

# 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 recipients<sup>1</sup>.

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
<b>Numbers (Thousands)</b>							
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
<b>Percentages</b>							
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

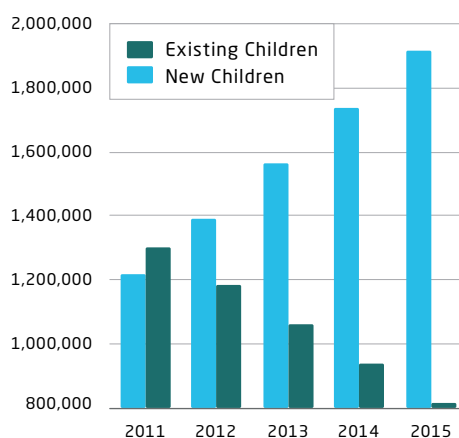
Year	Total Number of Children	Child's place in family					
		First	Second	Third	Fourth	Fifth	Sixth and over
<b>Numbers (Thousands)</b>							
2011	2,519.1	1,048.7	717.1	394.8	180.6	87.4	90.4
2012	2,572.9	1,068.1	733.8	405.4	184.6	88.9	92.1
2013	2,628.5	1,088.3	750.8	416.5	188.5	90.7	93.7
2014	2,679.7	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
<b>Percentages</b>							
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 allowances<sup>2</sup> 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 family<sup>3</sup>. 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).

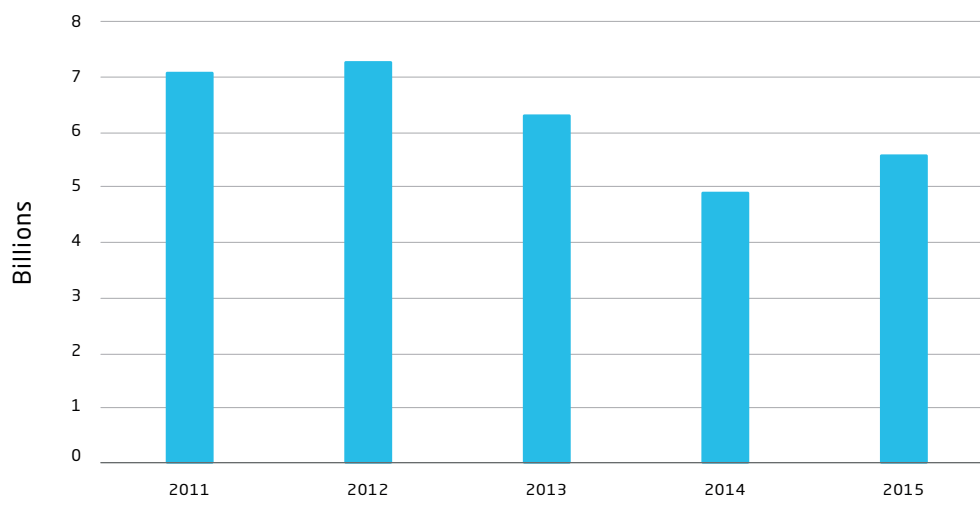
<sup>2</sup> See annual reviews for these years.

<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.

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

