

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

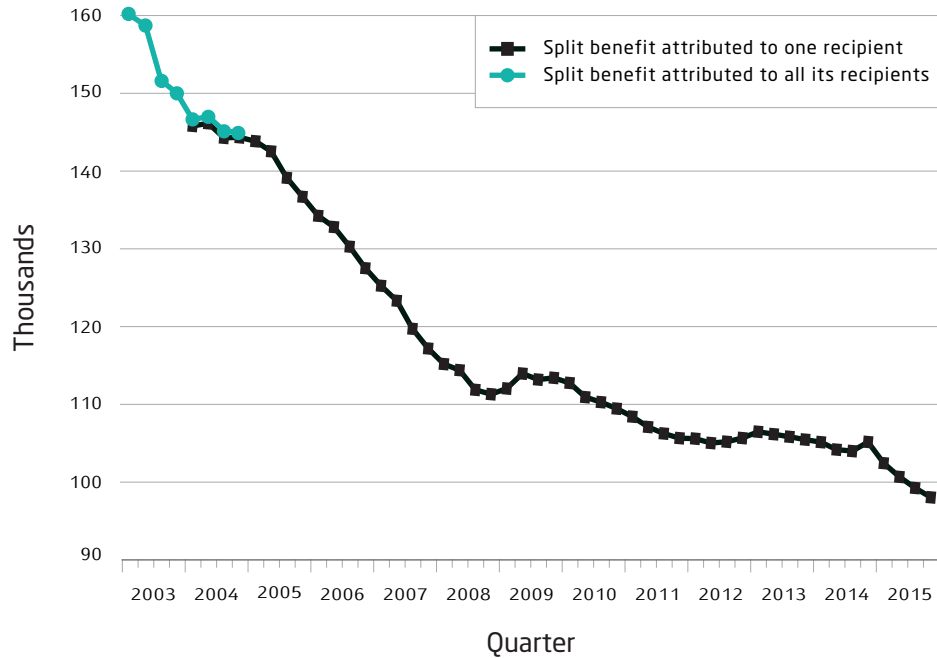
Year	Total		Veterans		Immigrants	
	Absolute number	% change	Absolute number	% change	Absolute number	% change
2008	111,808	-7.0	78,011	-5.4	33,798	-10.4
2009	111,765	-0.04	79,461	1.9	32,304	-4.4
2010	109,407	-2.1	79,102	-0.5	30,304	-6.2
2011	105,292	-3.8	77,443	-2.1	27,849	-8.1
2012	103,766	-1.4	77,945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