

5. Child Insurance

A. Child Allowance

1. General

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

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

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

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

* August 2013.

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

Year	Total families	Number of children in family					
		1	2	3	4	5	6+
Numbers (thousands)							
2010	1,030.0	329,8	316,5	207,3	90,7	41,4	44.5
2011	1,048.7	331.5	322.3	214.2	93.2	42.2	45.2
2012	1,068.1	334.3	328.4	220.7	95.7	42.7	46.2
2013	1,088.3	337.5	334.2	228.0	97.9	43.5	47.2
2014	1,107.5	340.8	340.3	234.4	99.8	44.1	48.0
Percentages							
2010	100.0	32.0	30.7	20.1	8.8	4.0	4.3
2011	100.0	31.6	30.7	20.4	8.9	4.0	4.3
2012	100.0	31.3	30.7	20.7	9.0	4.0	4.3
2013	100.0	31.0	30.7	20.9	9.0	4.0	4.3
2014	100.0	30.8	30.7	21.2	9.0	4.0	4.3

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

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

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

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

Year	Total children	Child's position in family					
		First	Second	Third	Fourth	Fifth	Sixth+
Numbers (thousands)							
2010	2,466.0	1,030.0	700.2	383.8	176.5	85.9	89.1
2011	2,519.1	1,048.7	717.1	394.8	180.6	87.4	90.4
2012	2,572.9	1,068.1	733.8	405.4	184.6	88.9	92.1
2013	2,628.5	1,088.3	750.8	416.5	188.5	90.7	93.7
2014	2,679.7	1,107.5	766.6	426.3	191.9	92.1	95.3
Percentages							
2010	100.0	41.8	28.4	15.6	7.2	3.5	3.6
2011	100.0	41.7	28.5	15.7	7.2	3.4	3.6
2012	100.0	41.5	28.5	15.8	7.2	3.5	3.6
2013	100.0	41.4	28.6	15.8	7.2	3.4	3.6
2014	100.0	41.3	28.6	15.9	7.2	3.4	3.6

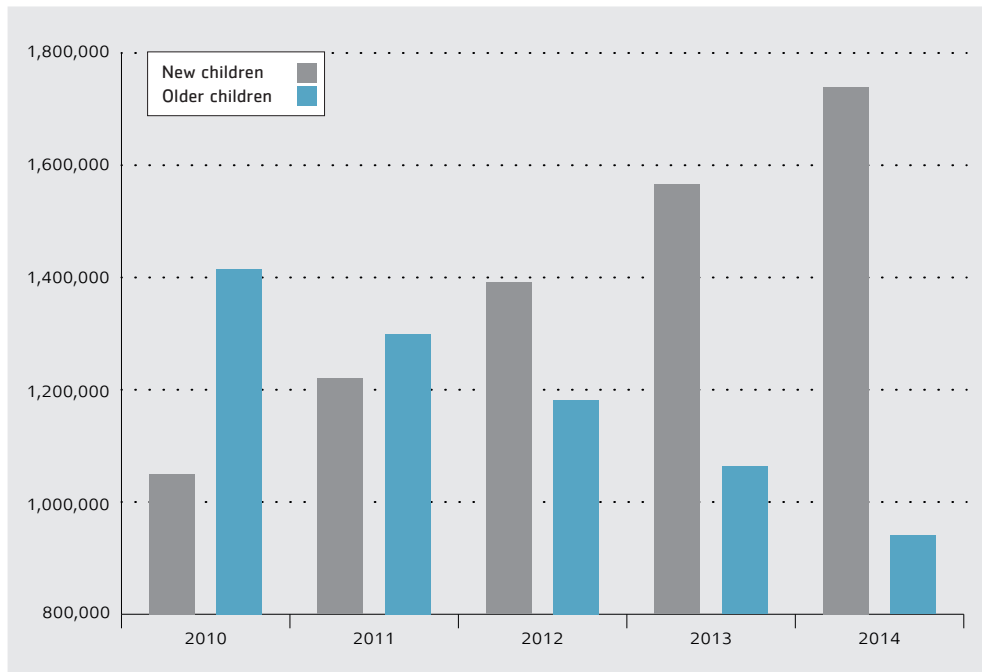
2. The 'New' Children

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

1 NIS 144 from August 2003 to January 2004; NIS 120 from February 2004 to December 2005; NIS 148 in 2006 and 2007; NIS 152 in 2008; NIS 159 in 2009; NIS 165 in 2010; NIS 169 in 2011; NIS 173 in 2012 and NIS 140 in 2013.

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

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



3. Scope of Payments

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

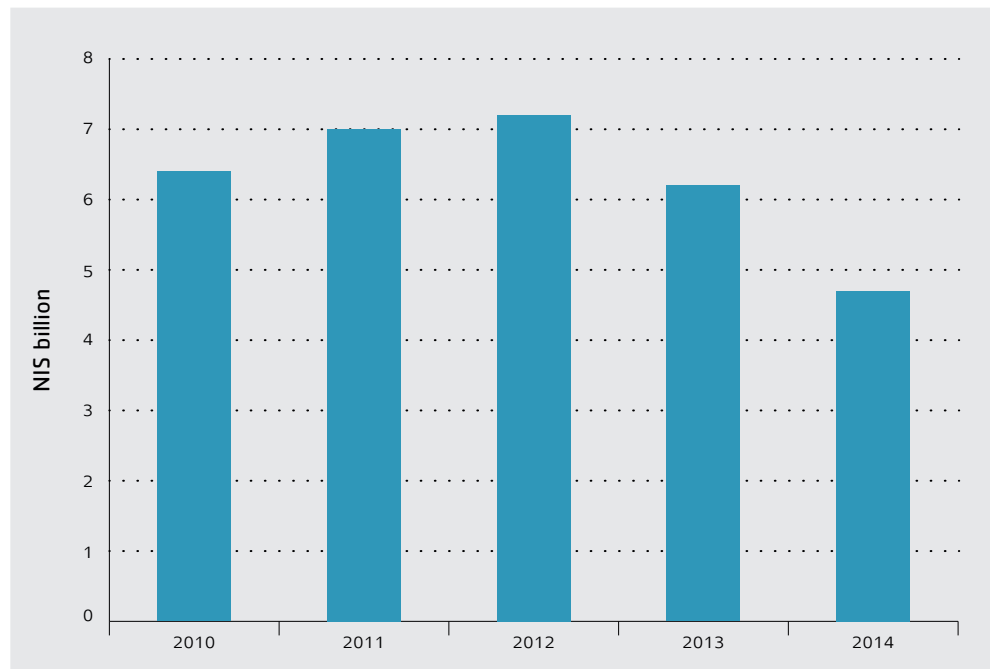
Changes in the size of child allowances are also indicated by modifications in the payments of this branch relative to all NII payments. This proportion fell from 11.8% in 2012 to 9.4% in 2013 and to 7.0% in 2014.

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

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

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

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



B. Study Grant

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

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

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

C. Family supplement

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

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

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

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

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

Testing Eligibility for the Study Grant – 2014 Survey

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

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

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

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