

## Children's Insurance

### Child Allowance

The child allowance is paid every month to all families with children in Israel, and its purpose is to help with the expenses relating to raising them. Since the Child Insurance Law came into effect in 1959 as a fixed payment to families with many children, child allowance has undergone many changes meet overheads in Israeli fiscal policies. Changes were made, inter alia, in the amounts and eligibility conditions of allowance recipients<sup>1</sup>.

In May 2015, with the establishment of a new government and following coalition agreements, it has been decided to increase the child allowance after it has been reduced 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. In 2016, the allowance tariffs remained as they were in May 2015 (Table 1).

Table 1

Child Allowance Amount According to Place of Child in Family (NIS), 2015-2016

Child's place in family	Allowance Amount					
	Until May 2015		May 2015		January 2016	
	New child	Existing child	New child	Existing child	New child	Existing child
First	140	140	150	150	150	150
Second	140	140	188	188	188	188
Third	140	172	188	188	188	188
Fourth	140	336	188	336	188	336
Fifth or more	140	354	150	354	150	354

1 A survey of the changes appears in the National Insurance Institute's annual reports ("Annual Survey").

## Families receiving child allowances

In 2016, child allowances were paid to approximately 1.1 million families per month on average – an increase of 1.8% in comparison with 2015 (Table 2), for approximately 2.8

Table 2  
Families Receiving Child Allowance, According to Number of Children in Family (Monthly Average), 2012-2016

Year	Total number of families	Number of children in family					
		First	Second	Third	Fourth	Fifth	Sixth and over
<b>Numbers (thousands)</b>							
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
2016	1,148.5	350.1	353.2	246.1	104.1	45.5	49.7
<b>Percentages</b>							
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
2016	100.0	30.5	30.7	21.4	9.1	4.0	4.3

Table 3  
Children Receiving Child Allowance, According to Place in Family (Monthly Average), 2012-2016

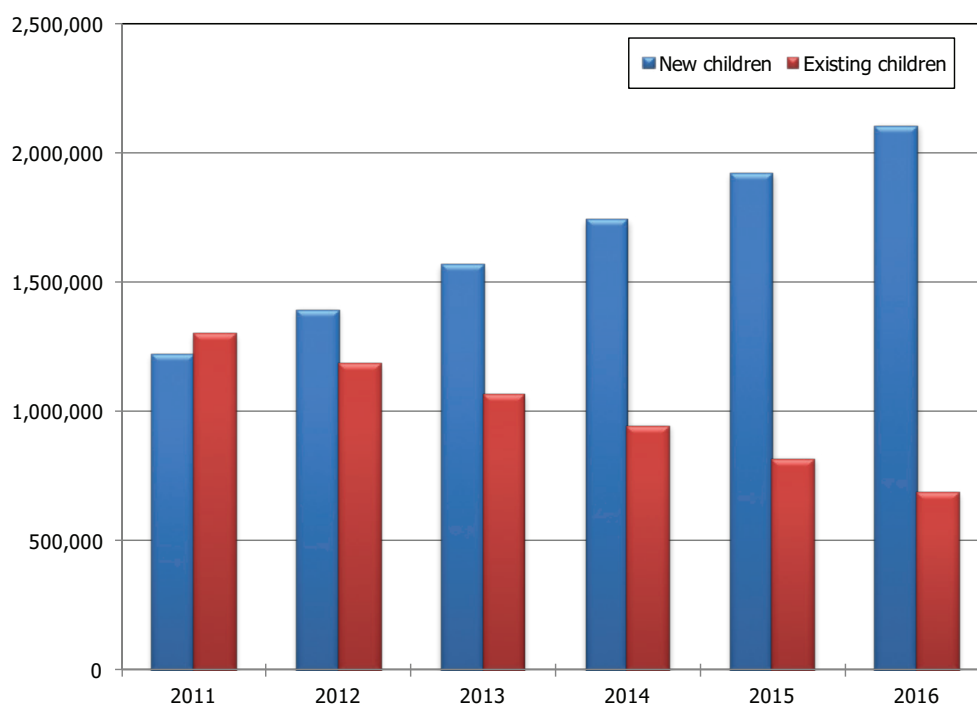
Year	Total number of children	Child's place in family					
		First	Second	Third	Fourth	Fifth	Sixth or more
<b>Numbers (absolute)</b>							
2012	2,572.9	1,068.1	733.8	405.4	184.6	88.9	92.1
2013	2,628.5	1,088.3	750.8	416.5	188.5	90.7	93.7
2014	2,679.7	1,107.5	766.6	426.3	191.9	92.1	95.3
2015	2,732.9	1,128.3	782.8	435.8	195.5	93.6	96.8
2016	2,785.3	1,148.5	798.4	445.3	199.2	95.2	98.6
<b>Percentages</b>							
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
2016	100.0	41.2	28.7	16.0	7.2	3.4	3.5

million children per month on average – an increase of 1.9% (Table 3). The number of families receiving an allowance for one child increased by 1.3% between the two years and reached approximately 350 thousand, and for two children or more – increased by 2.0%. In parallel, the share of families with two and three children among all families with children increased in relation to the share of other families.

### “New” children

Following amendments to legislation and reduction of child allowances<sup>2</sup> in 2003–2004, a **new children’s** group was defined – children born after June 2003. Until June 2009, these children had received an allowance equal to that for the first two children, regardless of their place in the family<sup>3</sup>. From August 2013 until the end of April 2015, the allowance for these children again became uniform, and from May 2015 again changed according to the child’s place in the family.

Figure 1  
Number of “New” Children in Comparison With “Existing” Children, 2011–2016



The figure data appear in the appendix at the end of this file on the Internet.

<sup>2</sup> See the annual surveys for those years.

<sup>3</sup> 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.

In 2016, the total number of “new” children reached approximately 2.1 million, constituting about 75% of all children for whom the allowance was paid. As expected, this percentage has increased over the years and should include all children by the end of the next three years, approximately 38% (about 798 thousand) are third children and over. At the same time, the number of “existing” children is decreasing (Figure 1).

## Study Grant

A study grant is paid before the beginning of the academic year to help with the purchase of school supplies. The grant is paid to single-parent families, and those with four or more children receiving one of the following subsistence benefits: income support benefit, maintenance payments, disability pension, old-age pension or survivors' pension. Until 2016, the grant was paid for children between the ages of 6-14; in 2016, the eligibility has also been extended to children aged 14-18 in the same families. Approximately 281 thousand children received a study grant in 2016, for a total of about NIS 247 million.

In 1992-1998, the grant was paid to single-parent families only. Since August 1998, it is also paid to families with four or more children receiving one of the above mentioned benefits from the National Insurance Institute (NII). The amount of the grant is 11.6% of the basic amount (NIS 1,003 in 2016).

In 2016, approximately 119 thousand families received a study grant, constituting approximately 10% of all families with children in Israel, most of which are single-parent families (83%, 99 thousand) and the rest with many children (approximately 21 thousand). Families with four or more children also constituted approximately 10% of all large families in Israel. There were in total 281 thousand children in the families receiving the grant, constituting approximately 10% of all children in Israel.

## Family Supplement

In July 2004, a supplement was added to the amount for families with three or more children who receive income support benefit or maintenance payments from the NII. The supplement is paid for the third and fourth children only, and is intended 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 2016 stayed unchanged from 2015: NIS 98 for families with three children and NIS 196 for families with four children. In total, approximately 22 thousand families, constituting approximately 35 thousand third and fourth children, received the supplement in 2016, a total amount of approximately NIS 40 million (Table 4).

Most of the families (approximately 60%) receiving the supplement were families with four or more children. The ratio between families with up to three children out of all families receiving the supplement and families with four or more children has remained stable over the years.

Table 4  
Families Receiving Family Supplement According to Size of Family  
(Percentages), 2012-2016

Year	Total		With 3 children	With 4 or more children
	Numbers	Percentages		
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
2016	21,292	100.0	40.6	59.4

## Scope of Payments

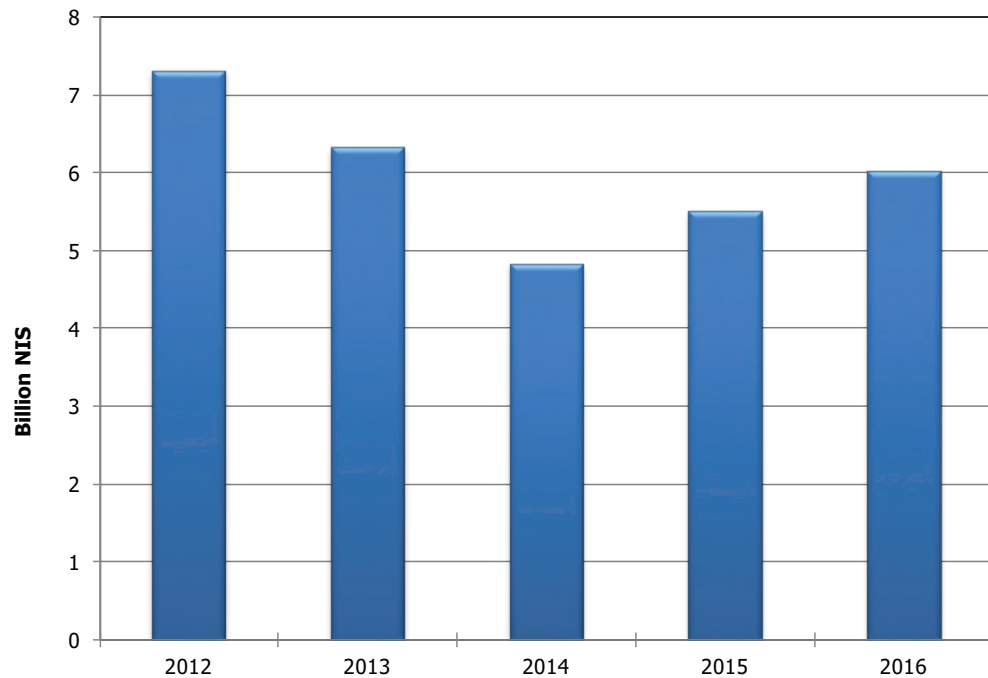
In 2016, child allowances increased by 9.2% in real terms in comparison with 2015 (Table 5). This increase derived from a decision resulting of coalition agreements to increase the allowance from May 2015. In 2016, child allowance payments amounted to 8.1% of all NII payments, compared with 7.7% in 2015, but still did not return to their 2013 level (9.2%).

In total, approximately NIS 6.0 billion was paid for child allowances in 2016 – an increase of 9.2% in real terms in comparison with 2015. Notwithstanding the increase, at the end of 2016 the total child allowance payment did not reach its level immediately before the Economic Streamlining Law in August 2013 (Figure 2).

Table 5  
Child Allowance Payments (Millions of NIS, Current and Fixed Prices), 2012-2016

Year	Total Amount		Child Allowance		Study Grant	
	Current prices	2016 prices	Current prices	2016 prices	Current prices	2016 prices
2012	7,197.4	7,255.8	7,010.8	7,067.7	186.6	188.1
2013	6,344.0	6,299.3	6,153.3	6,110.0	190.7	189.4
2014	4,884.6	4,827.2	4,683.8	4,628.8	200.8	198.4
2015	5,559.3	5,529.0	5,362.0	5,332.7	197.4	196.3
2016	6,040.0	6,040.0	5,770.5	5,770.5	247.5	247.5

Figure 2  
Child Allowance Payments (2016 Prices), 2012-2016



The figure data appear in the appendix at the end of this file on the Internet

### Box 1

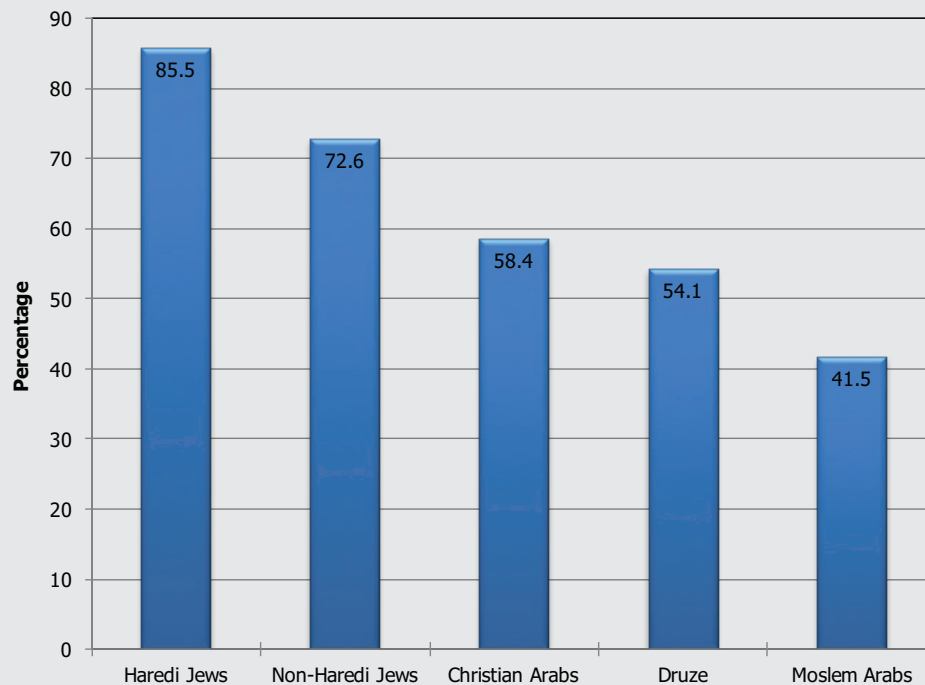
#### Savings Plan for Each Child

In May 2015, it was decided to introduce a long-term savings plan for each child under the age of 18, in order to provide every child with an initial sum of money at the beginning of his or her adult life.

In December 2016, the **Savings Plan for Each Boy/Girl** was launched by which the NII has to deposit NIS 50 per month for every child. Moreover, parents may add an additional sum of NIS 50 per month, drawn from child allowance, to the savings for every child, thereby doubling savings amount to NIS 100 per month.

According to the plan, each and every family was asked to choose a managing entity for savings monies, a savings track and the amount of money to be deposited by the NII. At the end of the first half of the year (on June 1, 2017), for all children

Figure 1  
Percentage Choosing a Savings Track, by Population Group



The figure data appear in the appendix at the end of this file on the Internet

for whom no choice had been made, an automatic system made a random choice of the body in charge of savings management among a list of bodies chosen in the tender of the Ministry of Finance. For children up to the age of 15, a provident fund was chosen, and for children aged 15 or older – a bank.

By June 1, 2017, 67% of families had chosen a savings track. The share of choosing families was approximately 75% among Jews and less than 43% among Moslem Arabs (Figure 1). The greater the number of children in the family, the greater the share of choosing families (Figure 2), and the lower the child's age, the smaller their share (Figure 3).

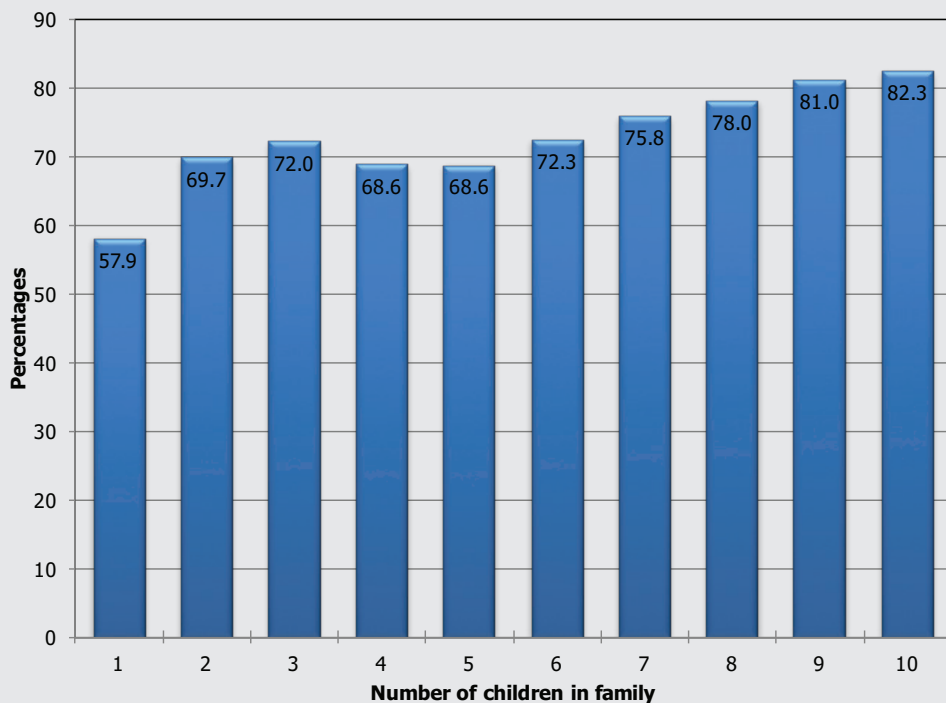
An review of choices made by population group shows that most families among the Jewish population (Haredim and non-Haredim) chose to deposit the savings

monies in provident funds, while among the Arab population (Moslems, Christians and Druze) the choice was for banks (Figure 4).

From a distribution by income level<sup>1</sup> it appears that the higher the income the bigger the share of choosing families: approximately 78% of eligible families in the top quintile chose, in comparison with only approximately 57% of them in the bottom quintile (Table 5).

Approximately 64% of all those who chose an option have also requested to add to the savings plan a sum of NIS 50 per month from the child allowance; the higher the income level, the greater the percentage of those opting for this addition (Figure 6). From a distribution by population group of the proportion of families requesting an additional deposit, it can be seen that almost 3/4 of the non-Haredi Jews made

Figure 2  
Percentage Choosing a Savings Track, by Number of Children in Family

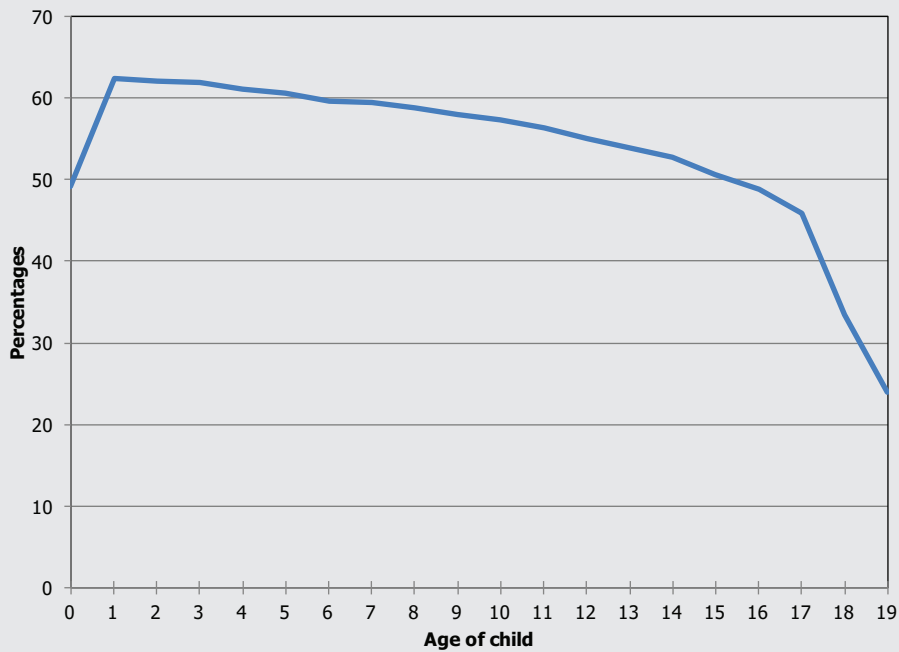


The figure data appear in the appendix at the end of this file on the Internet

1 Income is defined as the parents' gross income from work as salaried or self-employed workers according to the latest reported data at the NII.

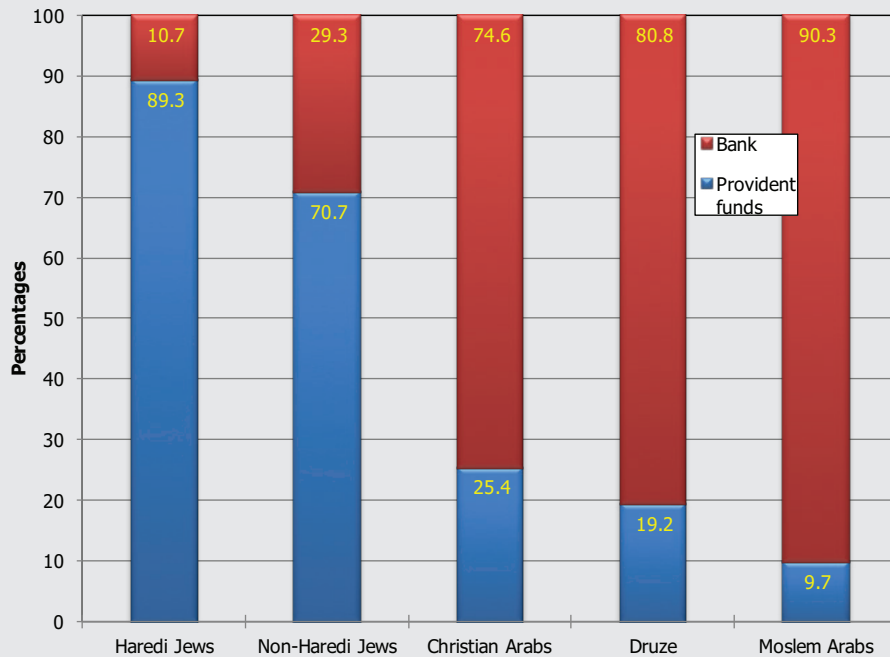


Figure 3  
Percentage Choosing a Savings Track, by Child's Age



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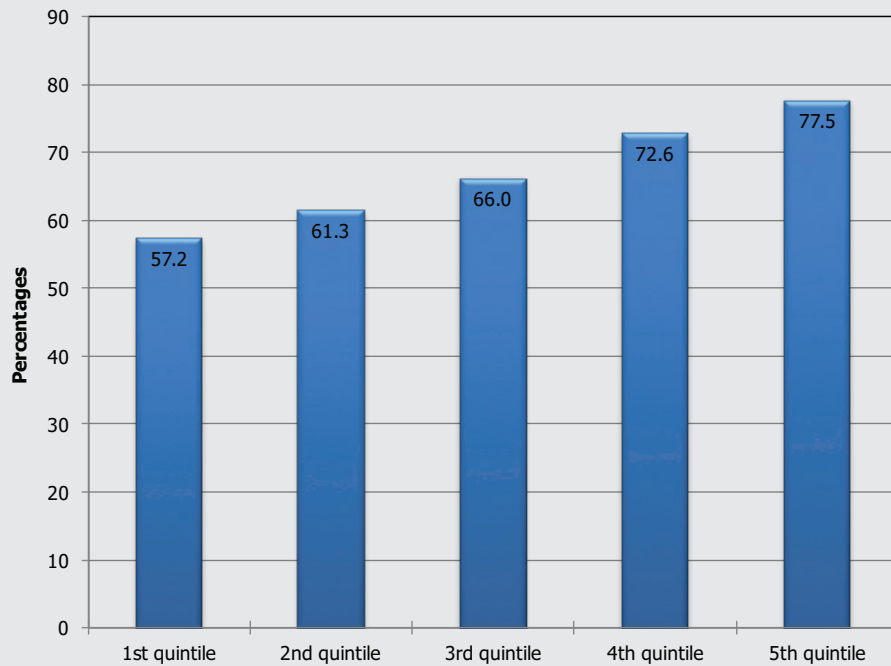
Figure 4  
Percentage Choosing a Savings Track, by Population Group



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Figure 5

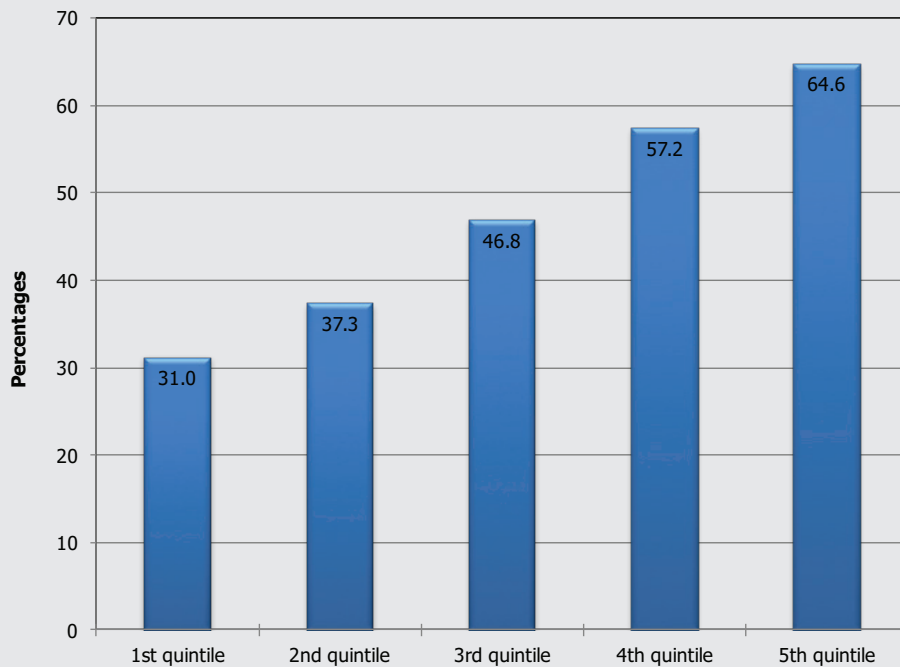
Percentage Choosing a Savings Track, by Income Level



The figure data appear in the appendix at the end of this file on the Internet

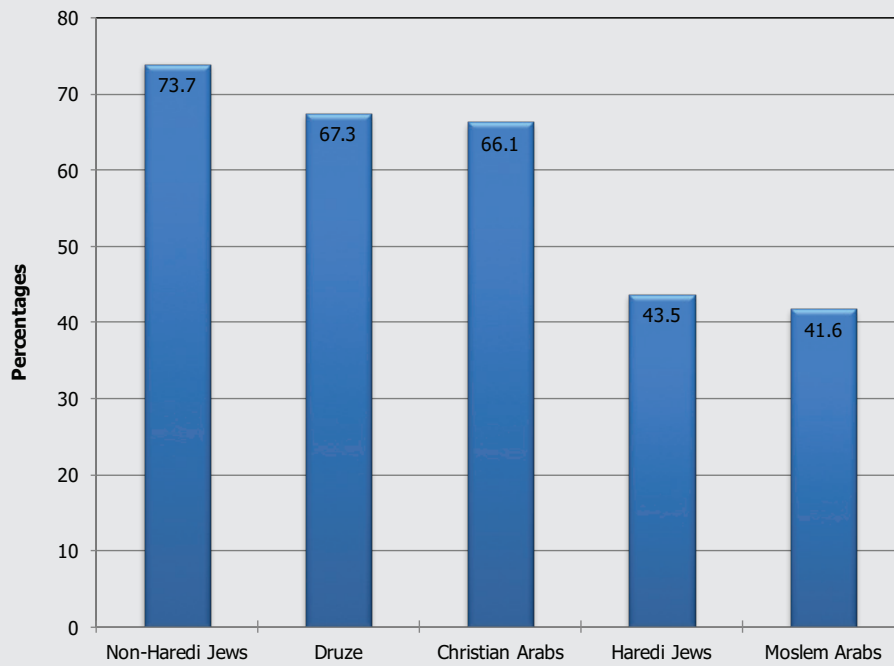
Figure 6

Percentage Choosing Additional Deposit, by Income Level



The figure data appear in the appendix at the end of this file on the Internet

Figure 7  
Percentage Choosing Additional Deposit, by Population Group



The figure data appear in the appendix at the end of this file on the Internet

## Appendix: Figure Data

Figure 1 Data

Number of "New" Children in Comparison With "Existing" Children, 2011-2016

Year	New children	Existing children
2011	1,220,292	1,299,049
2012	1,391,020	1,181,907
2013	1,565,514	1,063,017
2014	1,739,339	940,343
2015	1,918,360	814,527
2016	2,100,880	684,404

Figure 2 Data

Child Allowance Payments (2016 Prices), 2012-2016

Year	Billions of NIS
2012	7.3
2013	6.3
2014	4.8
2015	5.5
2016	6.0

Data for Figure 1 in Box 1

Percentage Choosing a Savings Track, by Population Group

Population group	Percentage
Haredi Jews	85.5
Non-Haredi Jews	72.6
Christian Arabs	58.4
Druze	54.1
Moslem Arabs	41.5

Data for Figure 2 in Box 1

**Percentage Choosing a Savings Track,  
by Number of Children in Family**

Number of children in family	Percentage
1	57.9
2	69.7
3	72.0
4	68.6
5	68.6
6	72.3
7	75.8
8	78.0
9	81.0
10	82.3

Data for Figure 3 in Box 1

**Percentage Choosing a Savings Track,  
by Child's Age**

Child's age	Percentage choosing
0	49.1
1	62.4
2	62.1
3	61.8
4	61.1
5	60.6
6	59.7
7	59.5
8	58.9
9	58.0
10	57.2
11	56.3
12	55.0
13	53.9
14	52.7
15	50.5
16	48.8
17	45.9
18	33.4
19	23.9

Data for Figure 4 in Box 1

**Percentage Choosing a Savings Track, by Population Group**

Population group	Provident funds	Bank
Haredi Jews	89.3	10.7
Non-Haredi Jews	70.7	29.3
Christian Arabs	25.4	74.6
Druze	19.2	80.8
Moslem Arabs	9.7	90.3

Data for Figure 5 in Box 1

**Percentage Choosing a Savings Track, by Income Level**

Quintile	Percentage choosing
Quintile 1	57.2
Quintile 2	61.3
Quintile 3	66.0
Quintile 4	72.6
Quintile 5	77.5

Data for Figure 6 in Box 1

**Percentage Choosing Additional Deposit, by Income Level**

Quintile	Percentage choosing
Quintile 1	31.0
Quintile 2	37.3
Quintile 3	46.8
Quintile 4	57.2
Quintile 5	64.6

Data for Figure 7 in Box 1

**Percentage Choosing Additional Deposit, by Population Group**

Population group	Percentage
Non-Haredi Jews	73.7
Druze	67.3
Christian Arabs	66.1
Haredi Jews	43.5
Moslem Arabs	41.6