11.8% in 2012 to 9.4% in 2013 and to 7.0% in 2014.

In 2015, approximately NIS 5.6 billion was paid for child allowances in total - an increase of 14.5% in real terms compared to 2014. Notwithstanding the increase, at the end of 2015 the total child allowance payment reached approximately 77% of its level before the Financial Efficiency Law was applied in August 2013 (Chart 2).

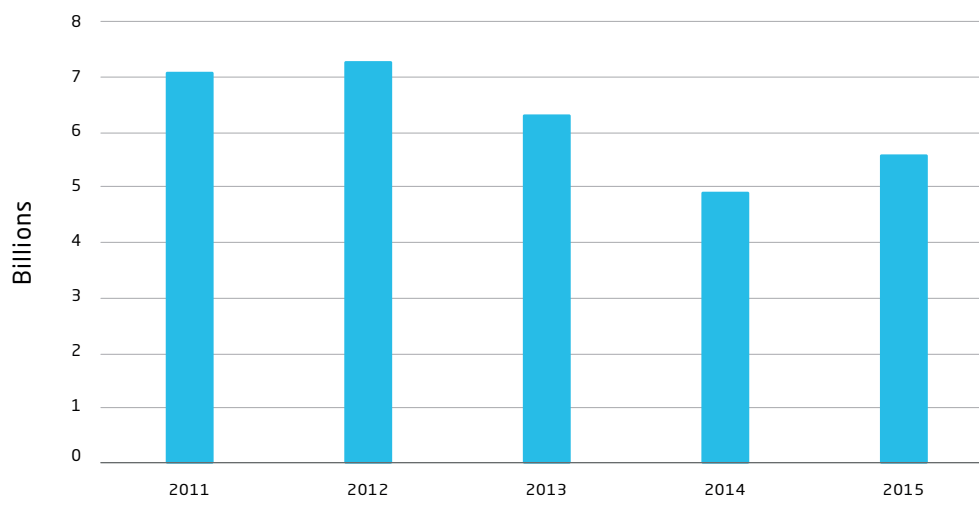
² See annual reviews for these years.

³ NIS 144 in 8/2013-1/2014, NIS 120 in 12/2005-2/2014, NIS 148 in 2006 and in 2007 NIS 152 in 2008, NIS 159 in 2009, NIS 165 in 2010, NIS 169 in 2011, NIS 173 in 2012, NIS 140 in 8/2013-5/2015, and NIS 150 from May 2015.

Table 4
 Child Allowance Payments (Millions of NIS, Current and Fixed Prices)
 2011-2015

Year	Total Amount		Child Allowance		Study Grant	
	Current Prices	2015 Prices	Current Prices	2015 Prices	Current Prices	2015 Prices
2011	6,892.0	7,105.3	6,711.0	6,918.7	181.0	186.6
2012	7,197.4	7,295.5	7,010.8	7,106.4	186.6	189.1
2013	6,344.0	6,333.9	6,153.3	6,143.4	190.7	190.4
2014	4,884.6	4,853.7	4,683.8	4,654.2	200.8	199.5
2015	5,559.3	5,559.3	5,362.0	5,362.0	197.4	197.4

Chart 2
 Child Allowance Payments (2015 Prices), 2011-2015



2. Study Grant

A study grant is paid to single-parent families, and those with 4 or more children receiving one of the following benefits: Income support, maintenance, disability pension, old-age or survivors' pension. The grant is paid for children between the ages of 6-14 and designed to help purchase school supplies before the beginning of the academic year. In 2015, approximately 136,000 children received study grants of about NIS 197 million.

In 1992-1998, the grant was paid only to single-parent families. Since August 1998, it is also paid to families with 4 or more children receiving one of the above NII pensions.

The grant amount for children between the ages of 6-11 is 18% of the basic amount (NIS 1,557 in 2015) and for ages 12-14 - 10% of it (NIS 865).

In 2015, approximately 78,000 families received a study grant, constituting approximately 7% of all families with children in Israel, most of which are single-parent (72% - 56 thousand) and the rest with many children (approximately 22,000). Families with 4 or more children constituted 11% of all the large families in Israel.

There were in total approximately 137,000 children in the families receiving the grant, constituting approximately 5% of all children in Israel. Approximately 77,000 children (aged 6-11) were eligible for the increased amount (NIS 1,557) and about 60,000 (12-14) received the regular amount (NIS 865).

3. Family Supplement

In July 2004, a supplement was added to the amount for families with 3 and more children who receive income support or maintenance payments from the NII. The supplement is paid for the 3rd and 4th children only, and is designed to compensate families for the double blow they sustained, in both reduced child allowance and income support payments when these were cut in the 2003 financial plan.

The supplement amounts in 2015 stayed the same as in 2014: for families with 3 children - NIS 98 and for those with 4 children - NIS 196 (a decrease of 2.4% in comparison with 2014). In total, approximately 24,000 families received the supplement in 2015, constituting approximately 38,000 3rd and 4th children, receiving in total approximately NIS 45 million (Table 5).

Most of the families (approximately 60%) receiving the supplement were families with 4 or more children. The ratio between families with up to 3 children of all families receiving the supplement and families with 4 or more children – has been stable over the years.

Table 5

Families Receiving a Supplement according to Size of Family (Percentages), 2011-2015

Year	Total		With 3 Children	With 4 and more Children
	Numbers	Percentages		
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
2015	23,560	100.0	40.2	59.8

1. Benefits

Maternity insurance came into effect on April 1, 1954, and was one of the first 5 divisions to be covered by National Insurance Law. Maternity insurance grants the following benefits to new mothers:

Hospitalization Grant

The grant is 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 2 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 as follows:

- In January of each year, the amount is revised 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 grant amount between regular and premature births.
- Whenever the Ministry of Health changes the cost of a general hospitalization day, the grant amount changes at the same rate.
- In accordance with the government's decision within the framework of the Economic Arrangements Law.

Travel to Hospital

Every woman giving birth is entitled to be taken to the hospital closest to her place of residence.

Birth Grant

The birth grant is intended for the initial purchase of supplies for the newborn. It is paid directly to the mother.

Maternity Allowance

The maternity allowance is designed to compensate mothers for the loss of salary during maternity leave that is taken in accordance with the Women's Employment Law. Working mothers – whether salaried, self-employed, or undergoing professional training – for whom insurance fees were paid during the time periods defined by law (**qualifying period**), preceding the birth, are entitled to a maternity allowance. It 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 4 weeks. Since 1998, men who share the leave with their spouses are also entitled to a maternity allowance, on condition that the wife has returned to work. Income tax at source and national and health insurance fees are deducted 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

The childbirth allowance is paid for 20 months to a mother who has given birth to 3 or more live children at the same time, all of whom survived the time period mandated by law. The allowance is derived from the basic amount, and it is gradually reduced throughout the period of eligibility.

Risk Pregnancy Benefit

The risk pregnancy benefit is paid to a working woman who for medical reasons associated with the pregnancy had to stop working for at least 30 days and does not receive payment for these days from her employer or any other entity. The qualifying period for this benefit is the same as the period for the maternity allowance and the benefit amount can reach the full basic amount.

Special Pension and Special Benefit

A special pension and a special benefit is paid if the mother giving birth died during birth or within a year of the birth. The pension is paid each month for every newborn born

in that birth at 30% of the average wage for 24 months. If the child receives a survivors or dependents pension, the benefit is paid for only 12 months. The benefit is paid to the deceased's spouse if he stopped working to care for the child, at the injury allowance rate for up to 12 weeks. This pension is paid in about 10 cases each year.

2. Legislative Changes

Hospitalization Grant

In recent years the government changed the hospitalization grant amount within the framework of the Economic Arrangements Law. In 2005, it was increased for the birth of a premature baby by approximately 50%; in 2007 - it was increased for every birth by 12.1%; in 2009, the amount was further increased by approximately 10%; in 2012 by 0.2%; in 2013 by 10%; and in 2013 by an additional 3.87%. The government's intervention in setting the hospitalization grant amount is essentially a means to transfer budgets to hospitals by way of the NII.

Travel to Hospital Expenses

Since 2008, every woman giving birth is entitled to be taken to the hospital closest to her place of residence. Beforehand she was only entitled to be taken to hospital if she lived far from it.

Birth Grant

Until 2002, the birth grant was uniform and independent of the previous number of births - 20% of the average wage by law. In 2003, the amount changed from the 2nd child onwards - 6% of the average wage. In 2004, the amount was increased for the 2nd child only to 9% of the average wage. When 2 or more children are born in one birth, the birth grant is higher: for twins - an amount equal to the average wage, and for each additional child - another 50% of the average wage. Since 2006, the birth grant amount is calculated pursuant to 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 3 months prior to stopping work (upon birth or beforehand), and not more than the maximum amount mandated by law.

Risk Pregnancy Benefit

Since the beginning of 1995, the risk pregnancy benefit amount is equal to the woman's average wage in the 3 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 2006, it is the full basic amount).

3. Main Trends

Birth and Hospitalization Grant

In 2015, **birth grants** were paid to approximately 177,000 mothers - an increase of 2.3% in comparison with 2014 (Table 1). The number of women of childbearing age (15-44) rose by 1.4% in comparison with 2014, such that the number of births per 1,000 women remained the same as it was in 2014 - 93. Approximately 53,000 births in 2015 were first births, approximately 48,000 were 2nd, and approximately 76,000 were 3rd or more births (Table 2). Approximately 4,000 were twin births, and about 90 were births of triplets or more. Among the **hospitalization grants** paid in the reviewed year, 2,891 were for premature births. This was 160 more than in 2014.

Table 1

Women Who Received Birth Grants and Maternity Allowances (Monthly Average, Absolute Numbers, and Percentages), 2011-2015

Year	Received Birth Grant		Received Maternity Allowance		
	Total – (Absolute Numbers)	Change From Previous Year (%)	Total - Absolute Numbers)	Change From Previous Year (%)	Percentage Of All Women Receiving Birth Grant (%)
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
2015	177,117	2.3	123,827	2.9	69.9

Table 2
Live Births by Birth Order (Percentages), 2011-2015

Year	Total	First Birth	Second Birth	Third Birth	Fourth Or More Births
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
2015	100.0	30.1	27.1	19.5	23.3

Maternity Allowance

In 2015, approximately 124,000 women received a maternity allowance in comparison with approximately 120,000 in 2014 - an increase of 5.2%. The rate of those receiving maternity allowances of all those receiving birth grants decreased slightly in 2015 (Table 1), however it is still on the rise and reaches approximately 70%. The average age of women giving birth remained the same in 2015 in comparison with 2014 - 31.6. Approximately 95% of the women receiving a maternity allowance were salaried workers, while the rest - 5% - were self-employed, kibbutz or co-operative settlement members.

The distribution of women by maternity allowance amount per day indicates that in 2015 approximately a third of the women received an amount that did not exceed half of the average wage per day, and approximately one quarter received an allowance exceeding the average wage (Table 3). The rate of women receiving more than the average wage decreased, from 23.4% in 2014 to 23.0% in 2015, and the share of women receiving up to half of the average wage rose between the 2 years - from 33.7% to 33.9%. The distribution of women by amount of maternity allowance in comparison to average salary has remained similar over time.

Table 3
Women Receiving Maternity Allowances by Amount per Day, as a Percentage of Average Daily Wage (Absolute Numbers and Percentages), 2011-2015

Year	Total – (Absolute Numbers)	Up To 1/4 Of The Average Wage (%)	1/4-1/2 Average Wage (%)	1/2-3/4 Average Wage (%)	3/4 To Full Average Wage (%)	More Than Average Wage (%)
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
2015	123,827	8.6	25.3	26.2	16.9	23.0

Since the maternity allowance is the same as the mother's wage prior to birth, distribution by maternity allowance amount represents the wage distribution for these women. In 2015, the average wage among new mothers was NIS 7,365 per month, which is approximately 79% of the average wage – slightly lower than the rate in 2014 (NIS 7,301).

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

- The amount increases with the woman's age: Women up to age 24 received maternity allowances at a rate of approximately 45% of the average daily wage, while those aged 35 and over received allowances at a rate of 103% of the average wage. The average was 79% of the average wage (NIS 245 in 2015).
- Payments in the periphery were lower than those in the center of the country: In the Tel Aviv, Kfar Saba, and Ramat Gan branches, the average amount per day was the highest (115%, 111%, and 106% respectively of the average wage) while in Bnei Brak and Nazareth it was the lowest (61% and 59%, respectively).

The number of men receiving maternity allowances increased slightly – from 473 in 2014 to 494 in 2015, meaning a ratio of 4 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. Between 2011 and 2015 there was a consistent rise in the number of men receiving the allowance, from 369 to 494.

4. Scope of Payments

In 2015, the scope of benefit payments in the maternity division increased by 5.2% at fixed prices in comparison with 2014. Approximately 93% were payments of hospitalization grants and maternity allowance (Table 4). The increase in total payments is mainly a result of a growth in the number of births, and an increase in hospitalization grant payments to hospitals. The share of the division's payments within all NII benefits increased from 8.9% to 9.0% between the 2 years, and has been trending upwards since 2006 (except for 2011).

Table 4
Payments for Maternity Benefits (Thousands of NIS, 2015 Prices), 2011-2015

Year	Total	Hospitalization Grant	Birth Grant	Maternity Allowance	Risk Pregnancy Benefit
2011	5,192,412	2,216,746	185,812	2,605,500	164,702
2012	5,556,371	2,379,215	192,286	2,788,313	180,960
2013	5,859,879	2,505,458	193,426	2,953,270	192,674
2014	6,222,910	2,690,683	201,279	3,107,729	206,454
2015	6,546,450	2,809,654	206,627	3,283,853	231,901

1. Benefits 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 disabled people whose ability to earn a living from work or from their occupation has been affected. Paid since 1974.
- **Special Services Allowance** – assists disabled individuals who are dependent on others for performance of daily activities or require constant supervision, to pay for this help. Paid since 1979.
- **Disabled Child Benefit** – paid (since 1981) to families caring for their disabled child at home.

This branch also handles benefits which do not arise from the National Insurance Law:

- **Mobility Allowance** – paid (since 1975) to individuals with restricted mobility¹, to help with their mobility costs outside the home.
- **Compensation for scalp ringworm victims** – paid (since 1995) to individuals who were treated with radiation for this condition 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, Special Services, Disabled Child and Mobility Benefits (Monthly Average), 2011-2015

Year	Disability		Special services		Disabled child		Mobility	
	No. of recipients	% change	No. of recipients	% change	No. of recipients	% change	No. of recipients	% change
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%
2015	229,745	1.4%	50,823	9.8%	44,624	10.3%	37,910	3.6%

1 A disabled person who suffers from leg impairments as specified in the law.

Table 2
Adult Recipients of Disability Benefits by Type of Benefit, December 2015

Number of benefits	Type of benefit	Number of recipients	% change from 2014
Total	Disabled adults	263,467	1.9%
	General disability	231,165	1.2%
	Special services	52,225	6.9%
	Mobility	34,079	17.4%
	Scalp ringworm	4,463	1.6%
	Polio	4,232	-0.4%
One benefit	General disability only	184,860	0.5%
	Special services only	10,438	11.9%
	Mobility only	11,919	5.3%
	Scalp ringworm only	3,860	3.7%
	Polio only	1,129	1.3%
Two benefits	General disability and SSA	28,326	5.8%
	General disability and mobility	6,999	-0.2%
	General disability and ringworm	240	-19.7%
	General disability and polio	226	-15.7%
	SSA and mobility	2,773	8.7%
	SSA and ringworm	154	13.2%
	SSA and polio	56	24.4%
	Mobility and ringworm	64	-1.5%
	Mobility and polio	1,415	3.4%
Ringworm and polio	Under 10	0.0%	
Three benefits	General disability, SSA, mobility	9,464	5.1%
	General disability, SSA, ringworm	48	-25.0%
	General disability, SSA, polio	46	-20.7%
	General disability, mobility, ringworm	16	-15.8%
	General disability, mobility, polio	510	-11.0%
	SSA, mobility, ringworm	55	5.8%
	SSA, mobility, polio	432	14.0%
	SSA, ringworm, polio	Under 10	0.0%
	Mobility, ringworm, polio	Under 10	-33.3%
Four benefits	GD, SSA, mobility, ringworm	19	-29.6%
	GD, SSA, mobility, polio	411	-6.2%

Benefit recipients

Research from 2012 done by the NII together with the Joint – Brookdale Institute showed that 24.7% of the working- age population in Israel defines itself (subjective

definition) as handicapped in some way that affects ability to function². About a quarter, 263,000, received one or more benefits from the NII General Disability branch in 2015 – an annual growth of 1.9% in the number of entitled persons. An additional 10% approximately, received a pension from the Rehabilitation Division of the Ministry of Defense or a work-injury pension from the NII. As for the remainder, either their level of disability was not sufficient to entitle them to a pension, they have not lost their ability to earn a living, or they are not claiming all their rights.

Recipients of the general disability pension constitute some 90% of all persons entitled to benefits from the branch. In 2015, their average monthly number was 229,745, which is about 4.7% of the eligible population (from 18 to retirement age). After about a decade during which the retirement age changed and amendment 109 to the Laron Law was introduced, the annual growth rate in number of pension recipients stabilized and is identical to that of the working-age population (less than 2%).

The growth rate in the number of special services allowance recipients dropped slightly in 2015 after having risen in previous years due to the change in eligibility tests (the IADL test was added) and the reduction in the number of waiting days until the commencement of the allowance. The growth rate in the number of children receiving a disabled child benefit also slowed, after the extension of eligibility for the benefit passed (**Or-Noi 2 Regulations**). The growth in the number of mobility allowance recipients remained unchanged from previous years (about 3.6%).

Since November 1999, a disabled person meeting all the conditions and definitions in the laws and regulations may receive more than one benefit for the same period from the General Disability branch. In December 2015, 51,261 disabled adults and 4,302 disabled minors (constituting about 21% of benefit recipients in the branch) received two or more benefits simultaneously (Tables 2 and 3). Particularly striking is the special services allowance (SSA), where about 80% of recipients are also entitled to additional benefits (usually a disability pension), and the compensation for polio victims, where about 73% of eligible recipients also receive an additional benefit (usually mobility allowance).

Table 3

Minors Receiving Disability Benefits, by Type of Benefit, December 2015

Number of benefits	Type of benefit	Number of recipients	% change
Total	Disabled minors	46,390	9.2%
One benefit	Disabled child	41,841	10.3%
	Mobility	247	-2.0%
Two benefits	Disabled child and mobility	4,302	0.5%

2 Naon et al (2012) Working-Age Handicapped in Israel – Incidence in the Population, Characteristics and Employment Status. National Insurance Institute.

2. Disability Pension

Persons eligible for the pension

Residents of Israel aged 18 to retirement age whose ability to earn a living from work³ is affected by their disability are entitled to a monthly pension. In accordance with the conditions of the law, this pension assures them a minimum subsistence income. The law defines two types of eligible persons:

- **Disabled earners:** men or women who, due to physical, mental or psychological impairment from illness, accident or congenital defect, have lost their earning capacity or this has been reduced by 50% or more, or whose monthly income from work does not exceed the threshold stipulated in the law. The law distinguishes between two groups of eligible persons: (a) severely disabled and chronically disabled⁴, who are eligible for the pension if their income from work does not exceed 60% of the average wage; (b) all the rest: anyone whose income from work does not exceed 45% of the average wage.
- **Housewives:** married women who have not worked outside their household for the periods defined by law before submitting the claim for the pension, and who because of a physical, mental or psychological impairment due to illness, accident or congenital defect, have lost at least 50% of their ability to function in the household.

Determination of eligibility for the pension

There are a number of stages in the process of determining pension eligibility:

1. **Examination of income from work at the time of first receiving the pension:** The amount of income from work which permits payment of a pension is not fixed and varies according to the medical condition and the group to which the insured belongs.
2. **Determination of medical disability:** On behalf of the NII, a certified physician determines the degree of medical disability on the basis of medical examinations and documents using tests stipulated in the law. The medical percentage expresses the severity of the disabled person's condition. In the course of the examination the doctor

3 In determining eligibility for a disability pension, income not from work is not taken into account.

4 Severely disabled: Someone who has been found to have medical disability of at least 70%, or who suffers from mental retardation or from psychological handicaps of at least 40%. Chronically disabled: was entitled to the pension for at least 60 months in the 7 years prior to 1.8.2009.

and the claims official check whether the threshold conditions for defining the person as disabled are met: (a) disabled earners – at least 60% medical disability, or 40% if there is at least one impairment of 25% or more; (b) a housewife - medical disability of at least 50%.

- 3. Determination of the degree of earning incapacity:** The NII claims official, after consulting with the NII doctor and rehabilitation official, determines to what degree the disabled person's earning capacity has been affected (degree of earning incapacity), according to the measure of his ability to return to his work (full or part-time) or find other suitable work, subject to his/her education, physical fitness and medical condition. Determination of the degree of full or partial earning incapacity expresses the full or partial loss of earning capacity, and determination of the degree of permanent or temporary incapacity indicates the loss of earning capacity, permanently or for a limited period of time. Earning capacity of less than 50% does not entitle the person concerned to a pension.

Laron Law

In August 2009, amendment 109 to the National Insurance Law (**the Laron Law**) came into force, which was designed to improve conditions for disability pension recipients who went out to work, with the intention of enhancing their quality of life, integrating them into society, and strengthening their image in the public's eye. The main change resulting from the amendment was to permit an increase in income from work without denying eligibility for the pension and the benefits accompanying it, and to ensure that the total amount from salary and pension would always be higher than the amount from the pension alone⁵.

To distinguish between people with high potential for finding work and those whose chances of doing so are lower, the disabled were divided into two groups (see above **Disabled earners**). Different levels of income from work for determining benefit eligibility were also created, with the aim of encouraging severely or chronically disabled people to find work. As part of the amendment a new benefit was added - the encouragement benefit, paid instead of the disability pension to anyone whose income from work exceeds the amount specified in the law, namely 45%-60% depending on group, and whether they have been eligible for the disability pension for at least 12 months.

⁵ Until the amendment to the law came into force, the pension ceased in accordance with the disabled person's education (when income from work rose above 37.5/45/55% of the average wage). Now it is set off as follows: for income of 21%-25% of average wage - setoff of 10%; for income of 25%-68% - setoff of 30%; for income of 68%-93%-setoff of 40%; and for income of more than 93% - by 60%. Income from work which does not exceed 21% of the average wage is not set off.

Amount of pension and increments

- A disabled earner or housewife defined as completely unfit for work (75% at least) is eligible for a monthly pension equal to 26.75% of the basic amount as defined in the law – NIS 2,342⁶.
- For a disabled person who is completely unfit for work and not in an institution, whose degree of medical disability is at least 50% (since March 2014, for impairments under Sections 33 or 91 – 40% disability), an increment (additional monthly allowance) of NIS 252-372 is paid. About 68% of recipients of the pension were eligible for this increment in 2015.
- For a spouse (whether married or common-law) who is a resident of Israel, whose monthly income does not exceed 57% of the average wage, an increment of 50% of the full single person's pension is paid. A disabled housewife is entitled to an increment for the first two children only and not for her spouse.
- For a child resident in Israel (as defined by the NII), an increment of 40% of the single person's pension is paid (for the first two children only).
- Those who receive an increment for their dependents and who have income not from work – the entire amount of the income not from work will be deducted from the increment for the dependents (only).

Recipients of the disability pension or encouragement benefit are also entitled to benefits from various public bodies subject to various conditions, such as exemption from payment of national insurance contributions and income tax, rates discounts, etc.

Disability Pension Recipients

From the early 2000s, the growth rate of 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 increase: (a) the gradual rise of the retirement age for men and women; (b) increasing rates of disease in the population, due to an increase in reporting of illnesses and falling mortality rates among the sick; (c) reduction in the minimum income which permits examination of eligibility for a disability pension and the gradual setoff of the disability pension against income from work.

Once this potential was fully utilized by new recipients who became eligible as a result of these changes, the annual growth rate stabilized at 1.8% per year, which is identical to the rate of increase in the working-age population (Figure 1). As a result, the proportion of disability pension recipients in the working-age population also stabilized around 4.7% in 2015.

6 All the amounts in this chapter are as at 2015.

Figure 1
 Disability Pension Recipients and Evolution of the Working-Age Population, 2006-2015

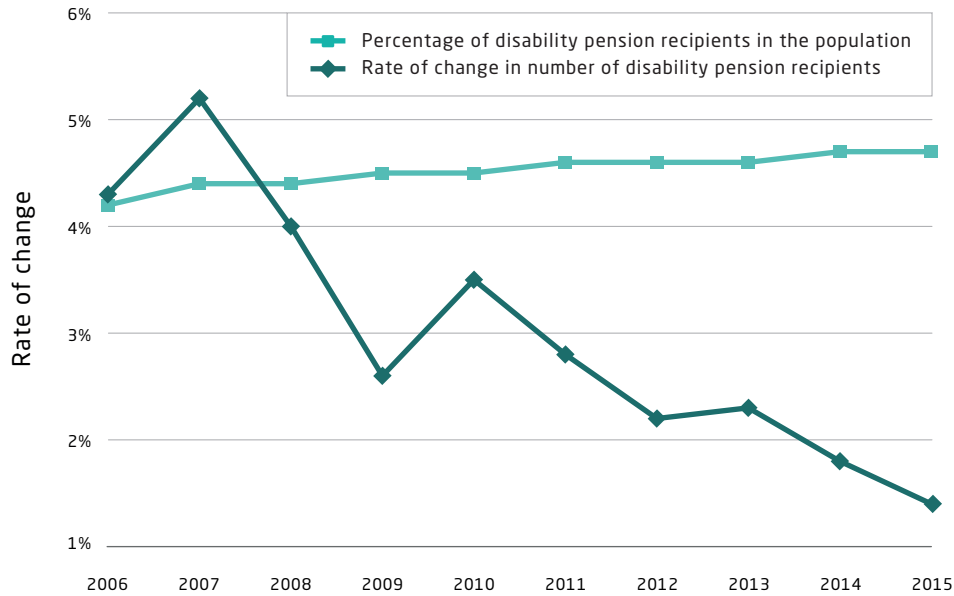
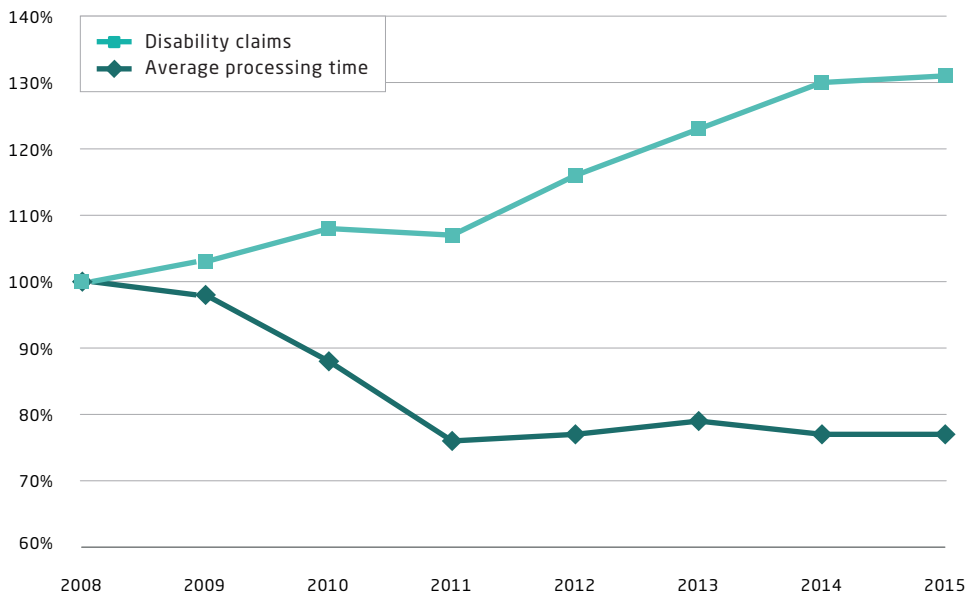


Figure 2
 The Change in the Number of Disability Pension Claims and Average Claim Processing Time, 2008-2015



An examination of the breakdown of pension recipients in December 2015 by sex and degree of incapacity determined for them⁷ shows a significant gap in degrees between disabled earners and housewives (Table 4). About 84% of the earners (men and women) were found to have complete loss of earning capacity and were eligible for the full benefit, while only about 38% of the housewives were found to have complete loss of capacity. These differences are due to the different eligibility tests for the two groups.

A psychological problem is the main impairment for about a third of disability pension recipients⁸ (Table 5). Characteristics of the main impairment vary with age: among younger claimants, congenital impairments are more prominent (such as retardation, deafness and psychological impairment⁹), while among older claimants the percentage of impairments that develop with age (such as internal and urogenital¹⁰) increases. Also in 2015 the average age of disability pension recipients was 47.

Table 4
Disability Pension Recipients by Degree of Incapacity
and Sex (Absolute Numbers and Percentages), December 2015

Sex		Total		Degree of incapacity (%)			
		Absolute numbers	%	60%	65%	74%	75%-100%
Total	absolute numbers	231,165		22,578	17,352	5,120	186,115
	Percentages	100	10.2	7.2	2.2	80.5	
Men		134,309	100	8.5	5.8	1.6	84.1
Women	Total	96,856	100	11.6	9.9	3.0	75.5
	Earners	81,315	100	8.5	7.0	2.0	82.6
	Housewives	15,541	100	27.9	25.3	8.4	38.4

About 47% of disability pension recipients are married¹¹ and should apparently be eligible for an increment for the spouse, but only 35% receive this increment due to the high income of the spouse (whether or not from work) or of the disabled person (not from work) (Table 6). The percentage of married female earners is low, because a married woman who did not work for a period of time defined by the law before submitting

7 The breakdown of pension recipients by degree of incapacity and degree of medical disability appears in Table 21 in the Insurance Branches Tables Appendix.

8 The impairment with the highest degree of medical disability of all the impairments. At the NII degrees of medical disability are not determined by illnesses, but by the organs and their functioning.

9 Retardation: includes those suffering from Down's syndrome. Psychological: includes those suffering from autism.

10 Internal: includes blood, heart, liver and lung diseases, diabetes, asthma and most cancer patients. Urogenital: includes kidney, urinary tract, fertility and bladder problems (common among prostate cancer patients).

11 Not including those who have a common-law spouse.

Table 5
Disability Pension Recipients by Present Age, Average Age
and Main Impairment (Absolute Numbers and Percentages), December 2015

Absolute numbers		Total		Age (%)					Average age
		Total	%	18-24	25-34	35-44	45-54	55-retirement age	
Total	Numbers	231,165		17,553	34,491	42,809	55,144	81,168	46.9
	Percentages		100	100	100	100	100	100	
Psycho-logical	Psychotic disorders	46,347	20.0	21.1	27.6	27.6	20.6	12.2	43.3
	Psychoneurotic disorders	32,134	13.9	16.7	17.2	15.8	14.9	10.2	44.2
Mental retardation		23,212	10.0	21.2	18.7	13.3	7.8	3.8	38.7
Internal		54,169	23.4	9.0	9.2	13.8	23.5	37.6	53.4
Urogenital		7,290	3.2	1.3	1.6	2.2	3.7	4.3	51.7
Neurological		29,698	12.8	16.5	13.1	12.6	11.6	12.9	46.3
Locomotor		19,578	8.5	4.8	5.1	7.4	9.6	10.5	50.1
Sensory	Sight	10,746	4.6	4.4	4.3	4.5	4.7	4.9	47.6
	Deafness	5,605	4.5	2.4	2.8	2.2	2.1	2.1	44.2
Other		2,386	1.0	0.4	0.4	0.6	1.4	1.4	52.3

Table 6
Disability Pension Recipients by Composition of Dependents
and Marital Status (Absolute Numbers and Percentages), December 2015

Marital status		Total		Composition of dependents					
		Absolute numbers	%	No dependents	One child	Two children	Spouse	Spouse + child	Spouse + 2 children
Total	Numbers	231,165		153,153	17,809	22,135	15,322	6,936	15,810
	Percentages		100%	66%	8%	10%	7%	3%	7%
Married	Total	108,275	47%	43,799	10,537	16,521	15,138	6,782	15,498
	Men	65,477	28%	22,577	4,082	6,015	13,298	5,841	13,664
	Women earners	27,257	12%	12,592	4,038	6,012	1,840	941	1,834
	Housewives	15,541	7%	8,630	2,417	4,494	.	.	.
Unmarried	Total	122,890	53%	109,354	7,272	5,614	184	154	312
	Men	68,832	30%	63,219	2,743	2,299	156	136	279
	Women earners	54,058	23%	46,135	4,529	3,315	28	18	33

the claim is considered a housewife. However, the percentage of women defined as housewives is decreasing, and the percentage defined as earners has increased, mainly because of the increased rate of employment of women in the population.

Improvement of service and full exercise of rights

In recent years the NII has taken action to improve the service to insurees and to increase full exercise of rights. A major measure of the quality of service is the amount of time elapsing from the date of claim submission until a decision is made, and an important measure for examination of full exercise of rights is the number of claims submitted. Thus, despite the constant increase in number of claims over the last four years, the average processing time for a disability pension claim was about 20% lower in 2015 than in 2008, and today is 55 days on average. Most of the decrease was achieved in the years 2008-2011 (Figure 2).

Box 1

Full Exercise of Rights to Disability Benefits: Submitting Claims in Hospital

The NII aspires to operate proactively, efficiently and with sensitivity to human dignity, so that every insuree is able to fully exercise his/her rights. Indeed, in recent years the NII has taken much action to improve service to insurees and assure full uptake of their rights.

In May 2015 an innovative service was launched in hospitals – **First Class**: The NII on its own initiative, approaches people who have a high potential to be eligible for benefits, and thereby spares them all the bureaucratic procedures involved in submitting a claim. The venture began operating in Sheba Hospital (in May) and in Soroka Hospital (in September).

In order to locate potentially eligible persons in the hospital system, medical diagnoses (ICD9/ICD10) connected with eligibility for general disability, special services and disabled child benefits were marked. A designated nurse or social worker in the hospital, who has undergone training by NII employees and is familiar with eligibility conditions for benefits and the process of submitting claims, receives a list of patients each day who have been diagnosed with one of these ailments, and informs them that they may be eligible for benefits. Medical documents are forwarded to the NII by computer and secured in a safe for further processing. In this way the time for processing claims is reduced, the benefit is paid more quickly and insurees do not need the assistance of lawyers or companies to take up their rights.

At the time of writing these lines, a year has elapsed since the beginning of the project, and the purpose of this box is to summarize its contribution in this short period of time. In 2015 a total of 1,291 claims for benefits from the Disability branch were submitted: 54% for the general disability pension; 42% for the special services allowance, and the rest, 4%, for the disabled child benefit (Table 1). Most of the

Table 1
Claims for Disability Benefits Submitted in Hospitals, 2015

Benefit	Status at time of submitting claim	Sheba Hospital	Soroka Hospital
Total	Total	730	561
	Not receiving a benefit	629	395
	Receiving a benefit	101	166
General disability	Total	390	310
	Not receiving a benefit	342	205
	Receiving a benefit	48	105
Special services	Total	321	225
	Not receiving a benefit	268	165
	Receiving a benefit	53	60
Disabled child	Total	19	26
	Not receiving a benefit	19	25
	Receiving a benefit		1

Table 2
Claims Submitted in Hospitals and Claims Submitted in Other Ways, by Decisions, Approvals and Processing Time, 2015

Benefit	Stage	Claims in hospitals	Claims in other ways
General disability	Submission	700	113,402
	Decision	486	104,821
	Approval	212	38,287
	Percentage of approvals	44%	37%
	Average processing time (days)	27	55
Special services	Submission	546	44,258
	Decision	403	41,665
	Approval	265	23,005
	Percentage of approvals	66%	55%
	Average processing time (days)	11	32
Disabled child	Submission	45	32,712
	Decision	26	29,696
	Approval	23	18,382
	Percentage of approvals	88%	62%
	Average processing time (days)	9	34

recipients of this service (about 80%) are people who were not receiving benefits when they submitted their claim.

In Table 2 a comparison is presented between claims submitted in hospitals and claims submitted in other ways, according to the number of decisions, percentage of claims approved and processing time.

The higher percentage of approvals arises from the target group which was chosen for the project, but considerable reduction in processing time is a direct result of the project. For general disability the average time is 51% less than the processing time for claims submitted in other ways, for the special services allowance - 66% and for disabled child - 74%.

The **First Class** project won the prize for civil service innovation in a competition which was held among government ministries. In the coming years it is planned to extend the service to other hospitals and to health maintenance organizations.

3. Special Services Allowance

Main points of the law

The special services allowance (also known as an attendance allowance) is paid to insureds who need help with daily activities according to the ADL test (dressing, eating, bathing, using the toilet and mobility in the home) and with running the household according to the IADL test¹² (preparing food, maintaining the home, taking medication, institutional and financial arrangements, shopping outside the house, using appliances), or who need constant supervision to prevent mortal danger to themselves or others¹³.

Eligibility applies to Israeli residents who have not reached retirement age before submitting a claim, provided they meet the following conditions:

- They receive a disability pension: if their degree of medical disability is 60% or more (for recognized types of impairments), and they do not receive a special benefit for work-injury victims or payments for personal care or help in the house under another law.
- They are undergoing active treatment for oncological diseases and are dependent on the help of others; or require dialysis (at least twice a week); or have undergone an organ transplant (kidney, heart, pancreas, lung, liver); or a bone marrow transplant, whether an autograft or an allograft.

¹² From June 2014.

¹³ Like the conditions of eligibility under the law for long-term care insurance, Section 223 of the National Insurance Law (Consolidated Version), 5755-1995.

- They do not receive general disability pensions, but meet one of the following conditions: (a) they have been found to have at least 75% medical disability and their monthly income from work is not higher than 5 times the average wage (NIS 46,300 in 2015), and they do not receive a special benefit for work-injury victims or payment for personal care or help in the house under another law; (b) they are new immigrants (with an immigrant ID) who have been in the country for less than a year.

Anyone receiving benefits under the mobility agreement will be eligible for the special services allowance only if a medical board decides that he/she is 100% restricted in mobility or is confined to a wheelchair or needs and uses a wheelchair.

Anyone who was eligible for the special services allowance before reaching retirement age, on reaching that age can choose between the special services allowance and the long-term care benefit. Anyone hospitalized in an institution providing medical, nursing or rehabilitation services is not eligible for the special services allowance.

Amount of the allowance

The amount of the special services allowance is determined pro rata to a single person's full disability pension (25% of the basic amount), and an increment is also paid on it (additional monthly allowance). There are three levels for the allowance, determined by degree of dependence on the help of others¹⁴:

- Anyone who needs considerable help with **most** daily activities **most** of the day – an allowance of 50% of a full disability pension, and additional monthly allowance of 14% - a total of NIS 1,401 per month.
- Anyone who needs considerable help with **all** daily activities **most** of the day - an allowance of 112% and additional monthly allowance of 28.5% - a total of NIS 3,076 per month.
- Anyone who is **entirely** dependent on another person for **all** daily activities **throughout** the day - an allowance of 188% of a full disability pension and additional monthly allowance of 42.5% - a total of NIS 5,045 per month.

Anyone who needs a ventilator constantly at all hours of the day and night and is defined as entirely dependent on the assistance of others is eligible, from April 2015, to a **ventilated disabled person's** increment, which is 83% of the full disability pension – NIS 1,817 per month.

14 The rates are valid from April 2015. Until then the rates were 50%, 105% and 175% of a full single person's disability pension.

Recipients of the special services allowance

In December 2015, 52,225 people received the special services allowance – about 7% more than in December 2014; for 6,264 of them this was the first year. There are several reasons for the rise in the number of recipients of the allowance: (a) the quality of medical treatment for the seriously ill has improved, and consequently their life span has increased and the number of those defined as completely dependent on the help of others has increased; (b) implementation of the Ben Yehuda Committee recommendation to add the IADL test to the eligibility tests. This recommendation was particularly beneficial for the blind and for people suffering from psychological problems. (c) The commencement of payment of the allowance was advanced: from the 91st day after the impairment appears, provided that the claim is submitted within 15 months at the latest. 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.

After the number of recipients had increased in 2014 as a result of the addition of the IADL test, in 2015 the rate of increase moderated – from 13% to 10%. As opposed to this, the rate of increase in expenditure on special services allowances grew between the two years as a result of updating the rates of eligibility for the benefit (14% compared with 11%).

Most of those eligible for the special services allowance receive at least one additional benefit: about 73% also received a disability pension (ordinary special services allowance), and a further 22% (approximately) were also eligible for an old age pension (special services allowance for the elderly) (Tables 2 and 7). The high proportion of the elderly is the result of the continuing drop in mortality rates in Israel¹⁵ and the differences in eligibility conditions between the special services allowance and the long-term care benefit¹⁶.

It is possible to discern a different breakdown of impairments in special services allowance recipients compared to disability pension recipients: special services allowance recipients have more neurological and internal problems and far fewer psychological problems or retardation (Tables 5 and 7). One of the explanations for this is the medical disability threshold for special services allowance eligibility and the eligibility tests for the allowance, which examine difficulties in performing daily activities and the help required to function in the household. Not only that: among recipients of the special services allowance, about half of whom work, it is possible to identify higher frequency of internal or urogenital problems compared to the two other eligibility groups, and an even lower frequency of retardation or psychological problems.

15 See: Ministry of Health (2014) Leading causes of death in Israel 2000-2011.

16 The special services allowance is a cash benefit and the long-term care benefit is usually in-kind.

Figure 3

Change in the Number of Special Services Allowance Recipients and in Total Expenditure, 2006-2015

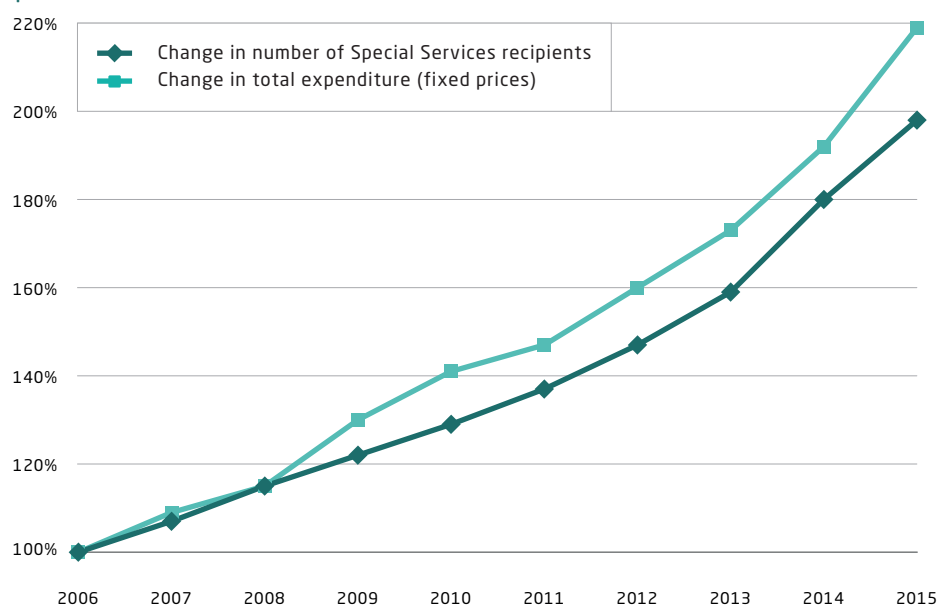


Table 7

Special Services Allowance Recipients by Eligibility Groups and Main Impairment (Absolute Numbers and Percentages), December 2015

Main impairment		Total		Eligibility group (%)		
		Absolute numbers	%	Ordinary SSA	Special SSA	SSA Elderly
Total	Absolute numbers	52,225		38,315	2,354	11,556
	Percentages		100	100	100	100
Psychological		3,582	6.9	7.0	0.6	7.8
Mental retardation		4,166	8.0	10.4	0.2	1.5
Internal		12,395	23.7	21.2	48.9	26.8
Urogenital		3,777	7.2	7.0	13.5	6.8
Neurological		16,223	31.1	30.6	20.9	34.6
Locomotor		4,181	8.0	7.4	5.6	10.5
Sensory		7,779	14.9	16.2	9.4	11.6
Other		122	0.2	0.2	0.9	0.3

About 13% of special services allowance recipients are entitled to the allowance due to a special medical condition¹⁷ (6,706 out of 52,225) (Table 8). The number of recipients

17 Special services allowance recipients who are entitled on one of the automatic grounds, but whose serious condition makes them eligible for a higher rate than stipulated in the regulations, are counted as dependent on others.

Table 8

Special Services Allowance Recipients by Age and Grounds of Eligibility (Absolute Numbers and Percentages), December 2015

Grounds of eligibility	Total		Age (percentages)					
	Absolute numbers	%	18-24	25-34	35-44	45-54	55-64	65 and above
Total	Absolute numbers	52,225	4,272	5,223	6,161	8,804	16,412	11,353
	%	100	8.2	10.0	11.8	16.9	31.4	21.8
Undergoing active treatment		3,563	1.8	5.4	15.4	25.8	40.8	10.9
Need dialysis		3,063	2.1	6.2	12.1	23.1	36.6	19.8
Have undergone a transplant		80	2.5	8.8	16.3	30.0	26.3	16.3
Need assistance with most daily activities		22,969	6.3	10.0	12.2	17.9	33.0	20.5
Need assistance with all daily activities		11,216	5.8	8.7	10.8	15.3	31.8	27.6
Entirely dependent on others		11,334	18.0	13.8	10.8	11.7	23.5	22.3

of the allowance increases with age and the 55-64 age group represents about a third of recipients. Among those entirely dependent on others a high percentage of young people is noticeable – partly due to the high proportion with neurological problems. On the other hand, among those aged 65 and older, the percentage of those entitled on account of a special medical condition is low, since the allowance is only paid for a temporary period on those grounds.

The medical condition of special services allowance recipients is more serious than that of disability pension recipients as a whole (Table 9): about 61% of them have medical

Table 9

Special Services Allowance Recipients by Percentage of Medical Disability, Marital Status and Employment of Foreign Caregiver (Absolute Numbers and Percentages), December 2015

Marital status	Employment of foreign worker	Total		Medical disability for SSA (%)			
		Absolute numbers	%	60-69	70-79	80-89	90-100
Total	Absolute numbers	52,225		5,107	6,787	8,391	31,940
	Percentages		100	9.8	13.0	16.1	61.2
Married	Total	27,346	100	7.8	10.8	16.6	64.9
	Employ foreign worker	2,251	100	4.6	8.7	18.8	68.0
	No foreign worker	25,095	100	8.0	10.9	16.4	64.6
Unmarried	Total	24,879	100	12.0	15.5	15.5	57.1
	Employ foreign worker	2,519	100	4.9	9.5	15.3	70.3
	No foreign worker	22,360	100	12.8	16.1	15.5	55.6

18 See Table 21 of the Insurance Branches Tables Appendix.

disability of over 90%¹⁸ compared to about 18% of the disability pension recipients. Despite this, only about 9% of them employ a foreign worker and it seems that the rest are cared for by a family member. As expected, among those who employ foreign workers the proportion of people with over 90% disability is even higher – about 70%. The NII does not have any information about special services allowance recipients who employ an Israeli caregiver, but with regard to the long-term care benefit it is known that the number of Israeli workers is about 14% higher than the number of foreign workers.

Box 2

The Special Services Allowance and the Long-Term Care Benefit - Comparison

According to National Insurance Law there are three different benefits intended to finance assistance in cases of difficulty with daily functioning. They differ from one another with regard to the age of those eligible: disabled child benefit - up to the age of 18; special services allowance - from the age of 18 until retirement, and long-term care benefit, which is given after retirement age. In this box we will compare the special services allowance with the long-term care benefit, with regard to conditions of eligibility and characteristics of recipients.

The special services allowance

The special services allowance is paid to insurees who, due to physical, mental or psychological impairment, require personal care, assistance at home in performing daily activities (personal care or assistance with the household), or require supervision to prevent danger to themselves or others.

The allowance is intended for people of working age (men aged 18-67 and women aged 18-62), insurees or housewives whom a medical board has found to have medical disability of at least 60%¹. The allowance enables the person living at home to finance assistance, but eligibility for it is not conditional upon actually purchasing the assistance. Those in an institution in which medical, nursing or rehabilitation services are provided are not eligible for the allowance. Those eligible for the allowance before reaching retirement age are also entitled to receive it after retirement age. Those living in Israel for less than 12 months are eligible to receive a special services allowance from the NII at the State treasury's expense.

1 Someone who is ineligible for a general disability pension may be eligible for a special services allowance only if his/her medical disability is at least 75%.

Conditions of eligibility

Eligibility for the special services allowance is determined by a NII doctor on the basis of four tests:

- Need for assistance with daily activities- dressing, eating, bathing, toileting and mobility inside the home (ADL test).
- Need for assistance with the household – cooking, home maintenance, taking medication, institutional and financial arrangements, shopping outside the home and operating appliances (IADL test).
- Need for supervision to prevent danger to themselves or others.
- Someone to whom one of the following applies: receiving active treatment for oncological diseases and dependent on the assistance of others; requires dialysis (at least twice a week); has undergone an organ transplant (kidney, heart, pancreas, lung, liver); has undergone a bone marrow transplant, whether an autograph or an allograft.

Level of the allowance

The special services allowance has three levels and is determined as percentages of the full disability pension for a single person:

- Someone who is partially dependent on the assistance of others and has accumulated 20-43 points – 50
- Someone who is very largely dependent on the assistance of others and has accumulated 44-58 points – 111.9%
- Someone who is entirely dependent on the assistance of others and has accumulated at least 59 points – 188%. The full allowance amounts in 2015: NIS 1,401 – 5,045.

The allowance is paid directly into the eligible person's bank account. Those whose income from work is 4 to 5 times the average wage are entitled to half the allowance. Those whose income is higher are not entitled to the allowance.

Long-term care benefit

The long-term care benefit is intended to assist with the burden of personal care of the elderly who, due to physical, mental or psychological impairment, need assistance in performing daily activities or supervision to prevent danger to themselves or others². This benefit is in the form of services, not money, (a benefit in-kind), which

² For immigrants who immigrated to Israel five years before retirement age, the benefit is financed by the State treasury.

is provided by organizations financed by the NII for this purpose, and it enables the elderly person to continue living in the community (at home, in a relative's home or in a retirement home). A cash benefit is given in cases where it is not possible to provide services at home at the times specified by the law. Someone living in an institution or nursing care department is not entitled to the benefit.

Those eligible for the benefit are insurees over retirement age with a physical, mental or psychological impairment. The claimants are not required to pass a medical board to determine the degree of disability, but must furnish medical documents attesting to an impairment.

Conditions of eligibility

Eligibility for the long-term care benefit is examined by an assessor from the NII (nurse, occupational therapist or physiotherapist, or a doctor specializing in geriatrics, for those over 90), in accordance with two tests: the need for assistance with daily activities – dressing, eating, bathing, toileting and mobility inside the home (ADL test) and the need for supervision to prevent danger to themselves or others.

Level of the benefit

The long-term care benefit also has three levels and it is also determined as percentages of the full disability benefit for a single person:

- 91% (9.75 hours per week) - for someone who is partially dependent on the assistance of others and has accumulated 2.5-5.5 points;
- 150% (16 hours per week) for someone who is very largely dependent on the assistance of others and has accumulated 6-8.5 points;
- 168% (18 hours per week) for someone who is entirely dependent on the assistance of others and has accumulated at least 9 points. The amounts of the full benefit in 2015: NIS 1,992 – 4,470 per month.

Someone who lives alone and whose income is at the level of the average wage - up to 150% of the average wage, or someone who lives with a spouse and their income is from 150% to 225% of the average wage, is entitled to half the benefit.

Eligible persons at the high or middle level who employ an Israeli worker are entitled to a supplement of four or three hours per week respectively. Someone who receives a cash benefit is entitled to it at the rate of 80% of the benefit determined for him in the dependency test.

Comparison between the benefits

It is true that in the eligibility conditions for the special services allowance, more factors are taken into account, but the condition of medical disability in it is more

limiting. Apart from that, the highest level of eligibility for it (188% of a single person's disability pension) is higher than the highest level of eligibility for long-term care (168%), but both the other levels of long-term care (91% and 150%) are higher than the two corresponding levels of special services allowance (50% and 111.9%). For example, someone who needs a little help with dressing will receive 3 points on the special services allowance test and only 0.5 points on the long-term care test (Table 1).

Income tests give special services allowance recipients an advantage: the income taken into account is from work only, and income which deprives a person of the benefit or only entitles him to half is higher than that in long-term care. In addition, the special services allowance benefit is usually a cash one and is not conditional upon actually purchasing assistance, while the long-term care benefit is usually a benefit in-kind and is only given to those who have actually purchased services.

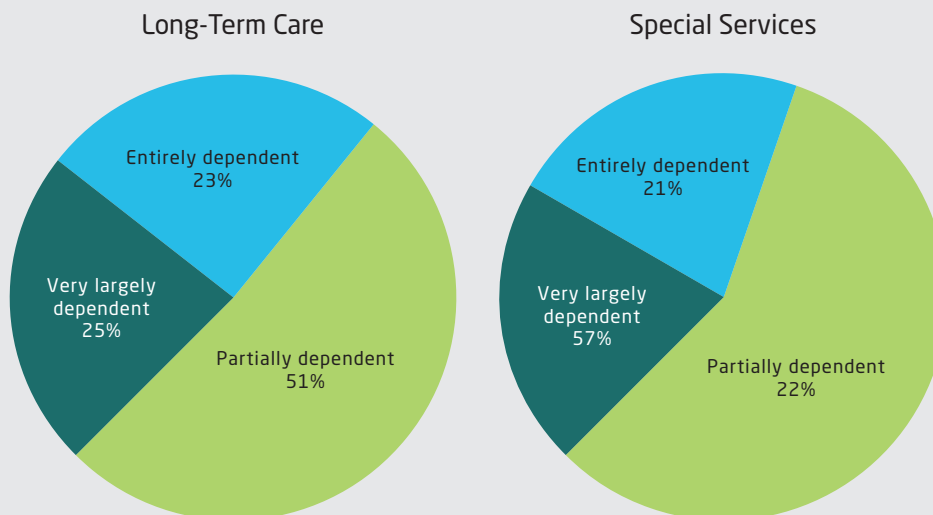
Table 1
Special Services Allowance and Long-Term Care Benefit - Comparison

	Special services	Long-term care
Year in which the law came into force	1979	1988
Those insured	Insurees, housewives and new immigrants	Insurees, housewives and new immigrants
Age	Working age	After working age
Medical disability	At least 60%	Evidence of medical impairment
Eligibility tests	ADL, IADL, supervision, medical treatment	ADL, supervision
Examiner	Doctor	Assessor
Type of benefit	Money	Services (except in special cases)
Levels of eligibility	50%, 111.9% or 188% of the full disability pension for a single person	91%, 150% or 168% of the full disability pension for a single person
Entitling points	20-43, 44-58, 59-98	2.5-5.5, 6-8.5, 9-11
Income test	Full benefit: up to 4 times the average wage Half benefit: 4-5 times the average wage	Full benefit: single person – up to 100% of the average wage, couple – up to 150% of the average wage Half benefit: single person – 100% -150% of the average wage, couple – 150% - 225% of the average wage
Determining income	Current income from work of the eligible person only, and not the spouse	All current income, including the spouse's income (except Holocaust survivors' reparations)

Number of recipients and monetary expenditure

According to the 2009 health survey conducted by the Central Bureau of Statistics³, 2% (about 64 thousand people) of the working-age population, and 21% (about 200 thousand) of the population over working age have limitations in daily functioning. These data are also expressed in the number of people entitled to each of the benefits: in 2015 about 51 thousand received a special services allowance every month on average, and about 161 thousand received a long-term care benefit. In both cases about 80% of the potential population receives a benefit from the NII. The breakdown of eligible persons by level of dependency is similar for both benefits.

Figure 1
Special Services Allowance and Long-Term Care Benefit Recipients,
by Level of Dependency on the Assistance of Others



The percentage of new long-term care claims out of all claims is higher than the percentage of special services allowance claims – 67% compared with 39% (Figure 2), apparently because those potentially eligible for a special services allowance make more effort to increase the rate of their entitlement to the benefit, while those for

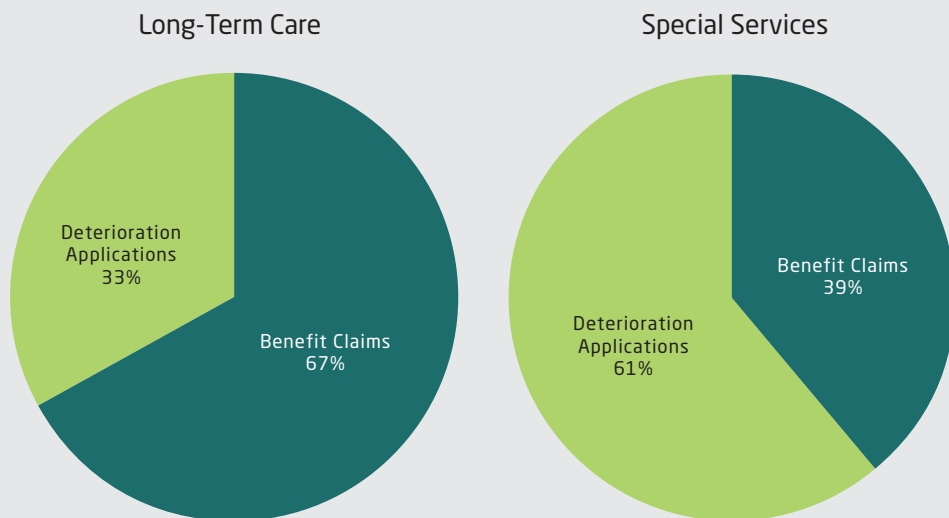
3 The Central Bureau of Statistics Health Survey 2009, Table 18.1. http://www.cbs.gov.il/publications13/health_survey09_1500/pdf/t18_1.pdf

long-term care make less effort. A reason for this may be the age differences of the claimants and the difficulty which elderly people have in dealing with bureaucracy. Another possible explanation is that in the case of a cash benefit, insurees usually aim to increase the amount. However when assistance is in-kind (care hours) it may be that the insuree receives assistance which is sufficient for his needs.

With regard to the change in the benefit amount over the years, the average long-term care benefit has increased in real terms from 2013 more than the special services allowance, mainly due to the addition of another level of long-term care (168%) in 2007. In 2009 and 2015 the amount increased as a result of the increase in minimum wage. The number of hours for those eligible for long-term care has not changed, but the total expenditure has increased.

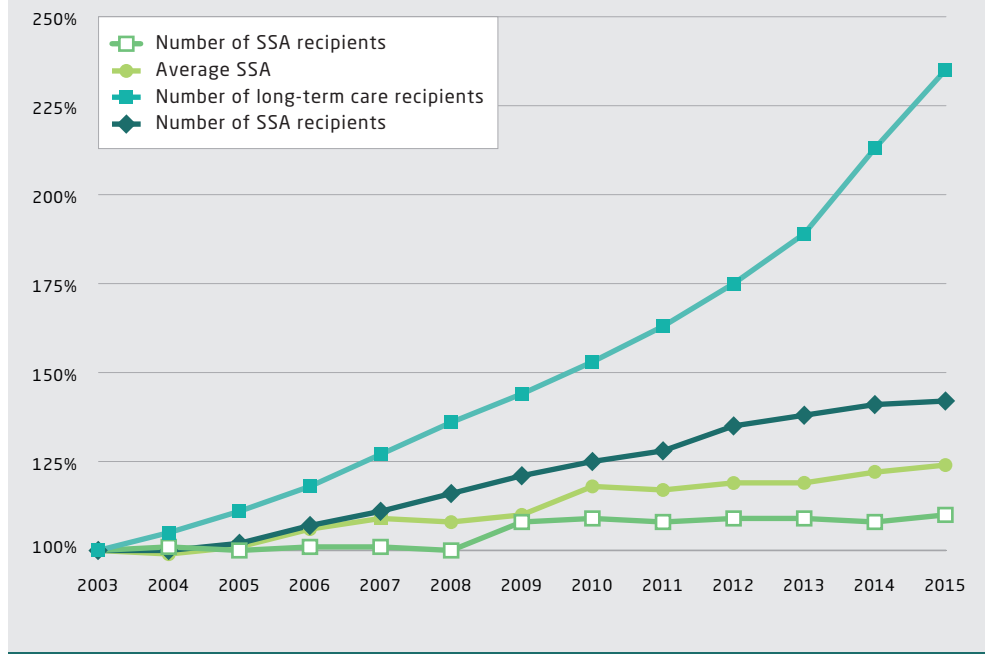
Figure 2

Claims and Deterioration Applications - Special Services Allowance and Long-Term Care Benefit



The trends were also different with regard to the recipients of the two benefits: from 2003 the number of special services allowance recipients increased 2.5 times, while the number of long-term care recipients increased by only 50% (Figure 3). One explanation for this is the inclusion of the IADL test in the special services allowance eligibility tests in 2014, a change which alone led to an increase of about 30% in the number of recipients. Another explanation is the raising of the retirement age, which increased the number of those potentially eligible for special services allowances and reduced the number of those potentially eligible for long-term care.

Figure 3
Change in the Number of Recipients and Amount of the Real Average Benefit - SSA and Long-Term Care, 2003-2015



4. Disabled Child Benefit

The disabled child benefit is intended to help families caring for a special needs child with the expenses involved in the difficult personal and nursing care of the child, or with any other treatment intended to improve his/her functioning, and to encourage the family to care for the child in the home and community.

Persons eligible for the benefit

There are two stages in the process of determining eligibility for the benefit. In the first stage, the claims official verifies that the preconditions for eligibility exist: the child, as defined in National Insurance Law, has not reached the age of 18, is the child of an

insured person¹⁹ (or of someone who was insured and died while residing in Israel), and he/she is not being kept with a foster family or in an institution²⁰ (in boarding school conditions, where therapy, nursing or rehabilitation services are provided²¹).

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 the assistance of others** (from the age of 3): A child who, due to illness, syndrome, accident or birth defect is dependent on the help of others far more than other children of the same age for performing daily activities (dressing, eating, bathing, personal hygiene, mobility in the home).
- **He/she needs constant presence or permanent supervision** (from 90 days): A child who, due to a serious medical impairment, severe chronic illness, severe behavioral disturbance or mental retardation, cannot be left without permanent supervision or who needs the constant presence of others to prevent mortal danger to himself or others.
- **He/she suffers from a particular impairment stated in the regulations²²** (from birth): delayed development, needs help with communication, deterioration in hearing, impaired vision, autism or psychosis, Down's syndrome.
- **He/she requires special medical treatment** (from the age of 90 days): A child who, due to a chronic illness, requires special medical treatment (as specified in the law). In recent years a number of amendments have been made to the law, which have led to an increase in the number of those eligible and to an increase in the monthly benefit paid to them. The most important changes are: the implementation of the Or-Noi Committee recommendations, which increased the number of grounds of eligibility for the benefit; combination of the increment for living expenses and help with studies at a level of 20% of the full benefit, and granting the increment to all recipients of the benefit; and increasing the amount of the benefit paid to children entirely dependent on the help of others.

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 impairment²³. There are three basic levels:

19 Including stepchildren or adopted children who have not yet reached the age of 18.

20 A foster family which keeps a child with special needs is entitled to support from the Ministry of Welfare.

21 Except for special cases where the child is kept in an institution and his parents bear all the costs of his maintenance.

22 A child found to be eligible for a benefit in this category is entitled to receive a disabled child benefit from the date of his birth.

23 Unlike the disability pension, which is influenced by the degree of medical disability and degree of incapacity, there is no difference between disabled child benefit recipients who are eligible on the same grounds. The benefit rates appear in the National Insurance Regulations (Disabled Child), 5770-2010, Section 2: Benefit for special arrangements.

50%, 100% and 188%. A child who meets more than one of the eligibility conditions will be entitled to one benefit at the highest rate. The amount of the basic monthly benefit for a child receiving a benefit at the rate of 100% was NIS 2,189 in 2015, to which is added the additional monthly allowance at the rate of 17% of the full pension for a single person – NIS 372.

Since April 2015 anyone who needs a ventilator constantly at all hours of the day and night and is defined as entirely dependent on the assistance of others is entitled to the **ventilated disabled person's** increment, which is 83% of the full disability pension – NIS 1,817.

A family with two or more children receiving a disabled child benefit is entitled to an increment of 50% (of the amount of the benefit for each child) for each of the children. A family with two special needs children, one of whom is not entitled to a benefit (because he/she is in an institution, or is over 18 and received the benefit until reaching the age of 18) is also entitled to this increment.

When children reach the age of 18, they may be eligible for a disability pension or special services allowance, the NII initiates a claim for them to exercise all their rights to these benefits. Payment of the benefit continues for three months after their 18th birthday, in order to maintain continuity of payments to the family.

Children receiving the 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 functioning problem or need regular medical treatment for a year or more. According to this estimate, in December 2015 there were about 213,000 children in Israel with special needs, and 46,143 of them received the disabled child benefit – an increase of about 10% compared to 2014. The rate of change in the number of recipients of the benefit is higher than the rate of change in the total number of children in Israel (Figure 4) for three main reasons: (a) implementation of the Or-Noi Committee conclusions;

(b) restoration of supervision to the list of grounds of eligibility for the benefit (the number of children requiring supervision also doubled over the last year); (c) the increase in the number of children diagnosed as being on the autism spectrum.

Like the breakdown of all special needs children in Israel²⁴, about 2/3 of recipients of the disabled child benefit are boys (Table 10), largely due to the greater frequency of autism among boys than among girls. The main ages of eligibility are 6-13, due to the definitions of eligibility for the benefit, which examine the burden placed on parents caring for the child,

24 Naon et al (2000) Children with special needs: Evaluation of needs and their cover by the services Joint-Brookdale Institute and National Insurance Institute.

Figure 4
Disabled Child Benefit Recipients and Evolution of the Child Population, 2006-2015

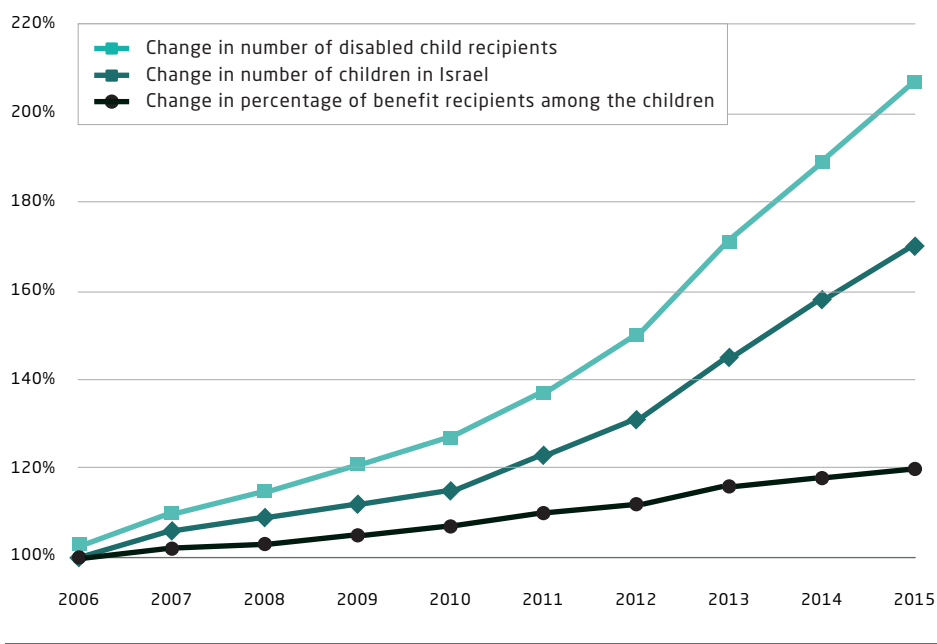


Table 10
Disabled Child Benefit Recipients, by Age, Sex and Eligibility Group (Absolute Numbers and Percentages), December 2015

Sex	Eligibility group	Total		Age (percentages)				
		Absolute numbers	%	Up to 3	3-5	6-9	10-13	14-17
Total	Absolute numbers	46,143		3,665	8,314	11,702	11,709	10,753
	Percentages		100	100	100	100	100	100
Boys	Total	30,532	66.2	60.4	66.7	68.9	67.1	63.8
	Dependent on help of others	4,543	9.9	.	6.8	10.8	11.3	12.9
	Need constant presence/supervision	7,150	15.5	15.0	14.1	18.0	16.6	12.8
	Have a special impairment	15,107	32.7	30.4	38.7	33.1	32.0	29.4
	Need special medical treatment	3,732	8.1	15.0	7.1	7.0	7.2	8.6
Girls	Total	15,611	33.8	39.6	33.3	31.1	32.9	36.2
	Dependent on help of others	3,111	6.7	.	4.9	6.5	7.9	9.4
	Need constant presence/supervision	3,789	8.2	9.2	9.0	8.0	7.5	8.3
	Have a special impairment	5,758	12.5	19.0	4.2	11.1	10.9	12.1
	Need special medical treatment	2,953	6.4	11.4	5.2	5.5	6.6	6.4

compared to the normal situation for children of the same age²⁵, and which are also affected by the minimum age specified in the regulations for some of the grounds.

Caring for a child with special needs is hard on parents, and caring for more than one disabled child is very much harder. In 2015 there were 4,718 families with more than one child receiving a disabled child benefit (a total of 8,437 children); 406 of these families have at least three children with special needs. The breakdown of the most common impairments among these children shows that about 24% of the families have two or more children with autism, about 19% have children with hearing problems, about 4% have children with impaired vision, about 15% have children who are dependent on the help of others and about 20% of the families have children who need constant supervision or presence to prevent mortal danger to themselves or others.

Less than 2% of disabled child benefit recipients employ a foreign worker in their homes; 65% of these are completely dependent on others for all daily activities (they can be identified by the rate of the benefit – 188%) (Table 11).

In 2015 the number of families whose children are completely dependent on others and who employ a foreign worker continued to increase. It is possible that the increase in the benefit for these children has enabled more families to fund the employment of such a worker. The number of children for whom a family increment is paid is almost identical to those who employ a foreign worker and those who do not (17%-18). As stated, there is no information about employment of Israeli workers.

Table 11

Disabled Child Benefit Recipients by Basic Benefit Rate, Party Assisting and Number of Disabled Children in the Family (Absolute Numbers and Percentages), December 2015

Employment of foreign worker		Total		Basic benefit rate (%)		
		Absolute numbers	%	50%	100%	188%
Total	Absolute numbers	46,163		13,913	26,558	5,672
	Percentages		100	30.2	57.6	12.3
Employ a foreign worker	Total	759	100	3.2	31.9	65.0
	Of whom: receive an increased benefit for families of disabled children	127	100	3.1	39.4	57.5
Do not employ a foreign worker	Total	45,384	100	30.6	58.0	11.4
	Of whom: receive an increased benefit for families of disabled children	8,310	100	26.5	63.4	10.1

25 Due to the child's natural development, the restriction is felt when he is small and lessens as he grows up.

5. Benefit for those with restricted mobility

The mobility benefit grants benefits to disabled persons with leg impairments which restrict their mobility²⁶. The benefit is paid from the State treasury funds pursuant to an agreement signed by the Ministry of Finance and the NII.

Persons eligible for the benefit

A resident of Israel aged 3-67, who has been found by a medical board of the Ministry of Health to have at least 40% permanent mobility restriction (for holders of a valid driver's license), or at least 60% permanent mobility restriction (for those who do not have a driver's license) is eligible for the benefit.

The benefits

Monthly allowance

Paid as participation in the expenses of using a car²⁷ (for car owners) or mobility²⁸ (for those without cars) and updated in accordance with the increase in the cost of running a car. If the distance from the person's home to his/her workplace and back is more than 40km he/she is entitled to an increment. Only persons with restricted mobility who are defined as earners²⁹ are entitled to the full benefit.

Standing loan

Given to the purchaser of a new car, to provide full or partial funding of the taxes applicable to the car³⁰. The loan amount will equal the taxes on the **determining vehicle** (as defined

26 Subject to the list of impairments which appears in Schedule A to the mobility agreement.

27 Petrol, insurance of the car and the equipment, repairs and services and protection devices.

28 And updated in accordance with the increase in the cost of running a car.

29 Someone who works and earns at least 25% of the average wage, or who has at least 80% mobility restriction, or is entitled to a special equipment vehicle. A non-earner is entitled to 50% of the full benefit.

30 For the holder of a driver's license: only if 42 months have elapsed from the date of receiving the last loan; for someone who does not have a driver's license: only if 48 months have elapsed; for the owner of a special equipment vehicle - only if 60 months have elapsed from the date of receiving the last standing loan. If the car is stolen or wrecked in an accident or there has been a deterioration in medical condition and the Medical Institute has confirmed that the car must be replaced, a new standing loan may be obtained.

in the law) which has been determined for the disabled person, according to his/her level of restricted mobility, and no more than the total taxes applicable to the car which was purchased. The loan is repaid to the NII subject to defined rules.

Loan fund

A person whom a medical board has found to need and use a wheelchair and the Medical Institute for Road Safety has determined that he needs a special equipment vehicle³¹; or his/her mobility is restricted by at least 90%; a driver's licence holder who is studying/working/undergoing rehabilitation – is eligible for assistance in purchasing the first car equal to 80% of the car's value, excluding taxes³².

Loan to purchase and install equipment in the car³³

Someone who needs and uses a wheelchair is eligible for a loan to finance the special equipment required for the use of the car, if the Medical Institute for Road Safety has determined that he/she needs a special equipment vehicle. If he/she has a suitable vehicle – he/she is also entitled to assistance in purchasing a lifting device.

Reimbursement of the cost of purchasing and installing equipment in a private car

If the Institute for Road Safety has determined that a restricted mobility holder of a valid driver's license needs additional equipment for driving, safety while driving and to use the car, he/she is eligible for reimbursement of the costs of such equipment which has been installed.

The benefits do not stop at the age of 67, but individuals who are entitled to participation in mobility costs under other laws will no longer be eligible for the benefits under the mobility agreement.

In the following cases, the person with restricted mobility is not entitled to the above benefits, and must choose one benefit: (a) he/she receives a special services allowance at a rate of less than 100% and has not been found to have 100% restricted mobility, or he/she does not need or use a wheelchair; (b) a child who receives the disabled child benefit and is younger than 3, or who is aged 3 and over and has not been found to have restricted mobility of more than 80%, or does not need or use a wheelchair.

A family with two or more children who have each been found to have at least 80% restricted mobility or have been found to be unable to walk unaided and are living in the

31 A vehicle which can be entered or driven while in a wheelchair.

32 The assistance becomes a grant after five years.

33 In the amount of 95% of the value of the equipment and cost of installing it, including the taxes applicable to it, and for new equipment only.

same home, may be eligible for both the disabled child benefit and the benefits under the mobility agreement, even if the children have not yet reached the age of 3.

Recipients of the Mobility Benefit

In December 2015, 38,628 people received benefits – an increase of about 3.5% compared to 2014. About 69% of the benefit recipients receive an additional benefit from the Disability branch (Tables 2 and 3), and another 2,268 were eligible for a disability pension from the Work Injury Victims Branch. It may be assumed that the remaining eligible persons who do not receive an additional benefit are earning a high salary that deprives them of the benefit or are forced to forgo other benefits due to duplication with mobility benefits.

The scope of the benefits paid to persons of restricted mobility depends on whether they own a car, the size of the car determined for them (classified by engine capacity) and their degree of independence (drive themselves or not). About 80% of persons with restricted mobility are eligible for a benefit as car owners, and about 35% of them have a small car (up to 1300cc engine capacity) (Table 12). About 71% of persons of restricted mobility who own cars drive themselves. The exceptions are owners of vans, most of whom in fact do not drive themselves, probably because of their severe medical condition and dependence on wheelchairs.

After years in which the percentage of persons of restricted mobility who owned a private car decreased and the percentage of those with a special equipment vehicle increased, partly due to the extent of benefits for owners of such vehicles, in the last

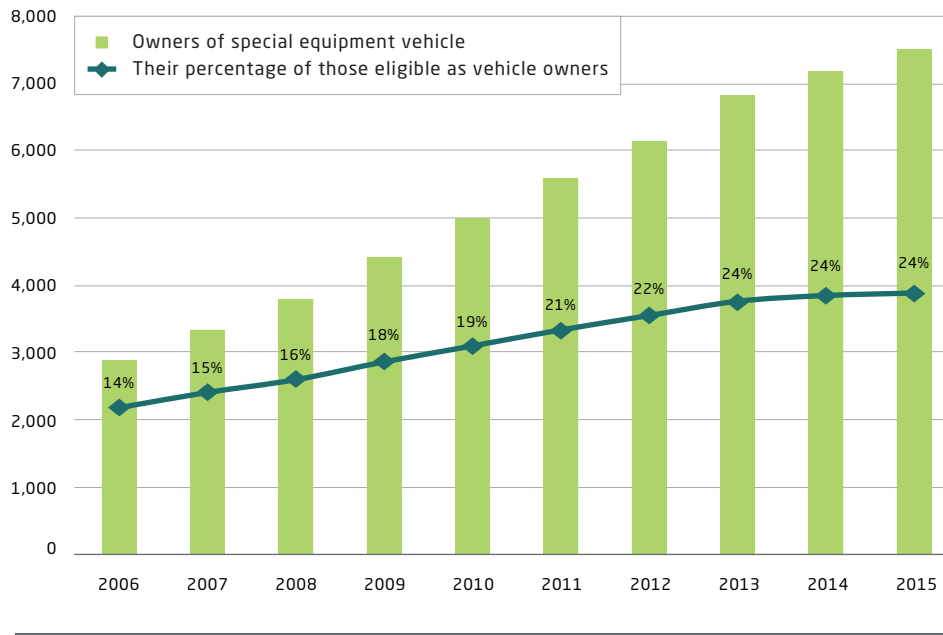
Table 12

Mobility Allowance Recipients by Driving, Vehicle Ownership and Vehicle Size (Absolute Numbers and Percentages), December 2015

Vehicle ownership	Engine capacity	Total		Driving (%)	
		Absolute numbers	%	Drive themselves	Do not drive
Total	Absolute numbers	38,628		21,789	16,839
	%		100.0	56.4	43.6
Vehicle owners	1300	11,046	100.0	79.1	20.9
	1800	10,338	100.0	88.0	12.0
	2000	1,680	100.0	81.7	18.3
	2500	306	100.0	97.1	2.9
	Van	7,496	100.0	30.5	69.5
No vehicle		7,762	100.0	.	100.0

Figure 5

Special Equipment Vehicle Owners and their Percentage out of all Vehicle Owners, 2006-2015



two years there has been a noticeable stabilization trend in the percentage of special equipment vehicle owners out of all vehicle owners (Figure 5). Today a quarter of the vehicle owners possess special equipment vehicles. This naturally has a great influence on the amount of public expenditure on mobility insurance.

The person of restricted mobility's degree of dependence on a wheelchair has a decisive influence on the degree of restriction and the size of vehicle determined for him: the greater the dependence on the wheelchair the greater the degree of restriction will be and the vehicle determined for him will be bigger (to enable him to enter the vehicle in the wheelchair). More than 90% of people confined to wheelchairs, and another 50% of those who need and use a wheelchair, have more than 90% restriction (Table 13). It can also be seen that the percentage of men eligible for the benefit is higher than the percentage of women.

About a third of benefit recipients are not of working age - about 12% of them are children, and about 20% elderly - and most of them (67%) suffer from paralysis of the lower limbs (Table 14). The younger the age, the higher the proportion of paralyzed recipients and the lower the proportion of those suffering from other impairments. This is because adults also suffer from restrictions which develop with age, while most of the children suffer from congenital impairments.

Table 13

Mobility Allowance Recipients by Degree of Restriction, Sex and Dependence on Wheelchair (Absolute Numbers and Percentages), December 2015

Sex	Dependence on wheelchair	Total		Restrictions (percentages)					
		Absolute numbers	%	40-49	50-59	60-69	70-79	80-89	90-100
Total	Absolute numbers	38,628		3,656	3,548	3,447	4,557	10,148	13,272
	Percentages		100	9.5	9.2	8.9	11.8	26.3	34.4
Men	Total	23,929	100	11.3	9.6	9.0	11.9	26.1	32.0
	Confined	4,410	100	0.2	0.1	0.1	0.3	8.2	91.1
	Need and use	5,974	100	2.3	1.6	6.7	6.1	36.5	46.8
	No wheelchair	13,545	100	18.9	16.3	13.0	18.2	27.4	6.2
Women	Total	14,699	100	9.5	8.5	8.8	11.7	26.5	38.2
	Confined	3,195	100	0.1	0.1	0.3	0.3	7.3	92.0
	Need and use	4,318	100	1.4	2.0	6.9	5.9	35.0	48.8
	No wheelchair	7,186	100	12.3	16.0	13.6	20.2	29.9	7.8

Table 14

Mobility Allowance Recipients by Age and Main Impairment (Absolute Numbers and Percentages), December 2015

Main impairment	Total		Age (percent)						
	Absolute numbers	%	3-17	18-29	30-39	40-49	50-59	60-67	67 and over
Total	Absolute numbers	38,628	4,549	3,538	3,560	4,325	6,665	8,398	7,593
	Percentages		100	100	100	100	100	100	100
Lower limb paralysis	26,067	67.5	95.6	86.6	77.0	67.5	61.0	62.0	48.9
Limitation of joint movement	5,211	13.5	0.7	5.0	9.8	12.4	15.8	17.2	21.4
Arterial insufficiency	1,944	5.0	.	0.1	0.5	1.4	5.6	7.7	11.1
Amputations	1,642	4.2	0.8	2.2	3.7	5.9	5.8	4.3	5.2
Dislocations	1,315	3.4	0.9	1.7	3.6	5.2	4.8	2.9	3.9
False joints	989	2.6	0.4	0.7	1.7	2.9	3.0	2.7	4.4
Rigidity	923	2.4	0.5	0.9	1.6	2.7	2.7	2.3	4.4
Other	537	1.4	1.0	2.9	2.1	2.0	1.3	0.9	0.9

The mobility benefit is intended, among other things, to enable recipients to lead a normal lifestyle, including integrating into the workforce. Therefore it has been determined that if the distance from their home to their workplace and back is more than 40km, they are entitled to an allowance increment as compensation for their additional fuel costs. However, only some 17% of the benefit recipients work, most of them close to their homes (only 18% of working recipients receive the allowance increment due to the distance between their homes and workplaces).

Mobility benefit in Israel and abroad

An examination of the benefits for people with restricted mobility in other Western countries shows that only a few countries have a special benefit for people with restricted mobility like the one in Israel. The main explanation for this is the low accessibility of public transport in Israel compared to other countries and the numerous mobility options available there: interurban and urban trains, bus lines and transportation services – urban, interurban and specific. Another explanation is that in most countries the mobility benefit is included in the benefits paid to those who are dependent on others (comparable to the special services allowance 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 cost of buying and maintaining vehicles in Israel.

6. Compensation for scalp ringworm victims

Main points of the law

Scalp ringworm (*Tinea Capitis*) is a fungal skin disease that generally causes skin discoloration and itching. Today the disease 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 Scalp Ringworm Victims Compensation Law, which was intended to compensate patients who were treated with radiation in the years 1946-1960 by the State, the Jewish Agency, the health maintenance organizations or Hadassah Medical Federation. Compensation is funded by the State treasury and paid by the NII.

According to the law, eligibility for the benefit applies to residents of Israel who suffered from scalp ringworm and about whom a committee of experts has decided that due to radiation treatment, 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. The eligibility under the Scalp Ringworm Victims Compensation Law does not detract from the rights of those entitled to other benefits from the NII and is not dependent on their ages.

Amount of the compensation

- **Monthly allowance:** Paid to those found to have 40% or more medical disability. The amount thereof is 25% of the average wage under the National Insurance Law, multiplied by the percentage of medical disability. The amount at 100% disability level is NIS 2,315.
- **One-time compensation:** Paid to a patient with 75% or more medical disability – an amount of NIS 187,139, and to a patient with 40%-74% medical disability half the amount – NIS 93,570.
- **Grant instead of allowance:** Paid on a one-time basis to a patient with 5%-39% medical disability. Calculated as a percentage of the full allowance amount (according to the degree of disability determined) multiplied by 70.
- **Survivors' grant:** Paid to the spouse of a patient who has a child with him/her, in the amount of 36 full monthly allowances (NIS 84,340) or to the spouse of a patient with no children with him/her or to the patient's children – in the amount of 60% of the full survivors' compensation (NIS 50,004).

Recipients of scalp ringworm victims' compensation

At the end of 2015 there were 4,463 recipients of the monthly allowance under the Scalp Ringworm Victims Compensation Law (Table 15). One hundred and ninety nine of them received it for the first time that year. The average age of eligible persons (69.9) is quite high due to the period of eligibility stipulated by law. Unlike most benefits paid by the Disability Branch, most recipients of this allowance (about 61%) are women, apparently due to greater self-consciousness about the side-effects and their higher rate of surviving the illness compared with men.

Most (about 62%) recipients of the monthly allowance suffer from skin damage and have a low degree of disability, about 16% have internal impairments and a higher degree

Table 15

Scalp Ringworm Victims Receiving a Monthly Allowance, by Age and Sex (Absolute Numbers and Percentages), December 2015

		Age (Percentages)				
		Total	50-59	60-64	65-69	70 and above
Total	Absolute numbers	4,463	81	875	1,505	2,002
	Percentages	100	100	100	100	100
Men		39.0	30.9	34.5	37.9	42.1
Women		61.0	69.1	65.5	62.1	57.9

of disability (usually these are seriously ill cancer patients) (Table 16). Apart from the differences in degree of disability defined in the law, there are probably also differences in life expectancy between these patients.

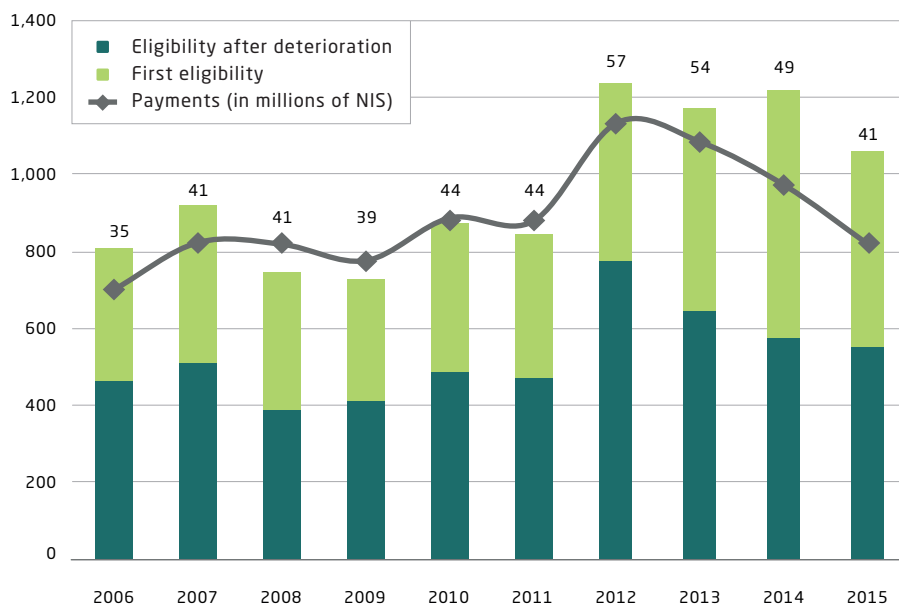
Table 16

Scalp Ringworm Victims Receiving a Monthly Allowance, by Degree of Medical Disability and Impairment Granting Eligibility³⁴ (Absolute Numbers and Percentages), December 2015

Impairment granting eligibility		Total		Medical disability (%)			
		Absolute numbers	%	40-49	50-59	60-79	80-100
Total	Absolute numbers	4,463		1,851	933	1,061	618
	Percentages	100	100	100	100	100	
Skin damage	Skin scars and damage	1,927	44	51.9	50.0	36.7	18.0
	Baldness	816	18	32.6	14.6	6.2	1.6
Internal	Lymph glands	439	10	0.5	7.6	16.3	30.1
	Other	274	6	6.2	6.7	6.7	4.4
Neurological		968	21	8.5	20.5	33.2	43.4
Other		39	1	0.4	0.6	0.9	2.6

Figure 6

Recipients of Grants for Scalp Ringworm Victims and Total Payments, 2006-2015



34 It is important to mention that the impairment granting eligibility is not necessarily the dominant impairment. For example, about 30% of the allowance recipients have a dominant psychological impairment, which is not indicated at all in Table 16.

Figure 6 shows the breakdown of payments to scalp ringworm victims and the number of recipients of compensation, divided according to initial eligibility for compensation and increased eligibility after deterioration of the condition. The payments in the figure are attributed to the year in which they were paid, and anyone for whom a higher rate of medical disability was approved after a repeat claim, is counted as receiving compensation at the new date. From 2012, the number of recipients of compensation for scalp ringworm has increased, because of an increase in the number of people eligible for the first time (mainly in 2012-2013) and a rise in the number of those eligible for increased compensation as a result of deterioration in their medical condition (mainly in 2013-2015). The increase may also be the result of more activity for the full exercise of the rights of scalp ringworm victims.

7. Compensation for polio victims

Main points of the law

Polio (Poliomyelitis) is a disease which affects the motor neurons in the spinal cord, and thus damages nerve fibers and muscles. About half of patients recover completely from the virus, while about half suffer various degrees of handicaps. The Polio Victims Compensation Law was passed by the Knesset in 2007. Anyone who contracted polio within the borders of Israel, or received medical treatment here before the end of 1969³⁵, and who has been found by a certified physician on behalf of the NII to be suffering from medical disability or restricted mobility due to the disease or subsequent deterioration (post-polio syndrome³⁶), is eligible for compensation. This compensation is financed by the State treasury and is intended to express the State's commitment to the victims.

Amount of compensation

- **Monthly allowance:** Paid to anyone found to have 20% or more medical disability, according to the degree of disability. The full allowance is 50% of the average wage according to the National Insurance Law – NIS 4,630.

35 Until February 2012 only those who contracted polio in the State of Israel were entitled to compensation.

36 Post-polio syndrome is caused by erosion of the neurons and is characterized by deterioration in muscle activity accompanied by weakness and pains.

- **One-time compensation:** Paid to anyone found to have a degree of permanent medical disability: up to 74% - NIS 60,465; 75%-94% - NIS 120,933; more than 95% - NIS 145,119.
- **Grant instead of allowance:** Paid to anyone found to have a degree of medical disability of less than 20%, pro rata to the degree of disability (out of the full monthly allowance) and multiplied by 70.

In addition to these payments, the State helps to fund medical treatments, medical equipment and devices required by polio victims 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 law does not detract from rights in other areas of insurance with the NII and does not depend on the eligible parties' age.

Recipients of polio victims' allowance

In December 2015 the number of recipients of the allowance amounted to 4,232 – almost unchanged since 2014. The stability in the number of recipients can also be seen in the number of first-time recipients – only 35. 73% of recipients 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 later, apparently in children or adults who were not vaccinated (Table 17). This finding can explain the relatively high average age of allowance recipients – 63.5. The rest are mainly people who contracted the disease outside Israel and were treated here, or who experienced a late attack of the disease, including those who became ill because they were not vaccinated.

Table 17

Polio Victims Receiving a Monthly Allowance, by Sex and Date of Appearance of the Disease (Absolute Numbers and Percentages), December 2015

Date of appearance of the disease	Total		Sex (%)	
	Absolute numbers	%	Men	Women
Total	Absolute numbers	4,232	2,353	1,879
	Percentages	100	100	100
Before the establishment of the State	427	10.1	9.4	11.0
1948-1959	3,124	73.8	72.2	75.9
1960-1969	400	9.5	11.0	7.6
1970-1979	163	3.8	4.5	3.0
1980 till today	118	2.8	3.0	2.5

Table 18

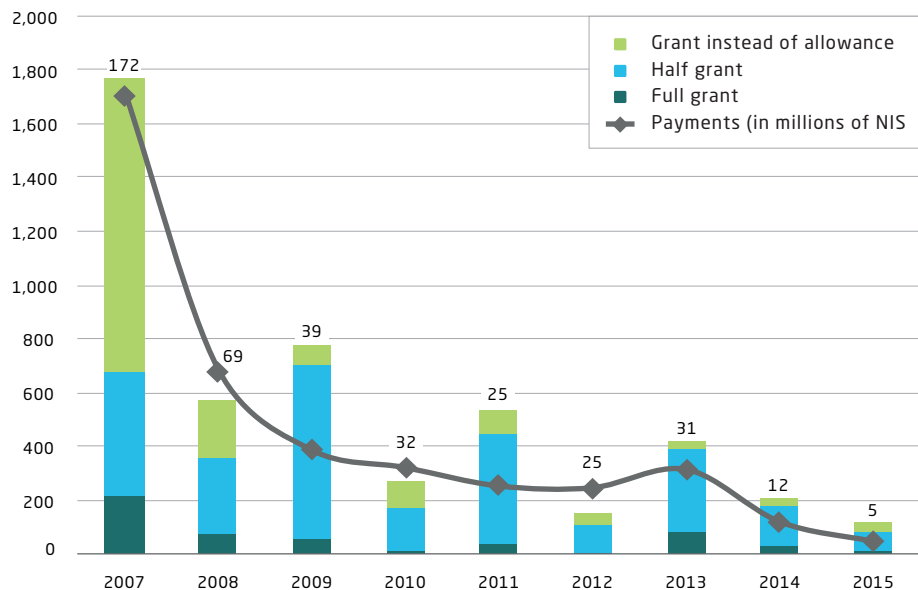
Polio Victims Receiving a Monthly Allowance, by Impairment Granting Eligibility and Degree of Medical Disability (Absolute Numbers and Percentages), December 2015

Impairment granting eligibility	Total		Medical disability (percentages)					
	Absolute numbers	%	20-49	50-59	60-69	70-79	80-89	90-100
Total	Absolute numbers	4,232	962	479	287	178	1,337	989
	Percentages	100	100	100	100	100	100	100
Cranial nerve disorders	718	17.0	11.3	12.7	14.6	15.7	12.2	31.8
Limb nerve paralysis	1,041	24.6	65.0	26.7	48.1	37.6	4.9	1.7
Bone diseases and damage	365	8.6	15.9	8.6	11.9	7.9	4.9	5.9
Post-polio	2,108	49.8	7.8	52.0	25.4	38.8	78.0	60.6

About half the recipients of the monthly allowance suffer from post-polio syndrome, which can appear up to 45 years after infection with the virus. The percentage of people with a high degree of medical disability who suffer from disorders of the cranial (skull) nerves and post-polio syndrome is higher than the percentage of those suffering from limb paralysis and bone damage (Table 18).

Figure 7

Recipients of Grants for Polio Victims and Total Payments, 2007-2015



* Those found to have a higher degree of medical disability after they submitted a repeat claim were counted as entitled to compensation at the time of the updated eligibility.

Since the Polio Victims Compensation Law came into force, grant payments to victims have decreased every year (Figure 7). It is worth noting the gap between the percentage of victims who receive both monthly allowance and one-time grant (about 90% of all recipients) and the percentage of scalp ringworm victims who receive both payments (about 23% of all recipients) – apparently because of the generous conditions of eligibility under the Polio Law.

8. Total payments

In 2015, the Disability branch paid benefits amounting to about NIS 13.6 billion – a real increase of 5% compared to the amount paid in 2014. The main increase arises from changes in eligibility tests and conditions of eligibility for special service allowances and disabled child benefits. The breakdown of expenditure by type of payment shows that the relative weight of payments for disability pensions and rehabilitation continued to fall in 2015, amounting to about 64% of branch expenditure (Table 19). Total payments in 2015 for scalp ringworm victims was about NIS 130 million, and for polio victims about NIS 170 million – a real decrease compared with previous years, which arises from the decrease in expenditure on grants. The weight of Disability branch benefit payments as a percentage of all NII benefit payments remained stable at a level of 18.7% (Table 20).

In general, despite the real increase in benefits, in 2015 the trend of erosion of disability benefits (general disability, special service allowance and disabled child) continued compared to the average wage in the economy – a result of differences between mechanisms for updating benefits and growth in wages.

Table 19
General Disability Branch Payments, by Type of Payment
(Percentages), 2011-2015

Year	Total	Disability and rehabilitation	Special services	Disabled child	Mobility
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
2015	100	63.9	12.3	12.0	11.1

Table 20
General Disability Branch Payments as a Percentage of All National Insurance Benefits, 2011-2015

Year	General disability branch payments		Branch benefit payments as a percentage of total benefit payments
	Millions of NIS (2015 prices)	Real annual growth rate (%)	
2011	11,154,385	0.7	18.4
2012	11,815,633	5.9	17.8
2013	12,231,262	3.2	18.7
2014	12,955,314	5.9	18.6
2015	13,598,173	5.0	18.7

The amount of the average disability pension (including the additional monthly allowance) is affected by many variables: (a) percentage of recipients eligible for the full benefit; (b) percentage who are eligible for an increment for their dependents; (c) percentage who have income from work or income not from work; (d) percentage who receive an encouragement allowance. In 2015 the average pension was NIS 2,862 per month, which is approximately 30.6% of the average wage, compared with 31.3% thereof in 2014 (Table 21).

The average special services allowance (including the additional monthly allowance) in 2015 was NIS 2,509 (Table 22). The increase in the amount of the average allowance was mainly a result of the increment given to eligible persons at the two high levels, after the increase in the minimum wage. However, as a percentage of the average wage the allowance did not increase, but even decreased slightly.

The size of the average disabled child benefit (including the additional allowance) was influenced by three changes occurring in recent years: (a) combination of the increment for studies and living expenses (on the recommendation of the Or-Noi Committee), and payment of the study increment to all benefit recipients³⁷; (b) increase in the number

Table 21
Average Monthly Disability Pension (Current Prices, Fixed Prices and as a Percentage of the Average Wage), 2011-2015

Year	Current prices (NIS)	2015 prices (NIS)	As a percentage of average wage
2011	2,710	2,794	31.6
2012	2,774	2,812	31.6
2013	2,807	2,803	31.2
2014	2,867	2,849	31.3
2015	2,862	2,862	30.6

37 Children who were over 14 before the new regulations came into force are still entitled to the separate increment for studies and for living expenses paid until then.

Table 22

Average Monthly Special Service Allowance Benefit (Current Prices, Fixed Prices and as a Percentage of the Average Wage), 2011-2015

Year	Current prices (NIS)	2015 prices (NIS)	As a percentage of average wage
2011	2,383	2,456	27.8
2012	2,449	2,483	27.9
2013	2,482	2,478	27.6
2014	2,464	2,449	26.9
2015	2,509	2,509	26.8

of benefit recipients who are completely dependent on others; (c) sharp increase in the number of benefit recipients who need supervision. In 2015 the amount of the average benefit payment was NIS 2,549 – a real increase of 6.3% compared with 2014 (Table 23). This increase is also explained by the increment paid to children who are entirely dependent on others, as a result of the increase in the minimum wage.

In 2015 the average mobility allowance was NIS 2,152 per month, which was 22.8% of the average wage, compared with 23.4% thereof in 2014 (Table 24). The average allowance for scalp ringworm victims was NIS 1,351 – a real increase of about 5% over 2014, and for polio victims it was NIS 3,282 per month – a real increase of about 4%.

Table 23

Average Monthly Disabled Child Benefit (Current Prices, Fixed Prices and as a Percentage of the Average Wage), 2011-2015

Year	Current prices (NIS)	2015 prices (NIS)	As a percentage of average wage
2011	2,266	2,336	26.5
2012	2,414	2,447	27.5
2013	2,439	2,435	27.1
2014	2,414	2,399	26.4
2015	2,549	2,549	27.1

Table 24

Average Monthly Mobility Allowance (Current Prices, Fixed Prices and as a Percentage of the Average Wage), 2011-2015

Year	Current prices (NIS)	2015 prices (NIS)	As a percentage of average wage
2011	1,939	1,999	22.7
2012	2,036	2,064	23.1
2013	2,137	2,133	23.1
2014	2,143	2,129	23.4
2015	2,139	2,139	22.8

1. Work-Injury Division Benefits

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.

Injury Allowance

An injury allowance is paid on account of absence from work, at most for 91 days (13 weeks) 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 injury allowance (in January 2015 – NIS 1,094.63 per day).

Disability Benefits

Disability benefits are paid to victims of a work-injury who remain temporarily or permanently disabled as a result of the work injury.

- **Temporary Disability Pension** – Paid to work-disabled persons with a temporary disability level of at least 9%.
- **Permanent Disability Pension** – 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 in January 2015 – NIS 32,839 for a salaried worker and self-employed worker). The

1 Salaried workers (from 1954), self-employed workers (from 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, individuals employed under the Emergency Labor 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 in the regulations

3 A disease contracted by the insured person due to his/her work, as specified by law.

amount of temporary or permanent disability pension has been set at 75% of income in the three months preceding the injury, multiplied by level of disability.

- **Disability Grant** – A one-time payment at the rate of the monthly pension times 43 paid to a work-disabled person with a permanent disability level of 9%-19%.
- **Special Allowance** - Paid in addition to the monthly pension for individuals (and other parties entitled by law) with a permanent disability level of at least 75% who require assistance in daily activities (maximum amount in January 2015 – NIS 8,210).
- **Special Grant** – Paid to persons with a disability level of at least 75% for financing one-time expenses due to the disability: housing adaptation, purchase of equipment, and purchase of a vehicle to solve mobility problems (only for individuals with mobility disability).

Dependents' Benefits

Dependents' benefits are paid to the widow/widower, orphans, parents (and in special circumstances also to other family members) who were dependent on the earnings of a person who died due to a work-injury: dependents' pension, dependents' grant, marriage grant, vocational rehabilitation for widow/widower receiving a dependents' pension, maintenance payments for orphans, bar mitzvah grant, and death grant. **Dependents' pension** – a pension at a rate of 40%-100% of the full pension to which the insured party would have been entitled if he/she had a disability level of 100%, in accordance with number of children. The following are entitled to the dependents' pension: 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 who has reached 40 years of age and is incapable of supporting himself. The full pension amount is 75% of the deceased's salary in the determining period. The partial pension amount is determined in accordance with level of entitlement.⁴

Treatment Expenses (Including Hospitalization and Medical Rehabilitation)

The NII, through the health funds (which receive 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.

4 The rate of the dependents' pension is in accordance with the number of dependents and their relationship as set out in the law.

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 their previous job or any other work. Vocational rehabilitation is also provided to the widows of those who suffered a work-injury.

2. Changes in legislation

Injury allowance

Until 31.1.2002 those injured at work were entitled to an injury allowance for a maximum period of 181 days (26 weeks). The injury allowance was not paid for the first two days after the occurrence of the injury except to someone who was unable to work for 12 days or more. As a result of an amendment to the law in 2005, the period of entitlement to an injury allowance at the employers' expense was increased from 9 to 12 days. Someone who does not have an employer, such as self-employed workers, is not entitled to payment for the first 12 days, except for employers of a household worker.

Temporary disability pension and disability grant

Until 2005 a work disability grant and temporary disability pension began to be paid from a degree of disability of 5%. Those injured before 1.7.2003 receive a grant in the amount of 70 pensions.

Foreign workers and residents of the territories

Until 28.2.2003 foreign workers and residents of the territories who were injured at work were entitled to all the benefits given to work injury victims, whether they worked with a permit or not. On 1.3.2003 a change was made and the benefit of an unreported foreign worker was revoked.

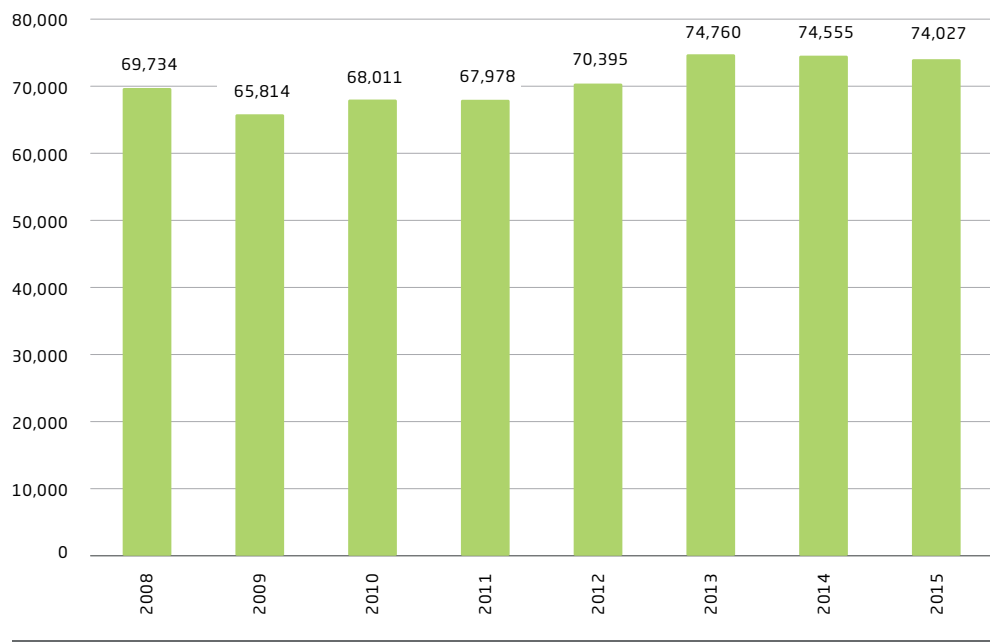
Disability grant

Until the enactment of the Economic Recovery Plan Law in June 2003, the disability grant amount was 70 monthly pensions. The determined law that a person injured from 1.7.2003 onwards would receive a grant equal to 43 pensions. As a result there was a steep decrease in the amount of the average disability grants but not in the number of payments.

3. Injury allowance

The work-injury allowance is a short-term benefit paid to a person for a maximum period of 91 days, for injury at work. In 2015 the **number of recipients** reached 74,027 - a drop of 0.7% in comparison to 2014 (Figure 1). **The number of days of incapacity** for work increased, reaching 2,763,001 days – an increase of 3.9% compared with 2014. **The average number of days of incapacity per injured worker** increased to 37.3 days – an increase of 4.5% (Tables 1 and 2). The number of injury allowance recipients declined in relation to the increase in the number of people employed in the economy. In 2015, injury allowance recipients represented 1.9% of all employees (Table 2).

Figure 1
Injury Allowance Recipients, 2008-2015



The percentage of injury allowance recipients out of total employees has declined gradually over the years. This began in 1996 and continued until 2012 as a result of legislative changes (obligation of the employer to pay for the first days and cancellation of entitlement to this payment for those without an employer, in 1997 and 2005). In 2013 there was an increase to about 2% of employees, in 2014 the percentage dropped to 1.93% and in 2015 the percentage of injury allowance recipients continued to decrease to 1.88% of all employees.

Table 1
Employees, Injury Allowance Recipients, and Days of Incapacity for Work, 2011-2015

Year	Employees (thousands)*	Injury allowance recipients	Days of incapacity for work	
			Total	Average per injured person
2011	3,511.3	67,978	2,488,540	36.6
2012	3,654.4	70,395	2,546,960	36.2
2013	3,751.1	74,760	2,734,723	36.6
2014	3,856.6	74,555	2,658,441	35.7
2015	3,946.0	74,027	2,763,001	37.3

* According to national accounting data, the Central Bureau of Statistics. Israeli workers, workers from abroad (reported and unreported) and residents of Judea and Samaria.

Table 2
Change in Injury Allowance Recipients and Days of Incapacity for Work (percentages), 2011-2015

Year	Injury allowance recipients as a percentage of all employees	Average annual rate of change		
		Employees	Injury allowance recipients	Average days of incapacity
2011	1.94	3.0	-0.1	0.5
2012	1.93	4.1	3.6	-1.1
2013	1.99	2.6	6.2	1.1
2014	1.93	2.8	-0.3	-2.5
2015	1.88	2.3	-0.7	4.5

Average days of incapacity for an injured person reached its height in 2001 (40 days), followed by a sharp decline in 2002 stemming from among other things, a legislative change in 2002 (shortening of the maximum period for payment of an injury allowance from 26 to 13 weeks). This decline was halted in 2003, and since then the rate has increased and, as stated, reached 37.3 days in 2015 (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 an injury allowance to the injured person in return for a discount or additional commission that the NII credits him. Out of the 67,519 salaried workers who received injury allowances in 2015, 18,086 (27%) were employed by **authorized employers under Regulation 22**, according to which the NII does not reimburse them for paying the injury allowance for the first 12 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 injury allowance on its behalf on the dates the employer generally pays salaries. The employer must submit a claim to the NII for the employee's work accident, and is reimbursed for the amounts

paid (for 13 days and more) with an additional commission at a rate of 2.5% of the 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 injury allowances in 2015 – 570 (0.8%) worked for **employers who joined Section 343** of the law. Fourteen employers chose to join this arrangement as of 2015 (these are large employers – with more than 500 workers) and they pay reduced insurance contributions to the work-injury division (85% of the regular rate). In return for the discount in insurance contributions they absorb the payment of the injury allowance to the employee who was injured at work.

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

Table 3
Injury Allowance Recipients by Number of Days of Incapacity, 2006-2015

Year	Total employees**	Total days of incapacity	Total injury allowance recipients	Number of days of incapacity								
				0	1-14	15-30	31-45	46-60	61-75	76-90	91	92 and more
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*
2015	3,946,000	2,763,001	74,027	12	24,881	16,296	8,306	5,416	4,132	7,688	7,291	5*
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
2015			100.0	0.0	33.6	22.0	11.2	7.3	5.6	10.4	9.9	0.0

* Persons injured up to 31.1.2002 who received injury allowances after that date.

** From the National Accounting, Central Bureau of Statistics. The 2006-2013 series has been updated and it is not possible to compare the new series with the old series.

in law according to which the first days are paid by the employer, injured workers with less than 14 days of incapacity represented some half of all injury allowance recipients, while today their rate is 34%. At the same time, with the shortened maximum period for receiving the injury allowance, the percentage of injury allowance recipients with 61 or more days of incapacity rose from 13% of all recipients in 1996 to approximately 26% in 2015. The percentage of injured workers with 15-45 days of incapacity remained stable at a level of approximately 33% over the years.

Foreign Workers, Residents of the Territories, Manpower Company and Contract Workers

Reporting the injuries of foreign workers, manpower company and contract workers is apparently deficient, and it is thus probable that the information on injury rates and workplace safety levels is also distorted.

Foreign workers and residents of the territories

The percentage of injury allowance recipients among foreign workers and residents of the territories was lower in all years than the percentage among Israelis. It might be expected that these percentages would be at least equal to those of Israeli residents, due to the fairly dangerous sectors in which they are employed (agriculture and construction). The low percentage 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 discovered 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 injury allowance and disability. The NII directly pays the one-time emergency room treatment expenses 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 injury allowances.

A foreign worker is insured with work-injury insurance even if he/she is in Israel illegally. Upon his/her leaving the country, the benefit that the worker was entitled to is paid to him/her, starting from his/her date of exit. The payment does not include the period in which the pension was revoked. The gradual decline in number of foreign workers from 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.

Manpower company workers and contract workers

In 2015 (as in previous years) the average days of incapacity per injured person among foreign workers was lower than that of residents of Israel – 32.7 days compared with 37.3 days respectively – although one would expect it to be higher because of their fields of occupation. The average days of incapacity of workers who are residents of the territories (Judea and Samaria) remained fairly high (45 days per injured person on average), although their occupation is similar to that of the foreign workers, perhaps because many of the foreign workers are employed as caregivers and are injured less than those employed in dangerous sectors.

Table 4
Employees*, Recipients of Injury Allowances, and Days of Incapacity,
by Residency, 2011-2015

	Total	Israeli residents	Residents of territories	Foreign workers
2011				
Employees	3,515,040	3,220,048	65,869	229,125
Injury allowance recipients	67,978	66,827	484	667
Injury allowance recipients as a percentage of all employees	1.9	2.1	0.7	0.3
Average days of incapacity	36.6	36.6	42.1	31.6
2012				
Employees	3,655,270	3,358,974	65,550	230,741
Injury allowance recipients	70,395	68,987	604	804
Injury allowance recipients as a percentage of all employees	1.9	2.1	0.9	0.3
Average days of incapacity	36.2	36.1	46.5	35.7
2013				
Employees	3,753,360	3,449,510	81,900	221,950
Injury allowance recipients	74,760	73,074	738	948
Injury allowance recipients as a percentage of all employees	2.0	2.1	0.9	0.4
Average days of incapacity	36.6	36.5	47.3	32.6
2014				
Employees	3,854,400	3,555,762	90,663	207,975
Injury allowance recipients	74,555	72,751	811	993
Injury allowance recipients as a percentage of all employees	1.9	2.1	0.9	0.5
Average days of incapacity	35.7	35.6	44.5	30.2
2015				
Employees	3,946,000	3,640,751	95,225	210,000
Injury allowance recipients	74,027	72,036	954	1,037
Injury allowance recipients as a percentage of all employees	1.9	2.0	1.0	0.5
Average days of incapacity	37.3	37.3	45.0	32.7

* Source: National Accounting, Central Bureau of Statistics.

Another population for whom it is difficult to obtain data regarding workplace safety is salaried workers who are paid by manpower companies 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 exceptional cases for the employer leads the employer to accept less responsibility for their safety conditions.

This problem also exists in contracting companies that do not provide workers, but rather services, and which do not have the same obligations that apply to manpower companies, especially the licensing obligation. Receipt of a license and its renewal are conditional upon compliance with labor and workplace safety laws.

The definition of those who receive salaries from manpower companies does not include workers employed through a subcontractor, upon whom falls the responsibility for both the performance 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.

Self-employed workers compared with salaried workers

In 1997, as a result of a change in legislation, the number of days for payment of injury allowances at the employer’s expense was changed from 9 to 12. Since then there has been a reduction in the number of self-employed workers receiving injury allowances, from 9,483 to 6,508 in 2015. In 2015 a slight increase was recorded in the percentage of self-employed workers who received injury allowances - 8.8% compared with 8.6% in 2014. The average number of days of incapacity for work among the self-employed was some 50% higher than that of salaried workers (52.0 days compared with 35.9 respectively) , apparently because the self-employed do not submit claims to the NII for short absences (less than 12 days).

The distribution of salaried workers with work-injuries by economic sector changed slightly in 2012 due to a transition to a new classification⁵ of the branches of the economy, however in 2015 the trends also remained similar to preceding years: 16.1% of workers

5 The 2011 Uniform Classification of Economic Sectors published by the CBS replaces the 1993 Uniform Classification of Economic Sectors and is based on UN recommendations for uniform classification of economic sectors: ISIC 4 (International Standard Classification of All Economic Activities), Rev. 4.

Table 5
Injury Allowance Recipients and Average Days of Incapacity by Employment Status, 2015

Employment status	Injury Allowance Recipients		Average days of incapacity
	Absolute numbers	Percentages	
All recipients	74,027	100.0	37.3
Salaried workers	67,519	91.2	35.9
Self-employed workers	6,508	8.8	52.0

Table 6
Injury Allowance Recipients by Employment Status and Economic Sector, 2015

Economic sector	Recipients		Days of incapacity		
	Absolute numbers	Percentages	Absolute numbers	Percentages	Average per injured person
Total	74,027		2,763,001		37.3
Total salaried workers	67,519	100.0	2,424,462	100.0	35.9
Industry and manufacturing	10,464	15.5	335,306	13.8	32.0
Wholesale and retail trade, repair of motor vehicles and motorcycles	10,234	15.2	381,017	15.7	37.2
Construction	7,333	10.9	342,084	14.1	46.7
Local administration, public administration and security; mandatory services of the NII	6,026	8.9	191,061	7.9	31.7
Management and support services	5,226	7.7	193,510	8	37.0
Transport, storage, mail, and courier services	4,654	6.9	192,480	7.9	41.4
Hospitality and food services	4,586	6.8	147,763	6.1	32.2
Health and welfare and aid services	4,471	6.6	144,994	6	32.4
Professional, scientific, and technical services	2,715	4	95,195	3.9	35.1
Agriculture, forestry, and fishing	1,678	2.5	56,224	2.3	33.5
Other services	1,663	2.5	61,597	2.5	37.0
Education	1,577	2.3	54,956	2.3	34.9
Real estate activities	1,472	2.2	44,416	1.8	30.2
Information and communications	1,439	2.1	43,597	1.8	30.3
Financial services and insurance services	1,407	2.1	42,966	1.8	30.5
Art, entertainment, and recreation	1,127	1.7	46,210	1.9	41.0
Electricity supply, gas, steam, and air-conditioning	376	0.6	12,109	0.5	32.2
Water supply, sewage services, waste treatment and purification services	318	0.5	12,257	0.5	38.5
Mining and quarrying	108	0.2	3,650	0.2	33.8
International organizations and entities	18	0	833	0	46.3
Households as places of employment, households that produce goods and services for own use	17	0	534	0	31.4
Unknown	610	0.9	21,703	0.9	35.6
Total of all self-employed workers	6,508		338,539		52.0

were hurt in industry and manufacturing, 15.1% in trade and repair of motor vehicles and motorcycles, and 10.7% in construction. In respect of severity of injury (as measured by number of days of incapacity for work), the most severe injuries have for many years occurred in the construction sector (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).

Women and Young Adults

With growing industrialization and increase in the percentage of women participating in the civilian workforce which have characterized the last two decades, the number of women among the total number of recipients of injury allowances has also risen. Their rate rose gradually and consistently from 19.8% in 1995 to 31.7% in 2015 (Table 7).

Table 7
Injury Allowance Recipients by Gender, 2011-2015

Gender	2011	2012	2013	2014	2015
Numbers					
Total	67,978	70,395	74,760	74,555	74,027
Men	46,668	48,449	51,906	51,181	50,587
Women	21,310	21,946	22,854	23,374	23,440
Percentages					
Total	100.0	100.0	100.0	100.0	100.0
Men	68.7	68.8	69.4	68.6	68.3
Women	31.3	31.2	30.6	31.4	31.7

Table 8
Injury Allowance Recipients by Age and Gender (absolute numbers), 2015

Age	Total		Men		Women	
	Numbers	Percent	Numbers	Percent	Numbers	Percent
Total	74,027	100.0	50,587	100.0	23,440	100.0
Up to 17	135	0.2	111	0.2	24	0.1
18-24	7,559	10.2	5,755	11.4	1,804	7.7
25-34	17,032	23.0	12,583	24.9	4,449	19.0
35-44	16,246	21.9	11,614	23.9	4,632	19.8
45-54	15,227	20.6	9,694	19.2	5,583	23.8
55-64	13,518	18.3	7,844	15.5	5,672	24.2
65+	4,260	6.8	2,984	5.9	1,276	5.4

Their percentage of all recipients is lower than their percentage of all workers, due to the nature of their occupations.

An examination of the distribution of injury allowance recipients by gender and age shows that the share of younger men (up to 34) is 75%, and older men (45-59) is only approximately 61% (Table 8). The average number of days of incapacity for women is lower than that of men- 31.3 compared with 37.7 respectively- apparently due to the difference between the high level of risk in young men's occupations and the lower risk level in older men's occupations.

4. Accident Circumstances

Road accidents (during work hours, on the way to or back from work) in 2015 represented 22.5% of all work accidents, and this number has remained stable over the years. The

Table 9
Injury Allowance Recipients by Place of Injury and Days of Incapacity, 2011-2015

Year	Total	Accidents at work		Accidents on way to work		Other
		Accidents during work*	Road accidents	Road accidents	Non-vehicle accidents	
2011						
Absolute 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 days of incapacity	36.6	36.4	42.3	34.3	37.9	38.3
2012						
Absolute 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 days of incapacity	36.2	36.0	41.8	33.8	37.9	37.1
2013						
Absolute 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 days of incapacity	36.6	36.2	42.7	34.9	37.6	38.9
2014						
Absolute 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 days of incapacity	35.7	35.4	40.4	33.4	37.8	37.6
2015						
Absolute Numbers	74,027	50,434	4,701	12,427	5,316	1,149
Percentages	100.0	68.1	6.4	16.8	7.2	1.6
Average days of incapacity	37.3	37.1	42.1	35.8	38.5	39.5

* Wounds and injuries at work other than road accidents.

number of road accidents on the way to work increased to 16.8% in 2015 (Table 9). In 2015, road accidents in the course of work represented 6.4% of all work accidents – a slight increase from 6.2% in 2014. Road accidents caused more severe injury, as expressed in the greater number of days of incapacity (42.1 days) in comparison to other accidents (37.3 days).

Causes of the accident

The distribution of injury allowance recipients by **cause of accident** has been rather stable over the years. The most common causes in 2014⁶ were road accidents (26.6%); falls (from scaffolding, ladder or crane, building or structure, slipping or tripping on stairs); slipping or tripping on a flat surface (25.7%), and injury from objects (falling, pressure, blows – 16.1%) (Table 10).

Insofar as **severity of injury** as measured by number of days of incapacity, is concerned, occupational diseases were the most common cause – an average of 53.8 days of incapacity per injured person. While the list of occupational diseases is closed,

Table 10
Injury Allowance Recipients and Days of Incapacity by Cause of Injury, 2014

Cause of injury	Recipients		Days of incapacity	
	Absolute Numbers	Percentages	Average per injured person	Total
Total	74,756	100.0	36.6	2,734,432
Road accidents	19,868	26.6	37.1	737,241
Falls	19,188	25.7	41.5	795,869
Falling objects, blows, pressure from object	12,040	16.1	33.3	401,424
Machines, tools	9,919	13.3	31.9	316,246
Overexertion	6,151	8.2	38.6	237,334
Fire, very hot material, fumes, acid	1,177	1.6	22.0	25,879
Fight	756	1.0	31.7	23,974
Foreign object in eye	752	1.0	15.0	11,302
Poisoning	521	0.7	22.5	11,717
Environmental factors	193	0.3	20.4	3,931
Occupational diseases	133	0.2	53.8	7,152
Explosives	102	0.1	34.6	3,533
Other and unknown	3,956	5.2	40.2	158,830

6 The most up-to-date data regarding cause of accident and nature of injury are for 2014).

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 injury allowance for occupational disease are submitted for purposes of determining work-related disability. The severe injuries were caused mainly by falls (an average of 41.5 days of incapacity per injured person). The falls mainly caused bruising and crushing, as well as limb fractures, pulls and sprains.

Nature of the injury

The distribution of injury allowance recipients by **nature of injury** has also been fairly stable over the years. The most common causes are crushing (33.2%), injury to skeleton or muscles (14.5%), bruising (12.7%), and laceration of upper limb (9.2%). As far as **severity of injury**, measured by number of days of incapacity is concerned, the most severe injuries were lower limb fracture (an average of 63.8 days per injured person), injury to vascular system (60.8 days), upper limb fracture (59.3 days), fracture of back or skull or spinal injury (57.9 days), and dislocation without fracture (49.5 days).

Table 11
Injury Allowance Recipients and Days of Incapacity by Nature of Injury, 2014

Nature of injury	Recipients		Days of incapacity	
	Absolute Numbers	Percentages	Average	Total
Total	74,756	100.0	36.6	2,734,432
Crushing	24,840	33.2	35.4	880,319
Skeletal and muscular	10,869	14.5	33.6	365,346
Bruising	9,460	12.7	31.6	298,495
Upper limb lacerations	6,848	9.2	29.5	202,070
Upper limb fractures	4,347	5.8	59.3	257,561
Pulls, strains	4,141	5.5	35.3	146,286
Lower limb fractures	3,093	4.1	63.8	197,374
Burns	1,377	1.8	23.8	32,821
Skull, back, spinal fractures	1,045	1.4	57.9	60,520
Head, neck, back lacerations	956	1.3	21.6	20,609
Lower limb lacerations	889	1.2	27.3	24,276
Symptoms	887	1.2	30.2	26,822
Penetration of foreign body	767	1.0	14.5	11,108
Poisoning	345	0.5	19.5	6,732
Dislocation without fracture	271	0.4	49.5	13,412
Vascular system	123	0.2	60.8	7,481
Abrasions	128	0.2	21.3	2,731
Other and unknown	4,370	5.8	41.3	180,469

The upper limbs are the most vulnerable organ in work accidents: fractures and lacerations (only) in the upper limbs caused absences from work of 15% of injury allowance recipients (Table 11).

5. Work disability benefits

Disability benefits are paid to persons suffering work injuries who remain disabled due to the injury. A permanent disability pension is paid to injured persons with a level of permanent disability of 20% or more.

Permanent Disability Pension

The number of permanent disability pension recipients has been rising continually, and in December 2015 reached 42,098, compared with 40,162 in December 2014 (Table 12, Figure 2). Most recipients of the pension (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%, compared with 57.9% of the men. 9.5% of the men and 7.2% of the women have a disability level higher than 80% (Insurance Division Tables Appendix, table 25).

Table 12
Permanent Disability Pension Recipients by Employment Status,
December 2011 - December 2015

Year	Total		Salaried workers	Self-employed workers
	Absolute Numbers	Annual change (%)		
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
2015	42,098	4.8	36,875	5,223

The characteristics of disability pension recipients differ slightly from those of injury allowance recipients (Table 25 of the Insurance Division Tables Appendix). Most of the recipients are older –50 and above: for example, men aged 50-59 represent 26% of all men entitled to the pension, and women- 27% of all women receiving the pension. The referenced age is that of entitled persons from the end of 2015, and

not the age at the time of injury. People who were injured when they were young age over the years, and the population of disability pension recipients is one that gradually ages over time.

Temporary disability pension

Paid to work-disabled persons with a temporary level of disability of at least 9%. The number of recipients of temporary disability pensions has also risen steadily, from 5,080 in December 2014 to 5,238 in December 2015 (Table 13). In December 2015, 8.7% of temporary disability pension recipients were self-employed workers and 91.3% salaried workers.

Figure 2
Permanent Disability Pension Recipients by Employment Status, December 2011-December 2015

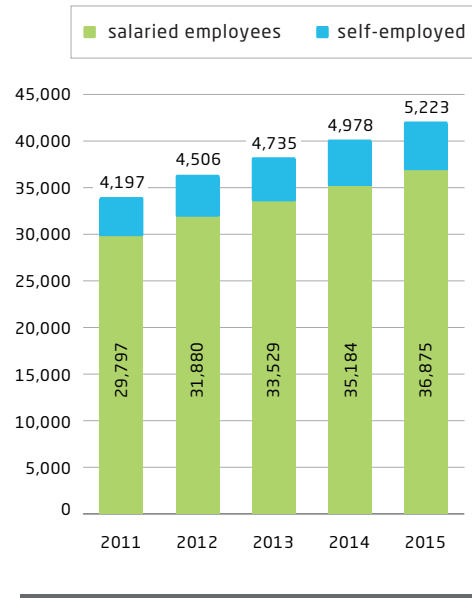


Table 13
Temporary Disability Pension Recipients by Employment Status (December), 2011-2015

Year	Total		Salaried workers	Self-employed workers
	Absolute Numbers	Annual percentage change		
2011	4,119	0.5	3,721	398
2012	4,526	9.9	4,139	387
2013	4,917	8.6	4,504	413
2014	5,080	3.3	4,632	448
2015	5,238	3.1	4,783	455

Disability Grant

A disability grant is paid to a work-disabled person whose disability level is stable - 9% or more, but less than 20%. The grant amounts and terms of eligibility have undergone far-reaching changes in the last two decades.

In 2015, 12,322 grants were paid for the various types of injury (compared with 11,872 in 2014) – 10,733 to salaried workers, and 1,589 to self-employed workers (Table 14). In 2015, the average grant payment for salaried workers was approximately NIS 40,000, compared with approximately NIS 39,000 in 2014, and for self-employed workers, approximately NIS 38,700 compared with NIS 36,800 respectively.

Table 14

Disability Grant Recipients by Employment Status, 2011-2015

Year	Total		Salaried workers	Self-employed workers
	Absolute Numbers	Annual change (%)		
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
2015	12,322	3.8	10,733	1,589

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 transportation and a grant for one-time expenses – for purchase of a vehicle, housing, or purchase of special equipment arising from the disability. The assistance is given through the Rehabilitation Division.

In December 2015, 3,571 persons received a special allowance of NIS 3,720 on average, compared with 3,517 persons in December 2014 who received on average NIS 3,732.

In 2015, 175 grants were paid in an average amount of NIS 32,440, compared with 158 in 2014 in an average amount of NIS 33,791. These grants were paid as assistance for housing (61 grants for NIS 50,082), assistance for vehicle purchase (37 grants for NIS 41,891), and other assistance (77 grants for NIS 13,922).

Dependents' Benefits

The number of recipients of dependents' pensions has risen gradually over the years, but in December 2015 dropped slightly to 4,717 compared with 4,721 in December 2014 – a decrease of 0.1% (Table 15).

Table 15
Dependents' Pension Recipients by Employment Status (December),
2011-2015

Year	Total		Salaried workers	Self-employed workers
	Numbers	Annual percent change		
2011	4,620	0.4	3,996	624
2012	4,639	0.4	4,010	629
2013	4,695	1.2	4,063	632
2014	4,721	0.6	4,082	639
2015	4,717	-0.1	4,071	646

In December 2015 there were 4,717 recipients of dependents' pensions: one child or widow/er without children – 80%, two children or widow/er with one child - 7.5%, three children or widow/er with two children - 4.7%, four children or widow/er with three children - 3.7% (Table 16)

Table 16
Dependents' Pension Recipients by Family Composition (December), 2011-2015⁷

Year	Total	Young widow*	One child or widow/er without children	2 children or widow/er with one child	3 children or widow/er with 2 children	4 children or widow/er with 3 children	Other combinations
2011	4,616	182	3,534	424	241	190	45
2012	4,637	184	3,593	426	223	174	37
2013	4,695	197	3,679	391	213	181	34
2014	4,721	179	3,748	359	219	184	32
2015	4,717	172	3,767	353	222	176	27

* According to Section 132(2) of the Law.

6. Total payments

The average **injury allowances** per day for salaried workers (NIS 201) and self-employed workers (NIS 236) rose in 2015 in nominal and in real terms. Injury allowance as a percentage of average salary for salaried workers and the self-employed remained unchanged (Table 17).

⁷ The family compositions mentioned include other combinations with the same degree of eligibility.

In 2015, the average **permanent disability pension** was **NIS 3,506** for salaried workers and NIS 3,724 for the self-employed (compared with NIS 3,482 and NIS 3,726 respectively in 2014). The pension for salaried workers rose in real terms and remained unchanged as a percentage of average salary, and for self-employed workers it rose in real terms and decreased as a percentage of average salary (Table 18).

Table 18
Amount of Permanent Disability Pension by Employment Status (Monthly Average), 2011-2015

Year	Salaried workers			Self-employed workers		
	Current prices (NIS)	2015 prices (NIS)	Percent of average salary	Current prices (NIS)	2015 prices (NIS)	Percent of average salary
2011	3,240	3,340	38	3,490	3,598	41
2012	3,330	3,375	38	3,574	3,623	41
2013	3,394	3,389	38	3,649	3,644	41
2014	3,482	3,460	38	3,726	3,702	41
2015	3,506	3,506	38	3,724	3,724	40

The average monthly **dependents' pension** for salaried workers in 2015 was NIS 6,382, and for the self-employed NIS 6,803 (compared with NIS 6,362 and NIS 6,738 respectively in 2014). The pension rose in real terms but decreased as a percentage of average salary (Table 19).

Table 19
Average Monthly Dependents' Pension by Employment Status, 2011-2015

Year	Salaried workers			Self-employed workers		
	Current prices (NIS)	2015 prices (NIS)	Percent of average salary	Current prices (NIS)	2015 prices (NIS)	Percent of average salary
2011	6,010	6,196	70	6,296	6,491	74
2012	6,128	6,212	70	6,480	6,568	74
2013	6,239	6,229	69	6,576	6,566	73
2014	6,362	6,321	69	6,738	6,696	74
2015	6,382	6,382	68	6,803	6,803	73

The **total payments from the Work Injury Division** in 2015 amounted to approximately NIS 4.5 billion (compared with NIS 4.4 billion in 2014) – a real increase of 5.14% (Table 20). The increase stemmed from a rise in the share of disability benefits and injury allowances. The share of treatment expenses out of all payments in the Division decreased from 12.1% to 10.6% between 2014 and 2015, and that of dependents' benefits

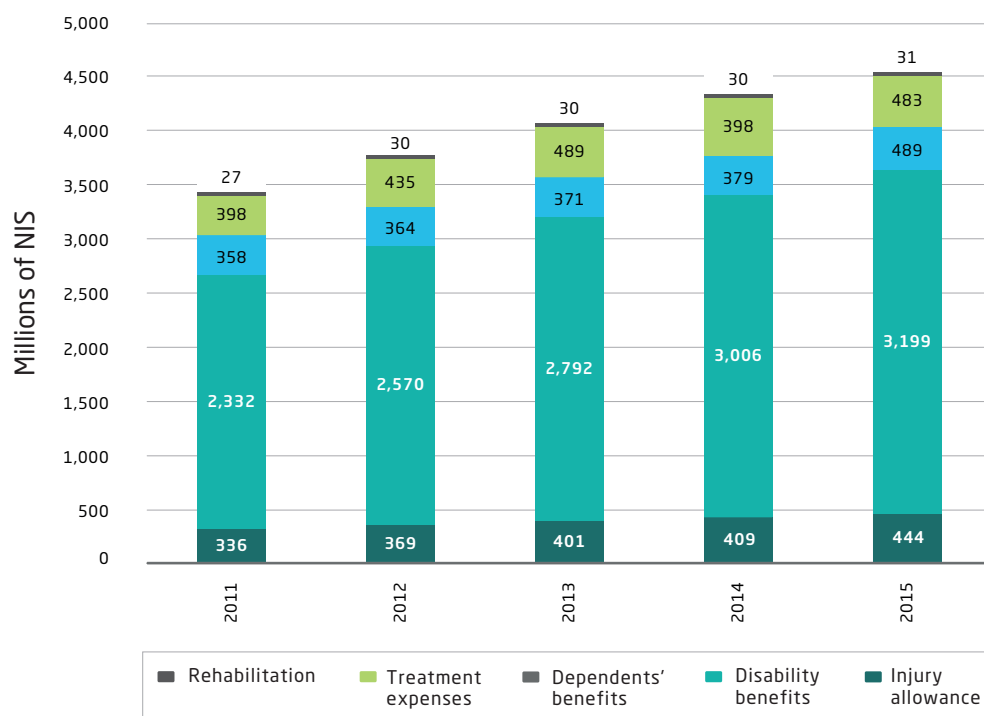
Table 20
Payments* from the Work-Injury Division (thousands of NIS), 2011-2015

Year	Current prices (thousands of NIS)	2015 prices (thousands of NIS)	Real rate of change (percent)
2011	3,450,150	3,556,926	1.71
2012	3,767,946	3,819,337	7.38
2013	4,082,600	4,076,087	6.72
2014	4,350,224	4,322,710	6.05
2015	4,544,807	4,544,807	5.14

decreased slightly, from 8.7% to 8.6 between the two years. Rehabilitation expenditure remained unchanged (Table 21).

Since work injury insurance came into effect significant changes have occurred in the makeup of payments within the Division (Table 20). When the law was first

Figure 3
Payments* in the Work Injury Division by Benefit Type (millions of NIS), 2011-2015



* Does not include payments for actions taken to prevent accidents or to promote workplace safety, for research, special projects, legal aid, medical boards and opinions.

applied, most of the payments - 54% - were injury allowance payments, as opposed to the disability pension payments - approximately 40%. Injury allowance payments are short-term and recipients change over the course of the year, while disability pension payments are paid long-term (until old-age, and sometimes even longer). Some of the payments for disability pensions gradually increase with the years (in relative terms) while some of the injury allowance payments gradually decrease. Currently, disability benefits represent the lion's share of Division payments - approximately 70%, while injury allowance payments represent only approximately 10% of total payments in the Division.

Table 21
Payments* in the Work Injury Division by Benefit Type (Percentages),
2011-2015

Year	Total	Injury allowance	Disability benefits	Dependents' benefits	Treatment expenses	Rehabilitation expenses
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
2015	100.0	9.8	70.4	8.6	10.6	0.7

* Does not include payments for actions taken to prevent accidents or to promote workplace safety, for research, special projects, legal aid, medical boards and opinions.

1. The Compensation for Hostile Action Casualties Law

The Compensation For Hostile Action Casualties Law was enacted by the Israeli government to guarantee social benefits for casualties of hostile actions and their families. The benefits under the Law and under the accompanying Regulations are paid by the National Insurance Institute and funded by the State Treasury. The law is intended to bring the rights of civilian hostile action casualties into line with the rights and services awarded to IDF soldiers and bereaved families handled by the Ministry of Defense. The Law went through several stages until it reached its current format.

The changes in the law concern the definition of hostile action, the establishment of an authority to confirm an incident as a hostile action, the definition of the gist of the rights in the law, full government funding of these rights, inclusion of past hostile action casualties and transferring responsibility to the National Insurance Institute.

What is Considered a Casualty of a Hostile Action?

A casualty of a hostile action is one of these (provided that it was approved by the approving authority, appointed by the Minister of Defense):

- Casualty from a hostile action carried out by enemy forces hostile to Israel, including but not limited to actions outside Israel targeted at harming the Jewish nation.
- Unintentional injury by a person resulting from hostile actions by enemy forces, or in circumstances where there was a reasonable fear of a hostile action.
- Injury by a weapon intended for hostile actions 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 gross negligence.
- Injury caused by an act of violence whereby the main purpose thereof is to attack someone because of his or her national-ethnic identity, providing that it derives from the Israeli-Arab conflict.

- Injury caused by an act of violence whereby the main purpose is to attack someone because of their national-ethnic identity, carried out by a terrorist organization as declared by the government¹ excluding an organization which is the enemy force or committed at the bidding or on behalf of such an organization.

Who is Eligible for the Benefit?

Those injured by hostile actions, and is one of these:

- 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.
- Whoever entered Israel legally.
- A foreign resident who is injured abroad during and as a result of working for an Israeli employer (approved for this purpose).
- A resident of the occupied territories holding an Israeli ID document who is injured within the Green Line.
- A resident of the occupied territories holding an entrance visa from the military forces commander in the occupied territories and who is injured within the Green Line.

2. Legislative Changes

The Compensation For Hostile Action Casualties Law was approved by the Knesset in 1970 (retroactively from June 1967) for casualties of hostile actions commencing from February 25, 1949. In 1977 the Law was expanded and also applied to whoever was injured between the dates 14.5.48 and through until 24.2.49 and from 1982, those injured from 29.11.47 through until 13.5.48 are also eligible to the benefit.

The changes made to the Law over the years indicate a trend towards expanding rights to benefits and additional services, recognizing the eligibility of additional family members, and broadening the definition of hostile actions. Unlike casualties eligible under the Disabled Veterans Law and the Families of Soldiers Killed in War Law, hostile action casualties include children, the elderly and mothers of children, and sometimes-hostile actions hurt several members of one family. Consequently, the solutions proposed

¹ Pursuant to Section 8 of the Prevention of Terrorism Orders 5708-1948.

under the Disabled Veterans Law and the Families of Soldiers Killed in War Law are not always suited to the needs of families of hostile action casualties.

In 2006, the definition of injury from hostile action was expanded to include damage resulting from an act whereby its main purpose was to harm the Jewish nation², but this only applies to residents of Israel.

In 2005, two amendments to the Law were passed regarding children who both of their parents died resulting from a hostile action, and in November 2008, an amendment was passed detailing and expanding the eligibility for these children. In 2011, an additional amendment was passed expanding eligibility of children who both of their parents died resulting from a hostile action, if they were orphaned before reaching 37 years old.

In 2009, an amendment to the law was made pursuant to which a hostile widow who remarries will still receive the monthly benefit as in effect at that time.

3. Types of Benefits

Medical Treatment Benefit

Whoever cannot work or function due to receiving medical treatment (according to a medical certificate) and with the approval of an NII doctor, is eligible for a special payment during the treatment period, on condition that he is not paid a wage or compensation during this period, and if self-employed – on condition that he stopped engaging in his profession. This is a short-term payment given for a limited period, until a medical board determines the disability.

Disability Benefits

Whoever the medical board determined his disability to be at least 20% is eligible to a monthly disability benefit. The payment or benefit amount depends on the degree of disability, and is equivalent to the benefit paid to disabled IDF veterans under the Disabled Veterans Law (Benefits and Rehabilitation). Individuals with 100% disability receive 118% of the salary of a grade 17 civil servant on the administrative scale.

2 Section 18A of The Compensation For Hostile Action Casualties Law.

A casualty of a hostile action who is injured in an additional hostile action has his/her degree of disability revised so that all the hostile injuries are regarded as though they are the result of a single injury (cumulative disabilities). 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 board as having 10-19% permanent disability. The grant is calculated by multiplying the amount derived from the degree of disability by the number of months to calculate the grant. The grant calculation table states the number of months to calculate each degree of disability. Thus, for example, for someone with 10% disability, the grant is calculated for 108 months, and for someone with 19% disability – the grant is calculated for 215 months.

Special Supplements

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 capacity 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 a board determines eligibility for one year at most.
- **Benefit For Disabled Without Income** - paid to persons whose permanent 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 board 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 Hostile Action Casualty** – benefit paid for three years to the family member designated by the deceased.

Medical Treatment

Medical treatment includes hospitalization, treatment at a clinic including but not limited to dental treatment for damage caused by the terrorist attack, medication, medical devices, recovery and medical rehabilitation. The treatment is given based on

confirmation from the NII that the injury has been recognized as a hostile action injury and with the NII's financial undertaking.

Treatment is given by the State's authorized medical services –government health services and the recognized health service providers. First aid may be given to the casualty 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 Law.

Professional and Financial Rehabilitation

Designed to help the disabled who has no profession or needs vocational retraining due to his disability or cutbacks at his 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 establish an existing one. The business must have an economic purpose and be suitable for the disabled person's abilities, knowledge and physical limitations.

Benefit for Dependents

Benefit for the survivors of a person killed by a hostile action: widow, widower, and orphans.

Fixed Monthly Benefit

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 compulsory military service, even after the age of 21. After the compulsory military service, the parent's benefit equals that of parents of adult children. Children in special circumstances receive increased rates. The benefit is calculated as a percentage of the wages of civil servants to which social benefits are added into a monthly amount.

Rehabilitation, Grants and Other Benefits

The survivors of someone killed in a hostile action are eligible for rehabilitation, grants and other benefits such as payment for help with daily activities due to a medical limitation, assistance in purchasing a car, loans and grants for housing, help with mobility, and a marriage grant for orphans.

Grants to Cover Mourning Costs

Grants to cover mourning costs paid to bereaved widow/er and parents; and in their absence, other blood relatives will be eligible for a grant to help cover the mourning costs.

The information in this chapter only concerns civilians who are hostile action casualties and not to injured soldiers or police officers. The tables showing recipients of benefits do not include casualties who previously received benefits and ceased to be eligible, or casualties who never received a benefit from the outset.

4. Hostile Actions

Hostile actions 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, the first years of the State's existence, are characterized by a fairly small number of hostile actions. Immediately following the Six Day War there was a significant increase in the number of hostile actions, then a gradual decrease until the start of the First Intifada (1988). Table 2 shows the hostile action data approved by the authorities over time.

The years 1994-1998, although characterized by many hostile actions and casualties in every incident, however, until 2000 and the outbreak of the Second Intifada there was a decrease in the number of casualties. At the end of 2000, and primarily in the years 2001-2002 the number and severity of hostile actions reached a peak, and the ratio between the number of confirmed casualties and the number of terrorist attacks in 2002 was 9:1. In 2003-2005, the number of hostile actions declined.

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 hostile actions were confirmed.

In 2009-2010, there was a decrease in the number of hostile actions, but in 2011, the number rose again and in 2012-2013 the number declined again. In 2014, following the Protective Edge Operation, the number of incidents and casualties jumped to 308 incidents in which 27 were killed and 988 injured (in total 1,015 confirmed casualties). In 2015 there was a sharp decline in the number of incidents and number of casualties: there were 37 incidents in which 12 people were killed and 79 injured (in total 91 confirmed casualties).

Table 1
Hostile Actions Confirmed by the Approving Authority
and Casualties of Hostile Actions, 1947 - 2015

Injury Year*	Number Of Incidents**	Total Number Of Confirmed Casualties	Injured		Killed	
			Total	Of Which: Confirmed	Total	Of Which: Confirmed
Total	4,501	15,001	25,105	12,878	2,224	2,123
1947-1957	218	326	167	151	186	175
1958-1976	418	812	523	487	351	325
1977-1993	733	1,238	954	826	433	412
1994-1999	625	1,833	1,862	1,632	206	201
2000-2005	1,067	5,117	8,109	4,313	816	804
2006-2010	758	3,499	8,859	3,366	149	133
2011	105	329	579	310	22	19
2012	124	596	1,233	579	18	17
2013	91	119	135	115	4	4
2014	308	1,015	2,546	988	32	27
2015	73	91	190	79	20	12

* The distribution of the years in the table was done pursuant to data exhibited in the study: Yanai, A., Prior, R. and Bar, S. (2005). Hostile Action Casualties in Israel: Attacks, needs, legislation and providing treatment and assistance. Jerusalem: The National Insurance Institute. In this study the attacks were divided by periods according to their nature.

** Each day that rockets were fired in the area around Gaza and in the Second Lebanon War was defined as a separate incident.

5. Recipients of Benefits

Recipients of Medical Treatment Benefits

Soon after the incident, the casualties are eligible for a medical treatment benefit, paid as compensation on the incapacity they sustained. 30% of the casualties who received this benefit in 2015 could not work or function for more than three months because of their injuries, another 30% could not work or function for between one and three months. In certain cases, such as government employers, the employer pays the 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 incapacity.

The size of the benefit is determined in accordance with 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 maximum benefit paid to soldiers on reserve duty (five times the basic amount).
- Those 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 civil servant
- Children up to age 14 are not entitled to a medical treatment benefit under any circumstances. 14-18 year olds are only entitled to this benefit if they were working.
- 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 recognized disability) – payment of a partial benefit during the period of disability may be considered.

Table 2

Hostile Action Casualties who Received a Medical Treatment Benefit Pursuant to the Number of Incapacitated Days, 2015

Incapacitated Days	Total	Casualties	Employers
Total	295	232	63
1-30 days	120	104	16
31-90 days	87	62	25
91 days and more	88	66	22

Recipients of Disability Benefits

In 2015, 4,717 persons received a disability benefit on average per month, in comparison with 4,526 in 2014 (Table 3). Most of the increase was at the lower degrees of disability.

Table 3

Hostile action Casualties who Received a Monthly Disability Benefit (yearly average), Pursuant to Degree of Disability, 2008 - 2015

Degree of Disability	2008	2009	2010	2011	2012	2013	2014	2015
Total	3,564	3,861	4,113	4,217	4,290	4,407	4,526	4,717
Up to 39	2,625	2,879	3,116	3,216	3,283	3,391	3,504	3,669
40-49	219	234	238	240	239	245	248	262
50-59	272	285	294	294	297	298	299	304
60-79	247	259	263	264	267	269	271	276
80-99	102	104	105	105	104	101	100	102
100	99	100	97	98	100	103	104	104

50.7% of those receiving a monthly benefit are men (Table 4). Benefit recipients differ from one another in regard to their financial situation following the hostile action: most of them are regular disabled (58%), whereas a minority are needy (3%) 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 4

Hostile Action Casualties who Received a Monthly Disability Benefit According to Gender and Age at the Time of the Hostile Action (percentages), December 2015

Age At The Time Of The Injury		Total	Men	Women
Total	Numbers	4,834	2,453	2,381
	Percentages	100.0	100.0	100.0
Up to 19		25.7	21.3	23.5
20-29		20.7	17.6	19.2
30-44		26.9	24.9	25.9
45-64		22.7	29.2	25.9
65+		4.0	7.1	5.5

Table 5

Hostile Action Casualties who Received a Monthly Disability Benefit According to Type of Benefit and Amount Paid, December 2015

Type of Benefit	Number of Recipients	Average Actual Monthly payment* (Current Prices, NIS)
Total	4,834	2,445
Regular	2,825	2,754
Needy	164	14,094
No Income	96	8,005
Benefit for Disabled Person Who Died (36 months)	44	2,837
Payment of 10%-19% disability	1,705	**

* Including monthly benefits and not including annual benefits.

** Recipients of one-time payment and not monthly benefit.

Recipients of Dependents Benefit

The widow/er, children and parents of a person killed in a hostile action are eligible for a dependent's benefit. In December 2015, this benefit was paid to 1,943 families of different sizes for 1,599 deceased – about 49% to bereaved parents and 41% to widow/ers with or without children (Table 7). The average benefit in 2015 ranged from NIS

5,814 for an independent child to NIS 11,482 for a family consisting of a widow/er with children (Table 7).

Table 6
Fatalities who were Paid Benefits, According to Gender and According to Age at the Time of Death (percentages), December 2015

Age at the Time of Death		Total	Men	Women
Total	Numbers	1,599	1,083	516
	Percentages	100.0	100.0	100.0
Up to 18		17.4	13.6	25.6
19-29		22.2	20.9	25.0
30-49		36.0	39.2	29.1
50-64		16.7	17.8	14.3
65+		6.4	7.1	5.0
Unknown		1.3	1.4	1.0

Table 7
Families Of Those Killed Who Received Benefits, By Family Composition And Monthly Benefit Amount* (NIS), December 2015

Family composition	Number of families	Monthly benefit amount* (Yearly Average, Current Prices, NIS)
Total	1,943	8,684
Widow/er without children	103	8,448
Widow/er with adult children	477	9,197
Widow/er with children	207	11,482
Independent Orphans	24	5,814
Bereaved parents	947	7,960
Other	185	7,892

* Includes balancing, grossing up, health insurance and age supplement.

6. Scope of Payments

The scope of payments to hostile action casualties in current prices, decreased from 2011 to 2014, however again increased in 2015 (Table 8). In 2015, approximately 495 million NIS were paid to hostile action casualties - a realistic increase of 9% in payments in comparison with 2014.

Table 8

Payments In The Hostile Action Casualties Field (NIS Thousands) 2008 - 2015

Year	Current Prices	2015 Prices	Realistic change rate (Percentages)
2008	388,365	439,464	4.3
2009	400,000	438,099	-0.3
2010	413,000	440,472	0.5
2011	475,740	490,463	11.4
2012	466,243	472,602	-3.6
2013	460,458	459,723	-2.7
2014	457,850	454,954	-1.0
2015	495,830	495,830	9.0

1. Activities of the Rehabilitation Division

The Rehabilitation Division of the National Insurance Institute (NII) assists entitled persons who have dropped out of the labor market or lack 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. They contribute diagnostic services, occupational counseling, and guidance to the insured throughout the entire rehabilitation process.

The main services provided by the Division are in-kind: assessment, guidance and counseling to select a profession, pre-training and vocational training, completion of education and higher education studies, and job placement assistance for those having difficulty integrating into the labor 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, a rehabilitation allowance and travel expenses to and from the training site.

The population dealt with by this Division is divided into three groups in accordance with the rehabilitation process stage¹: **new applicants, participants (or those undergoing rehabilitation), 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 maximize the percentage of those finding employment at the end of the process.

Along with vocational rehabilitation, the Rehabilitation Division also deals with the following fields: provision of professional opinions to Benefits Administration Divisions, for example about determining level of earning capacity or appointment of a benefit recipient; assisting work injury victims and victims of terrorism to fully exercise their rights to financial benefits; and support and guidance for widows/widowers in crisis and victims of terrorism for the rest of their lives (see Section 6 below).

1 A person undergoing rehabilitation may over the course of the year belong to more than one group.

2. Who is Entitled to Vocational Rehabilitation?

A person who has not reached retirement age and is one of the following is entitled to vocational rehabilitation:

Person with general disabilities

A resident of Israel suffering from physical, cognitive, or psychological impairment, if he/she meets all the following conditions: (a) was determined in disability tests to have a degree of medical disability of at least 20% (b) can no longer work in previous job or in another suitable job due to the impairment (c) 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 satisfactory job. The spouse 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.

Work injury victim

A person injured at work² who has been determined to have at least 10% medical disability, and who due to the injury cannot 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 authorized to approve vocational rehabilitation for a work injury victim whose disability level is lower than 10%, if continued work at his/her previous workplace may be exceptionally dangerous to his/her health or safety.

Widow/widower

A widow/widower as defined by law, who receives a survivors' or dependents' pension and who meets all the following conditions: (a) they lack a vocation or are unable to satisfactorily support themselves from their vocation; (b) they are unable to continue working in their previous workplace due to the death of a spouse; (c) a rehabilitation worker has determined that they are suitable for vocational training/retraining subject to medical condition and education.

2 Work-related injury: an 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 victims' regulations.

Victims of terrorism

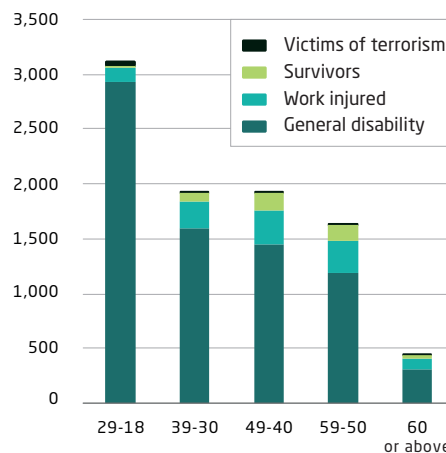
A person wounded in a terror attack³, on condition that he/she was determined to have at least 20% medical disability⁴, due to which he/she is unable to work at his/her previous or another suitable job, or he/she requires special vocational training in order to be able to return to his/her previous job. Members of bereaved families as defined by law (widow/widower, orphan, and bereaved parents), whose family member/s died as a result of hostile action, are also entitled to vocational rehabilitation.

3. New Rehabilitation Applicants

In 2015, 9,050 people applied to the NII for vocational rehabilitation - 7% less than the number of applicants in 2014. The decrease stems mainly from a relative decrease in the number of applicants aged 18-29 from the General Disability Division. This year, as in previous ones, most of the applicants belong to the General Disability Division (approximately 82%), and approximately 64% receive a monthly pension from the various Benefit Divisions.

Young adults in their twenties have the greatest potential for rehabilitation, because training or higher education will significantly further their chances of finding a job, and it is thus not surprising that 35% of rehabilitation applicants fall into this age group (Figure 1). Furthermore, a greater percentage of rehabilitation participants in the General Disability Division are younger, as this group includes those disabled from birth who apply for rehabilitation in order to exercise their rights upon reaching adulthood. At older ages, the share of the work injury victims and widows/widowers increases.

Figure 1
Vocational Rehabilitation Applicants by Age and Division, 2015



3 Action of military/paramilitary/irregular forces of a state or organization hostile to Israel, or an action carried out to assist one of them, as their agent, or on their behalf, and that was directed against Israel.

4 Someone injured before 1996 is entitled to vocational rehabilitation if determined to have medical disability of 10% or more.

Table 1

Vocational Rehabilitation Applicants by Division, Number of Applications and Initiator of Application (Absolute Numbers and Percentages), 2015

Number of Applications	Application Initiator	Total		General disability	Work injury victims	Survivors	Victims of terrorism
		Absolute numbers	Percentages				
Total	Numbers	9,050		7,468	1,088	407	87
	Percentages		100%	100%	100%	100%	100%
First application	Total	6,472	72%	70%	79%	79%	74%
	The applicant	5,443	60%	58%	74%	56%	59%
	NII officers	844	9%	9%	4%	23%	15%
	Party in the community	185	2%	2%	1%	0%	.
Repeat application	Total	2,578	28%	30%	21%	21%	26%
	The applicant	2,288	25%	26%	21%	15%	24%
	NII officers	166	2%	2%	1%	5%	2%
	Party in the community	124	1%	2%	.	0%	.

One of the most influential factors in rehabilitative success is the motivation of the person undergoing the process: it is reasonable that someone who applies at his own initiative will be more highly motivated to succeed in the process than someone who applied at the NII's initiative. In most cases, application is made on the initiative of the person undergoing rehabilitation: for 72% of rehabilitation applicants in 2015, this was their first application, and 83% of them applied on their own initiative. In only 11% of cases, rehabilitation officers initiated the application for insured persons – most of whom were individuals from the Survivors' or Victims of Terrorism Divisions (Table 1).

4. The Rehabilitation Process

The Rehabilitation Division's activity focuses on assistance in labor market integration. In the rehabilitation process the applicant's suitability for rehabilitation is examined, and he is found the most suitable program for his needs, desires and abilities based on a professional opinion issued by the rehabilitation workers. The following are the most prominent phases in the process:

- **Assessment** – Examination of the applicant's occupational skills. This includes vocational counseling and direction provided by rehabilitation officers, diagnostic

institutes, or rehabilitation centers. Assessment is carried out in accordance with the applicant's abilities and in accordance with the rehabilitation officer's report.

- **Pre-training** – Imparting work habits at rehabilitation centers, empowerment courses, completion of education (matriculation certificate, psychometric exam, preparatory program, etc.), in accordance with the occupational assessment findings, and as preparation for integration into vocational training or work.
- **Vocational training** – Training for those with occupational abilities suitable for studies, through which they will acquire a vocation that will assist them in finding a job: studies at institutions of higher education (universities and colleges), practical engineering schools, or vocational courses (such as for technicians, secretaries, bookkeepers, and cooks).
- **Job placement** – Assistance to those 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 and programs

Participants in the rehabilitation process include those who started a rehabilitation program this year, and those who started rehabilitation in the past but have not yet completed it. In 2015 approximately 23.7 thousand insured persons participated in approximately 58.5 thousand different programs (Table 2). On average, 2.5 programs were opened for each participant, one of which was assessment for the program.

The State of Israel is among the leaders of the Western world in respect of percentage of the population with academic degrees, and the percentage is also high in rehabilitation programs. In the last decade the number of participants in vocational training programs grew by 16% (from 6,476 to 7,536), while the percentage of higher education program participants grew by 78% (Figure 2). This rise also reflects a decline in the number of non-academic training programs.

Table 3 presents the distribution of rehabilitation program participants according to main impairment⁵ and degree of medical disability. It is reasonable to assume that those with low degrees of medical disability are more independent and can find jobs by themselves, and that as the degree of disability rises the likelihood of finding a job in the open market subsides. It is therefore not surprising that 36% of rehabilitation participants

5 The impairment with the highest degree of medical disability out of all the person's impairments.

Table 2

Vocational Rehabilitation Programs and Participants, by Division and Type of Program (Absolute Numbers and Percentages), 2015

Program type		Total		Division			
		Absolute numbers	Percentages	General disability	Work injury victims	Survivors	Victims of terrorism
Total programs	Absolute numbers	58,592		48,118	7,075	2,173	1,226
	Percentages		100%	82%	12%	4%	2%
Diagnosis for program	Total	22,742	100%	81%	14%	3%	2%
	Internal evaluation of eligibility	10,988	100%	83%	13%	3%	1%
	Internal diagnosis for programs	7,375	100%	82%	13%	4%	1%
	External evaluation	4,379	100%	76%	18%	3%	4%
Pre training	Total	3,707	100%	78%	13%	5%	3%
	Completion of education	2,619	100%	79%	13%	6%	2%
	Imparting work habits	1,088	100%	77%	13%	4%	6%
Vocational training	Total	10,739	100%	85%	9%	4%	3%
	Vocational course	2,571	100%	74%	14%	11%	1%
	Higher education	4,965	100%	88%	7%	2%	4%
	Additional payments for higher education	1,730	100%	88%	5%	1%	5%
	Creation of conditions for studies	1,473	100%	90%	8%	2%	0%
Job placement	Total	7,584	100%	81%	15%	3%	1%
	Preparation for placement	4,570	100%	79%	16%	4%	1%
	Placement assistance	1,990	100%	83%	13%	3%	1%
	Guidance after placement	1,024	100%	82%	13%	3%	1%
Referral to another party	Total	577	100%	95%	4%	0%	0%
	Work at "Hameshakem"	395	100%	94%	6%	.	0%
	Party in the community	182	100%	98%	1%	1%	1%
Tracking and maintenance		13,243	100%	83%	11%	4%	2%
Total people	Absolute numbers	23,676		19,074	3,063	864	675
	Percentages		100%	81%	13%	4%	3%

in 2015 have 40-59% medical disability, since as regards degree of disability this is the population to which vocational rehabilitation can make the greatest contribution. Among rehabilitation participants with low degrees of medical disability (10%-19%), those suffering from motor problems are prominent, and most of this group belong to the Work Injury Victims Division. Among those with higher degrees of disability a large proportion suffer from internal, neurological and sensory problems and come mostly from the General Disability Division.

Figure 2

Higher Education Programs and their Percentage of the Total Vocational Training Programs (absolute numbers and percentages), 2006-2015

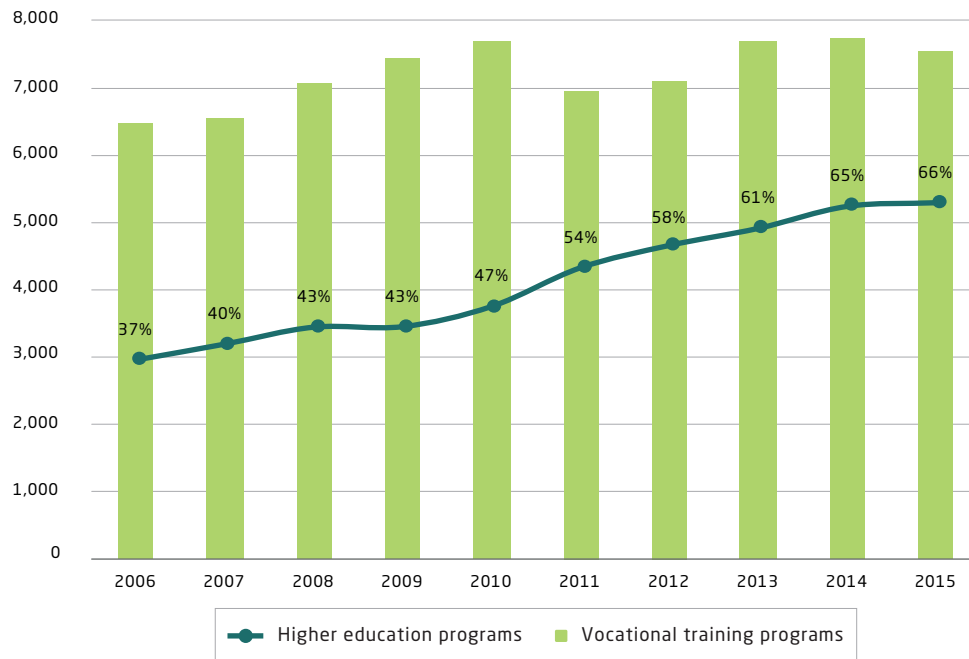


Table 3

Participants in Vocational Rehabilitation Programs by Degree of Medical Disability and Main Impairment (Absolute Numbers and Percentages), 2015

Main Impairment	Total		Degree of medical disability					
	Absolute numbers	%	No disability*	10-19	20-39	40-59	60-79	80-100
Total – numbers	23,676		1,204	1,425	5,412	8,510	4,066	3,059
Percentages		100%	100%	100%	100%	100%	100%	100%
Mental disability	6,365	27%	0%	9%	28%	45%	18%	5%
Internal	4,836	20%	0%	10%	20%	22%	24%	25%
Urogenital	672	3%	0%	1%	2%	2%	4%	6%
Neurological	3,076	13%	0%	8%	12%	10%	18%	25%
Locomotor	4,375	18%	0%	65%	23%	14%	16%	12%
Sight	1,109	5%	0%	2%	2%	2%	4%	20%
Hearing	1,028	4%	0%	2%	3%	2%	13%	4%
Other**	2,215	9%	100%	3%	9%	3%	3%	3%

* Entitlement to rehabilitation in the Hostile Action and Survivors' Divisions is not necessarily linked to the rehabilitation participant's medical condition.

** Includes rehabilitation participants with no impairment.

5. End of the rehabilitation process

The success of vocational rehabilitation depends, inter alia, on the motivation of those seeking rehabilitation, and thus acceptance into the job market is not possible if the rehabilitation participant is not interested in working.

Table 4

Persons who Ended Rehabilitation Treatment by Division and Outcome (Absolute Numbers and Percentages) 2015

Outcome	Total		Branch			
	Absolute numbers	%	General disability	Work injury victims	Survivors	Victims of terrorism
Total	Absolute numbers	10,294	8,153	1,439	398	304
	Percent	100%	100%	100%	100%	100%
Found a job	3,020	29%	29%	27%	43%	21%
Completed pre- training	671	7%	7%	4%	7%	3%
Completed vocational training	636	6%	6%	5%	12%	2%
Placement assistance completed	152	1%	2%	1%	1%	0%
Treatment discontinued	5,815	56%	56%	63%	37%	73%

Figure 3

Vocational Treatment Graduates Who Found Work, by Age, 2015

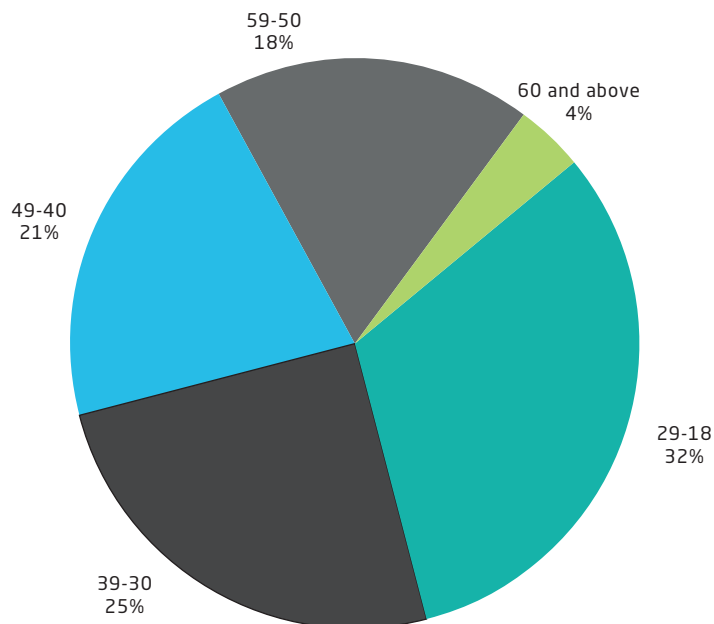
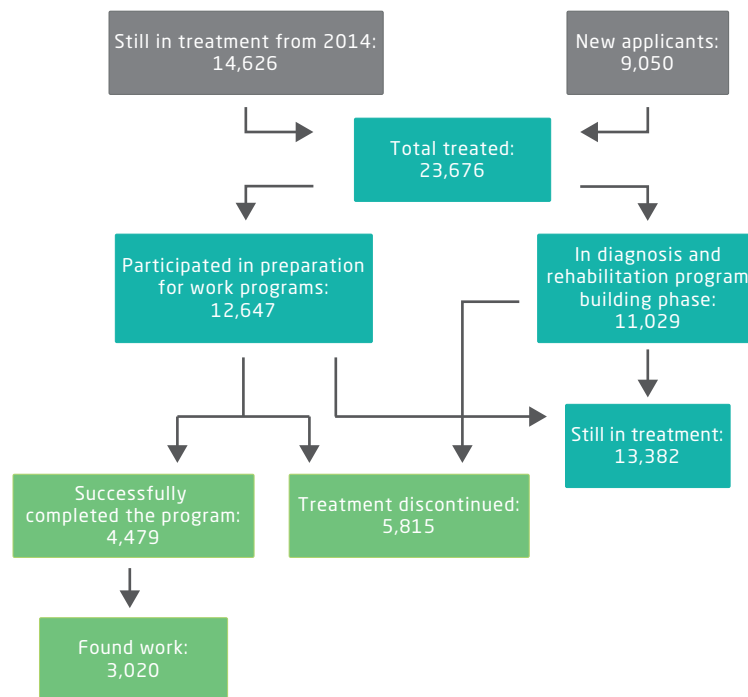


Figure 4
Population in Vocational Rehabilitation by Stage of Process, 2015



In 2015, treatment ended for approximately 10 thousand people: 4,479 of them had completed at least one of the programs preparing for work in the open market, and 67% of them succeeded in getting a job. Forty six percent of those who found work were concurrently entitled to a monthly disability pension 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 5,815 people (63.5%) the rehabilitation process was discontinued, generally because they were found unsuitable.

Those who completed the rehabilitation process in 2015 required an average of 2 years and 3 months to do so. However, the process is not of fixed length, and is affected by many factors, including the number of programs in which the participant takes part, type of training, and medical condition. For example, those belonging to the General Disability Division completed the program on average in 2.3 years, while those from the Work-Injury Division completed it in 1.9 years. The gap stems, among other things, from participants' work habits and levels of independence. Another example is the degree of medical disability: those with a degree of medical disability higher than 65% required on average approximately 20% longer than those with a degree of disability lower than 40% - 2.5 years compared with 2.1 years.

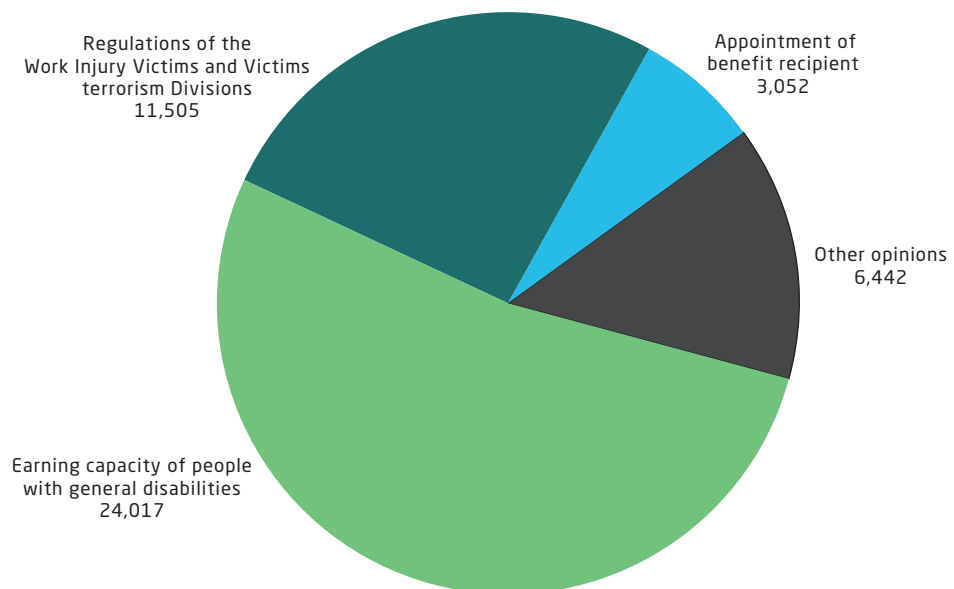
Undoubtedly, the age distribution of those seeking rehabilitation has a decisive influence on the age distribution of those completing the programs. (Figure 3). This year unlike previously, it can be seen that the effort to integrate rehabilitation participants in employment has borne fruit: the age distribution of those who found work is identical to the distribution of the new applicants, apparently as a result of the change which was made in the work placement process and enlistment of specialist placement companies (Figure 1). Of all the people who remained in treatment from 2014 or applied in 2015, approximately 13,000 remained in the Division's care at the end of 2015 (Figure 4).

6. Other activities of the Rehabilitation Division

Professional assessments

Rehabilitation Division employees provide professional assessments for the Divisions of the Benefits Administration in the following areas: determination of disabled persons' earning capacity; appointment of a benefit recipient; determination of work-injury victims' requests to have their degree of disability raised and determination of entitlement to capitalizations;

Figure 5
Opinions provided, by subject, 2015



entitlement of work-injury victims and victims of terrorism to special benefits. Employees also provide opinions on matters outside the scope of the National Insurance Law. In 2015, rehabilitation workers wrote approximately 45 thousand different opinions, 53% of them concerning determination of the level of earning capacity of people with general disabilities (Figure 5).

Assistance in fully exercising monetary rights

Assistance is given to work-injury victims and victims of hostile action who are entitled to monetary rights (such as a special allowance and special grants). In 2015, 4,777 people received such assistance, and 1,296 of these cases were completed.

Assistance to widows/widowers and victims of terrorism

As social workers, Rehabilitation Division employees also assist widows/widowers in times of crisis, after experiencing terrorism and for the rest of their lives. In 2015, 61 people – widows/widowers and terrorism victims - were treated.

7. Total payments

As part of vocational rehabilitation, the NII also makes the following payments:

- **Rehabilitation allowance:** A monthly subsistence benefit at the level of a full disability pension, paid during the period of studies to those who are not entitled to a general disability or work-disability pension, on condition that they study at least 20 hours per week.
- **Transport:** Payment for public transportation to place of training/assessment, or earner's mobility benefit supplement for those receiving a partial mobility benefit. For those with a degree of medical disability of 65% or higher, who do not have a vehicle or driver's license, the NII provides transport.
- **Tuition fees:** Participation in academic tuition fees or cost of training, up to the maximum amount set by the Rehabilitation Division guidelines.
- **Tutoring and accessibility services:** Tutoring assistance as needed in accordance with the total number of study hours, as well as translation into sign language, transcription and reading aloud, for those needing it.
- **Rent:** Participation in rent or dormitory fees for those participating in vocational training at a distance of more than 40 km from their permanent place of residence, in accordance with their study program.

- **Equipment:** Assistance in purchasing vital equipment necessary for rehabilitation (computer, customized keyboards for the blind, books, school supplies, etc.)
- **Other expenses:** Payments as part of the full exercise of monetary rights, mainly for victims of terrorism and work-injury victims, as well as participation in subsistence expenses (board and lodging), subject to regulations.

In 2015, some NIS 281 million was paid to 13,129 different people⁶ for vocational rehabilitation (Table 5) - an average of approximately NIS 21.5 thousand per rehabilitation participant.

Table 5 shows that in 2015 approximately 71% of the annual expenditure was paid to rehabilitation participants from the General Disability Division (compared with 69% in 2014), although they represent approximately 81% of the number of rehabilitation participants – because of the benefits to which they are entitled in other Divisions. Approximately 44% of the payments are for tuition fees (for approximately 88% of the participants) and approximately one-third for rehabilitation allowances (Table 6).

Table 5
Expenditure on Vocational Rehabilitation by Division,
2015 Prices (thousands of NIS), 2011-2015

Year	Total	General disability	Work injury-victims	Survivors	Victims of terrorism
2011	203,023	125,096	24,135	12,013	41,779
2012	242,383	162,017	26,483	11,796	42,087
2013	248,498	169,281	26,784	10,168	42,266
2014	267,090	185,168	26,707	10,233	44,982
2015	281,262	199,976	29,513	8,086	43,687

According to the law, someone who is found suitable for education or vocational training is entitled to a greater number of ancillary payments (including tutoring, equipment, transport and rent, and sometimes more than one payment) than someone who is not studying. As in previous years, in 2015 approximately 32% received a supplement to their full disability pension (rehabilitation allowance) as part of their participation in rehabilitation programs (Figure 6). In 59% of the cases the NII participated in transport expenses to the study location. Twenty percent of tuition fee recipients do not receive other payments – it can be assumed that most of them receive full pensions.

6 Not including payments for special allowances and capitalizations.

Table 6

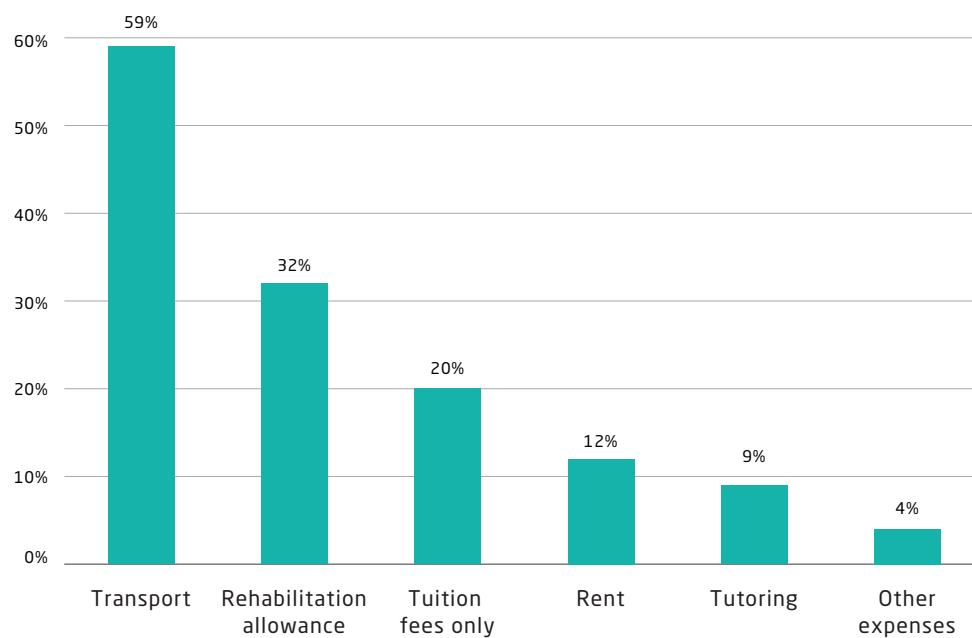
Ancillary Payments for Vocational Rehabilitation by Division and Number of Recipients (thousands of NIS and percentages), 2015

	Total		Tuition fees	Rehabilitation benefit	Transport	Rent	Tutoring	Other expenses*
Total expenditure	281,262	100%	44%	32%	6%	5%	4%	9%
General disability	199,976	100%	49%	31%	7%	8%	5%	0%
Work-injury victims	29,513	100%	36%	56%	6%	1%	1%	0%
Survivors	8,086	100%	41%	50%	8%	0%	1%	0%
Victims of terrorism	43,687	100%	27%	11%	0%	0%	0%	61%
Total recipients	13,129		11,602	4,802	8,784	1,448	1,077	1,402

* Not all of those entitled to other payments participated in a vocational rehabilitation program.

Figure 6

Additional payments to those receiving tuition, 2015



1. Unemployment Insurance

Unemployment insurance is 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. From 2002-2007 amendments to the law were passed making conditions of entitlement to unemployment benefits and the grant for discharged soldiers far more stringent (see section 2 below).

Conditions of entitlement to unemployment benefits

Benefits are paid to unemployed individuals who worked 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 dismissed from their jobs and willing to accept alternative work through the employment bureau. Work offered to unemployed individuals over 35 must be **suitable work** in terms of profession, salary, and distance from home. Other unemployed individuals must accept any job offered to them by the bureau.

Unemployment benefits are paid for a maximum period of 50-175 days, depending on age, education, and marital status. Unemployed 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 unemployment benefits for a maximum period of 138 days, even if their entitlement without the vocational training would have been 50 to 100 days.

Benefits are calculated in accordance with age and salary of the unemployed person immediately prior to unemployment, and the benefits have limited levels: for the first five months – not more than average salary, and from the sixth month – up to 2/3 of average salary. Benefits paid to unemployed individuals in vocational training are 70% of those which would have been due had they not been in vocational training.

Unemployment benefits for discharged soldiers

Discharged soldiers must comply with a qualifying period of six months of work in the first year after discharge in order to be entitled to unemployment benefits. The benefit amount equals 80% of the minimum wage, for a maximum period of 70 days (Figure 2). Until June 2007, discharged soldiers were exempt from a qualifying period and entitled to unemployment benefits in the first year after discharge.

Grant for discharged soldiers

In 2015, soldiers who worked at a job defined by law as **preferred/vital work** in the first two years following discharge were entitled to a grant of NIS 9,550. The amount equals unemployment benefits per day multiplied by 138 (days) divided by 2. Soldiers who have exercised all their rights to unemployment benefits are not entitled to the grant.

2. Legislative Changes

The Unemployment Insurance Law was enacted in 1973 and was based on the need to anchor the rights of the unemployed. The main aim of those drafting the law was to enable the unemployed to seek a source of livelihood in accordance with their abilities, while maintaining their present standard of living for a reasonable period of time stipulated in the law.

2002-2003

- The qualifying period was extended from six months of work in the year which preceded unemployment, to 12 of the 18 months which preceded the unemployment (from 7/2002).
- The maximum period for payment to unemployed people up to the age of 25 was reduced from 100 days to 50 days (from 7/2002).
- Unemployment benefits were reduced by 4%, like the reduction in most of the national insurance groups. The decision was valid until January 2007 (from 7/2002 to 1/2007).

- Benefits for participants in vocational training were reduced by 30% for new recipients only (from 7/2002).
- The unemployed who return to the system less than four years from the date of first entry are entitled to payment of up to 180% of their maximum eligibility period (from 1/2002).
- Benefits were reduced by 15% for those who had already accumulated a number of days of payment equal to the maximum eligibility period (in other words after they had already accumulated 100% of the maximum eligibility period and they are in part of the remaining 80%) (from 1/2002).
- The payment period for participants in vocational training courses was limited so that it is not longer than that of an unemployed person who is not in vocational training, and therefore will not continue until the end of the training, as was the case until then. The amendment does not apply to unemployed people with less than 12 years' schooling (from 1/2003).

2007

- The maximum period for payment to the unemployed aged 25-28 was reduced from 100 to 67 days (from 3/2007).
- Benefits for the unemployed up to the age of 28 were reduced by approximately 25% (from 3/2007).
- Discharged soldiers' exemption from a qualifying period was abolished, and they are only eligible for benefits if they accumulate six months of work in the year after their discharge from regular service (from 7/2007).
- The distinction between a monthly worker and a day worker was abolished. The qualification period is no longer dependent on the number of work days and is uniform for everyone – 12 of the 18 months which preceded unemployment, and the basis for calculating payment is the last six months' salary. Until the change, the basis was the last three months' salary for a monthly worker and the last 75 days of actual work for a day worker (from 3/2013).
- Discharged soldiers' exemption from a qualifying period in the first year after their discharge was abolished (from 7/2007).
- A temporary order was enacted at the beginning of 2009 due to the economic crisis, under which the work period required in order to receive unemployment benefits was reduced from 12 out of 18 months to 9 of the 18 months preceding unemployment. In addition, from 2009-2015 an additional coalition agreement enabled the extension of the maximum period for benefits for young unemployed people.

3. Unemployment Benefit Recipients

In 2015, approximately 223 thousand different unemployed individuals received benefits for at least one month over the course of the year, equaling approximately 70 thousand on average per month – a decrease of approximately 3% compared with 2014. Following the legislative change in 2007 requiring discharged soldiers¹ to accrue a qualifying period in order to be entitled to unemployment benefits, only 0.5% of those receiving benefits in 2015 were soldiers; they had failed to accrue the qualifying period even though they were only required to work for six of the 12 months following their discharge (an unemployed civilian has a qualifying period of 12 out of 18 months preceding unemployment) (Table 2).

Figure 2 presents the difference between the change in the number of discharged soldiers receiving unemployment benefits and the change in the number receiving grants up to 2006. As a result of legislative change in 2007, the correlation between the two arrangements no longer exists.

4. Unemployment Benefit Recipients and the Unemployed

In 2015, the average monthly number of benefit recipients decreased by approximately 3% and the total number of unemployed decreased by approximately 9%. In total there were 202 thousand unemployed in 2015, compared with 233 thousand in 2014. Approximately 70 thousand of them received unemployment benefits on average per month, compared with 72 thousand in 2014. The number of benefit recipients and their percentage of all unemployed people in the years 2001-2015 is shown in Table 1.

Approximately 35% of the unemployed received benefits in 2015 – an increase of approximately 7% compared with 2014, because of the decrease in their number in 2015 on the one hand, and the increase in number of recipients due to the amendment concerning day workers on the other. It should be mentioned that in the decade between 2001 and 2011, the percentage of benefit recipients among the unemployed decreased. In 2011 the decrease halted, and an increase began. In 2014 this percentage returned to the 2001 level and in 2015 even exceeded it.

Figure 1 shows a negative correlation between the unemployment rate and the percentage of benefit recipients: at high unemployment rates, the number of recipients

1 For purposes of this publication a discharged soldier was released at most two years previously.

Table 1

Unemployed and Unemployment Benefit Recipients (Monthly Average), 2001-2015

Year	Unemployed- after linking		Absolute numbers	Percentage of the unemployed
	Absolute numbers (in thousands)	Percentage of the workforce		
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
2015	201.6	5.2	69,780	34.6

* The data up to 2011 are after linking.

Figure 1

Unemployment Rate and Percentage of Unemployed Receiving Benefits, 2001-2015

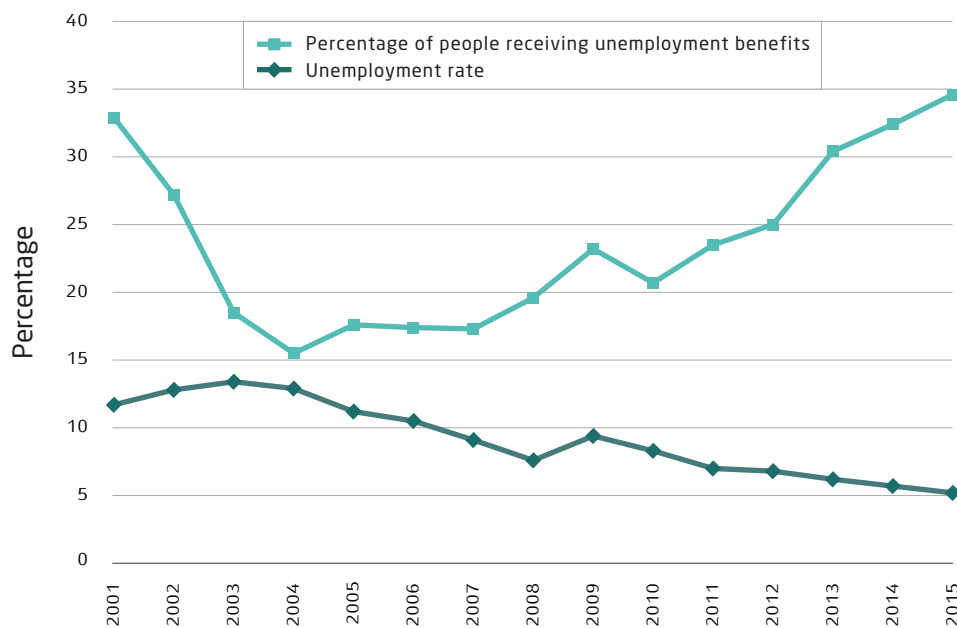


Table 2

Unemployment Benefit Recipients by Year of Unemployment, 2006-2015

Year	Unemployment Benefit Recipients -Total		Unemployment benefit recipients who were employed			Discharged soldiers		
	Numbers	change % from previous year	Total (numbers)	of total % recipients	change % from previous year	Total	of total % recipients	change % from 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
2015	223,491	1.3	221,763	99.2	1.4	1,728	0.8	-3.8
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	1.0	-87.5
2009	73,025	52.0	72,654	99.5	52.8	371	0.5	-23.7
2010	58,634	-19.7	58,343	99.5	22.7	291	0.5	-40.2
2011	57,354	-2.2	57,065	99.5	-2.2	289	0.5	-0.4
2012	61,759	7.7	61,431	99.5	7.7	328	0.5	13.5
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
2015	69,780	-3.2	69,437	99.5	-3.1	343	0.5	-10.4

increased but their percentage among the unemployed decreased; at low unemployment rates the number of recipients decreased more moderately and therefore their percentage among the unemployed increased.

Table 2 shows unemployment benefit recipients in annual terms and by monthly average over time. The data in the table and in Figure 2 which follows it, illustrate the effect of the abolition of the exemption from a qualifying period for discharged soldiers, which occurred in 2008.

Figure 2
 Unemployment Benefit Recipients (Total Population and Discharged Soldiers)
 and Recipients of Discharged Soldiers' Grant for Preferred Work, 1995-2015

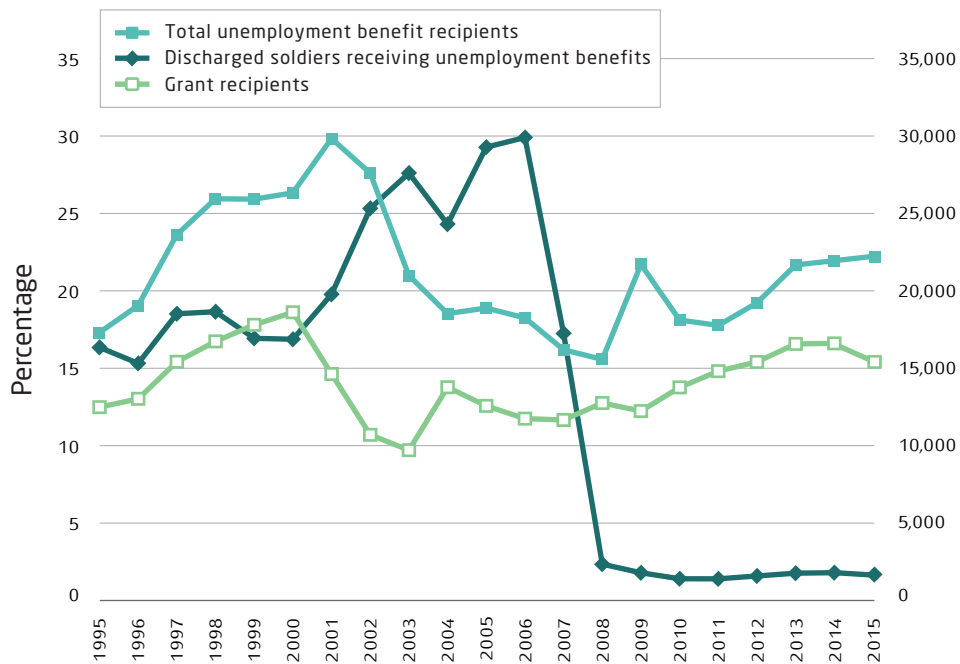


Table 3
 Unemployment Benefit Recipients Who Were Employed, by Type of
 Employment Bureau (Percentages), 2006-2015

Year	Total	University graduates	Not university graduates
2006	100.0		73.9
2007	100.0		73.2
2008	100.0		71.7
2009	100.0		70.9
2010	100.0		71.7
2011	100.0		71.5
2012	100.0	28.8	71.2
2013	100.0		70.4
2014	100.0	29.3	70.7
2015	100.0	29.5	70.5

Differentiation of unemployment benefit recipients by type of employment bureau shows that commencing from 2013 the percentage of university graduates among total recipients reached a peak of almost 30% (Table 3). The percentage of unemployed people who studied in vocational training courses amounted to less than 1% of unemployment benefit recipients in recent years.

5. Unemployment Benefit Recipients and Income Support Benefit

Unemployed individuals who have fully exercised their rights to unemployment benefits, and for whom the Employment Service can offer no job whatsoever, or to whom a job with a low salary was offered, are entitled to apply to the Income Support Service.

To estimate the number of unemployed who received unemployment benefits and subsequently an income support benefit, data for unemployment benefit recipients were combined with those on income support. The examination showed that approximately 38,000 unemployment benefit recipients fully exercised their rights in the first half of 2015, but only 2,900 of them (7.8% of those fully utilizing the maximum period) received an income support benefit. This number reached approximately 10% among the older group. The fairly low percentage arises from the differences in eligibility conditions between the two benefits.

6. Depth of Unemployment (Duration of Payment)

Unemployment benefits are paid for 50, 67, 100, 138, or 175 days – depending on age and number of dependents. The depth of unemployment is measured with regard to those whose unemployment commenced in 2014 and ended in 2015, and remained similar between the two years: 105 days in 2014 and 106 in 2015.

The percentage of those fully utilizing the maximum payment period possible under the 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 work during their unemployment.

Table 4

Unemployment Benefit Recipients Seeking Work, Who Completed Their Year of Eligibility in 2015, by Depth of Unemployment (as A Percentage of the Maximum Period) and the Maximum Period

Maximum period (in days)	Total	Number of days of unemployment as a percentage of the maximum period (percentages)					Number of days of unemployment as % of the maximum period
		Up to 25	26-50	51-76	76-99	100	
Total	100.0	9.1	10.8	10.2	20.6	49.3	80.6
50	100.0	6.3	9.0	9.4	17.2	58.1	85.8
67	100.0	5.7	11.2	12.5	17.7	52.9	86.2
70	100.0	40.5	8.4	10.0	16.0	25.1	49.7
100	100.0	8.1	11.9	12.5	27.0	40.5	79.7
138	100.0	9.5	12.3	10.3	21.2	46.7	79.1
175	100.0	10.1	9.8	8.8	18.4	52.9	80.2

Unemployment Insurance - International Comparison

The Unemployment Insurance Law, which was enacted in 1973, ensures a benefit for an employee who has become unemployed against his will and for whom the State is unable to provide suitable alternative employment.

Figure 1

Ratio of Qualifying Period for Unemployment Benefits - OECD Countries and Israel, 2014

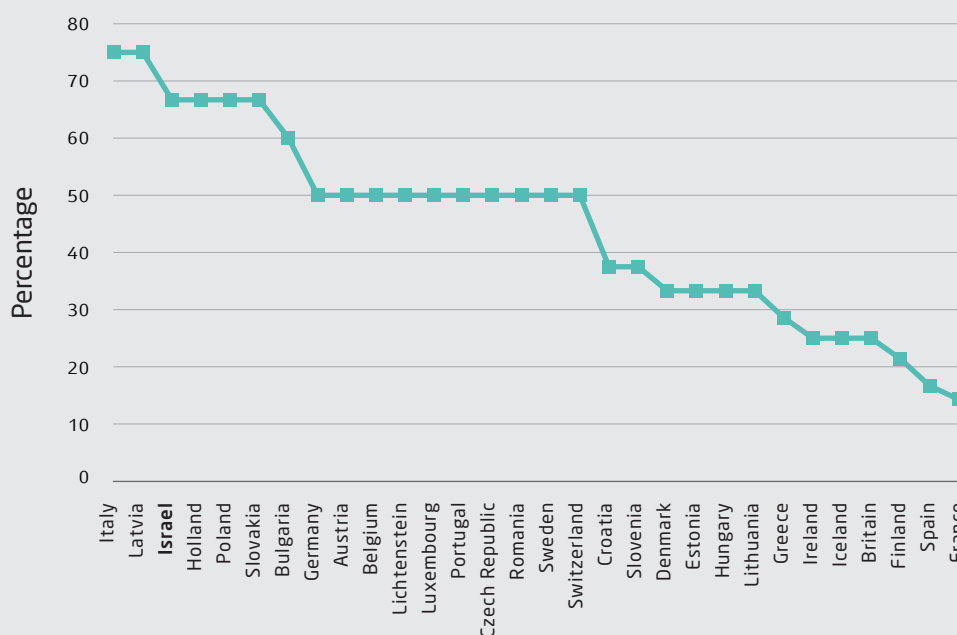
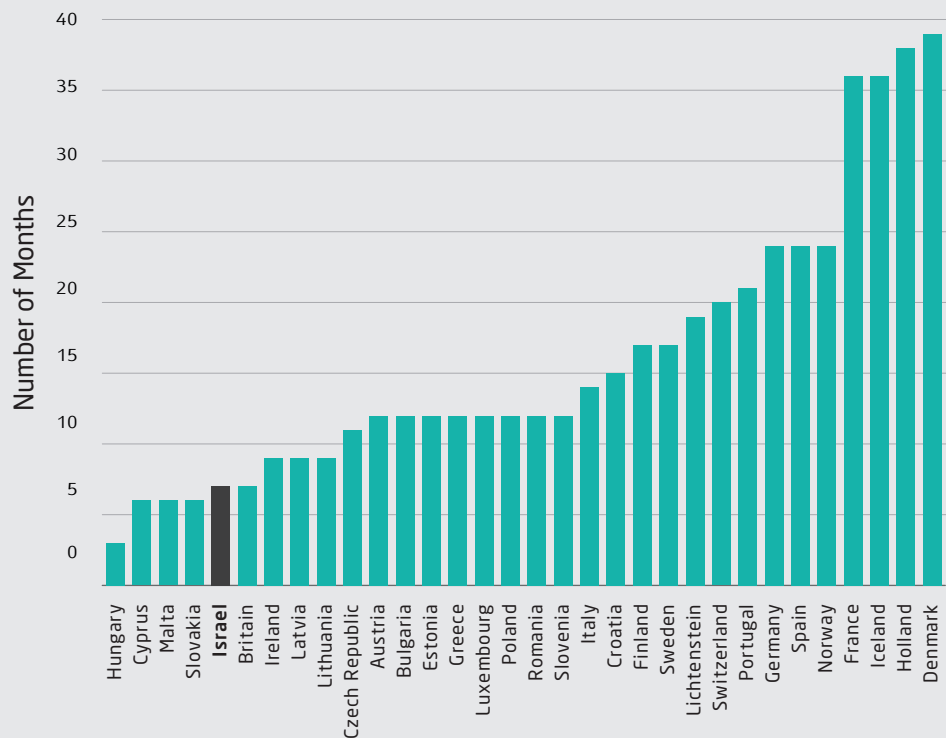


Figure 2

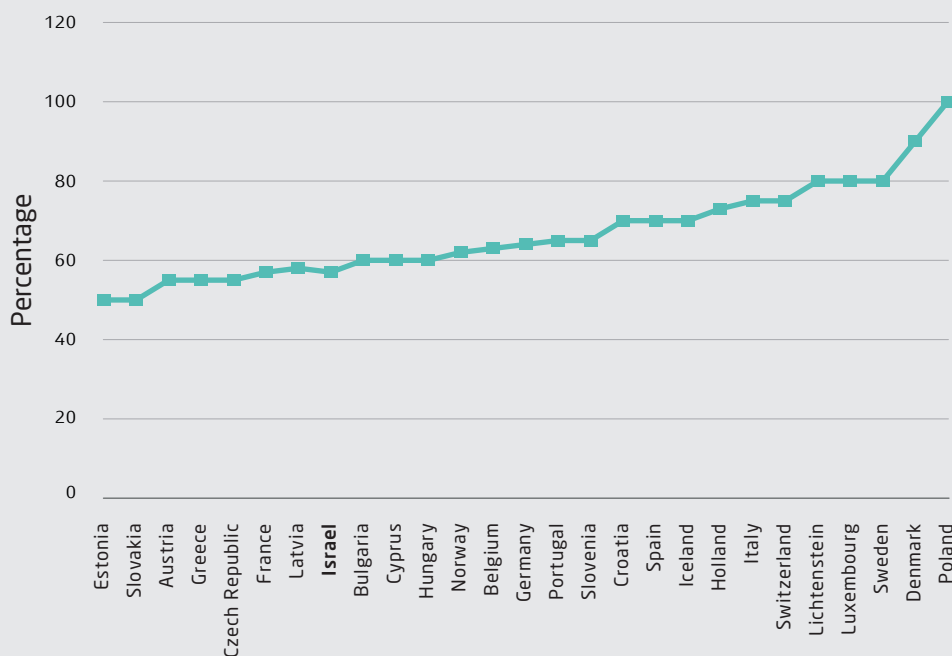
Maximum Payment Period for Unemployment Benefits - OECD Countries and Israel (Number of Months), 2014



For the purpose of comparison between Israel and the OECD countries, four elements have been chosen which define the status and importance of the Unemployment Insurance Law: the ratio of the qualifying period, the maximum payment period, amount of payment and the rate of insurance contributions collected from employee and employer.

- **Ratio of the qualifying period:** The ratio between the period of work required for eligibility for unemployment benefits and the length of the period which is taken into account. The higher the ratio, the more stringent are the conditions of eligibility. In Israel this ratio is $2/3$, while in most of the countries it is less than half (Figure 1).
- **The maximum payment period:** In some OECD countries the benefit period is uniform for all unemployed and in others it depends on demographic characteristics, such as age and marital status. In Israel the maximum payment

Figure 3
Amount of Unemployment Benefit Payment - OECD Countries and Israel
(as a Percentage of the Last Salary), 2014



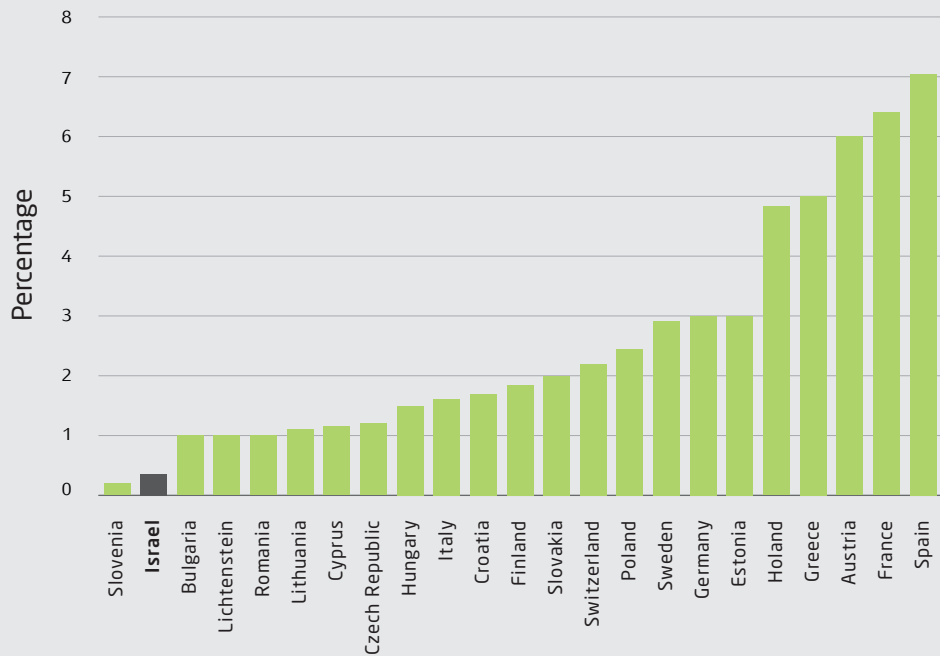
period is 50-175 days, according to the insuree's age and marital status, and it is almost at the bottom of the ladder of the OECD countries (Figure 2).

- **Amount of payment:** In most OECD countries as well as Israel, the amount of the unemployment benefit is calculated as a percentage of the unemployed person's last salary. In Israel the rate is 33%-80% of the last salary, and it is located in the lowest third of OECD countries, before Latvia (לטוניה read as לטוויה). (Figure 3).
- **Rate of insurance contributions:** The overall rate of insurance contributions collected from the employee and the employer for unemployment insurance ranges between 0.2% of the salary (in Slovenia) and 7.05% (in Spain), while in Israel it is 0.36% of the salary. Israel is in the second last place- before Slovenia (Figure 4).

To sum up, by international comparison the conditions of eligibility and amount of the payment are more stringent in Israel, parallel to the low rate of insurance paid for unemployment insurance.

Figure 4

Rate of Insurance Contributions Collected from Salary - OECD Countries and Israel, 2014



7. Amount of Unemployment Benefit and Total Payments

As mentioned above, unemployment benefits in Israel are calculated based on a progressive formula that ensures a diminishing replacement rate (rate of unemployment benefit out of salary immediately prior to unemployment), in line with other social insurance programs. In this way two purposes are achieved: insurance against unemployment, which provides compensation to maintain the standard of living of the unemployed person and his family, and equality of income distribution – higher compensation for those with low salaries than for those with high salaries.

Also in 2014, average unemployment benefits as a percentage of average salary decreased by approximately 2% compared with 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, when the distinction between unemployed day and monthly workers was abolished, and day workers - the weakest population in the labor market- became newly eligible. 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

Unemployment Benefit Recipients* by Amount of Unemployment Benefits Per Day in Relation to the Average Daily Wage (Percent), 2006-2015

Year	Total	Unemployment Benefits per Day in Relation to the Average Daily Wage					Average Unemployment Benefits as a Percentage of Average Wage in the Economy
		Up to 1/4 of average wage	From 1/4 to 1/3 of average wage	From 1/3 to 1/2 of average wage	From 1/2 to 2/3 of average wage	From 2/3 to full average wage	
2006	100.0	6.5	8.3	44.2	28.5	12.5	48.7
2007	100.0	7.6	10.6	43.7	25.6	12.5	46.9
2008	100.0	6.7	9.9	40.4	27.3	15.7	49.9
2009	100.0	5.2	7.8	38.0	29.8	19.2	52.9
2010	100.0	6.2	9.1	38.8	29.1	16.9	51.0
2011	100.0	6.4	8.5	37.9	30.1	17.0	51.2
2012	100.0	5.6	7.8	37.1	31.7	17.8	52.1
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
2015	100.0	9.6	10.1	36.8	28.0	15.5	49.2

Until 2008, the average unemployment benefit did not reach half of the average salary (Table 5). In 2009, due to the economic crisis that was accompanied by a wave of dismissals, including of high-salaried employees, the rate of unemployment benefits as a percentage of average salary rose to approximately 53%. Since then it declined, and in 2014 it once again amounted to less than half the average salary. The percentage of people receiving unemployment benefits of more than half of the average salary rose from 38% in 2007 to approximately 50% between 2011 and 2012, and then began to drop again, amounting to 43.5% in 2015. At the same time the percentage of unemployed receiving benefits lower than half the average salary increased – from approximately 50% in 2011 and 2012 to 56.5% in 2015.

In 2015, the overall expenditure for payment of unemployment benefits totaled approximately NIS 3,218 million, compared with NIS 3,262 in 2014 – a decrease of about 1% (Table 6). This decrease arises both from a reduction in the number of unemployment benefit recipients and a decline in the average unemployment benefit.

Table 6
 Unemployment Benefit Payments (millions of NIS), 2006-2015

Year	Current prices	Fixed prices (2015)	Real rate of change
2006	1,957	2,328	-3.8
2007	1,757	2,080	-10.7
2008	1,840	2,082	0.1
2009	3,028	3,316	59.3
2010	2,534	2,703	-18.5
2011	2,501	2,578	-4.6
2012	2,835	2,874	11.4
2013	3,176	3,171	10.2
2014	3,283	3,262	2.9
2015	3,218	3,218	-1.4

1. Insurance Of Employee Rights In Bankruptcy

The Employee Rights in Bankruptcy Division was established in 1975 against the backdrop of harm caused to many employees as a result of the collapse of businesses and their entry into bankruptcy and liquidation proceedings. These workers not only lost their jobs and the balance of their wages, but also severance pay mandated by work agreements, and their social benefits were also affected. . This occurred because in most cases their employers no longer had financial resources or assets to finance the debt owed their workers and provident funds (see definitions below).

The purpose of the Employee Rights in Bankruptcy and Corporate Liquidation Division is, through its benefits, to pay workers what their bankrupt employers owe them for wages and severance pay, as well as to maintain continuity of social benefits in provident funds. Benefits are financed through insurance contributions paid by employers (in 2015, at a rate of 0.01% of the employee's monthly salary up to the income ceiling for which insurance contributions must be paid, and 0.05% above this ceiling up to the maximum basis for collection), as well as through government participation at a rate of 0.02% as Finance Ministry indemnification.

The Division's activities enable a complete separation between making 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 unsolved problems still remain:

- The law requires the issue of a liquidation/bankruptcy order. This is generally a drawn-out process that often delays payment of outstanding debt to employees.
- Legal expenses involved in 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 liquidation fees, there was a greater number of liquidation applications for lower amounts of wages and severance pay.

- In most cases employees who have accumulated long seniority periods receive the maximum benefit, which is only a partial amount compared with the debt owed by their employer.

Definitions in the law

- **Employer in bankruptcy or liquidation:** Any type of corporation against which 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 non-profit organizations.
- **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 under a valid employment contract.
- **Provident funds:** A body to which, according to a collective bargaining agreement, employment contract or other agreement between employee and employer, and with the consent of that body, the employer is obligated to transfer sums from its monies or from employee wages, for the accrual or assurance of the employee's rights in connection with his/her employment, termination of employment, retirement from employment, or social insurance.

2. Benefits and Payment Amounts

Benefits to Employee

- **Wages:** Sums yet to be paid to the employee for work – wages, overtime, vacation allowance, vacation day redemption, payment for holidays and apparel – including any sum deducted from employee wages other than by law and that has not yet been transferred to its destination. If wages are not higher than minimum wage, the employee is entitled to receive the minimum wage mandated by law- which was NIS 4,300 in January-March 2015 and NIS 4,650 in April-December 2015.
- **Severance pay:** Severance pay 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 2015).

Benefits to Provident Funds

The benefits to provident funds are 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 2015). In 2015, NIS 364.4 million were paid to employees and provident funds; 81.9% of the benefits to employees were paid as wages and severance pay; wages only – 15.8%, severance pay only – 2.3% (Table 1).

Table 1

Payments to Employees and Provident Funds and Payment by Type of Benefit as a Percentage of all Payments, 2011-2015

Year	Total payments (millions of NIS)			Payment by type of benefit to employee as percentage of total			
	Total	To employees	To provident funds	Total	Wages and severance pay	Only wages	Only severance pay
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
2015	364.4	350.6	13.8	100.0	81.9	15.8	2.3

3. 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 subsequent economic slowdown placed a great burden on the Division's activities, and this is expected to continue in the coming years (Table 2). Reduction of liquidation fees has led to an increase in the number of claims for benefits in this Division.

In 2015, there were 630 new employers in bankruptcy and liquidation whose liquidators submitted claims to the Division – as in 2014. Eight thousand eight hundred new claims were received for processing – a decrease of 23.4% compared with 2014, and 10,500 employee claims were approved. The number of employees on behalf of whom provident fund claims were approved in 2015 was 2,530 – an increase of 6.8% compared with 2014.

Table 2
New Employers in the Division, New Employee Claims
and New Provident Fund Claims 2011-2015

Year	New employers	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*	Received	Approved*		
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
2015	630	8,800	10,500	500	210	2,380	2,530

* Including approval of claims received in previous years.

** Insured in several provident funds.

In more than half of the employer cases received for processing by the Division in 2011-2015, 1-5 claims per case were received (Table 3). However, one must take into account additional future claims in cases that will be received in the next few years, 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), 2011-2015

Year of receipt of the case	Total employers (absolute numbers)	Number of claims per employer as a percentage of total employers			
		Total	1-5	6-25	26 or more
2011	470	100.0	57.0	31.9	11.1
2012	520	100.0	55.2	30.5	14.3
2013	560	100.0	51.6	36.1	12.3
2014	630	100.0	56.3	31.4	12.3
2015	620	100.0	65.7	26.0	8.3

In 2015, these employers were concentrated in the following economic sectors: trade (36.7%), services (36.2%), and industry (Table 4). In that year, service workers represented 53.4% of all new employees whose claims were approved, compared with 52.3% in 2014 (Table 5).

In 2015, like the previous, 415 employees - approximately 4.0% of all new employees whose claims were approved - received the maximum benefit to which they were entitled. Five point nine percent of employees in whose names claims had been submitted to

Table 4
**New Employers in Bankruptcy Division
 by Sector of the Economy (Percentages), 2011-2015***

Year	Total (absolute numbers)	Agriculture	Industry	Construction	Trade	Transport	Services**
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
2015	630	1.3	9.7	12.9	36.7	3.2	36.2

* New series based on economic sector classification – 2011.

** Including commercial, financial, public and personal services.

Table 5
**Approved Employee Claims as Percentage of Total,
 by Economic Sector*, 2011-2015**

Year	Total (absolute numbers)	Agriculture	Industry	Construction	Trade	Transport	Services**
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
2015	10,500	1.8	8.6	6.6	25.4	4.2	53.4

* New series based on economic sector classification – 2011.

** Including commercial, financial, public and personal services.

provident funds received the maximum benefit. It should be noted that this number may rise as a result of payments for benefit differentials in the coming years (Table 6).

Table 6
**Employees and Provident Funds Receiving Maximum Benefits,
 as a Percentage of All Approved Claims, 2011-2015**

Year	Employees who received maximum benefit		Employees for whom maximum benefit was paid to provident funds*	
	Total	As % of total approved claims	Total	As % of total approved claims
2011	245	3.5	220	5.6
2012	55	0.6	200	13.3
2013	390	4.8	470	18.5
2014	390	3.8	220	10.0
2015	415	4.0	140	5.9

* Reclassified.

4. Collection of Employers' Debts

By law, the Division is authorized to demand benefit amounts paid to each employee from the employers' liquidators as a priority debt¹, in 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 24,538 for wages only, and 36,807 for wages and severance pay in 2015. There were no priority debt amounts in the benefits paid to provident funds. Regarding the balance of the debt, the Division is considered a regular creditor. If the maximum amount (NIS 112,424 in 2015) was paid to the employee, the amount paid by liquidators to the Division as priority debt will be transferred to the employee to cover part of the liquidators' debt to him/her. 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 date of the receivership or liquidation order, unless the liquidator has decided to pay interest, linkage differentials, or both, for the aforesaid period to the other creditors as well. For example, if an employee was paid wages and severance pay 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 on account of benefits paid to employees and provident funds that were eroded over time. Table 7 presents the priority debt amounts and their percentages of the benefit amounts paid in 2011–2015, and the amounts collected from liquidators and their percentage of the total priority debt in those years. It can be learned from this table that in 2015 the Employee Rights in Bankruptcy and Liquidation Division was entitled to receive as priority debt, 64.6% of the total benefits paid to employees and provident funds that year.

In 2015, the NII succeeded in collecting NIS 35 million for benefit payments made in the past, representing 14.7% of the priority debt in that year, as in 2014.

1 Priority debts are given priority over other debts - priority over regular creditors but not over secured creditors, who are entitled to all their money in the bankruptcy/liquidation process. According to the relevant laws, some types of debts have priority, and they are ranked by the following order of priority: a) wages; b) income tax debts for withholding tax; c) other debts such as maintenance and rent; d) municipal taxes.

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, 2011-2015

Year	Current priority debt		Collection from liquidators for the past	
	Total (millions of NIS)	As % of total benefits	Total (millions of NIS)	As % of priority debt
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
2015	237.7	64.6	35.0	

1. Reserve Service Benefits

The NII 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 pays 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).

The NII may, after consulting with the Public Committee on Reserve Duty, provide grants for the development of welfare services for those serving in reserve duty, and their families.

Participating in the Welfare Basket Project

Since 1999, the NII has participated in an extensive IDF project to increase social cohesion and create a sense of identification with and appreciation for, those serving in the reserves by participating in the funding of a **Welfare Basket**, run by the IDF Manpower Directorate (known by the abbreviation AKA). The Welfare Basket, 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, approximately NIS 10 million was paid in grants for these welfare activities, an amount constituting 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.

Payment of Advances in Emergency Situations

During emergency situations, the Reserve Service Division of the NII in partnership with the IDF and the defense establishment, pays 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. Thus for example in 2014, during Operation Protective Edge, 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.

2. Benefit Rate and Payment Amounts

The daily benefit rate is determined pursuant to the worker's gross salary (liable to insurance contributions) in the three months preceding the 1st of the month in which the service began, divided by 90 days. For the purpose of the calculation, reserve duty benefits, unemployment, injury allowance at work and maternity allowances are taken into consideration. The benefit will not be less than the minimum – 68% of the base amount divided by 30 (as of January 2015: 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 2015: NIS 1,441.33 per day, NIS 43,240 per month).

The payment amounts for those serving in reserve duty is subject to fluctuations in accordance with security events. In 2010-2012 it increased, however in 2013 it decreased (see schedule below). In 2009 there was a real realistic increase of 35.8% in comparison with 2008, due to payments during Operation Cast Lead. In 2010 payments decreased by 14.9% and in 2014 again increased realistically by 22.5% resulting from Operation Protective Edge, and reached approximately NIS 1.4 billion. In 2015, again there was a realistic decrease of approximately 24% in comparison with 2014; the payment amount in this year was approximately NIS 1 billion.

Payments to Reservists (Thousands of NIS), 2010-2015

Year	Current Prices	2015 Prices	Realistic Change Rate (Percentages)
2010	1,005,979	1,072,895	-14.9
2011	1,045,343	1,077,694	0.4
2012	1,124,500	1,139,837	5.8
2013	1,103,003	1,101,243	-3.4
2014	1,357,530	1,348,944	22.5
2015	1,021,479	1,021,479	-24.3

Take-Up Of Rights In Reserve Duty

One of the main objectives of the NII's service charter is the take-up of rights. The goal is that every insured person receives what he/she deserves by law. Accordingly, in 2015 considerable resources were invested in enhancing the take-up of rights.

Encouraging Take-Up of Rights

The Reserve Duty and Research Departments, and the NII's Telecommunications and Information Systems Administration joined forces to find insurees who had not taken advantage of their entitlement to payment. To this end, several actions were taken:

- **Letters were sent** to whoever was identified as not having claimed payment, and to their employers.
- **The Personal Area** on the Institute's website was improved so that those serving can see their service periods, whether they claimed for those periods or not, and submit a claim if necessary.
- An option to download the military authorization form (**3010**) was added, so as to submit it to employers or attach to a personal claim.
- A **study** was carried out to pinpoint the reasons for not submitting claims with the intention of reducing the phenomenon in the future.

Characteristics of the Non-Take-Up Population

The IDF service periods file was integrated with the NII's payments file for 2013¹ and the following information was found:

- Approximately 16% of the service periods (approximately 11% of reserve duty days) have yet to be claimed.
- Approximately 90% of those who had not take up their rights were men and nearly one half of them were at the start of their working life.
- Approximately 62% of the periods that were not claimed were a half-day or one day; less than 4% were for periods of 8 days or more.

For different types of reserve duty, claims are filed in different ways and therefore it was decided to make a distinction between the types of duty in the study questions also, and to represent each group separately.

1 2013 was chosen in order to examine the most recent service period so that reservists and their employers would recollect why a claim was not filed. In addition, we wanted most of the claims for this year to have been already filed (although there is no prescription period in the Reserve Duty Law applicable to a reserve duty claim).

Reservists Not Claiming Payment for Service Periods during 2013 According to Age and Gender (Percentages)

Women	Men	Total	Age
100.0	100.0	100.0	Total
87.7	40.4	44.9	19-29
9.9	43.3	40.1	30-39
2.3	16.3	15.0	40 and over

- 89.5% of reserve periods that were not claimed were employees, kibbutz members, or whoever was defined as an employee and self-employed. These reservists file the military authorization with their employers and should claim the benefit from the NII.
- 9% of reserve periods were for those defined as non-salaried employees, self-employed or students, who should claim directly from the NII. The self-employed (0.7% of the periods) should receive the payment automatically and they are sampled separately.

The Study Findings

In the study, 380 persons were sampled, 278 of whom answered the questions. In 96 cases, telephone numbers could not be found or the number that was given was incorrect, in six cases there was no reply, and one refused to cooperate.

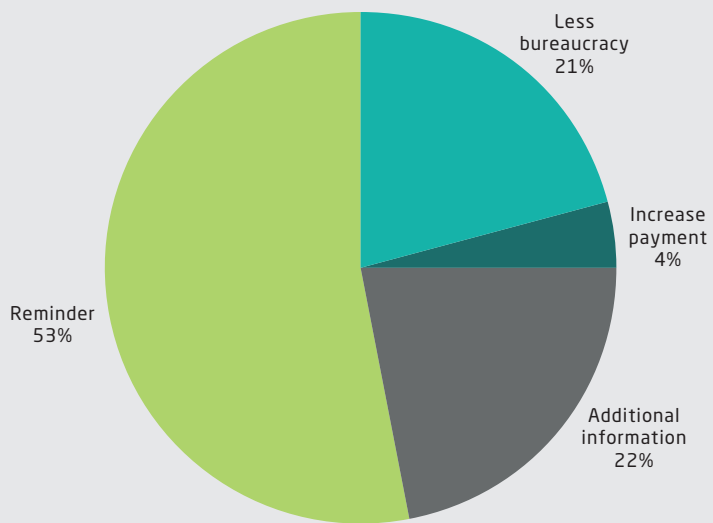
Common Reasons for Non-Take-Up of Rights were: reservists forgot to file a claim (37%); problems with the military authorization form - they had not received it or had mislaid it (10%); they did not know they had to give the military authorization form to their employers (17%); a feeling that the bureaucracy was complicated (self-employed, not working, working for more than one employer - 28%); not interested in the payment, or in a small amount (4%); thought they had filed the claim and received the payment (8%).

The participants were asked how, **in their opinion, take-up of rights to payment could be increased:**

53% responded by means of a reminder to file a claim (in a text message, in a letter or email), 4% by increasing the payment, 21% - by less bureaucracy, 22% - other means (more information about the law, receipt of a one-day authorization on the day, receipt of military authorization by mail).

These findings show that there is a need to increase awareness of the fact that the process of filing a claim is not complicated (for example in a letter to be sent during service or upon discharge).

What Will Encourage You to File a Claim for Reserve Duty Payment Next Time?



4

Activity and Trends in the Collection Field

1. General

The NII is responsible for collecting national insurance contributions to fund the benefits paid according to National Insurance Law, as well as for collecting health insurance contributions according to the Health Insurance Law, intended to fund the health system. National insurance and health insurance contributions are collected from working people (employees and self-employed) and non-working residents at varying rates on income subject to insurance contributions. Furthermore, since 1986 the Treasury has compensated the NII for the loss of collection receivables deriving from a reduction in the contributions of employers and the self-employed. This compensation is called Treasury Indemnification, and constitutes part of the Institute's receivables from national insurance contributions¹.

As in previous years, in 2015 collection from the public was affected by fluctuations deriving from economic developments in the country, the average wage, number of employees, as well as from legislative changes.

2. Legislative Changes

- In 2005, a gradual reduction of employer insurance contributions began. Concurrently two insurance contribution rates were introduced for employers, a reduced rate and a regular rate, instead of a uniform rate for all income levels, similar to the rate structure for employees and non-salaried employees. During the period January–August 2009 the reduced rates amounted to 3.45% (up to 60% of the average wage) and 5.43% at the regular rate. Before the Law was changed, an employer paid 5.93% of an employee's income up to the ceiling subject to insurance contributions.

¹ The insurance contributions rate imposed upon the government instead of employers is shown in Table 10 of the Law (Rates of Insurance Contributions) and anchored in Section 32 of the Law, addressing government participation in funding branches of insurance in general.

- At the beginning of 2006, the following changes were also introduced: the reduced national insurance rate for an employee 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 changes were made with a zero budget, namely, without changing the NII's scope of receivables. Increasing the reduced rate bracket also applies to the employer's portion to avoid a collection loss.
- In July 2009, within the framework of the Economic Efficiency Law for 2009-2010, two changes were made affecting collection from September 2009 until March 2011: the reduced rate for **an employer** was increased from 3.45% to 3.85% (thereby reinstating the situation that prevailed in 2008) until the end of 3/2011, and the cap on payment of national and health insurance contributions was doubled by the end of 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, however in practice the additional collection and allocations under Section 32 were transferred in their entirety to the Treasury, since simultaneously the Treasury's participation in the collection for the Children's branch was reduced from 210% to 207.5% in 2009, to 169% in 2010 and to 208% in 2011.

- Under the Arrangements Law, for 2011-2012 three additional amendments were introduced. **For employees:** (a) the cap for payment of national insurance and health insurance contributions was increased to 9 times the basic amount (from 2011). (b) In 2012 the cap for payment was supposed to increase to 8 times the basic amount, however following the Trachtenberg Law that was enacted in the wake of the social protests, it was decreased and reverted to 5 times the basic amount (from 2012). **For employers:** regular insurance contributions were increased by 0.47% from 5.43% to 5.9% (from 4/2011). These steps increased national insurance collection, however not the State Treasury's portion, and therefore its participation in the Children's branch was 200.5% from 1.4.2011 (204.5% in 2012).
- In 2013 regular insurance contributions **for employers** were gradually increased by 0.6 percentage points, and applied to the insurance branches in which there is no Treasury participation, therefore its participation reverted to 210% in collection for the children branch.
- In 2014, the regular rate for an employer should have increased by 0.5 percentage points, however it rose on 1.1.14 by only 0.25 points. The increase to 7.5% will continue until 2016 and not until 2015 as originally determined.
- In 2015, the regular rate for an employer continued to increase and reached 7.25%. The insurance contributions rate on an income that is more than 60% of the average wage and up to a cap (5 times the basic amount) also includes the employee's portion that was 14.25%.

Table 1

Collection from the Public and the Estimated Legislative Change on Receivables (Millions of NIS), 2014-2015

	2014			2015			Percentage change 2015 in comparison with 2014			
	Less Change Legislation	Change Legislation	De Facto	Less Change Legislation	Change Legislation*	De Facto	Nominal		Realistic	
							Less Legislative Change	Actual Change	Less Change Legislation	Actual Change
Total	56,146	-	56,146	58,759	790	59,549	4.7	6.1	5.3	6.7
NII contributions	36,356	-	36,356	37,978	790	38,768	4.5	6.6	5.1	7.3
Health insurance contributions	19,790	-	19,790	20,781	-	20,781	5.0	5.0	5.7	5.7

* In 2015 there was an increase of 0.5 percentage points for an employer in respect of the regular rate in comparison with 2014 - when this rate increased by 0.25 percentage points.

3. Collecting National Insurance Contributions

Scope of Collection

In 2015, employers' insurance contributions increased as determined by the Trachtenberg Committee that was established following the 2011 social protests. The Committee decided on a three-stage increase: in the first stage, an increase of 0.6% (from 5.9% to 6.5%), executed 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.

The NII's receivables from collecting national insurance and health insurance contributions amounted in 2015 to 62.3 billion NIS: 59.6 billion were collected directly from the public and 2.7 billion were transferred by the State Treasury in accordance with Section 32 C1 of the Law, that indemnifies the NII for reducing national insurance contributions for employers and the self-employed (Table 1). Minus the legislative change in 2015, direct collection from the public without the Treasury Indemnification, realistically increased by 5.3%.

National insurance contributions from the public increased in 2015 by 7.4% (in comparison with 4.9% in 2014), and health insurance increased by 5.7% (in comparison

with 4.1% in 2014). The portion of the health insurance contributions of the total collection from the public decreased slightly, and in 2015 reached 34.9% in comparison with 35.2% in 2014. The decrease in the growth of health insurance contributions mainly derives from the increased insurance contribution rate for employers, which relatively reduces the weight of health insurance contributions in total insurance contributions from the public. The collection rate from the public in relation to the GDP in 2015 was 5.2%² - higher than rates in earlier years showing an increasing trend. The collection percentage from the public of the total direct taxes³ decreased from 48.1% in 2013 to 47.3% in 2014 and to 45.6% in 2015, as a result of an increase in the collection of income tax.

Insurance Contributions Rates

In 1995 two rates for national insurance contributions were set - a reduced and a regular rate - for different types of insurees⁴. From January 2006 the lower rate was imposed on that part of income liable for insurance not exceeding 60% of the average wage by law⁵, and the regular - the balance of the income up to a cap: of an employee, employer and

Table 2
National Insurance and Health Insurance Contribution Rates According to Type of Insuree (Percentages), 2014 and 2015

Type of Insuree	National Insurance Contributions				Health Insurance Contributions	
	Regular Rate		Reduced Rate		Rate Regular	Rate Reduced
	2014	2015	2014	2015		
Employee - Total	14.42	14.92	4.52	4.52	5.0	3.1
Of Which: Employee	7.00	7.00	0.40	0.40	5.0	3.1
Employer	6.75	7.25	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: Employee	11.23	11.23	6.72	6.72	5.0	3.1
Government	0.59	0.59	0.59	0.59	-	-
Not An Employee Nor Self Employed	7.00	7.00	4.61	4.61	5.0	5.0

2 Table 9 in Chapter 1.

3 Income tax (from employees, self-employed and company managers), national insurance contributions and health insurance contributions are included in the direct taxes collected from individuals. The total of all the direct taxes also include, in addition to taxes collected from individuals, also company tax (the State income administration, annual statements).

4 The lower rate was imposed upon that part of taxable income that does not exceed 50% of the average wage by law.

5 The average wage as defined in the National Insurance Law – 9,260 NIS per month in 2015, and the basis for the lower rates was 50% of the average wage until the end of 2005.

self-employed person (without distinguishing between his/her portion as an employee or employer). The lower rate applies to all the insurees, employees and non-employed, and since August 2015, applies to employers (Table 2).

Types of Insuree

Employees

In 2015, there were approximately 3.25 million positions upon which national insurance contributions were paid - an increase of 1.6% according to the estimate (Table 3). This group does not include employees from the Palestinian Authority, foreign workers and Israeli insurees with special characteristics, such as members of kibbutzim, early retirees, domestic workers, those attending professional training and Ministry of Defense employees (see below Section 6).

The number of employers paying insurance contributions for their employees increased in 2015 by approximately 3.6% (Table 3). Most of the employers (72%) have up to 5 employees and approximately 20% of them employ between 6 and 20 employees.

Table 3

Employers and Insurees Required to Pay National Insurance Contributions According to Type of Insuree, 2014 and 2015

Type of Insuree	2014	2015	Change Percentage
Employers** - Total	248,931	257,882	3.6
Employers 1-5 Employees	179,769	185,965	3.4
Employers 6-20 Employees	50,079	50,458	0.8
Employers 21-99 Employees	14,959	17,190	14.9
Employers 100-499 Employees	3,453	3,534	2.3
Employers 500+ Employees	671	730	8.8
Employees Insurees* - Total	3,195,000	3,264,000	1.6
Non-Salaried Employees Insurees** - Total	740,248	810,153	9.4
Debtors from their income- Total	444,081	465,481	4.8
From work (self-employed)	402,889	418,702	3.9
Not from work	41,192	46,779	13.6
Those paying insurance contributions at the minimum level - Total ***	296,167	344,672	16.4
Not an employee nor self-employed (Minimum 15%)	183,463	226,628	23.5
Pupil and Student (minimum 5%)	51,075	48,868	-4.3
Yeshiva Student (Minimum 5%)	61,629	69,176	12.2

* Number of employed insurees reported by employers (on Form 102) - average per month.

** The data refers to the end of year.

*** The income base is a percentage of the average wage.

Non-employee

Two groups are included in this definition:

- Whoever pays insurance contributions on the basis of their income (57% of all non-employed insurees). This group is mainly self-employed (90.9%), however following the 2008 change in law, those insurees with passive income (dividends and income from capital) are also charged insurance contributions that are higher than 25% of the average wage, whether they have income as an employee or self-employed or not (9% of the insurees in this group).
- Those who pay insurance contributions at the minimum level (43% of all non-employed insurees): (a) do not work and have no income that is charged with insurance contributions - approximately 65.8%. (b) Pupils and students - 34.2%. In 2015 the number of insurees paying the minimum amount increased by approximately 16% and the number of those who did not work increased by 23.5%. In mid-2015, two computerization processes were added that changed the definition of part of the population: gradual development of the cessation calculation for insurance contributions and employees, who were charged for missing periods in the network expansion operation⁶. This operation led to a considerable increase in the number of insurees who were not employed and not self-employed. The number of students decreased in 2015 by 4.3% and the number of yeshiva students increased by 12.2%.

Scope of Collection

In 2015, receivables from national insurance contributions amounted to 41.5 billion NIS: 38.8 billion NIS were collected from the public and 2.7 billion NIS was transferred by the Treasury as indemnification for reducing national insurance contributions for employers and the self-employed (Table 4). In this year the NII's receivables realistically increased from the insurance contributions by 7.3% and collection from the public increased by 7.4%. The amounts transferred by the Treasury as indemnification for reducing national insurance contributions for employers and for self-employed increased realistically by 5.9%. The portion of direct collection from the public in 2015 increased slightly in comparison with earlier years and constituted 93.5% of all insurance contributions, due to the rise in regular insurance contribution rates for employers.

6 The prescription period law on insurance contributions debt after seven years applies to debtors from the beginning of 2015 and therefore the NII decided to expand the debtors network (**network expansion**) into two debtor groups: (a) those paying the minimum amount - for those who since 1999 were not sent charge notices and were in the **cessation calculation** (debt did not manifest for many of them as they were overseas with a foreign passport and were missing authenticated charge periods). (b) Employees owing insurance contributions for missing periods, to maintain continuity of their insurance.

Table 4

**National Insurance Contributions (Collection and Treasury Indemnification),
According to Type of Insuree (Current Prices Millions Of NIS), 2013-2015**

Type of Insuree	Absolute Numbers			Realistic change		
	2013	2014	2015	2013	2014	2015
The insurance contributions - Total	36,969	38,930	41,491	5.3	4.8	7.3
Employees and Employers	33,540	35,310	37,636	5.5	4.8	7.3
Non-employees	3,429	3,620	3,855	4.2	5.1	7.2
Collection from the public – Total	34,498	36,356	38,783	5.7	4.9	7.4
Employees and Employers	31,252	32,920	35,129	5.9	4.8	7.4
Non-employees	3,246	3,436	3,654	3.9	5.4	7.0
Treasury Indemnification – Total	2,471	2,574	2,708	0.4	3.7	5.9
For Employers	2,288	2,390	2,507	-0.3	4.0	5.6
For Non-employees	183	184	201	9.2	0.1	9.9

Employees

Direct collection from employees increased realistically in 2015 by 7.4% in comparison with 4.8% in 2014. Collection from employees and their employers was affected by the change in legislation discussed above, and labor market changes: the average wage for a salaried employee's position nominally increased by 2.3% (in comparison with 2.0% in 2014) and the number of jobs increased by 2.4% (in comparison with 2.2% in 2014). Insurance contributions for employees (including the employee's portion, the employer and the Treasury's portions), constituted, in the last three years, 90.7% of all receivables.

Non-employee

Direct collection from non-employee insurees increased realistically in 2015 in comparison with 2014 by 7.0% (in comparison with 5.4% in 2014) and is mainly (92.8%) collected from the self-employed. In 2015, collection from the self-employed increased - based on the assessments from 2014 that were revised by an increase in prices only - by 5.8% in realistic terms. The collection from non-employees paying national insurance contributions on the basis of minimum income, constituting approximately 4.3% of all collection from non-employees person, increased realistically by 9.1%.

A review of the payment ethic highlights the difference between the two groups of non-working: the collection percentage from self-employed in 2015 was 99.2% in comparison with only 4% of insurees paying the minimum amount. Following the network expansion, insurees were added to this group who had not been charged for their insurance contributions for seven years.

4. Collection for Health Care System

National Health Insurance Law

In January 1995, the National Health Insurance Law came into force, which establishes the right of every Israeli resident to health insurance and determines a defined and uniform basket of health services for all, where the State assumes responsibility for funding. The Law specifies sources for funding the basket, the method by means of which the cost of the basket will be updated and the formula for allocating resources between funds. Israeli residents may choose one of the health funds recognized by the Ministry of Health, and the health fund must accept every resident without restrictions, stipulations or payment.

Health insurance contributions, serving as one of the primary sources for funding the health services basket, are collected by the NII and divided between the health funds. To this end the NII keeps a file of all insurees, which is regularly updated and provides information regarding membership in the various health funds.

In accordance with the Law, every Israeli resident even if unemployed, must pay health insurance contributions, excluding several groups who are exempted from payment. Health insurance contributions from employees and non-employees are collected in the same manner as national insurance contributions, whereas the insurance contributions from those receiving NII benefits (who have no additional income) are deducted from the benefit itself.

Health insurance contributions are imposed on employees at two levels: a reduced rate of 3.1% on part of the income that does not exceed 60% of the average wage, and a regular rate of 5.0% on the balance of income exceeding 60% of the average wage and up to a capped sum, 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 receiving national insurance benefits are entitled in most cases to special rates depending on their income level. Table 5 specifies insurance contribution amounts **deducted from benefits** according to the type of benefit.

Since January 2006, benefits amounts have been revised according to the increase in the price index of the previous year (the index for last November in comparison with November the year before) and therefore the minimum amounts are also revised this way. Those who are not employees or self-employed and do not receive a pension, pay minimum insurance contributions (NIS 103 per month since January 2014). Certain groups are exempt from payment of health insurance contributions: housewives; new immigrants during the first six months of emigrating to Israel; employees under the age

of 18; pupils younger than 21 who do not work and later enlist in the army (exempt from payment for 12 months); prisoners and detainees sentenced to more than 12 months imprisonment and receiving health services from the Prisons Service.

Table 5
Health Insurance Contribution Amount, According to Type of Benefit, 2015

Type of Benefit	Monthly Health Insurance Contributions
Wage Substitute Benefits	
Maternity Allowance	
Injury Allowance	
Unemployment Benefit	Of rates similar to employees:
Reserve Service Benefits	3.1% of the benefit up to 60% of the average wage
Accident Benefit	5% of the balance of the benefit exceeding 60% of the average wage and up to cap
Bankruptcy and Winding Up a Corporation	
Old-Age And Survivors	
With Income Support	NIS 103
Without Income Support:	
For a Single Person	NIS 196
For a Couple	NIS 283
Other Benefits	
Income Support	
Maintenance	
General Disability	NIS 103
Work Related Disability and Dependents	
Survivors of Working Age	

Health Insurance Contribution Receivables and Distribution Between Health Funds

Until the beginning of 1997, the NII collected parallel tax and health insurance contributions for the health system. With the approval of the Arrangements Law of 1997, parallel tax collection was abolished and funding of the health services basket from the State budget increased accordingly. In 2015, the NII collected approximately NIS 20.8 billion in health insurance contributions - a realistic increase of 5.7% in comparison with 4.1% in 2014 (Table 6). Eighty one percent of the money collected came from employees, from non-employees - approximately 10% was collected, and from recipients of NII benefits - approximately 9%. From the non-employed, health insurance contributions were collected as follows: 79% from the self-employed and 21% from insurees who did not work and were not self-employed, who paid contributions at the minimum level.

Table 6
Health Insurance Contributions Collected, According
to Type of Insured (Millions of NIS), 2011-2015

Year	Total	Employees	Non-employees	Recipients of Benefits	Rate of Change (%)	
					Nominal	Realistic
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
2015	20,781	16,812	2,068	1,901	5.0	5.7

In 2015, an amount of 1,901 million NIS was deducted from insurance contributions benefits - a realistic increase of 4.6% in comparison with 2014 (Table 7). Approximately 73% of health insurance contributions deducted from benefits, was paid by recipients of old-age and survivors' pensions (including pension recipients with income support) and approximately 8% was paid by recipients of disability pensions. It is noted that health insurance contributions are deducted from the benefits only if the recipient of the benefit has no income from work or has other income that is exempted from payment of insurance contributions. Married women who only work in their homes (housewives) are exempt from payment of health insurance contributions even if they receive a benefit in their own right from the NII, provided that the benefit is not a wage substitute.

Table 7
Health Insurance Contributions from Benefits According to Type of Benefit
(Millions of NIS, 2015 Prices), 2014 And 2015

Type Of Benefit	2014	2015	Realistic Annual Increase (%)
Total	1,817.5	1,901.0	4.6
Old-Age and Survivors	1,324.1	1,381.0	4.3
Work-related Disability	9.6*	38.3	39.7*
Disability	173.2	164.3	-5.2
Income support	79.8	75.6	-5.3
Reserve service	0.8	0.3	-57.6
Maternity allowance	126.3	133.6	5.8
Unemployment	69.2	67.4	-2.6
Injury allowance	13.7	15.1	10.4
Maintenance	7.3	7.0	-3.2
Bankruptcy	5.3	5.7	8.7
Other	8.2	12.7	54.0

* The insurance contributions from work-related disability decreased following a one-time action.

The National Health Insurance Law determined that monies designed to fund the health basket are transferred to the health funds directly by the NII. The distribution of monies is based on the **capitation formula**, which takes into account primarily the number of insured persons in each of the funds and weights the age of each insured. From November 1, 2010, two new variables were added to the capitation formula: the insuree's gender and the distance of his place of residence from population centers.

The capitation method operates in favor of the Clalit Health Fund since it is characterized by the high percentage of older members and members residing in communities remote from the center of the country (Table 8). Thus for example, approximately 71% of very elderly insurees (85 years or older) and 69% of the outlying areas are insured by this health fund. In January 2015, the portion of insurees in Clalit was approximately 52.4% of the total, however the fund's portion in the health insurance monies was approximately 55.6%. On the other hand, this method reduces the amounts transferred to Maccabi and Meuhedet, whose members are younger. In the years 2005-2015, the Clalit Health Fund's portion of the distribution of health insurance monies decreased from approximately 59% to approximately 56%.

It is noted that since August 2006 capitation rates are calculated each month instead of once every three months as was customary until then. The monthly calculation makes

Table 8

Number of Insurees and Key to Distribution of Health Insurance Monies by Health Fund (Percentages), January 2010 - January 2015

Year	Total	Health Fund			
		Clalit	Leumit	Meuhedet	Maccabi
Total Number of Insureds					
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
1/2015	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
1/2015	100.0	55.666	8.398	11.926	24.010

it possible to reduce the disparity between the number of insurees at the beginning of each quarter and the actual number in each of the three months in the quarter.

According to the National Health Insurance Law, health services are funded from several sources:

- Health Insurance contributions, collected by the NII.
- Funds from the Road Accident Victims Compensation Fund (Karnit) that transfers amounts to the NII (since 2010).
- Health funds direct receivables for health services rendered for payment (such as medication and visiting a doctor).
- Additional amounts from the State's budget designed to supplement various expenses to cover the cost of the health services basket.

According to the estimate for 2015, the cost of the health basket for which the health funds are responsible increased nominally by approximately 2.767 billion NIS and reached approximately 41.35 billion shekels - a realistic increase of approximately 7.8% as opposed to 2014 (Table 9). In 2015, the State's relative portion in funding the basket increased to approximately 42.1% in comparison with the portion of health insurance contributions receivables which decreased to 51.5%. It is noted that the Arrangements Law of 2008 stipulated that the health funds receivables from their insurees deductibles would be 6.45% of the basket cost (instead of 5.4% until 2007). This amendment explains the reduction in the State's participation by approximately 1% since 2008.

Table 9
Cost of the Health Services Basket Under the Responsibility
of Health Funds by Source, 2011 -2015

Source	2011	2012	2013	2014	2015*
Total - Millions of NIS	32,668	34,678	36,555	38,582	41,349
Percentages					
Total	100.0	100.0	100.0	100.0	100.0
Health Insurance Contributions**	54.3	53.3	52.9	52.4	51.5
State Budget	39.3	40.3	40.7	41.2	42.1
Independent Income	6.4	6.4	6.4	6.4	6.4

* Ministry of Health Estimate (February 2016).

** Including amounts transferred by the Road Accident Victims Compensation Fund to the NII (since 2010). In 2015, an amount of 439 million NIS was transferred.

The amended per capita cost of the health basket enables the effect of insurees' age on the health funds expenses to be examined (Table 10). The basket cost per capita is calculated by the basket sources divided between the health funds according to the capitation formula taking into account age, gender and outlying areas, but does not

include amounts that are not divided in this way, such as costs for severe illnesses, administration costs, allocation to the health council and the Magen David Adom. In 2015, the cost of the weighted health baskets per capita was NIS 4,287 in comparison with NIS 4,075 in 2014 - a realistic increase of approximately 5.2%. The cost of the basket reflects relative expenses between the age groups: except for children up to the age of 4, the cost of younger age groups is usually lower than that of older ones. Thus for example, in 2015 the cost of the basket for the elderly population (85 years or older) was 3.8 times higher than the average cost for all health fund insurees and 9.4 times the cost of the basket for 15-24 year olds.

Table 10

Cost of the Health Basket per Capita, by Age Group (NIS per Year, 2015 Prices), 2014 and 2015

Age Group	2014	2015*
Total amended per capita	4,075	4,287
Up to 1 year	6,735	7,085
1- 4	3,483	3,663
5-14	1,637	1,722
15-24	1,640	1,725
25-34	2,355	2,476
35-44	2,785	2,929
45-54	4,372	4,599
55-64	7,128	7,498
65-74	11,702	12,313
75-84	15,141	15,933
85 and older	15,426	16,225

* Estimate

Twenty Years Of National Health Insurance In Israel – What Has Changed In The Distribution Of Insurees Between The Health Funds?

The National Health Insurance Law (5754 - 1994), which was enacted by the Knesset in June 1994 and came into force on January 1, 1995, introduced far-reaching changes into the Israeli health system. The Law determined health insurance for every resident, defined a uniform basket of services for all residents, granted freedom to move between the health funds and determined an allocation method for health basket moneys to the health funds.

The NII's primary activity within the framework of the Law focuses on three fields: collecting health insurance contributions, distributing money to the health funds and managing insuree files relating to health insurance.

The insuree file was designed for two primary purposes: the only and authorized record of all residents according to health fund, and the only source for distribution of money to health funds according to the capitation method. The file is for the most part based on the old parallel tax file, which the NII developed in 1990 for the purpose of calculating a distribution key of the parallel tax monies to the health funds, and since then it has regularly updated the data of health fund members.

Distribution of Insurees by Health Fund

When the Law came into effect in 1995, there were approximately 5.2 million residents insured by the health funds. In the last twenty years the number of insurees has increased by 58% and in 2015 reached approximately 8.2 million (Table 1). The number of insurees in the Clalit Health Fund dropped from 61.2% to 52.4% during this period, Leumit maintained its percentage of members - approximately 9%, and the Maccabi and Meuhedet number of insurees increased, from 19.6% to 25% (Maccabi) and from 9.1% to 13.7% (Meuhedet).

In the first five years of the Law's operation, there were considerable changes in the number of insurees primarily resulting from people transferring from one fund to another (Chart 1). In the following decade, the changes were not as sharp and in the last five years, the distribution of insurees between the funds was stable.

Table 1
Insurees by Health Fund, 1995-2015

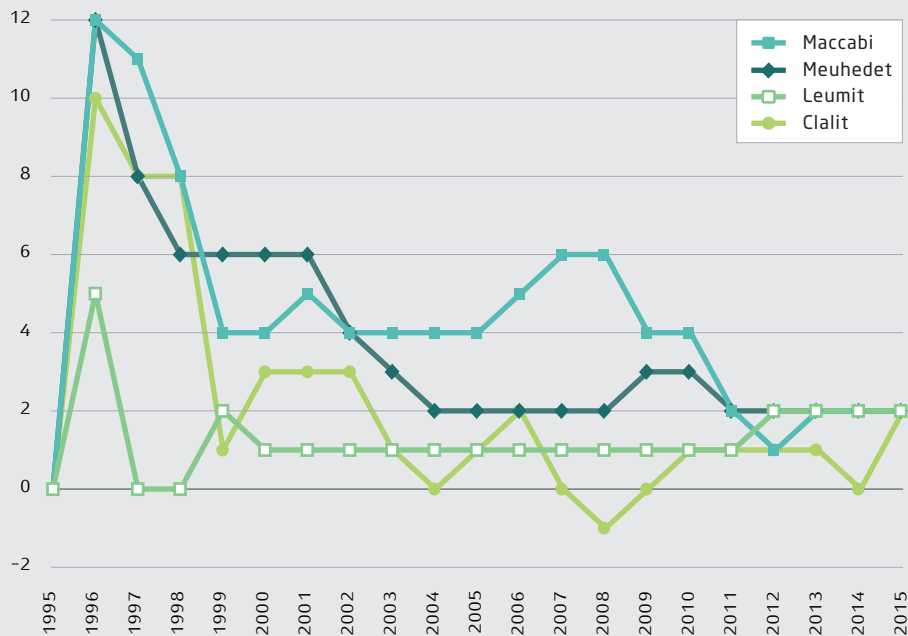
	Total	Clalit	Leumit	Meuhedet	Maccabi
1995	5,202,100	3,305,500	468,300	451,300	977,000
2015	8,201,977	4,296,852	731,012	1,123,322	2,050,791
Growth in 20 years (Absolute numbers)	2,999,877	991,352	262,712	672,022	1,073,791
Growth in 20 years (percentages)	58	30	56	149	110

Causes of Changes in Insuree Distribution

- **New Immigrants and Returning Israelis:** In the last 15 years most of the new immigrants (and returning Israelis) joined the Maccabi health fund. In 2015,

Chart 1

Annual Change in Number of Insurees (Percentages), 1995-2015

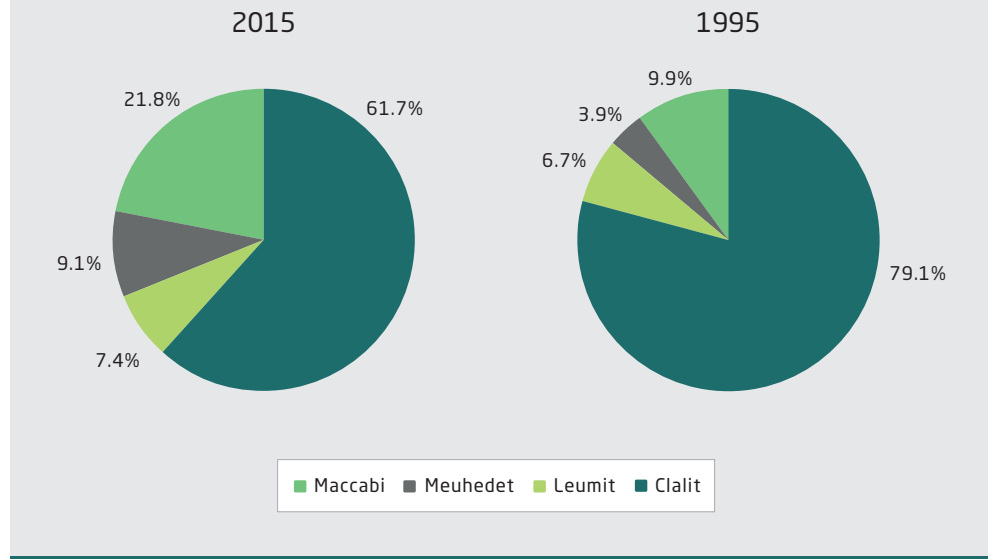


approximately 27 thousand immigrants registered with the health funds, approximately 53% of them registering with Maccabi.

- **Natural Growth (Births and Deaths):** Although most infants (53%) are still registered with the Clalit health fund, the number of infants being registered with Meuhedet has increased from approximately 13% in 1995 to 16% in 2015.
- **Moving From one Fund to Another:** Over the course of twenty years, the number of members leaving Leumit was always higher than the number of persons joining, in Clalit more joined than left only since 2011, in Meuhedet more left than joined since 2010, and for Maccabi, the number of those joining was always higher than those leaving. In 2015, approximately 140.2 thousand insurees transferred between funds.
- **Aging Population:** Whereas in 1995 approximately 79% of those aged 65 and over were insured by Clalit, in 2015 only approximately 62% of them were insured by this fund (Chart 2). On the other hand, in Maccabi, only approximately 10% of the elderly were insured in 1995 in comparison with approximately 22% today.

Chart 2

Insurees Aged 65 and Older by Health Fund, 1995 And 2015



5. Distribution of Payment Burden

The national insurance system stipulates in most cases, eligibility to a benefit upon payment of insurance contributions. According to this perception, every insuree, irrespective of his/her employment status, must pay insurance contributions.

The parameters of national insurance contributions mentioned at the beginning of the chapter - a minimum and maximum for income subject to national insurance contributions and rates of insurance contributions for various insurees - are characteristic of most social insurance systems in western countries. There is no disputing the fact that setting a floor and cap for income subject to national insurance contributions constitutes a regressive component in the collection system. The reform introduced in 2006 in the NII's collection system - expanding the income base for national insurance contributions and introducing a reduced rate for 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 individuals.

Table 11

**Employees: Income (on Average per Month of Work)
and Insurance Contributions Burden According to Decile, 2013***

Decile	Income on Average 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	1,028	36	4	32	3.5	0.4	3.1
2	2,439	86	10	76	3.5	0.4	3.1
3	3,649	128	15	113	3.5	0.4	3.1
4	4,644	163	19	144	3.5	0.4	3.1
5	5,661	229	47	182	4.0	0.8	3.2
6	6,925	381	135	246	5.5	1.9	3.6
7	8,571	578	250	328	6.7	2.9	3.8
8	11,086	880	426	454	7.9	3.8	4.1
9	15,707	1,435	750	685	9.1	4.8	4.4
10	29,250	3,060	1,698	1,362	10.5	5.8	4.7
Average	8,896	617	273	344	6.9	3.1	3.9

* The last year for which there is full administrative data on employees and self-employed income.

The decision to impose health insurance contributions collection on the NII from 1995, together with the perception that every resident is insured and the majority of insurees must pay health insurance contributions, led policy makers to adopt aspects of national insurance contributions with respect to the health insurance contribution function.

The most up-to-date income data refers to 2013⁷. The data in Tables 11 and 12 refer to the legal situation in 2013, meaning the insurance contributions rate for that year and the maximum income subject to national insurance and 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 lowering the reduced rate for an employee from 1.4% to 0.4%), increasing the regular rate from 5.58% to 7.0% and increasing the reduced rate bracket from 50% of the average wage to 60%) are also expressed in the insurance contribution rate calculated on the wage and income data for 2013.

Table 11 shows data pertaining to income (average per month of work), national insurance contributions (only the employee's portion) and health insurance contributions, on average per decile in the employee population. Employees are rated according to income subject to insurance contributions (on average per month of work) and in each decile are

⁷ The last year for which there is full administrative data on employees and self-employed income.

10% of the individual employees⁸. Each one of the first four deciles pay national insurance contributions of a rate of 0.4% of income and the rate gradually increases to 5.8% of the upper decile. A similar picture is portrayed with health insurance contribution rates also; however, the lowest rate in the first four deciles is 3.1%, as with the reduced rate.

Table 12 shows insurance contribution rates by deciles in self-employed populations for 2013. In the first and second deciles the national insurance contribution burden is prominent since today the minimum insurance contribution payment (25% of the average wage) highlights the system's regressiveness at the low-income levels. The national insurance contribution rate paid by self-employed (like employees and employers) is 6.7% in the third decile and increases gradually to 10.6% in the tenth decile.

It is noted that contrary to employees, the income of the self-employed is stated in terms of the average per month in a year (and not per month of work), since collection from this group is based on the annual income that they report. Therefore, employees' income as presented in Table 11 cannot be compared with self-employed income as presented in Table 12.

Table 12

**Self-Employed: Income (average per month in a year)
and the Insurance Contribution Burden According to Decile, 2013***

Decile	Average Income per month in a year	Payment of insurance contributions					
		Absolute Numbers (NIS)			Percentage of income		
		Total	National Insurance	Health Insurance	Total	National Insurance	Health Insurance
1	739	216	148	68	29.2	20.0	9.2
2	1,944	216	148	68	11.1	7.6	3.5
3	2,561	251	172	79	9.8	6.7	3.1
4	3,617	355	243	112	9.8	6.7	3.1
5	4,698	462	316	146	9.8	6.7	3.1
6	6,005	636	436	200	10.6	7.3	3.3
7	7,933	948	652	296	12.0	8.2	3.7
8	10,736	1,403	967	436	13.1	9.0	4.1
9	15,692	2,207	1,523	684	14.1	9.7	4.4
10	35,573	5,434	3,756	1,678	15.3	10.6	4.7
Average	8,950	1,113	766	347	12.4	8.6	3.9

* The last year for which there is full administrative data on employees and self-employed income.

8 In April 1999, a legislative amendment was adopted according to which the minimum income to calculate insurance contributions for employees was equated with the minimum wage in the economy, taking part-time positions into account. When calculating insurance contributions we assumed full compliance by employers with the Minimum Wage Law, and that a wage reported at a level that is lower than the average wage derives from part-time positions. The deviation in the average rate of insurance contributions from income in the lower deciles is negligible.

6. Populations Defined as Employees

The data presented in this chapter regarding the number of employees refers to the number of employees reported by employers in Form 102. Special groups whose characteristics and collection data for 2015 are detailed below are also included in the employees' population as defined by the NII.

Members of Kibbutzim

Kibbutz members and those of co-operative settlements are defined in the law as employees of a co-operative society (as employer), who is obligated and responsible to register them as employees and to pay insurance contributions for them. Members of kibbutzim and co-operative settlements are insured in all national insurance branches except for unemployment. In 2015 approximately 40 thousand members on average per month (18 years and older) were reported and the insurance contributions paid for them amounted to approximately 100 million NIS per year.

Domestic Employees

The status and rights of domestic employees are similar to other employees although the insurance contributions paid for them are determined at varying rates. At the end of 2015, approximately 198 thousand were reported as active employers employing domestic employees from which in this year approximately 90 million NIS in insurance contributions were collected.

Employees from the Palestinian Authority

Employees from the occupied territories and the Palestinian Authority employed by Israeli employers must pay insurance contributions for three branches: work related injuries, maternity and bankruptcy. Their insurance premiums are collected by the payments section of the employment service. In 2015, approximately 52.7 thousand employees on average per month were reported and the amount that was paid for them was approximately 16.6 million NIS per year. The average monthly wage for an employee on the basis of which national insurance contributions were paid, was approximately NIS 4,198.

Foreign Workers

Employees who are not Israeli residents hired by Israeli employers are included in this group. Similar to Palestinian Authority employees, foreign workers are insured by the

maternity, work-related injuries and bankruptcy branches and the insurance contributions rate applicable to them is set forth in a special regulation. In 2015 approximately 137 thousand foreign workers on average per month were employed in Israel, their average monthly wage was approximately NIS 6,500 and the insurance contributions charged for them was 99 million NIS per year.

Employees who Retired Before Reaching Retirement Age

These employees are subject to payment of national insurance contributions and health insurance contributions for early retirement. In 2015, approximately 53 thousand retirees on average per month paid insurance contributions, and the sum collected for them amounted to approximately 326 million NIS per year.

Insurees Attending Vocational Training

This group includes insurees attending vocational training within the framework of the Ministry of Economy (non-working and employees alike), or at places approved for this purpose in national insurance regulations. National insurance contributions are imposed upon the employer and the person attending vocational training for only two branches: work-related injuries and maternity. In most cases, the Ministry of Economy is the employer unless the person attending vocational training was sent to study on his employer's behalf. The number of insurees attending vocational training (who paid insurance contributions) reached approximately 44 thousand on average per month in 2015 and the insurance contributions paid for them amounted to approximately 10 million NIS per year. This is because employers ceased collecting contributions from employees-in-training as non-working and not self-employed, and transferred only the insuree's part as an employee to the NII. Insurees' part as non-working is paid separately by him/her, directly to the NII.

5 --- National Insurance Funds

1. National Insurance Funds - General

The main activity of the National Insurance Institute (NII) focuses on providing benefits in money or in kind to those who are entitled to them by law. These benefits are financed by the NII budget and by national insurance and health insurance contributions which the NII collects.

In addition to the benefits, the NII also assists in development of community services in order to improve the welfare of populations at risk and to extend their circle of opportunities. This activity is carried out by means of the National Insurance Funds¹. The Funds Division (Services Development Division) was established in 2002, to coordinate the activities of all the funds², and through them to promote projects, programs and ventures³ to develop and implement social services and infrastructures in accordance with the NII's policy and the needs of the target populations: children and adults with special needs, handicapped elderly people living in the community or in institutions, families and single people in economic and social distress, long-term unemployed people, at-risk children and youth, workers at risk of work accidents, and other groups such as residents of the periphery, Arabs and ultra-orthodox. Requests for assistance reach the funds in two main ways: as a result of a specific "call for proposals" for a particular field which the NII publishes or as a result of applications initiated by various bodies.

The authority of the funds to develop welfare services and the maximum annual budget for each fund are anchored in the law⁴, which stipulates regulations for examination of the projects or programs and for the NII's participation in financing them, by means of part of the insurance contributions collected from the employers and insureds in the appropriate department.

1 The research fund which is also included in the law operates as part of the Research and Planning Administration - see further on in the chapter.

2 Until 2002 each fund operated in the relevant department, except the children's fund, which was established in 2004, and the special projects fund, which operated as part of the Research Administration.

3 A project deals mainly with establishment of infrastructure and equipping, a program is mainly the operation of a service and a venture is a comprehensive project or program or one in which a number of funds cooperate.

4 National Insurance Law (Consolidated Version), 5755-1995.

The Division operates by means of five funds: the fund for development of services for the disabled, the fund for promotion of long-term care programs, the special projects fund, the fund for financing work safety and hygiene activities (Manof) and the fund for development of services for at-risk children and youth.

- The fund for development of services for the disabled: assists public bodies to develop services for handicapped people in order to integrate them in society and work and to improve their welfare. The fund operates in the following fields: special education and preschoolers; employment rehabilitation for the disabled; sheltered housing in the community; sport and leisure activities; improvement of physical conditions in institutions for the disabled and purchase of rehabilitation equipment; and assistance in making public buildings accessible to the disabled. The fund also assists in improving the quality of life and services in institutions.
- The fund for promotion of long-term care programs: assists in development and improvement of services for handicapped elderly people in the community and in institutions, establishment of day centres for the elderly, purchase of equipment for special needs, training of manpower to take care of elderly people and improvement of services in long-term care institutions.
- The special projects development fund: assists public and private bodies to develop social services with an experimental and innovative component in a variety of fields, and particularly for groups at risk: dysfunctional families, at-risk children and youth, people with special needs and elderly people suffering from violence. These programs are intended for development and implementation in the community throughout the country, and therefore most of them are accompanied by research assessment.
- The fund for development of services for at-risk children and youth: acts to advance the care of children under the age of 18 who are at risk due to neglect, abuse, violence and sexual harm, including children and youth who have contravened the law, use drugs or are exposed to dangerous living conditions. The fund deals mainly with development of programs to prepare adolescents for independent life and to prevent future dependence on NII allowances by developing fitness for employment.

The fund also assists with dealing with attention deficit hyperactivity disorder which forms the basis of an at-risk population and treats children and youth who have been sexually harmed. The fund's rehabilitation programs assist in reconnecting these children to the education and welfare systems and preventing them from sinking into situations of poverty and need.

- The "Manof" fund: intended for financing activities for prevention of work accidents and for encouragement of programs to increase safety and hygiene: financing research in the field of work safety and hygiene and implementation of its conclusions in experimental factories; development and improvement of innovative safety measures; location of occupational risks and safety hazards at workplaces; and assistance in purchase of safety equipment, training activities and information and advertising campaigns.

2. Summary of Activities in 2015

As in previous years, also in 2015 the NII funds mainly operated among populations at risk (as set out in section 1 above), in education and learning and in preparation for and placement in employment, which are the cornerstones of the welfare and social security policy and main field of activity of three of the funds: the fund for development of services for the disabled, the special projects fund and the fund for at-risk children and youth.

For a number of years the funds have been engaging in development and financing of social businesses and programs for employment of disadvantaged populations. In 2015, with the cooperation of the Ministry of Finance and the National Economic Council at the Prime Minister's Office, two funds for the encouragement and development of social businesses⁵ (Yozma funds) were launched. These funds provide professional backing for social businesses which employ disadvantaged groups – handicapped people, adults entitled to an income supplement, youth and young adults at risk, released prisoners and single-parent families receiving income support. The Yozma funds are financed by the NII, the Ministry of Finance, donations and other investors, and are operated by means of concessionaires – the Dualis Yozma Fund and the IVN Yozma Fund. The total financial scale of the Yozma funds is NIS 50 million.

In 2015 the fund for development of services for the disabled, in cooperation with the Chief Scientist at the Ministry of Economy, launched a venture for support of research

Table 1

Aid Approved, by Fund and by Field of Activity (Millions of NIS), 2015

Field of aid	Fund					Aid approved	
	Disabled	Long-term care	Special projects	At-risk children and youth	Manof	Total	As % of funds budget
Community housing	10.9	24.4	1.4	-	-	36.6	18.8
Institutional housing	5.0	13.9	-	-	-	18.9	9.7
Employment	30.9	-	6.7	20.7	-	58.3	30.0
Leisure and sport	15.2	-	0.8	-	-	15.9	8.2
Education (preschoolers, special education, parenting education and higher education)	36.4	-	2.0	0.7	-	39.0	20.0
Accessibility	5.2	-	-	-	-	5.2	2.6
Risks survey and research	-	0.2	0.5	0.02	3.1	3.8	2
Miscellaneous	6.3	-	5.3	0.03	5.2	16.8	8.6
Total	109.8	38.5	16.6	21.4	8.3	194.5	100.0

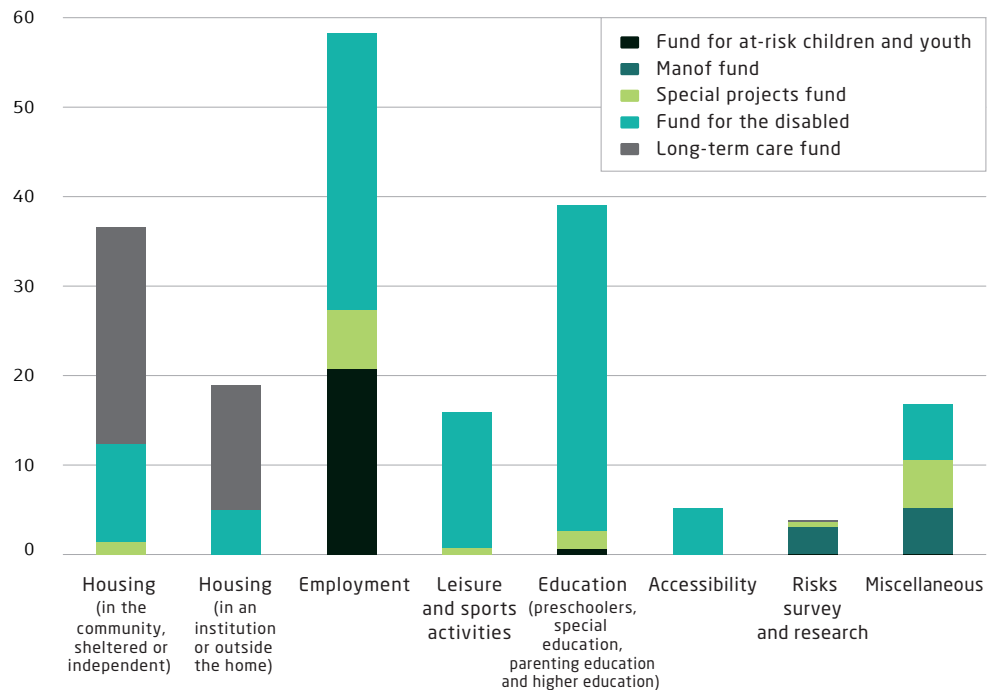
5 See Annual Report 2013, chapter 5

and development of technological solutions for handicapped people in order to increase their integration in society and work.

In 2015 the funds were also active in development of community housing and institutional housing (housing in institutions) – approximately 30% of their budget was designated for this field. The main fields of activity of the funds in 2015 can be seen in Table 1.

Figure 1

Aid Approved, by Fund and by Field of Activity (Millions of NIS), 2015



3. Scale of Activities

In 2015 the funds signed agreements for development of welfare services in an amount of approximately NIS 194.5 million for 260 different programs. The amount of the aid increased by approximately 1% in financial terms. The number of programs was approximately 9% less than in 2014, which can be explained by the fact that the funds

invested a very high budget, in the sum of NIS 10 million,⁶ in the Yozma funds. Another possible explanation is that on average greater financial aid was given to each program in order to increase its effectiveness.

As stated, the amount of aid for each fund is stipulated in the law. The fund for development of services for the disabled is allocated the highest amount, more than half the funds budget, and after it, in descending order – the long-term care fund, the special projects fund, the fund for at-risk children and youth and the Manof fund (Table 2 and Figure 2). The activity of the fund for the disabled and the long-term care fund focuses on investment in infrastructures and hence the large amount of aid (Table 2). The special projects fund and the fund for at-risk children and youth engage in development and operation of services and their budget in the law is lower.

Table 2
Programs and Aid Approved, by Fund, 2015

Fund	Programs approved (numbers)	Aid approved		
		Total * (NIS)	Average per program (NIS)	As % of funds budget
Development of services for the disabled	160	109,834,837	686,468	56%
Long-term care	28	38,483,713	1,374,418	20%
Special projects	32	16,552,611	517,269	9%
At-risk children and youth	27	21,403,261	792,713	11%
Manof	13	8,259,803	635,369	4%
Total	260	194,534,225	..**	100%

* The financial data presented in the tables below relate to amounts approved in a particular year and not to actual implementation.

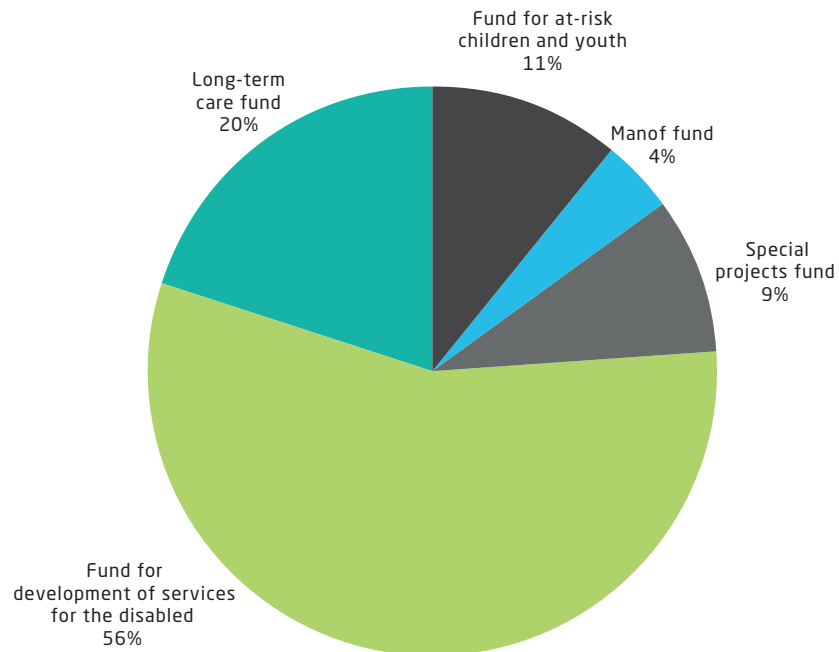
** The item of data is not relevant because of the differences in the nature of the programs of the various funds.

The NII funds do not fully finance the programs in which they are partners, but pool resources from various bodies. The maximum rate of financing for each fund is anchored in the fund regulations. In some funds the rate is also determined in accordance with the social and economic characteristics of the target population or of the local authority (according to accepted statistical indices) and in the case of the long-term care fund – by the economic characteristics of the body operating the service.

The participation rate is determined, inter alia, in accordance with the socio-economic cluster of the towns as measured by the Central Bureau of Statistics. The usual rate of the **fund for development of services for the disabled** is 80% of the total cost of the

6 The special projects fund invested approximately NIS 6 million and in addition approximately 4 million was invested by the fund for at-risk children and the fund for development of services for the disabled.

Figure 2
Aid Approved, by Fund (Percentages), 2015



project⁷, and NIS 2.45 million at the most⁸. In the **long-term care fund** the maximum amount of aid in 2015 was NIS 3.25 million and it is updated at the beginning of each year. The regulations distinguish between community projects (such as day centres) and projects for institutions (such as old-age homes): in the community projects the rate of aid is determined by the CBS clusters and is 60%-90% of the total cost of the project⁹, and in institutions – 50%-70%. The aid rate is determined after a recommendation from an accountant, who examines the financial strength of the applicant body. In 2015 the **fund for at-risk children and youth** provided aid at the rate of 80%¹⁰ of the cost of the program, in accordance with the socio-economic index of the town, the **special projects fund** up to 80%¹¹, and the **Manof fund** is also permitted to finance the full cost of the program.

7 90% - the maximum aid for towns with a socio-economic ranking of 1-4 from the CBS and for towns on the confrontation line according to the Ministry of Defence, 80% - for towns ranked 5-7, 70% for towns ranked 8-10.

8 For towns ranked 1-4 and towns on the confrontation line the maximum aid is NIS 2.8 million. Aid up to NIS 4 million will be given to projects in accordance with conditions.

9 Including the resources with other bodies. In the long-term care fund – mainly living expenses and the Claims Conference

10 Up to 2015 – 50%

11 In a program which the fund finances for three years, the financing decreases gradually from 100% to 50%, depending on the year of operation.

The **leverage ratio** is the ratio between the total cost of the program and the amount which the funds invested. The leverage of the funds' monies is of great importance: the activity of the programs has increased considerably and so also the possibility of developing and operating additional programs which without the pooling of resources would not be able to exist at all. The greater the leverage is, the better the sources of financing can be combined and the resources increase. The leverage also enables country-wide distribution, strategic vision and establishment of standards going as far as change in regulation.

In 2015, in total, services in the amount of approximately NIS 412 million were developed through the funds (Table 3), so that the funds' monies enabled leveraging of the programs in an amount double the amount of their support. This year the cost of all the programs increased by approximately 6% compared with 2014, so that the leverage rate of the funds' monies increased at the same rate.

Table 3
Total Cost of Programs, Aid Approved and Rate of Aid, by Fund, 2015

Fund	Cost of programs (NIS)	Aid approved	
		Total (NIS)	As % of total cost*
Disabled	184,199,519	109,834,837	60%
Long-term care	146,422,949	38,483,713	29%
Special projects	38,059,386	16,552,611	43%
At-risk children and youth	32,135,222	21,403,261	67%
Manof	11,062,526	8,259,803	75%
Total	411,879,601	194,534,225	49%

* Taking into account the maximum aid and aid percentages stipulated in the regulations.

4. Activity by Towns

Most of the funds' budget – approximately 80% - is invested in programs operating in specific towns and only approximately 20% is invested in ventures or programs at a national level (such as activity to raise awareness of work safety or promotion of workplace safety).

The socio-economic level of the town is related, inter alia, to its geographical location, and usually the further it is from the centre of economic activity and from population centres, the fewer the economic opportunities there are for its residents.

The size of the funds' investment in the districts far from the centre of the country – south and north- was fairly high in 2015 – approximately 47% of the total budget invested in the towns – one and a half times their share of the total population - 30%

(Table 4). Also in the Jerusalem district, which despite its centrality is classified as cluster 4 (out of 10) a budget was invested at a higher rate than its share of the population – 16% and 12% respectively. In the Haifa, Tel Aviv and central districts the aid was at a rate lower than their share of the population, with Tel Aviv having the lowest ratio (5% of the budget and 17% of the population). In the Judea and Samaria district a budget similar to its share of the population was invested.

In order to give expression to the fact that towns in the centre have advantages over towns in the periphery, which increase the more central the town is, in addition to the socio-economic cluster index the Central Bureau of Statistics developed a **peripherality**

Table 4
Aid Approved and its Percentage of the Budget of All the Funds
and of the Population, by District and Sub-District*, 2015

District and sub-district	Aid approved		
	Total (NIS)	As % of funds' budget for towns**	Population (% of total)
Jerusalem	25,326,926	16	12
North	36,706,905	24	16
Safed	8,461,885	6	1
Kinneret	2,474,831	2	1
Jezreel	6,233,938	4	6
Acre	19,536,251	12	7
Golan	-	-	1
Haifa	11,888,436	8	12
Haifa	11,110,329	7	7
Hadera	778,107	1	5
Centre	26,875,091	17	24
The Sharon	6,059,650	4	5
Petach Tikva	7,532,999	5	8
Ramle	4,062,138	3	4
Rehovot	9,326,015	6	7
Tel Aviv	8,406,738	5	17
South	35,271,853	23	14
Ashkelon	16,884,559	11	6
Beersheba	20,961,376	14	14
Judea and Samaria area	9,135,874	6	4
Total programs in towns	153,611,823	100	100
National programs	40,816,692		
Total	194,534,225		

* The districts and sub-districts were defined according to the CBS classification (Israel Statistical Yearbook no. 66, 2016)

** The percentage was calculated from the total budget for programs in towns.

index¹² which ranks the towns according to proximity to population centres and economic activity. The clusters 1-3 are very peripheral, 4-peripheral, 5-6- medium, 7-central, 8-10-very central.

From the breakdown of the aid to the towns according to the peripherality index, it is evident that the funds' budget is tilted in favour of towns situated in the periphery of Israel: half the aid was given to towns at a level of peripherality up to medium (1-6), while their residents amounted to approximately 40% of the total population (Table 5 and Figure 3).

Another classification of towns by the CBS is, as stated, according to their socio-economic class¹³: towns in clusters 1-3 were defined as belonging to the lower (*word added*) socio-economic class (approximately 21% of all residents) 4-7 middle (approximately 63% of all residents) and 8-10 – upper class (approximately 16% of all residents) (Table 6). According to this classification, in 2015 23% of the budget was invested in towns of the lower socio-economic class, 63% thereof in middle-class towns, and 9% in upper-class towns (compared with 12%, 76% and 12% respectively in 2014) (Table 6 and Figure 4). The investment in lower-class towns therefore increased considerably in 2015 compared with 2014 and in the upper- and middle-class towns it decreased.

Table 5

Aid Approved and its Percentage of the Budget of All the Funds and of the Population, by Fund and by Peripheral Index*, 2015

Peripherality cluster	Fund					Aid approved		Population (% of total)
	Disabled	Long-term care	Special projects	At-risk children and youth	Manof ^{**}	Total (NIS)	As % of funds' budget for towns ^{***}	
1-3	5,829,551	-	-	1,500,096	-	7,329,647	5	4
4	17,413,106	3,665,935	299,870	3,814,864	-	25,193,774	18	10
5-6	23,545,530	10,729,176	1,035,042	5,567,628	-	40,877,376	30	27
7	16,689,491	196,848	649,935	-	-	17,536,274	13	12
8-10	29,936,396	12,332,758	3,062,654	-	-	45,331,808	33	39
Total ****	93,414,074	26,924,716	5,047,501	10,882,588	-	136,268,879	100	100
Overall sum	109,834,837	38,483,713	16,552,611	21,403,823	8,259,803	194,534,225		

* The population was calculated according to the CBS publication in 2008 and the total population in that year.

** All the Manof fund's programs are national.

*** The percentage was calculated out of the total budget of the programs for the towns.

**** Total for the towns for which the index was calculated.

12 Central Bureau of Statistics (2008). Peripherality Index of Local Authorities, 2004 – notice to the press 160/2008. The index expresses the proximity of the town to each of the towns in Israel, weighted by their population size and the proximity of the local authority to the Tel Aviv district border. It contains ten clusters arranged in ascending order from the most peripheral to the most.

13 Local Authorities 2013, Central Bureau of Statistics.

Figure 3

Aid Approved as a Percentage of the Budget of All the Funds and of the Population, by Fund and by Peripherality Index, 2015

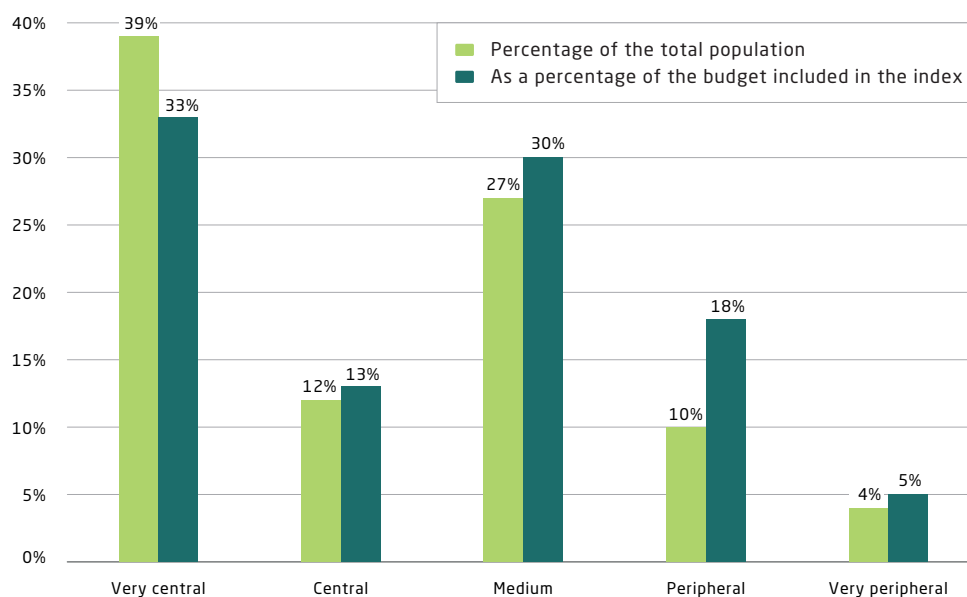


Table 6

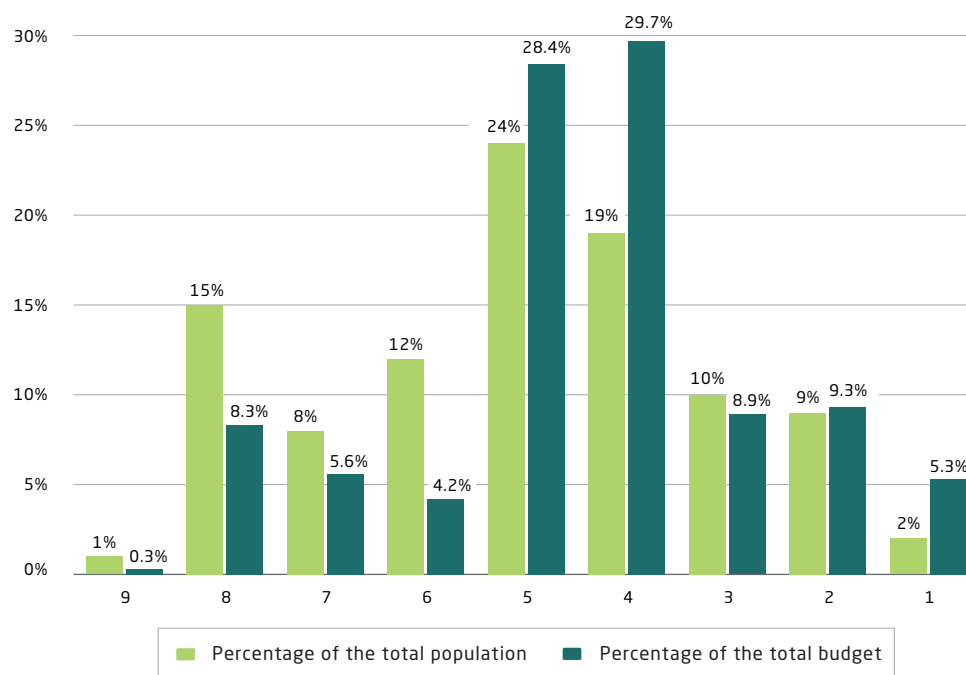
Aid Approved (NIS) and Percentage of the Budget of All the Funds, by Socio-Economic Cluster of the Town and by Fund, 2015

Socio-economic class	Fund					Aid approved		Population (% of total)
	Disabled	Long-term care	Special projects	At-risk children and youth	Manof*	Total (NIS)	As % of funds' budget in the clustered towns	
1	6,938,237	249,921	-	-	-	7,188,158	5	2
2	9,552,880	298,201	-	2,786,464	-	12,637,545	9	9
3	5,503,002	3,177,708	400,000	3,109,800	-	12,190,510	9	3
4	27,470,752	8,601,304	1,871,568	2,553,096	-	40,497,344	30	4
5	26,611,377	7,774,635	1,843,977	2,433,228	-	38,662,885	28	5
6	5,085,896	14,602	563,053	-	-	5,663,551	4	6
7	4,379,216	3,200,000	109,484	-	-	7,688,700	6	8
8	7,507,361	3,608,063	259,419	-	-	11,374,833	8	8
9	365,353	-	-	-	-	365,353	1	1
10	-	-	-	-	-	-	-	10
Total**	93,414,074	26,924,716	5,047,501	10,882,588		136,268,879	100	100
Overall sum	109,834,837	38,483,713	16,552,611	21,403,823	8,259,803	194,534,225		

* All the Manof fund's programs are national.

** Total in the clustered towns

Figure 4
Aid Approved, by Socio-Economic Cluster (NIS), 2015



The investment in towns of the lower socio-economic class was higher than their share of the population (23% and 21% respectively), and so also in middle-class towns (68% and 63% respectively). In upper-class towns the investment was lower than their share of the population (9% and 16% respectively). A town's membership of a particular socio-economic cluster is determined by the **average** of the socio-economic indices in it. Therefore, even in middle- or upper-class towns there are groups at risk, who are assisted by the funds.

To sum up, the data show that the NII funds allocate a considerable part of their budget to remote towns, both geographically and according to the peripherality index, and to towns of the lower to middle socio-economic class. This allocation is in line with their aims.

5. Main ventures in 2015

In this section we will survey the main innovations which were made in 2015 in the work of the funds generally, and in each of them specifically.

Hub for innovative social ventures

In 2015 the funds acted in collaboration with JDC-Israel to establish a hub for social ventures (see Box 1). The hub was designed to locate innovative social initiatives and to assist in their initial development, so that after a trial period they could become incorporated into the NII funds, the JDC and other sectors. It is planned that the first cycle of the hub will start operating at the beginning of 2017.

Box 1

Social entrepreneurship hub¹

A central element of the work of the funds, and especially the special projects fund, is development of innovative services for the target populations. As part of this the funds are acting in collaboration with JDC Israel to establish an experimental venture for development of welfare services – a hub for social ventures². The hub will accept social entrepreneurs and will assist them for a year in developing the initiatives by means of an extensive basket of services, in order to enable the initiatives to be implemented on a wide scale in the field.

The establishment of the hub is based on the **open innovation** approach, in which innovative development requires collaboration between sectors and fields. This approach maintains that “It is about looking across sectors and finding unexpected partners to help solve knotty problems for mutual benefit”³, that is to say, in order to develop the best solutions to the country’s social problems the funds’ circle of partnerships must be extended so that the collaboration will include government ministries, the local authorities, academic experts and third sector non-profit organizations, as well as creation of work interfaces and development of social programs with independent social entrepreneurs, technology people and the business sector. The establishment of the hub will also enable the NII funds and the JDC to enlist all those bodies for development of innovative social services for populations at risk.

The idea of a hub for development of entrepreneurship originated in the business world, in which business hubs have been operating for more than three decades, and it is estimated that there are about 7,000 of them in the world. The social hubs are a fairly recent phenomenon – most of them were established in the last decade – but there are already several hundred of them all over the world.

- 1 In writing the box we were assisted by Naomi Krieger-Carmy: **Social “Hub”, JDC and NII: Learning from Social Accelerators in the World** (2016). Prepared for the hub development team.
- 2 In the field of social entrepreneurship there are a number of concepts which refer to entrepreneurship assistance centres – hub, incubator, accelerator - and the differences between them are not sufficiently defined. For convenience in this chapter we have chosen to use the word **hub** for the three types.
- 3 <http://www.nesta.org.uk/blog/open-minds-open-funding>.

In recent years social entrepreneurship hubs have also begun operating in Israel (for example – Presentense, 8200 EISP, Tech for Good).

The establishment of the hub by the funds has two main aims:

The first aim is to encourage innovative and effective social initiatives from the field to supplement the existing activity in the field of social services essential for the welfare of populations at risk.

The second aim is to increase, strengthen and diversify social entrepreneurship in Israel by cultivating a new generation of social entrepreneurs with knowledge, skills and commitment to the solution of social problems, including entrepreneurs from the risk groups themselves, and by creating an interactive network of those entrepreneurs, experts, government ministry employees, businesspeople and social organizations working for the groups at risk.

In addition to the features mentioned above with regard to social hubs, the hub being established by the funds has unique features:

- Development of solutions for populations at risk.
- Focusing on social initiatives after the initial development stages in a variety of models.
- Possibility of long-term support as part of the ongoing work of the funds and the JDC.
- Use of the knowledge, experience, and expertise of the NII funds and JDC Israel in development of social initiatives, countrywide distribution and access to professionals and to the target groups for learning and carrying out the pre-pilot.
- Developing entrepreneurs from populations in risk situations.

Every year the social hub will accept some 30-40 initiatives being led by social entrepreneurs or teams of entrepreneurs. For about a year the entrepreneurs who are accepted by the hub will receive an extensive basket of services, including:

- Group workshops and tools – knowledge workshops, development of the initiative and development of abilities, peer instruction, etc.
- Investment in development of the initiatives – an array of mentors from a coaching (mentoring) service, experts and professional advisers; entrepreneurship training program; scholarships; financing the pre-pilot
- Networking – pitch days for partners, clients and the community, infrastructures for application and carrying out the pre-pilot of the initiative, membership of a network of entrepreneurs and graduates, etc.
- Infrastructures and support services – work and meeting spaces in the hub building in Lod, office services, connection to databases, service providers (information scientist, economist, lawyer, graphic design, etc.), etc.

- Financing – scholarships for entrepreneurs, investment by the hub in the initiatives.

The joint work by the NII funds and JDC Israel on development of the hub began in the second half of 2015, and in January 2016 the venture was approved by the committees of the NII Council. It is expected to begin operating in the first quarter of 2017.

Submission of applications over the Internet

As part of the effort to achieve digitization of government services, this year saw the beginning of the development of a system for submitting applications over the Internet. The system, which is being established through Microsoft, will increase the accessibility and transparency of the funds to the public, will improve the standard of communication with applicants and will make the management of applications by the funds more efficient. The system will be put on the NII's website at the beginning of 2017.

The fund for development of services for the disabled

In 2015 there was a considerable increase in the fund's investments in three fields – community housing, leisure and special education, and an increase in the amount of aid to treatment frameworks for people on the autistic spectrum, who suffer from a real lack of suitable services. **In total the fund assisted 22 treatment frameworks for people on the autistic spectrum:** community rehabilitative day centres were established and equipment was purchased for special education schools and kindergartens, for treatment centres for adults and for housing.

Box 2

Country-wide distribution of rehabilitative day care centres for children with special needs

A central field of activity of the fund for development of services for the disabled is development of services for preschool children with special needs. As part of this, the fund assists with the establishment and upgrading of rehabilitative day care centres for babies and small children with special needs, from half a year to three years old. In addition, the fund acts to encourage the **From Risk to Chance** program, in which small children with special needs are integrated in ordinary day care centres, where they receive para-medical treatment. In this box we will enlarge upon the rehabilitation day care centres.

Rehabilitative day care centres are one-day frameworks, which offer enrichment, educational and special treatment services to small children with special needs (physical, mental or sensory disability), who cannot be integrated in an ordinary day care centre, based on the outlook that the earlier the intervention in the treatment of these children, the greater the possibility of realizing their potential and integrating them in the community.

These day care centres have a number of outstanding features:

- Study in small classes (6-10 pupils per class).
- Holistic and intensive treatment of the small child under one roof (one stop shop).
- Provision of para-medical treatments, such as physiotherapy, occupational therapy and speech therapy.
- Provision of individual and group counseling and support services for the parents.

Most of the day care centres are “multi-disabled” – intended for children with different handicaps, and a small number of them are designated for a specific disability (visual impairments, hearing impairments or communication disorders).

Today the day care centres operate under the Rehabilitative Day Care Centres Law, 5760-2000, but it does not define the bodies responsible for their establishment, and therefore many small children who need a rehabilitative day care centre remain without a response. The rehabilitative day care centres are the responsibility of the Ministry of Welfare, which finances their day-to-day operation, and the placement in a day care centre is the responsibility of and under the auspices of district placement committees. Local authorities, the fund for development of services for the disabled, the Shalem Fund, philanthropic funds and non-profit organizations are partners in the establishment of the day care centres.

According to the Ministry of Welfare data, in the years 2005-2015 the number of day care centres tripled, and today approximately one hundred rehabilitative day care centres are operating in Israel. The number of small children in them has quadrupled in those years, and today approximately 2,500 small children attend them. Despite the sharp increase in the number of day care centres, the demand is still greater than the supply, particularly among children on the autistic spectrum.

In the light of this, in recent years there has been a big increase in the size of the investment in rehabilitative day care centres by the fund for the development of services for the disabled. In the years 2011-2015 the fund invested a total amount of approximately NIS 59 million in 52 projects for construction (see table below), renovation and assistance with equipping day care centres, with preference to towns on the periphery and to particular sectors.

In the light of the fact that the demand for rehabilitative day care centres exceeds the supply, in recent years there has been professional cooperation between the Ministry of Welfare, Ministry of Health, Shalem Fund and the fund for development of services for the disabled. As part of this, at present work is being done on the preparation of detailed instructions for establishment of rehabilitative day care centres, including a professional program of functions of the day care centre. The detailed instructions have a number of purposes: to assist bodies which wish to establish a rehabilitative day care centre; to create an equal, decent and respectful standard among all the day care centres in Israel; to consider, already at the time of establishment, all the treatment aspects, the employees' needs and the families' needs.

A draft of the program was put on the NII's website¹ in 2016 and the detailed instructions are expected to be published at the beginning of 2017. Concurrently, the fund for development of services for the disabled will continue with its intensive activity for the establishment, renovation and assistance with equipping of rehabilitative day care centres.

Projects for Construction, Renovation and Assistance With Equipping Rehabilitative Day Care Centres, 2011-2015

Year	Number of projects	Total participation by the fund (NIS)
2011	5	5,612,774
2012	5	3,863,165
2013	8	11,554,571
2014	18	20,884,302
2015	16	17,452,049
Total	52	59,366,861

¹ <http://www.btl.gov.il>.

Long-term care fund

- **Development of infrastructures and upgrading old-age homes** in accordance with the 2016 program of the Ministry of Health and establishment and renovation of day centres for the frail and mentally frail.
- **Formulation of innovative experimental programs** - operation of frail-care departments in old-age homes by the housing clusters method, operation of day

centres by the flexible work model (second shift) and a host families program for solitary handicapped elderly people.

- **As part of the national program for treatment of Alzheimer's disease** – development of a 24-hour telephone service centre for dementia patients and a support program for the main caregivers of elderly people suffering from dementia.
- Extension of the integrated model for treatment of elderly people with complicated needs who live in the community to four more towns.

Special projects fund

- **Programs to reduce loneliness among old people in the community.** Encouragement of physical activity among handicapped people. Establishment and operation of integrative complexes in municipal parks – a community program which maintains complexes with games facilities also suitable for handicapped people, where activities take place which are intended to integrate children with and without handicaps.
- **Establishment of municipal and regional centres for children and youth who suffer from emotional and psychological problems** (in accordance with the Headspace model which was developed in Australia). Development of an accessible city model by establishment of a training and study centre for professionals and for the public in the field of making urban space accessible (in cooperation with the fund for development of services for the disabled).

The fund also published a call for proposals, in response to which about 170 programs were received, which are at the preliminary evaluation stage, and it began the planning and development of a hub for social ventures in collaboration with the JDC.

The fund for at-risk children and youth

- **A Spark for a Safe Future- Preparation for employment and independent life for young people in civil and army service.** Development of a model of intervention among children in situations of neglect and their families (in cooperation with the Rashi Foundation and the Ministry of Welfare). Development of a model of intervention among and empowerment of youth from Ethiopia.

The fund for prevention of work accidents (Manof)

In 2015 the fund engaged in promotion of safety and health in agriculture, in prevention of exposure to noise in workplaces, in promotion of safety at work, in assistance in preparation of the new regulations on the subject of safety at work and in promotion of workers' health.

6. The Research Room

As part of the expansion of the opportunities for research, in 2011 the Research and Planning Administration of the NII opened a research room, in which researchers can use the NII's database for their research, by making use of micro-social files after the identifying details have been removed from them.

The research room has three workstations and statistical and econometric software suitable for processing SAS, R, STATA, SPSS and QGIS data. The total database contains administrative files of the NII and files of other bodies with which the NII maintains professional relations, such as the salary file of the Tax Authority and data from the Population Register. In addition, other files are brought to the research room specially and are integrated (with the consent of the data providers) in the administrative information. Each request requires preparation of a database adapted to the purposes and needs of the research, which is done by NII employees. Use of the research room is conditional upon a security check of the researchers and on their signature of a confidentiality document.

A committee of the Research and Planning Administration meets once a quarter to discuss requests to use the research room. The decisions are made in accordance with criteria such as the importance of the research, the quality of the researchers and the scope of the resources involved in preparation of the files by the NII employees. The NII reserves the right to charge for preparation of complex files, and particularly for changes and updates to requests.

From its establishment until the end of 2015 about 25 studies have been done in the research room, which have made use of the data files in the database¹⁴. As with the research fund, on completion of the research the researchers are requested to publish their results in coordination with the NII. Some of the studies have been done in collaboration with researchers from the Research Administration.

Important studies in progress

- **Bank of Israel, Research Division, Noam Zussman and Tamar Ramot-Niska: Public Housing –characteristics of apartments and residents.** The study will assist in understanding who receives housing assistance and in focusing policy in this field on the relevant populations who are supported by a wide range of social services.
- **The Hebrew University, Dr Ity Shurtz, Dr Sarit Weisburd and Dr Itay Saporta-Eksten: How does the change in old-age pensions influence the labour supply of households?** The research examines whether a higher old-age pension encourages earlier retirement on pension, and if so, to what extent. The answer to this question

¹⁴ The first list can be found in the NII Report 2013 and a further list in the NII Report 2014.

is likely to show the social cost (as far as loss of employment is concerned) of old-age pensions.

- **The Hebrew University, Prof. Victor Lavi: Analysis of the influence of the teachers' incentives program on pupils' performance over the years.** After it was found in previous research that the incentives program has an influence on achievements in high-school studies, the present study examines the influence of the incentives on higher education, salary, employment and demographic variables.
- **The Hebrew University, Dr Raanan Raz: Epidemiologic research on autism spectrum disorders in Israel and examination of risk factors for this disorder in the Israeli population.** This study has a number of sub-studies, among them examination of air pollution as a risk factor for autism, and as part of this a sub-study on NO₂, which is an indicator of air pollution from traffic.
- **Ben-Gurion University, Yitzhak Pinhas: Influence of the level of unemployment benefits on the duration of the period of unemployment.** The study examines the influence of the level of unemployment benefits on the duration of unemployment and additional result variables by use of the RKD method.

Important studies in the past

- **The Employment Service, Rony Hacoen: Follow-up study – the influence of the “Circles of Employment” program, a pilot program for assisting income support claimants at the Employment Service.** The study examines the influence of the program on receipt of national insurance benefits generally and the income support benefit in particular, employment rates, whether the position is full- or part-time, and salary from work.
- **Applied Economics Ltd for the Ministry of Economy, Sergei Sumkin: The influence of foreign-owned multinational hi-tech companies on local hi-tech companies.** The research examined the influence of foreign-owned multinational hi-tech companies operating in Israel on the amount of knowledge, employment, salary level, product and productivity in the hi-tech sectors.

List of Authors

Chapter 1: Social Policy Developments and Trends in National Insurance

Miri Endweld, Nethanela Barkali, Daniel Gottlieb

Chapter 2: The Dimensions of Poverty and Social Gaps

Miri Endweld, Nethanela Barkali and Oren Heller

Chapter 3: Benefits: Activities and Trends

1. Income Support

Gabriela Heilbrun and Miriam Shmelzer

2. Maintenance

Chantal Wasserstein

3. Old-age and Survivors' Insurance

Gabriela Heilbrun and Miriam Shmelzer

4. Long-term Care Insurance

Sharon Asiskovitch and Miriam Shmelzer

5. Children Insurance

Chantal Wasserstein

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7. General Disability Insurance

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9. Hostile Action Casualties

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10. Vocational Rehabilitation

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13. Benefits to Reservists

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Chapter 4: Collection Activities and Trends

Aviva Gaibel and Refaela Cohen

Chapter 5: Funds and Services

1. Funds of the National Insurance Institute

Tami Eliav, David Benayoun and Eyal Berger

2. The NII Research Fund and Research Room

Miri Endweld and Janna Frid

* Questions and comments regarding the Survey may be sent to: osnatco@nioi.gov.il.

Appendices

Insurance Branch Tables

Receipts and payments

Table 1

Receipts and Payments (current prices*, NIS million), 2011-2015

	2011	2012	2013	2014	2015
Total receipts	86,177	89,170	92,603	94,633	100,209
Thereof: for the National Insurance branches	68,655	71,052	73,681	74,843	79,309
Collection for the National Insurance branches	33,736	34,569	36,969	38,930	41,491
Government participation under the National Insurance Law	17,304	18,206	18,115	17,015	19,453
Interest	7,304	7,693	7,748	7,812	7,681
Miscellaneous	430	458	646	565	691
Government allocation for non-contributory payments*	9,882	10,127	10,202	10,521	9,994
Collection under other laws	17,522	18,118	18,922	19,790	20,900
Total payments of the National Insurance branches*	61,312	65,506	67,884	70,063	72,582
For contributory benefits	51,431	55,380	57,682	59,542	62,588
For non-contributory benefits	9,882	10,127	10,202	10,521	9,994
Current surplus	-994	-3,145	-3,053	-4,175	-2,214
Assets at end of year**	194,468	212,842	218,627	229,428	234,156

* Not including administrative expenses.

** Since 2009 according to fair value.

Table 2

Receipts and Payments (2015 prices*, NIS million), 2011-2015

	2011	2012	2013	2014	2015
Total receipts	88,844	90,386	92,455	94,016	100,209
Thereof: for the National Insurance branches	70,779	72,021	73,563	74,355	79,309
Collection for the National Insurance branches	34,780	35,040	36,910	38,676	41,491
Government participation under the National Insurance Law	17,839	18,455	18,086	16,904	19,453
Interest	7,530	7,798	7,736	7,761	7,681
Miscellaneous	443	464	645	561	691
Government allocation for non-contributory payments*	10,187	10,265	10,186	10,452	9,994
Collection under other laws	18,064	18,365	18,892	19,661	20,900
Total payments of the National Insurance branches¹	63,210	66,399	67,776	69,606	75,582
For contributory benefits	53,022	56,135	57,590	59,154	62,588
For non-contributory benefits	10,187	10,265	10,186	10,452	9,994
Current surplus	-1,025	-3,188	-3,048	-4,148	-2,214

* Not including administrative expenses.

Table 3
Payments and Receipts - Old-age and Survivors' Branch* (NIS million), 2011-2015

	2011	2012	2013	2014	2015
Current prices					
Total payments	23,284	24,569	25,726	27,255	28,189
Thereof: for the National Insurance branches	19,408	20,706	21,921	23,474	24,556
Receipts					
Collection for the National Insurance branches	15,082	15,345	15,990	16,602	17,307
Government participation under the National Insurance Law	2,523	2,675	2,721	2,831	2,955
Interest	2,697	2,697	2,682	2,650	2,489
Current surplus	-2,005	-2,862	-3,374	-4,235	-4,520
Surplus including interest	692	-165	-692	-1,585	-2,031
Assets at end of year**	70,482	75,209	74,993	75,952	73,846
2015 prices					
Total payments	24,005	24,904	25,685	27,077	28,189
Thereof : for the National Insurance branches	20,009	20,988	21,886	23,321	24,556
Receipts					
Collection for the National Insurance branches	15,549	15,554	15,964	16,494	17,307
Government participation under the National Insurance Law	2,601	2,711	2,717	2,813	2,955
Current surplus	-2,067	-2,901	-3,369	-4,207	-4,520

* Not including administrative expenses.

** Since 2009 according to fair value.

Table 4

Payments and Receipts - General Disability Branch* (NIS million), 2011-2015

	2011	2012	2013	2014	2015
Current prices					
Total payments	11,269	12,134	12,701	13,512	14,008
Thereof: under the National Insurance Law	9,740	10,423	10,951	11,713	12,215
Receipts					
Collection for the National Insurance branches	5,518	5,604	5,836	6,055	6,306
Government participation under the National Insurance Law	735	771	778	803	814
Interest	199	98	95	85	107
Current surplus	-3,606	-4,168	-4,444	-4,958	-5,295
Surplus including interest	-3,407	-4,071	-4,349	-5,043	-5,188
Assets at end of year**	3,432	0	0	137	436
2015 prices					
Total payments	11,618	12,299	12,681	13,424	14,008
Thereof: under the National Insurance Law	10,042	10,565	10,933	11,637	12,215
Receipts					
Collection for the National Insurance branches	5,689	5,681	5,826	6,016	6,306
Government participation under the National Insurance Law	758	782	777	798	814
Current surplus	-3,718	-4,225	-4,437	-4,926	-5,295

* Not including administrative expenses.

** Since 2009 according to fair value.

Table 5
 Payments and Receipts - Work Injury Branch* (NIS million), 2011-2015

	2011	2012	2013	2014	2015
Current prices					
Total payments	4,060	4,371	4,711	4,979	5,239
Thereof: under the National Insurance Law	3,549	3,870	4,196	4,468	4,684
Receipts					
Collection for the National Insurance branches	2,297	2,514	3,266	3,758	4,515
Interest	112	45	21	0	0
Current surplus	-1,252	-1,341	-857	-640	-22
Surplus including interest	-1,140	-1,296	-836	-640	-22
Assets at end of year**	2,363	1,080	200	-190	-192
2015 prices					
Total payments	4,185	4,431	4,703	4,947	5,239
Thereof: under the National Insurance Law	3,659	3,923	4,189	4,439	4,684
Receipts					
Collection for the National Insurance branches	2,368	2,548	3,260	3,733	4,515
Current surplus	-1,291	-1,359	-856	-636	-22

* Not including administrative expenses.

** Since 2009 according to fair value.

Table 6

Payments and Receipts - Maternity Branch* (NIS million), 2011-2015

	2011	2012	2013	2014	2015
Current prices					
Total payments	5,277	5,705	6,093	6,508	6,782
Thereof: under the National Insurance Law	5,040	5,486	5,871	6,264	6,548
Receipts					
Collection for the National Insurance branches	2,687	2,762	3,055	3,274	3,576
Government participation under the National Insurance Law	191	203	262	270	293
Interest	0.0	70	55	47	52
Current surplus	-2,226	-2,579	-2,604	-2,771	-2,736
Surplus including interest	-2,226	-2,509	-2,549	-2,724	-2,684
Assets at end of year**	0	0	0	75	144
2015 prices					
Total payments	5,440	5,783	6,083	6,466	6,782
Thereof: under the National Insurance Law	5,196	5,561	5,862	6,223	6,548
Receipts					
Collection for the National Insurance branches	2,770	2,799	3,050	3,253	3,576
Government participation under the National Insurance Law	197	206	261	268	293
Current surplus	-2,295	-2,614	-2,600	-2,753	-2,736

* Not including administrative expenses.

** Since 2009 according to fair value.

Table 7
Payments and Receipts - Children Branch* (NIS million), 2011-2015

	2011	2012	2013	2014	2015
Current prices					
Total payments	6,890	7,245	6,390	4,909	5,577
Thereof: under the National Insurance Law	6,709	7,058	6,199	4,712	5,380
Receipts					
Collection for the National Insurance branches	6,486	6,585	6,873	7,149	7,476
Government participation under the National Insurance Law	12,973	13,620	13,375	12,117	13,514
Interest	4,112	4,406	4,603	4,725	4,717
Current surplus	12,641	13,076	13,976	14,480	15,528
Surplus including interest	16,752	17,482	18,579	19,205	20,245
Assets at end of year**	112,988	130,529	136,990	146,310	152,478
2015 prices					
Total payments	7,103	7,344	6,380	4,877	5,577
Thereof: under the National Insurance Law	6,917	7,154	6,189	4,681	5,380
Receipts					
Collection for the National Insurance branches	6,686	6,675	6,862	7,102	7,476
Government participation under the National Insurance Law	13,836	14,526	14,264	12,923	13,514
Current surplus	13,032	13,254	13,976	14,480	15,528

* Not including administrative expenses.

** Since 2009 according to fair value.

Table 8

Payments and Receipts - Unemployment Branch* (NIS million), 2011-2015

	2011	2012	2013	2014	2015
Current prices					
Total payments	2,506	2,838	3,180	3,287	3,237
Thereof: under the National Insurance Law	2,484	2,814	3,152	3,353	3,203
Receipts					
Collection for the National Insurance branches	678	702	768	829	914
Interest	0	0	0	0	0
Current surplus	-1,882	-2,188	-2,456	-2,498	-1,491
Surplus including interest	-1,882	-2,188	-2,456	-2,498	-1,491
Assets at end of year**	0	0	0	0	0
2015 prices					
Total payments	2,584	2,877	3,175	3,266	3,237
Thereof: under the National Insurance Law	2,560	2,852	3,147	3,232	3,203
Receipts					
Collection for the National Insurance branches	698	711	767	824	914
Current surplus	-1,940	-2,217	-2,452	-2,482	-1,491

* Not including administrative expenses.

** The deficit of the Unemployment branch is covered by transferring money from the reserves of the Children branch.

Table 9
 Payments and Receipts - Long-term Care Branch* (NIS million), 2011-2015

	2011	2012	2013	2014	2015
Current prices					
Total payments	4,204	4,683	5,051	5,285	5,595
Thereof: under the National Insurance Law	4,201	4,680	5,047	5,281	5,587
Receipts					
Collection for the National Insurance branches	591	615	701	756	835
Government participation under the National Insurance Law	871	932	974	989	991
Interest	0	81	68	66	74
Current surplus	-2,786	-3,182	-3,428	-3,596	-3,823
Surplus including interest	-2,786	-3,100	-3,360	-3,530	-3,749
Assets at end of year**	0	0	0	1	83
2015 prices					
Total payments	4,334	4,747	5,043	5,251	5,595
Thereof: under the National Insurance Law	4,331	4,744	5,039	5,247	5,587
Receipts					
Collection for the National Insurance branches	609	623	700	983	835
Government participation under the National Insurance Law	898	945	972	66	991
Current surplus	-2,872	-3,225	-3,423	-3,573	-5,295

Old-age and survivors

Table 10

Recipients of Old-age and Survivors' Pensions (monthly average), 2001-2015

Year	Grand total	Old-age			Survivors			
		Total	Under the National Insurance Law	Not under the National Insurance Law	Total*	Under the National Insurance Law	Of which: families receiving maintenance allowance for orphans**	Not under the National Insurance Law (new immigrant survivors)
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
2015	900,788	802,716	750,466	52,249	98,073	97,782	5,905	291
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
2015	20.6	19.8	14.8	90.5	27.5	27.4	-	64.3

* 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 1.1
 Recipients of an Old-age and Survivors' Pensions by Family Category, (monthly average), 1995, 2000-2015

Year	Old-age					Survivors								
	Total	Single elderly person*		Elderly couple		Widow / cr**			Children only					
		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	
1995	553,890	345,200	101,600	3,300	1,950	85,600	5,870	3,420	2,300	480	2,730	930	440	70
2000	657,117	450,712	96,413	3,041	1,905	87,135	6,510	3,559	2,340	556	3,244	1,067	514	121
2001	677,018	471,205	95,055	3,044	1,895	87,374	6,585	3,547	2,301	551	3,683	1,133	518	127
2002****	698,995	501,836	88,488	2,212	1,840	85,902	6,707	3,436	2,163	529	4,110	1,136	500	136
2003	709,279	512,121	87,778	3,028	1,859	85,405	6,694	3,467	2,215	517	4,319	1,134	515	137
2004	722,264	533,588	80,313	2,206	1,725	85,127	6,753	3,476	2,225	498	4,501	1,151	559	143
2005	719,921	531,629	78,845	2,840	1,572	85,359	6,816	3,481	2,202	496	4,710	1,227	596	148
2006	727,513	542,888	75,241	2,721	1,484	85,489	6,800	3,446	2,209	500	4,703	1,263	622	147
2007	728,891	548,968	70,901	2,466	1,356	85,486	6,747	3,351	2,191	498	4,801	1,340	630	154
2008	735,796	560,180	67,101	2,314	1,310	85,183	6,619	3,342	2,166	487	4,928	1,369	641	158
2009	746,901	578,335	61,386	1,513	1,300	84,694	6,589	3,343	2,144	495	4,897	1,372	684	148
2010*****	758,490	594,963	58,170	1,528	1,372	83,968	6,443	3,342	2,250	561	3,442	1,477	806	168
2011	780,107	619,690	55,481	1,581	1,382	83,371	6,437	3,354	2,254	552	3,521	1,485	824	175
2012	802,491	644,826	53,534	1,545	1,384	82,778	6,317	3,275	2,254	531	3,526	1,510	829	183
2013	833,915	681,817	48,978	1,550	1,341	81,975	6,185	3,264	2,247	512	3,536	1,545	774	193
2014	868,346	718,553	47,762	1,559	1,346	80,841	6,134	3,285	2,260	508	3,569	1,574	758	197
2015	900,788	752,797	47,017	1,613	1,289	79,705	6,064	3,289	2,292	515	3,681	1,558	781	188

* 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 1.2
 Recipients of an Old-age and Survivors' Pensions together with an Income Supplement, (monthly average), 1995, 2000-2015

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
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
2015	185,531	143,003	23,313	622	648	24,927	996	516	262	31	136	53	16	7

* 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 12 (Continuation)
 Recipients of an Old-age and Survivors' Pensions together with an Income Supplement, (monthly average), 1995, 2000-2015

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 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
2015	20.6	17.8	49.6	38.6	50.3	31.3	16.4	15.7	11.4	6.0	3.7	3.4	2.0	3.7

* 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 13
Counseling Service for Elderly

Local Branch	2014					2015				
	Counseling	Initial House Visits	Regular House Visits	Information days	Support groups	Counseling	Initial House Visits	Regular House Visits	Information days	Support groups
Total	197,511	27,436	6,534	125	80	195,805	27,638	6,549	167	86
Ashdod	5,842	916	151	2	3	5,433	923	152	7	3
Ashkelon	4,617	373	209	1	2	4,431	236	219	3	2
Beer Sheva	6,950	612	261	2	3	7,836	433	255	4	3
Bnei Brak	3,129	300	43	3	1	3,280	305	47	5	2
Hadera	5,773	814	236	2	1	6,581	671	287	5	1
Holon	6,392	376	123	3	3	6,821	732	133	7	3
Haifa	10,493	1,155	437	4	4	9,829	915	421	7	3
Tiberias	8,423	716	468	3	2	7,695	600	441	5	1
Jaffa	9,881	1,402	357	4	4	10,635	1,177	324	9	2
Jerusalem	9,966	2,337	562	14	10	9,170	2,213	563	14	10
Kfar Saba	10,164	1,009	227	8	4	9,169	634	227	5	4
Carmiel	3,964	712	179	4	1	3,686	788	178	8	2
Nahariya	5,982	1,569	351	8	3	5,044	1,306	352	5	5
Nazareth	5,782	4,950	150	2		6,691	5,945	150	5	3
Netanya	15,956	1,848	562	7	3	15,789	1,789	529	6	4
Afula	4,127	613	202	10	5	4,215	534	203	14	3
Petach Tikva	12,585	708	285	1	4	13,306	666	287	3	5
Krayot	6,675	1,485	356	5	5	5,861	1,395	351	4	5
Rishon Lezion	10,729	2,195	400	1	4	8,022	2,460	433	6	5
Rehovot	11,048	776	331	8	3	9,158	914	314	12	6
Ramle	6,136	659	188	7	2	6,657	952	209	16	2
Rama Gan	13,027	1,272	226	10	4	11,799	1,065	204	8	5
Tel Aviv	16,286	634	238	16	9	14,770	984	270	9	7
Call center	3,584					9,927				
Unknown		5					1			

Long-term care

Table 14
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	156,246	110,546	45,700
2014	159,205	112,281	46,924
2015	160,760	113,051	47,709
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
2015	100.0	70.3	29.7

Table 15

Persons Entitled to Long-term Care Benefit, by Benefit Level
(monthly average), 1990- 2015

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	156,246	78,506	5,006	36,581	2,773	30,752	2,629
2014	159,205	79,007	4,922	37,591	2,801	32,224	2,659
2015	160,760	77,864	4,596	38,040	2,768	34,756	2,738
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	20.2	1.7
2015	100.0	48.4	2.9	23.7	1.7	21.6	1.7

Table 16

Persons Entitled to Long-term Care Benefit, by Age (monthly average, percentages), 2000- 2015

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	4.1	9.6	18.9	26.4	40.5
2014	100.0	0.7	4.1	9.0	18.6	25.8	41.7
2015	100.0	0.7	4.2	8.6	18.1	25.2	43.1

Table 17

Value of Average Long-Term Care Benefit (NIS, monthly average), 1990-2015

Year	Current prices	2015 prices
1990	658	2,072
1991	732	1,966
1992	796	1,957
1993	895	1,985
1994	1,007	1,987
1995	1,144	2,052
1996	1,284	2,070
1997	1,420	2,100
1998	1,563	2,192
1999	1,636	2,182
2000	1,747	2,303
2001	1,921	2,505
2002	1,913	2,361
2003	1,844	2,260
2004	1,826	2,247
2005	1,879	2,282
2006	2,011	2,392
2007	2,073	2,454
2008	2,160	2,444
2009	2,268	2,484
2010	2,490	2,655
2011	2,559	2,638
2012	2,649	2,685
2013	2,697	2,693
2014	2,763	2,746
2015	2,795	2,795

Children

Table 18

Families Receiving a Child Allowance, by Number of Children in the Family, 1975-2015

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
2015	1,128,328	345,569	346,925	240,295	101,901	44,905	23,062	25,671
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
2015	100.0	30.6	30.7	21.3	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 19

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
2015	2,732.9	1,128.3	782.8	435.8	195.5	93.6	96.8
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
2015	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.

Maternity

Table 20

Number of Women Receiving Maternity Benefits, 1955-2015

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
2015	177,117	123,827	69.9

* In 1995, the number represents the birth grants paid for a layette for the newborn.

Disability

Table 21

Recipients of a General Disability Pension, by Degree of Incapacity and Percentage of Medical Disability, December 2015

Percentage of medical disability	Total		Degree of incapacity							
			75%-100%		74%		65%		60%	
	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages
Total	231,156	100.0	186,115	100.0	5,120	100.0	17,352	100.0	22,578	100.0
90-100	41,023	17.8	40,005	21.5	248	4.8	443	2.6	327	1.5
80-89	22,820	9.9	19,314	10.4	581	11.4	1,463	8.4	1,462	6.5
70-79	32,311	14.0	25,848	13.9	892	17.4	2,622	15.1	2,949	13.1
60-69	38,479	16.7	27,440	14.7	1,295	25.3	4,367	25.2	5,377	23.8
50-59	61,962	26.8	47,645	25.6	1,319	25.8	5,323	30.7	7,675	34.0
40-49	34,570	15.0	25,863	13.9	785	15.3	3,134	18.1	4,788	21.2

Table 22
 Recipients of a General Disability Pension, by Number of Children*,
 Gender and Family Status (absolute numbers), December 2015

Gender	Family status	Total (absolute numbers)	Number of children under the age of 21				
			None	1	2	3	4 or more
Total	Absolute numbers	231,165	151,293	29,026	21,476	13,518	15,852
Men	Total	134,310	89,911	15,003	11,324	7,765	10,307
	Unmarried	70,471	61,769	4,146	2,589	1,103	864
	Married	63,839	28,142	10,857	8,735	6,662	9,443
Employed women	Total	81,314	55,278	11,174	7,756	4,016	3,090
	Unmarried	54,390	43,758	5,604	2,976	1,243	809
	Married	26,924	11,520	5,570	4,780	2,773	2,281
Housewives	Total	15,541	6,104	2,849	2,396	1,737	2,455

* Only children meeting the NII definition of child were taken into account.

Table 23

Recipients of the Benefit for Disabled Child, by Grounds of Entitlement, December 2015

Grounds of entitlement	Number of recipients	Grounds of entitlement	Number of recipients
Total	46,163	Partial deafness	242
P.D.D.	5,421	Visual impairment	873
Autism	6,972	Malignant disease	337
Urethrostomy	16	Secondary cancer disease	39
Immunosuppression – secondary disease	58	Constant attendance	1,670
Four sections of two diseases	59	Assistance with communication	751
Blood tests outside of home	100	Diabetes	1,916
Jejunostomy	29	Developmental delay	635
Gastrostomy	227	Intravenous infusions	531
Uncontrollable urge to eat	90	Psychosis	740
Chronic bone infections	2	Cystostomy	17
Continuous feeding	226	Colostomy	65
Drop feeding using nasogastric tube	97	Pathologic bone fractures	181
Intravenous feeding	52	Three treatments, including supervision	1,637
Continued payment for malignant disease	154	Three treatments, not including supervision	602
Absence of limbs	16	Three sections, including attendance	114
Kidney and urinary tract disorders	289	Three sections, including hospitalization	48
Requiring supervision	7,518	Three sections, including blood pressure stabilizers	1
Dysfunction in both limbs	117	Largely dependent on others	1,982
Deafness	3,991	Totally dependent on others	5,672
Immunosuppressive therapy	114	Down syndrome	953
Respiratory therapy	178	Rare syndrome	419
Partial blindness	287	Impaired functioning of two limbs	705

Table 24

Rate of Entitlement to Benefit for Disabled Child, by Grounds of Entitlement, December 2015

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

Work injury

Table 25

Recipients of Permanent Disability Pension, by Gender, Age and Percentage of Disability, December 2015

Age	Total	Percentage of disability					
		Up to 19*	20-39	40-59	60-79	80-99	100
General population							
Numbers	40,993	1,391	24,104	8,377	3,381	1,678	2,062
Percentages	100.0	3.4	58.8	20.4	8.3	4.1	5.0
Up to 21	64	0	44	10	2	4	4
22-29	1,002	7	568	230	91	53	53
30-39	3,909	115	2,253	808	324	162	247
40-49	7,878	406	4,524	1,612	619	333	384
50-59	10,928	526	6,487	2,160	837	433	485
60-64	6,483	245	4,029	1,234	475	218	282
65+	10,729	92	6,199	2,323	1,033	475	607
Men							
Numbers	35,555	1,304	20,619	7,300	2,972	1,515	1,845
Percentages	100.0	3.7	58.0	20.5	8.3	4.3	5.2
Up to 21	59	0	41	10	1	4	3
22-29	879	7	488	208	81	45	50
30-39	3,389	107	1,882	730	295	149	226
40-49	6,795	380	3,825	1,408	545	297	340
50-59	9,168	479	5,344	1,832	696	391	426
60-64	5,480	239	3,352	1,030	414	196	249
65+	9,785	92	5,687	2,082	940	433	551
Women							
Numbers	5,438	87	3,485	1,077	409	163	213
Percentages	100.0	1.6	64.0	19.8	7.5	3.0	3.9
Up to 21	5	0	3	0	1	0	1
22-29	123	0	80	22	10	8	3
30-39	520	8	371	78	29	13	21
40-49	1,083	26	699	204	74	36	44
50-59	1,760	47	1,143	328	141	42	59
60-64	1,003	6	677	204	61	22	33
65+	944	0	512	241	93	42	56

* Pension recipients with partial capitalization.

Hostile action victims

Table 26

Recipients of Hostile Action Benefits: Disabled Persons by Status and Dependents by Family Composition, 2000-2015

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	Independent orphans	Other
2000	1,704	1,573	34	72	25	962	301	129	485	9	37
2001	1,721	1,589	35	72	25	998	303	138	507	11	38
2002	1,808	1,678	36	72	22	1,287	340	199	668	27	52
2003	1,905	1,751	49	82	23	1,583	383	248	846	39	68
2004	2,065	1,905	50	87	23	1,727	417	266	924	42	77
2005	2,218	2,041	54	98	25	1,767	423	267	946	49	82
2006	2,373	2,164	66	121	22	1,851	447	267	999	50	88
2007	2,508	2,283	80	124	21	1,902	463	271	1,029	49	90
2008	2,620	2,372	89	137	22	1,908	474	265	1,028	51	91
2009	2,749	2,480	96	143	30	1,935	481	255	1,028	74	96
2010	2,823	2,538	95	151	39	1,991	510	251	1,032	81	116
2011	2,850	2,552	96	159	43	1,974	536	239	1,022	64	114
2012	2,878	2,558	106	168	46	1,946	543	226	1,023	26	127
2013	2,934	2,613	105	174	42	1,935	551	215	1,015	26	127
2014	2,992	2,683	98	170	41	1,919	562	198	1,008	24	126
2015	3,086	2,788	92	164	42	1,930	568	188	1,019	22	135

Unemployment

Table 27

Previously Employed Recipients of Unemployment Benefits, by Type of Employment Bureau and Category of Unemployed (percentages), 2000-2015

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
2015	69,437	69,173	264	69,173	20,436	48,737
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
2015	100.0	99.6	0.4	100.0	29.5	70.5

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

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:

$$\frac{1}{n} \sum_{i=1, y_i < z_i} \left(\frac{z_i - y_i}{z_i} \right)^2$$

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.

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, 2011-2014

	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
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	664,300	384,400	432,600		
Persons	2,187,100	1,454,400	1,658,200		
Children	875,600	677,400	756,900		
Incidence of poverty (%)					
Families	28.6	16.6	18.6	42.1	34.9
Persons	28.7	19.1	21.8	33.5	24.2
Children	35.7	27.6	30.8	22.6	13.6
2014					
The poor population					
Families	689,500	401,000	444,900		
Persons	2,255,600	1,541,500	1,709,300		
Children	875,800	704,100	776,500		
Incidence of poverty (%)					
Families	29.1	16.9	18.8	41.8	35.5
Persons	29.1	19.9	22.0	31.7	24.2
Children	35.0	28.1	31.0	19.6	11.3

Table 2
Dimensions of Poverty among Jews, 2011-2014

	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
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	494,800	244,700	275,600		
Persons	1,349,700	767,800	872,400		
Children	480,800	338,600	377,000		
Incidence of poverty (%)					
Families	24.5	12.1	13.7	50.5	44.3
Persons	21.7	12.4	14.1	43.1	35.4
Children	25.5	18.0	20.0	29.6	21.6
2014					
The poor population					
Families	508,700	245,700	278,500		
Persons	1,442,800	820,600	941,100		
Children	516,900	366,800	420,100		
Incidence of poverty (%)					
Families	24.7	12.0	13.6	51.7	45.2
Persons	22.8	12.9	14.9	43.1	34.8
Children	26.6	18.9	21.6	29.0	18.7

Table 3

Dimensions of Poverty among New Immigrants (from 1990), 2011-2014

	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
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
2014					
The poor population					
Families	165,100	73,800	84,600		
Persons	388,800	187,600	221,400		
Children	97,800	58,200	73,000		
Incidence of poverty (%)					
Families	35.1	15.7	18.0	55.3	48.8
Persons	30.3	14.6	17.3	51.7	43.0
Children	31.5	18.7	23.5	40.6	25.4

Table 4

Dimensions of Poverty among Non-Jews (from 1990), 2011-2014

	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
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
2014					
The poor population					
Families	180,800	155,300	166,400		
Persons	812,800	720,900	768,200		
Children	358,900	337,300	356,400		
Incidence of poverty (%)					
Families	57.2	49.1	52.6	14.1	8.0
Persons	57.2	50.7	54.0	11.3	5.5
Children	64.0	60.1	63.5	6.0	0.7

Table 5

Dimensions of Poverty among Families whose Head of Household is an Elderly Person, 2011-2014

	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
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
2014					
The poor population					
Families	244,400	103,800	116,000		
Persons	385,000	161,200	182,500		
Children	6,800	4,900	4,900		
Incidence of poverty (%)					
Families	48.7	20.7	23.1	57.5	52.5
Persons	45.1	18.9	21.4	58.1	52.6
Children	45.4	32.5	32.5	28.3	28.3

Table 6

Dimensions of Poverty among Families with Children, 2011-2014

	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
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	284,400	209,500	238,500		
Persons	1,549,200	1,164,500	1,327,100		
Children	875,600	677,400	756,900		
Incidence of poverty (%)					
Families	27.4	20.2	23.0	26.3	16.1
Persons	31.1	23.4	26.7	24.8	14.3
Children	35.7	27.6	30.8	22.6	13.6
2014					
The poor population					
Families	298,000	223,900	248,200		
Persons	1,568,700	1,237,200	1,366,000		
Children	875,800	704,100	776,500		
Incidence of poverty (%)					
Families	28.0	21.0	23.3	24.8	16.7
Persons	30.9	24.3	26.9	21.1	12.9
Children	35.0	28.1	31.0	19.6	11.3

Table 7

Dimensions of Poverty among Families with 1-3 Children, 2011-2014

	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
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	187,200	129,100	151,000		
Persons	823,900	567,300	678,700		
Children	378,700	266,600	311,800		
Incidence of poverty (%)					
Families	21.5	14.8	17.4	31.1	19.3
Persons	21.9	15.1	18.0	31.1	17.6
Children	23.1	16.3	19.0	29.6	17.7
2014					
The poor population					
Families	204,800	144,000	160,800		
Persons	884,500	646,200	718,300		
Children	407,300	298,300	331,600		
Incidence of poverty (%)					
Families	22.8	16.0	17.9	29.7	21.5
Persons	22.7	16.6	18.4	26.9	18.8
Children	23.9	17.5	19.4	26.8	18.6

Table 8

Dimensions of Poverty among Families with 4 or more Children, 2011-2014

	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
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	97,200	80,500	87,500		
Persons	725,300	597,200	648,400		
Children	496,900	410,800	445,100		
Incidence of poverty (%)					
Families	58.0	48.0	52.3	17.2	9.9
Persons	60.2	49.6	53.8	17.7	10.6
Children	60.9	50.3	54.5	17.3	10.4
2014					
The poor population					
Families	93,200	79,900	87,400		
Persons	684,200	591,000	647,700		
Children	468,600	405,800	444,800		
Incidence of poverty (%)					
Families	56.2	48.2	52.7	14.3	6.2
Persons	58.0	50.1	54.9	13.6	5.3
Children	58.8	50.9	55.8	13.4	5.1

Table 9

Dimensions of Poverty among Single-parent Families, 2011-2014

	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
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	54,900	33,700	36,100		
Persons	203,000	129,200	141,400		
Children	105,200	71,200	75,700		
Incidence of poverty (%)					
Families	41.8	25.6	27.5	38.7	34.2
Persons	43.7	27.8	30.4	36.3	30.3
Children	49.1	33.2	35.4	32.3	28.0
2014					
The poor population					
Families	52,800	29,400	31,700		
Persons	185,700	108,700	115,600		
Children	99,000	59,800	62,400		
Incidence of poverty (%)					
Families	41.9	23.4	25.1	44.2	40.0
Persons	41.7	24.4	26.0	41.5	37.8
Children	47.4	28.6	29.9	39.7	37.0

Table 10

Dimensions of Poverty among Families whose Head of Household has 8 Years of Schooling, 2011-2014

	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
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
2014					
The poor population					
Families	127,100	83,100	86,600		
Persons	319,700	241,700	248,100		
Children	83,800	78,400	79,500		
Incidence of poverty (%)					
Families	68.6	44.9	46.8	34.6	31.8
Persons	67.9	51.3	52.7	24.4	22.4
Children	81.2	76.0	77.1	6.4	5.1

Table 11

Dimensions of Poverty among Families whose Head of Household has 9-12 Years of Schooling, 2011-2014

	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
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	271,200	161,700	185,400		
Persons	976,100	661,100	769,300		
Children	404,900	316,200	358,800		
Incidence of poverty (%)					
Families	30.8	18.4	21.0	40.4	31.6
Persons	31.6	21.4	24.9	32.3	21.2
Children	42.5	33.2	37.6	21.9	11.4
2014					
The poor population					
Families	289,300	169,400	190,800		
Persons	1,038,200	723,900	805,000		
Children	412,500	340,500	369,800		
Incidence of poverty (%)					
Families	32.1	18.8	21.2	41.4	34.1
Persons	33.0	23.0	25.6	30.3	22.5
Children	43.6	36.0	39.1	17.4	10.4

Table 12

Dimensions of Poverty among Families whose Head of Household has 13 or more Years of Schooling, 2011-2014

	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
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	263,100	139,500	160,000		
Persons	873,800	540,900	623,100		
Children	376,800	273,900	307,900		
Incidence of poverty (%)					
Families	21.0	11.1	12.8	47.0	39.2
Persons	21.7	13.5	15.5	38.1	28.7
Children	27.3	19.8	22.3	27.3	18.3
2014					
The poor population					
Families	273,200	148,500	167,500		
Persons	897,700	575,900	656,100		
Children	379,500	285,200	327,200		
Incidence of poverty (%)					
Families	21.2	11.5	13.0	45.6	38.7
Persons	21.7	13.9	15.8	35.8	26.9
Children	26.1	19.6	22.5	24.9	13.8

Table 13

Dimensions of Poverty among Families with a Working Head of Household, 2011-2014

	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
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	329,800	193,900	231,300		
Persons	1,483,400	982,200	1,165,000		
Children	704,300	524,000	601,700		
Incidence of poverty (%)					
Families	17.9	10.5	12.5	41.2	29.9
Persons	22.2	14.7	17.4	33.8	21.5
Children	30.9	23.0	26.4	25.6	14.6
2014					
The poor population					
Families	351,800	216,300	247,800		
Persons	1,546,400	1,086,400	1,232,600		
Children	703,000	547,300	619,700		
Incidence of poverty (%)					
Families	18.7	11.5	13.1	38.5	29.6
Persons	22.7	15.9	18.1	29.8	20.3
Children	30.2	23.5	26.7	22.1	11.8

Table 14

Dimensions of Poverty among Families of Salaried Employees, 2011-2014

	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
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	282,100	166,100	194,600		
Persons	1,272,800	848,400	987,200		
Children	601,800	454,800	511,100		
Incidence of poverty (%)					
Families	17.8	10.5	12.3	41.1	31.0
Persons	22.2	14.8	17.2	33.3	22.4
Children	31.0	23.4	26.3	24.4	15.1
2014					
The poor population					
Families	308,100	180,800	207,400		
Persons	1,349,300	920,300	1,044,300		
Children	599,400	459,000	520,500		
Incidence of poverty (%)					
Families	19.0	11.2	12.8	41.3	32.7
Persons	23.0	15.7	17.8	31.8	22.6
Children	30.2	23.1	26.2	23.4	13.2

Table 15

Dimensions of Poverty among Families of Self-Employed Persons, 2011-2014

	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
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	43,300	25,300	33,400		
Persons	197,300	126,700	168,500		
Children	101,000	68,600	90,000		
Incidence of poverty (%)					
Families	17.0	9.9	13.2	41.6	22.8
Persons	21.3	13.7	18.2	35.8	14.6
Children	30.2	20.5	26.9	32.1	10.9
2014					
The poor population					
Families	43,700	35,500	40,400		
Persons	197,100	166,000	188,300		
Children	103,500	88,400	99,200		
Incidence of poverty (%)					
Families	16.4	13.4	15.2	18.7	7.5
Persons	20.8	17.5	19.8	15.8	4.5
Children	30.4	25.9	29.1	14.6	4.2

Table 16

Dimensions of Poverty among the Working-age Population who are not Working, 2011-2014

	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
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
2014					
The poor population					
Families	118,400	85,900	87,500		
Persons	371,000	305,500	308,100		
Children	167,800	152,400	152,400		
Incidence of poverty (%)					
Families	92.0	66.7	68.0	27.5	26.1
Persons	95.0	78.3	78.9	17.7	17.0
Children	98.7	89.7	89.7	9.2	9.2

Table 17
Dimensions of Poverty among Families with One Wage Earner, 2011-2014

	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
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	243,900	146,000	164,600		
Persons	982,300	693,600	766,300		
Children	466,700	378,300	409,500		
Incidence of poverty (%)					
Families	35.7	21.3	24.1	40.1	32.5
Persons	50.9	36.0	39.7	29.4	22.0
Children	67.7	54.9	59.4	18.9	12.3
2014					
The poor population					
Families	261,500	162,800	182,300		
Persons	1,077,400	790,400	871,300		
Children	511,900	417,700	457,600		
Incidence of poverty (%)					
Families	36.5	22.7	25.4	37.7	30.3
Persons	51.7	37.9	41.8	26.6	19.1
Children	66.0	53.8	59.0	18.4	10.6

Table 18

Dimensions of Poverty among Families with Two Wage Earners, 2011-2014

	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
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	85,900	47,900	66,700		
Persons	501,100	288,600	398,700		
Children	237,600	145,600	192,200		
Incidence of poverty (%)					
Families	7.4	4.1	5.7	44.2	22.3
Persons	10.5	6.1	8.4	42.4	20.4
Children	15.0	9.2	12.1	38.7	19.1
2014					
The poor population					
Families	90,300	53,500	65,500		
Persons	469,000	295,900	361,400		
Children	191,100	129,700	162,100		
Incidence of poverty (%)					
Families	7.7	4.6	5.6	40.8	27.5
Persons	9.9	6.3	7.6	36.9	23.0
Children	12.3	8.4	10.5	32.1	15.1

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, 2014

Population group		Source of income*							
		Work	Total transfer payments	Thereof:			Other income (property, pension)	Pre-tax income	Disposable income
				NII benefits	Government subsidies	Private and foreign subsidies			
Total	NIS	14,224	2,128	1,519	256	349	5,132	18,331	15,151
	(%)	77.6	11.6	8.3	1.4	1.9	28.0	100.0	82.7
Jewish family	NIS	15,003	2,200	1,515	290	395	5,485	19,409	15,968
	(%)	77.3	11.3	7.8	1.5	2.0	28.3	100.0	82.3
Non-Jewish family	NIS	9,163	1,659	1,547	36	52	2,834	11,318	9,840
	(%)	81.0	14.7	13.7	0.3	0.5	25.0	100.0	86.9
Family whose head of household is an elderly person	NIS	3,711	3,909	3,088	436	407	7,839	12,145	10,795
	(%)	30.6	32.2	25.4	3.6	3.3	64.5	100.0	88.9
New immigrant family	NIS	10,883	2,532	1,720	326	553	3,091	14,195	12,260
	(%)	76.7	17.8	12.1	2.3	3.9	21.8	100.0	86.4
Family with children	NIS	18,397	1,739	1,136	215	391	4,404	21,115	17,235
	(%)	87.1	8.2	5.4	1.0	1.9	20.9	100.0	81.6
Family with 1-3 children	NIS	19,120	1,642	1,072	164	402	4,426	21,762	17,708
	(%)	87.9	7.5	4.9	0.8	1.8	20.3	100.0	81.4
Family with 4 or more children	NIS	14,484	2,264	1,479	490	334	4,282	17,611	14,678
	(%)	82.2	12.9	8.4	2.8	1.9	24.3	100.0	83.3
Families with 5 or more children	NIS	12,606	2,802	1,617	727	525	4,695	16,712	14,310
	(%)	75.4	16.8	9.7	4.3	3.1	28.1	100.0	85.6
Single-parent family	NIS	11,958	2,844	1,662	134	1,071	3,222	15,712	13,405
	(%)	76.1	18.1	10.6	0.9	6.8	20.5	100.0	85.3

* Mid-2014 Survey period prices, for the population including residents of East Jerusalem.

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, 2014 (*continued*)

Population group		Source of income*							
		Work	Total transfer payments	Thereof:			Other income (property, pension)	Pre-tax income	Disposable income
				NII benefits	Government subsidies	Private and foreign subsidies			
Employment status of head of household									
Working	NIS	17,883	1,589	1,108	179	278	4,817	21,027	17,155
	(%)	85.0	7.6	5.3	0.9	1.3	22.9	100.0	81.6
Salaried employee	NIS	17,831	1,603	1,123	189	264	4,733	20,893	17,101
	(%)	85.3	7.7	5.4	0.9	1.3	22.7	100.0	81.9
Self-employed person	NIS	18,196	1,508	1,014	120	362	5,329	21,847	17,482
	(%)	83.3	6.9	4.6	0.5	1.7	24.4	100.0	80.0
Family whose head of household is of working-age but not working	NIS	210	4,040	2,504	641	1,123	2,810	5,334	5,053
	(%)	3.9	75.7	47.0	12.0	21.0	52.7	100.0	94.7
Family with one wage earner	NIS	9,175	2,240	1,532	267	446	4,213	13,107	11,092
	(%)	70.0	17.1	11.7	2.0	3.4	32.1	100.0	84.6
Education of head of household									
Up to 8 years of schooling	NIS	3,198	3,186	2,698	286	222	3,983	7,715	7,111
	(%)	41.4	41.3	35.0	3.7	2.9	51.6	100.0	92.2
9-12 years of schooling	NIS	11,775	2,104	1,623	199	269	4,684	15,576	13,471
	(%)	75.6	13.5	10.4	1.3	1.7	30.1	100.0	86.5
13 years of schooling	NIS	17,525	1,992	1,277	291	424	5,610	21,785	17,483
	(%)	80.4	9.1	5.9	1.3	1.9	25.8	100.0	80.3

* Mid-2014 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), 2013-2014

Decile*	The proportion of each decile of total income (%)**					
	Economic income		Pre-tax income		Disposable income	
	2013	2014	2013	2014	2013	2014
Lowest	1.4	1.3	2.2	2.0	2.5	2.3
2	2.9	2.8	3.6	3.4	4.1	3.9
3	4.2	4.1	4.7	4.6	5.3	5.3
4	5.5	5.4	5.9	5.9	6.6	6.5
5	6.9	7.0	7.1	7.2	7.9	7.8
6	8.4	8.5	8.5	8.6	9.2	9.2
7	10.2	10.3	10.1	10.3	10.8	10.8
8	12.8	12.7	12.5	12.3	12.7	12.5
9	16.5	16.6	15.9	16.0	15.5	15.4
Highest	31.2	31.2	29.6	29.7	25.5	26.2
Ratio of income of highest to lowest quintile	22.1	23.9	13.6	14.8	10.2	11.4
Gini index***	0.431	0.435	0.395	0.399	0.345	0.355
% of decrease of the Gini index	-	-	8.5	8.2	20.1	18.5

* 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, 2013-2014
(General Population) at 2014 Survey Prices

Decile*	Before transfer payments and taxes			After transfer payments and taxes		
	2013	2014	Real change	2013	2014	Real change
Lowest	--	--	--	3,611	3,595	-0.4
2	3,681	3,686	0.2	5,477	5,422	-1.0
3	6,550	6,304	-3.7	7,299	7,540	3.3
4	8,449	8,761	3.7	9,512	9,475	-0.4
5	11,036	10,905	-1.2	11,401	11,493	0.8
6	13,507	14,039	3.9	13,072	13,603	4.1
7	16,522	17,191	4.0	15,846	15,842	0.0
8	20,061	21,220	5.8	17,520	18,551	5.9
9	26,922	27,025	0.4	21,930	22,020	0.4
Highest	45,341	48,066	6.0	31,985	34,063	6.5
Total	15,736	16,202	3.0	14,695	15,151	3.1

* For the purpose of establishing the deciles, the families were ranked by economic income per standard person. Each decile represents 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), 1979-2014

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	28.6	16.6	18.6	42.1	34.9
2014	29.1	16.9	18.8	41.8	35.5

* 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, 1979-2014

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	0.477	0.410	0.363	13.9	23.7
2014	0.478	0.413	0.371	13.5	22.3

* 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), 2000-2014

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	32.2	14.7	17.6	54.3	45.3
2001	33.7	14.3	17.7	57.0	47.2
2002	33.5	14.4	17.7	57.0	47.2
2003	33.5	15.4	19.2	54.0	42.7
2004	33.4	16.5	20.3	50.6	39.2
2005	33.3	17.2	20.3	48.4	39.0
2006	32.7	17.4	20.2	46.9	38.4
2007	31.7	16.9	19.5	46.6	38.4
2008	31.8	17.1	19.6	46.2	38.4
2009	32.7	17.6	20.0	46.2	38.8
2010	32.0	17.0	19.3	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	28.0	16.0	18.0	43.1	36.0
2014	28.3	15.9	17.9	43.6	36.6
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	0.468	0.402	0.354	14.2	24.4
2014	0.469	0.404	0.361	13.9	23.0

