

CHAPTER XVI

PERSONAL SAVING

TOTAL DISPOSABLE income¹ in 1958 was estimated at approximately IL. 2,700 million, while private consumption was estimated at IL. 2,500 million. The balance (representing private saving) totalled about IL. 200 million, or approximately 7 per cent of disposable income (as against IL. 140 million, or 6 per cent, in 1957²). Available data indicate that the contribution of private saving to the financing of investment increased over the year.

Private saving falls into two main categories: *Personal* (or household) saving, representing the balance of personal income and the profits of unincorporated business over consumption expenditure, and *business* saving, which includes the savings (i.e., the undistributed profits) of companies.³ The available information is inconclusive with regard to business savings, and inadequate for the purpose of estimating total personal saving in 1958.

It is, however, possible to point out some characteristics of personal saving during the year ending in March 1958. The following discussion will briefly describe the types of savers in the various groups of the population, the average amounts saved by households in the year ending March 1958, and the different forms of saving. The activities of the savings institutions in the calendar year will also be discussed. The figures in this chapter have been gleaned from the balance sheets of these institutions and from the "Survey of Family Savings, 1957/58" which was conducted among a sample of roughly 3,000 households representative of the Jewish urban population in March 1958.⁴

On the average, an urban family in Israel saved approximately IL. 170 in

¹ National income *less* direct taxes and depreciation *plus* net current transfers from the public sector to the private sector and net private transfers from abroad.

² Revised figures.

³ Excluding public corporations.

⁴ This Survey was carried out jointly by the Bank of Israel, the Ministry of Finance, the Central Bureau of Statistics, the Institute for Applied Social Research and the Falk Project for Economic Research in Israel. The results, like those of every survey of this type, are subject to a sampling error; they must also be qualified by the impossibility of checking the reliability of the information obtained from individual respondents. It may be assumed, nevertheless, that the data collected give a plausible picture of the trends and magnitudes involved.

the fiscal year 1957/58, i.e., about 6 per cent of the average disposable income¹ (about IL. 2,770). This rate of saving is not very far from the rates observed in other countries where corresponding data have been collected.

The data relating to urban wage and salary earners² indicate that the level of savings differs considerably between individual households. Two out of three families in this group registered positive savings in 1957/58, whereas one family out of four actually dissaved—i.e., its consumption expenditure during the year exceeded its income. Just under 40 per cent of the group either broke even or saved less than IL. 200 (see Table XVI-1).

TABLE XVI-1

Urban Wage Earners' Families, by Groups of Savings, 1957-1958
(All groups=100)

Amount saved/dissaved (IL.)	Number of families (per cent) who		
	saved	broke even	dissaved
Nil		10.18	
1- 199	28.34		9.30
200- 499	15.61		7.59
500- 999	12.48		3.62
1,000-1,999	6.73		2.71
2,000 and over	2.17		1.26

SOURCE: Survey of Family Savings, 1957/58.

1. FACTORS AFFECTING THE LEVEL OF SAVING

The level of saving was mainly determined by two factors:—

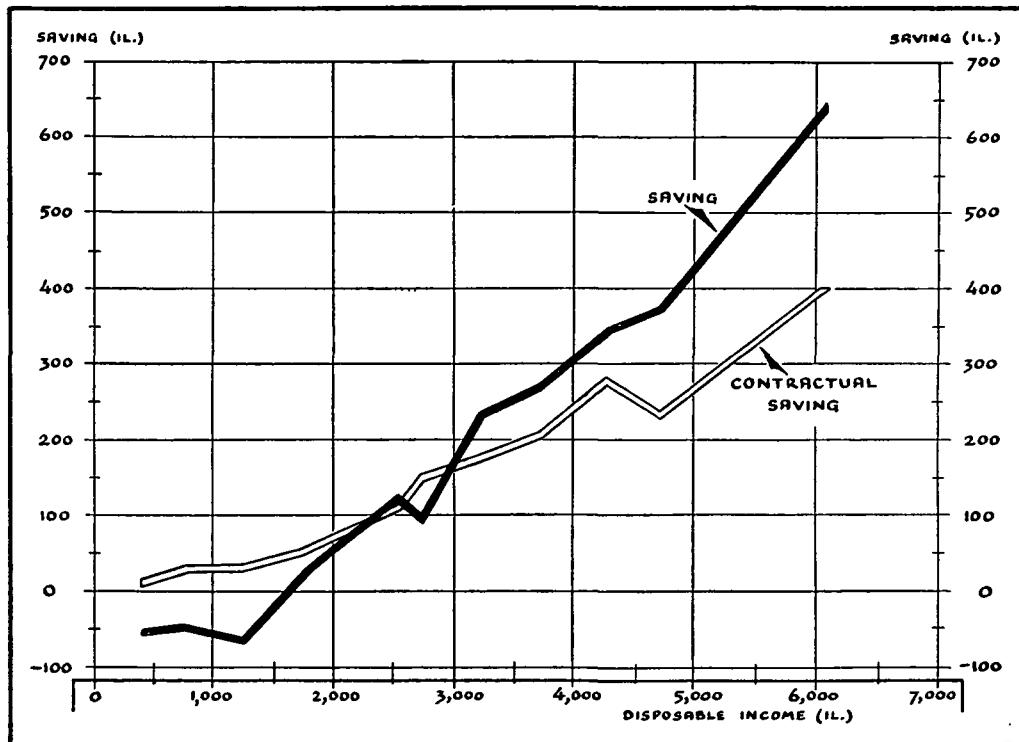
(a) *The level of income.* Most families in the lower income brackets dissaved. The amount of saving, as well as the rate of saving (the ratio between savings and disposable incomes), increased together with disposable incomes (see Diagram XVI-1).

¹ "Disposable income", as defined in the Survey, excludes windfall receipts from local sources or from abroad, such as, e.g., legacies, severance pay or personal restitution payments.

² To date, final data are available only with regard to wage and salary earners. In the following, the term "wage earners" will comprise wage and salary earners.

DIAGRAM XVI-1

*Saving and Contractual Saving, by Disposable Income,
April 1957 to March 1958
(Urban wage earners' families only)*



(b) *Economic status.* High rates of saving were found, in particular, among the families of self-employed persons in the liberal professions and of employers.¹ As regards employees, their average rates of saving seem to depend on the kind of their jobs. Managers, for instance, and the families of employees in the liberal professions were found to have saved a larger portion of their incomes, on the average, than skilled and unskilled workers. The higher ratios were, of course, related to higher incomes; but it does seem that the rates of saving varied also among families in the same income brackets, depending on their economic status. This was due to a number of reasons. The self-employed, for instance, unlike wage earners, can in many cases invest their savings in their own business (an incentive to saving); and managers and skilled workers tend to allocate a higher percentage of their incomes to provident funds and similar institutions than most unskilled workers and many officials.

¹ Defined in the Survey as those employing four persons or more.

2. FORMS OF SAVING

(a) *Contractual saving*¹ and *total saving*. The steady expansion of our saving institutions denotes a constant increase in the scope of contractual savings and the information pertaining to urban wage earning families in 1957/58 confirms in effect that by far the best part of their savings was in the form of contractual saving. This is shown in Diagram XVI-1.

Contractual saving is very widespread in Israel; it is found at all income levels, including the lowest. Quite often, however, and particularly in the case of families in the lower income groups, this is offset by the contraction of new debts, which easily leads to net dissaving in the families' annual accounts. In all but the highest income groups (families with an annual income of IL. 7,500 and over), contractual saving represents the bulk of savings, although the ratio of contractual saving to total saving tends to decline somewhat as incomes increase. Almost the entire saving of all wage-earning families, as a group, has taken the form of contractual saving. Among the self-employed, contractual saving is less prominent than among wage earners; they do not usually contribute to provident funds, preferring to re-invest profits in their own businesses instead.

(b) *Investment in real estate*.² Insofar as real estate property was purchased out of current family income, the purchase is regarded as a form of personal saving (the acquisition of such property not being considered as consumption expenditure). The acquisition of real estate is a very widespread form of investment in Israel, over 50 per cent of all families living in owner-occupied houses. But since the purchase of a house in most cases involves the contraction of new debts, or the sale of other property, or the drawing on cash reserves, such purchases do not necessarily lead up to net saving on the part of the buyers. On the other hand, their new financial liabilities oblige the owners to save in the following years in the form of loan repayment.

About 20 per cent of urban wage earners' families invested some money

¹ Contractual saving is based on the saver's undertaking to set by a fixed amount, or a fixed percentage of his income, at regular intervals. The types of contractual saving covered by the Survey include payments into provident funds, life insurance premiums and instalment payments to redeem housing mortgages. *Contractual* saving must not be confused with *forced* saving, which is imposed by law (e.g., in the form of a compulsory loan). National insurance fees are regarded as a tax and not as a form of personal saving. Employers' contributions to the provident funds of their employees have *not* been included in the calculations of personal saving in the terms of the Survey.

² In the terms of the Survey, the concept "investment in real estate" includes the purchase of homes (at the buying price), building outlays (when the owner builds on his own account) and expenditure on the expansion of remodelling of existing homes, less the sale (at the selling price) of similar assets. Also included are the payments of "key money" and land transactions, unless financed on business account. Expenditure on repairs and interior decoration is excluded.

in real estate in the year of the survey. In *all* urban wage earning families, viewed as a group, the average investment in real estate was about IL. 420 per family, or 14 per cent of disposable income—double the average rate of saving. In absolute terms, the average investment varied between different vocational groups, but in proportion to disposable income it was fairly alike. Considerable differences, however, were to be observed according to the length of the breadwinner's residence in the country. As may have been expected, immigrant families invested, on the average, a higher percentage of their disposable income in real estate than did veteran families (see Table XVI-2).

TABLE XVI-2

*Investment in Real Estate, by Length of Residence in Israel,
April 1957 to March 1958*
(Urban wage earners' families)

	Year of immigration				All groups
	before 1948	1948 to 1954	1955 to 1958	Israel born	
Number of families (per cent)					
who invested in real estate	21.6	21.9	35.1	21.8	22.4
Average investment per family (IL.)	368.5	361.2	891.5	621.4	419.7
Average investment as a percentage of disposable income					
	10.2	14.2	59.3	20.9	14.3

(c) *Repayment of debts and new borrowing.* If the liquidation of debts may be termed a positive component of personal saving, the contraction of new liabilities is a negative one. Most of the new debts contracted by urban households in 1957/58, and a large proportion of the debts repaid, were connected with the acquisition of homes. About 45 per cent of urban wage earners' families incurred new financial liabilities in the fiscal year 1957/58, and about 55 per cent repaid debts contracted previously. New liabilities per family exceeded, on the average, the amount of debts repaid; the net indebtedness per urban wage earner's family increased by IL. 190 during the year. New borrowing was particularly pronounced among immigrant families, while debt repayments were prominent chiefly among veteran families (see Table XVI-3).

TABLE XVI-3

*Repayment of Debts and New Borrowing, by Length of Residence in Israel,
April 1957 to March 1958
(Urban wage earners' families)*

	Year of immigration				All groups
	before 1948	1948 to 1954	1955 to 1958	Israel born	
<i>New borrowing</i>					
Number of families (per cent) contracting new financial liabilities	46.0	42.2	48.1	45.3	44.3
Average new borrowing, per family (IL.)	463	414	620	408	442
New borrowing as percentage of disposable income	12.9	16.3	41.2	13.8	15.1
<i>Repayment of debts</i>					
Number of families (per cent) repaying debts	64.9	55.1	29.3	54.7	57.4
Average amount repaid, per family (IL.)	329	201	405	255	246
Amount repaid as percentage of disposable income	9.1	7.9	2.7	8.6	8.4

3. THE EFFECT OF PERSONAL RESTITUTION FROM GERMANY

In the fiscal year 1957/58, about 4 urban families per hundred received personal restitution payments from Germany.¹ The average amount received was about IL. 3,000 per recipient family.

In Table XVI-4, an attempt has been made to examine the impact of the restitution payments on the economic behaviour of the recipients.

Columns (1) and (2) of the table show certain expenditure items in the budgets of urban families of European and American origin who did not receive restitution payments, and of urban families who did receive such payments during the year, as a percentage of the average disposable family income. The average disposable income of the two categories was unequal, yet it has been assumed that—but for the receipt of restitution payments—the percentage distribution of expenditure items would have been equal.² Column (3)

¹ These and the following figures refer only to lump-sum payments and not to annuities. The latter, unlike lump-sum payments, are taken to form part of the current income of the recipients.

² It has further been assumed that the amount of restitution was equal to the difference between the average windfall receipts per family in each category. Although this exercise is only an approximation, it does seem to indicate the most important trends.

shows the difference between the various magnitudes in each group, as a percentage of disposable income, and column (4) gives the same difference in terms of Israel pounds. Column (5) shows the same difference again, as a percentage of the personal restitutions received.

The table shows, for instance, that restitution recipients spent on the average, per family, the equivalent of 13.6 per cent of their current income on durable consumer goods (col. 1), whereas—on the above assumption, and but for this additional revenue—they would have spent 4.8 per cent only (col. 2). The difference amounts to 8.8 per cent of their current income (col. 3), or IL.305 (col. 4). These families, therefore, spent 9.4 per cent of their restitution income on durable consumer goods (col. 5).

TABLE XVI-4

*Personal Restitution Payments from Germany, and their Use, 1957-1958
(Urban families)*

	Percentage of disposable income		Use of restitution payments		
	recipients of restitution	others	as percentage of disposable income (1)-(2)	as percentage	as percentage
				IL.	of restitution payments received
	(1)	(2)	(3)	(4)	(5)
Disposable income	100.0	100.0			
Consumption	102.8	86.7	16.1	558	17.1
Purchase of durable consumer goods	13.6	4.8	8.8	305	9.4
Investment in real estate	27.6	9.3	18.3	634	19.5
Increase in liquid holdings	42.9	0.4	42.5	1,473	45.2

General note: Percentage figures do not add up to 100 as not all expenditure items were included in the table.

SOURCE: Survey of Family Savings, 1957/58.

The comparison goes to show that the receipt of personal restitution payments particularly affected investment in real estate, consumption and the acquisition of durable consumer goods. On these items, recipients of personal restitution payments spent about 50 per cent of these windfalls, over and above the amounts which it is assumed they would have spent on the same items in any case. About 45 per cent of the restitution funds received in 1957/58 were not spent on goods and services, but were held in liquid assets.¹

The impact of personal restitution expenditure on the aggregate demand for goods and services can be gauged by the comparison of two magnitudes: (a) the additional expenditure of all personal restitution recipients on various items,

¹ Mainly bank deposits and securities.

over and above the respective amounts which it is assumed they would have spent on each of these items anyway; and (b) the total expenditure of all households on the same items. The figures in Table XVI-4 reflect the *average* expenditure of urban families who received personal restitution payments in 1957/58. It is estimated that these families numbered about 4.3 per cent of all urban families in Israel. The extra expenditure of *all* restitution recipients on various items, as a percentage of the total expenditure of all urban households, was therefore as follows:

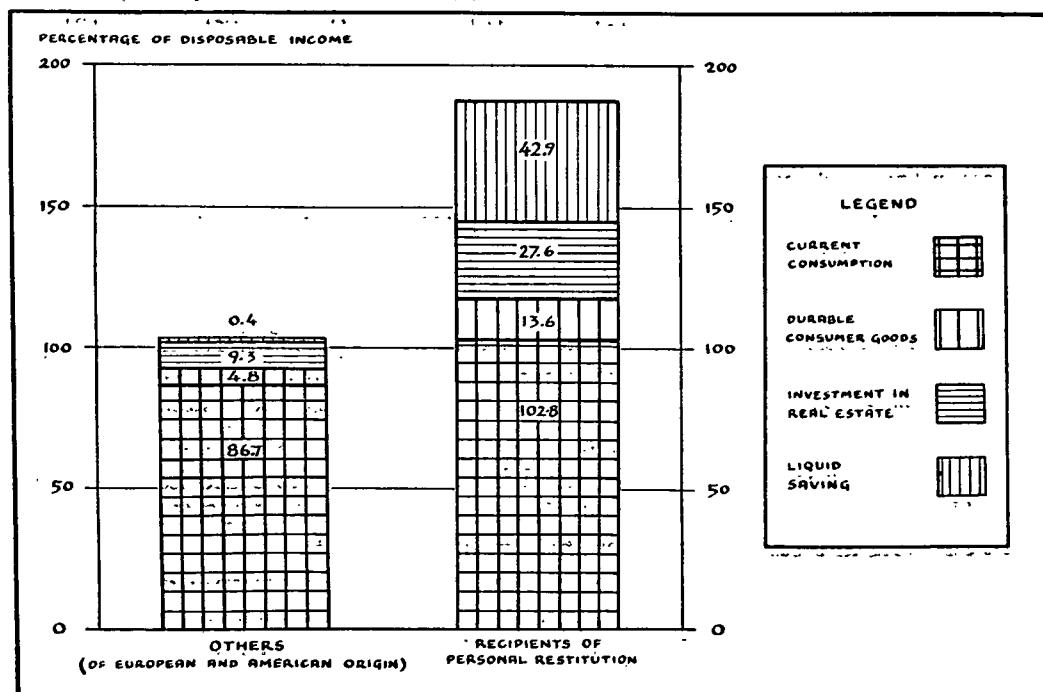
TABLE XVI-5

Additional Expenditure of Urban Personal Restitution Recipients as a Percentage of the Total Expenditure of Urban Households

Type of expenditure	Per cent
Consumption	0.98
Acquisition of durable consumer goods	9.05
Investment in real estate	8.36
Increase in liquid holdings	83.34

DIAGRAM XVI-2

*Expenditure and Liquid Saving as a Percentage of Current Income, April 1957 to March 1958
(Urban families)*



The figures in Table XVI-5 go to show that the additional expenditure of restitution recipients especially affected the total demand for durable consumer goods and for real estate. Aggregate current consumption was barely influenced (see Diagram XVI-2).

Over 80 per cent of the new liquid assets accruing to urban households in the course of 1957/58 may be attributed to the receipt of restitution payments. This is a high percentage, but it should be borne in mind that the assets in question had been acquired very recently and possibly were earmarked for expenditure in the near future.

4. INSTITUTIONAL SAVING

In 1958, as in 1957, various financial institutions accumulated considerable balances in favour of private savers. These reflected chiefly contractual saving and together made up an important element in the structure of personal saving. The increased balances in the accounts of these institutions, it should be remembered, do not equal net personal savings of the creditors, because saving through these intermediaries constitutes only one element—though the most im-

TABLE XVI-6
Personal Saving through Saving Institutions, 1957-1958
(millions of IL.)

	Increase in saving balances	
	from end of 1956 to end of 1957	from end of 1957 to end of 1958
<i>Banking Institutions</i>		
Demand deposits in foreign currency (TAMAM)	7.8	7.2
Time deposits		
In foreign currency (PAZAK)	3.3	9.3
In Israel currency	4.9	8.6
Approved saving schemes	15.1	26.3
<i>Post Office Bank</i>	0.9	1.2
<i>Mortgage banks</i>		
Repayment of mortgages (principal only)	4.5	4.0
<i>Provident and insurance funds</i> ^a	29.8 ^b	32.3
<i>Life insurance companies</i>	2.6	3.0
<i>Saving schemes</i>		
"Save to Build" scheme	12.9 ^b	13.2
Other saving schemes	1.1 ^b	2.8
<i>Net purchase of securities</i>		
Local securities	17.9	12.0
Foreign securities	..	0.6

^a Increase in provident capital less increase in the outstanding balance of loans to members.

^b Revised figures.

portant one—among the many components of personal saving. They do not at all reflect transactions which may make for net personal *dissaving*; many other transactions likely to *increase* net personal saving do not show in these balances either.

The sum total of the estimates included in Table XVI-6 is, therefore, not tantamount to aggregate personal saving in the years indicated.

(a) *Banking institutions*

Any discussion of personal saving through banking institutions must obviously be confined to personal—as distinct from business—accounts. The latter presumably represent a large proportion of total demand deposits—except those designated in foreign currency. It is impossible to estimate the respective share of business accounts and of personal accounts on the basis of available data. Current accounts in Israel currency have therefore been excluded from Table XVI-6. The accounts described below may be assumed to be almost totally private accounts.

(1) *Demand deposits in foreign currency* ('Transfer-PAMAZ' or 'TAMAM'). These deposits represent private remittances from abroad, chiefly restitution payments from Germany. According to existing regulations (May 1959), recipients of such remittances are permitted to pay 20 per cent thereof into TAMAM accounts, and draw on them freely to finance certain transactions without prior approval by the foreign exchange authorities. In 1958, these deposits increased by IL. 7.2 million—an increase roughly corresponding to that of 1957 (IL. 7.8 million). The total of these deposits at the end of 1958 was IL. 16.3 million.

(2) *Time deposits in foreign currency* ('PAZAK'). PAZAK deposits, like the TAMAM accounts, also derive from private remittances from abroad (mainly personal restitution payments from Germany). However, foreign currency transactions may not be financed from PAZAK accounts except with Treasury approval. To all practical purposes, PAZAK accounts are "linked" time deposits for periods of at least three months. In 1958, the balance of PAZAK deposits rose by IL. 9.3 million, reaching IL. 14.9 million at the end of the year. The increase in 1958 was three times as much as in 1957, a larger proportion of restitution receipts having been deposited in PAZAK accounts in 1958 than in the preceding year.

(3) *Time deposits in Israel currency*. These increased by IL. 7.9 million, to IL. 79.6 million in 1958. Provident and pension funds seem to have reduced the time deposits held by them with banking institutions by about IL. 700,000, largely through the transfer of sizable amounts to so-called "special deposits". Time deposits of individuals and (possibly) of corporate bodies other than provident funds thus increased by about IL. 8.6 million in 1958, as against an increase of IL.4.9 million in 1957.

(4) *Approved saving schemes*. In 1958, seven banks and credit co-operative

societies operated saving schemes authorized under the Law for the Encouragement of Saving. The common features of these schemes are: (1) the exemption of interest receipts from income tax, provided the deposit has been maintained for at least three years; (2) cumulative interest and sliding average rates of interest: the longer the life of the deposit, the higher the average annual rate; (3) the rules governing the investment of saving deposits: banking institutions are to invest 60 per cent of their saving scheme deposits in so-called "authorized" securities, and a further 25 per cent in development loans, while 15 per cent may be invested at the banks' discretion.

In 1958, the number of saving scheme deposits rose from 29 thousand to 60 thousand and their amount increased from IL. 26.5 million to IL. 52.8 million. Until November, the average monthly increase in 1958 was at the rate of IL. 1.3 million, whereas in December—owing probably to intensified canvassing by one of the banks—there was an increase of IL. 11.2 million. Apart from this sudden and singular expansion, the growth may be considered to have been steady and fairly ample.

The savings deposits are not "linked", although banks invest most of these funds in "linked" debentures.

The *Post Office savings accounts*, which are not an "approved" saving scheme, increased by IL. 1.1 million in 1958, reaching a total of IL. 3.8 million at the end of year. The number of deposits rose from 44 thousand to 59 thousand in the course of 1958. About one third of these accounts were children's deposits—possibly the reason why the average amount of saving deposits in the Post Office Bank was much smaller than in the case of the "authorized" saving schemes.

(5) *Repayment of principal to mortgage banks.* In 1958, the two leading mortgage banks collected IL. 11.2 million from home owners, of which IL. 4 million were on account of mortgage and principal.

During the year, the balance of outstanding mortgage loans rose from IL. 72.7 million to IL. 100 million.

(b) *Provident, pension and insurance funds*

More than 450 funds administered savings of some 300 thousand workers (i.e., about half the labour force, or two-thirds of all wage and salary earners) in 1958. Most of these funds cater severally for the savings of employees of individual firms. In addition, there are nation-wide funds for wage earners who have no permanent employers or for workers in specific industries, such as building workers and agricultural labourers. Some banks, moreover, have established provident funds for self-employed persons or for wage and salary earners unconnected with other provident funds. The provident funds affiliated with banking institutions are operated on similar lines as the funds of the ordinary type. Common to all is the monthly deduction from current income

TABLE XVI-7

Estimated Assets of Provident, Pension and Insurance Funds, 1955-1958
(End of period)

Assets	1955	1956	1957 ^a	1958	Increase or decrease (-)	
					from 1956 to 1957	from 1957 to 1958
<i>millions of IL.</i>						
(1) Cash and demand deposits	6.3	6.7	6.7	7.0	—	0.3
(2) Time deposits (including "special deposits")						
Banks	20.5	27.0	33.5	50.0	6.5	16.5
"Gmul" Investment Co. Ltd.	23.0	33.6	51.2	58.8	17.6	7.6
(3) Sundry debtors and bills receivable	13.4	12.5	15.0	15.0	2.5	—
(4) Advances to members	23.5	26.6	36.1	47.8	9.5	11.7
(5) Employers' liabilities	12.1	17.4	21.0	23.5	3.6	2.5
(6) Loans to institutions	7.3	9.9	12.0	12.5	2.1	0.5
(7) Securities	12.0	27.9	43.0	64.0	15.1	21.0
(8) Real estate	7.3	6.5	10.5	11.7	4.0	1.2
(9) Office equipment and miscellaneous	1.5	7.6	3.0	3.0	-4.6	—
<i>All assets</i>	126.9	175.6	231.9	293.3	56.3	61.4
<i>Provident capital</i>	93.4	126.4	165.7	209.7	39.3	44.0
<i>percentages</i>						
(1) Cash and demand deposits	5.0	3.8	2.9	2.4	—	4.5
(2) Time deposits						
Banks	16.1	15.4	14.4	17.1	24.1	49.2
"Gmul" Investment Co. Ltd.	18.1	19.1	22.1	20.1	52.4	14.8
(3) Sundry debtors and bills receivable	10.6	7.2	6.5	5.1	20.0	—
(4) Advances to members	18.5	15.1	15.6	16.3	35.7	32.4
(5) Employers' liabilities	9.5	9.9	9.0	8.0	20.7	11.9
(6) Loans to institutions	5.8	5.7	5.2	4.3	21.2	41.7
(7) Securities	9.5	15.9	18.5	21.8	54.1	48.8
(8) Real estate	5.7	3.7	4.5	4.0	61.5	11.4
(9) Office equipment and miscellaneous	1.2	4.2	1.3	1.0	-60.5	—
<i>All assets</i>	100.0	100.0	100.0	100.0	32.1	26.5
<i>Provident Capital</i>	73.6	71.9	71.5	71.5	31.1	26.5

of a fixed percentage, for saving purposes. Some organizations also serve as intermediaries for the collection and distribution of social benefit payments.¹

(1) *Balance sheets of provident funds.* In the course of 1958, the combined balance sheets of these funds rose from about IL. 230 million to approximately IL. 290 million. These totals include provident accounts in the proper sense of the word and pension funds, as well as social benefits collected and as yet undistributed. Provident capital alone is estimated to have risen by about IL. 44 million, to approximately IL. 210 million at the end of the year. To estimate the extent of new personal saving through these funds, the increase in the outstanding balance of loans granted to members must be deducted from the increase in provident capital. The balance of these loans increased by IL. 12 million, and new personal saving through provident funds is, therefore, estimated at IL. 32 million, as compared with IL. 30 million in 1957.

In 1958, all assets of the provident funds increased by about IL. 61 million (or 26 per cent) as compared with the end of 1957. The increase of some asset items far exceeded this average, as may be seen from Table XVI-7. Time deposits and securities expanded by about 16.5 million and IL. 21 million respectively, i.e., by 49 per cent each. This reflects the adjustment, in the course of 1958, of the funds' asset structure to the new income tax regulations, which had come into effect the year before. These regulations specify the types of assets, and their proportion, which the funds must hold so as to be exempt from income tax. By the end of 1958, 400 provident funds, representing an estimated 90 per cent of the capital and of the number of savers in all funds, had been approved in accordance with these regulations.

(2) *Income and expenditure.* No data are as yet available as regards the income and expenditure of provident funds in 1958. The relative importance of their transactions is, however, reflected in the 1957 income and expenditure accounts of 52 funds, with total assets of IL. 500,000 or more each, representing, at the end of 1957, combined total assets amounting to IL. 190 million, out of a grand total of more than IL. 230 million for all provident funds (see Table XVI-8).

Members' contributions accounted for 18 per cent only of total income; payments received from employers were about 3½ times as much (66 per cent). Employers' contributions to provident accounts proper, as distinct from other social benefits channelled through the funds, actually make up a relatively small portion of total income. Assuming that the employers' contribution to provident accounts proper roughly equalled the amount paid in by members, their total income on provident account may be estimated at 36 per cent of the overall income of the funds. It therefore seems that a considerable proportion of the annual accumulation in provident funds represents undistributed social benefits.

¹ Severance pay, health insurance fees, paid sick leave, paid holidays and convalescence, etc.

TABLE XVI-8
Income and Expenditure Account of 52 Provident Funds, 1957
(thousands of IL.)

<i>Income</i>	<i>Thousands of IL.</i>	<i>Per cent</i>	<i>Expenditure</i>	<i>Thousands of IL.</i>	<i>Per cent</i>
From members	12,913	18.1	Pensions	2,944	13.8
From employers	46,988	66.1	Provident payments	4,919	23.1
From investments	10,517	14.8	Severance payments	1,017	4.8
From other funds	638	0.9	Other payments to members	5,459	25.6
From insurance companies	62	0.1	Insurance	1,538	7.2
			Miscellaneous	4,975	23.4
			To other funds	405	1.9
			Refunds to employers	36	0.2
			<i>Total expenditure</i>	21,293	100.0
			Excess of income over expenditure	49,825	
<i>Total income</i>	<i>71,118</i>	<i>100.0</i>	<i>Grand total</i>	<i>71,118</i>	

The remaining income (about 15 per cent of the total) derived mainly from investments.

On the expenditure side, the items "pensions" and "provident payments" represent just over 40 per cent of the total. "Other payments to members" (25 per cent) mainly include social benefits other than provident payments and other than severance payments and pensions.

"Miscellaneous" expenditure, accounting for nearly a quarter of all payments, represents mainly administrative outlays, which appear to have been rather high.

The overall expenditure of provident funds was less than one third of their total annual income, the remaining two-thirds representing the amounts available for investment and advances.

(c) *Life insurance*

An estimated IL. 3 million were saved through life insurance in 1958, as compared with IL. 2.6 million in 1957.¹ These are small amounts compared with other forms of personal saving. The decline in past years of the purchasing power of the Israel currency reduced the real value of existing life policies, thus impeding the development of this type of saving. More recently, life offices offered "linked" life insurance policies, but the number of new policies taken out in 1958 was still on the small side, as shown in Table XVI-9.

TABLE XVI-9

"Linked" Life Insurance, 63 Insurance Companies, 1958

New policies	7,506
Portfolio (thousands of IL.)	28,120
Premiums (thousands of IL.)	1,983

(d) *Saving schemes*

The amounts saved in 1958 through various saving schemes totalled approximately IL. 16 million, as compared with IL. 14 million in 1957. The largest amount—IL. 8.2 million (as against IL. 17.6 million in 1957) was collected under the "Save to Build" scheme. After deduction of refunds, savings under this scheme totalled some IL. 13 million in 1958 (about the same as in 1957). Approximately IL. 1.2 million were saved through the "Citrus Grove Saving Scheme" (as against IL. 700 thousand the year before). The balance

¹ The increase in insurance funds *less* loans by insurance companies to individuals for non-business purposes.

of savings under "Hassach" (the secondary school saving scheme sponsored by the Haifa Municipality) expanded by IL. 390 thousand, reaching IL. 740 thousand at the end of the year.

(e) *Purchase of securities*

In 1958, about IL. 12 million worth of new Israel securities (net of redemptions) were purchased by private persons, as against IL. 18 million in 1957. These figures include securities allotted to individuals as a premium against foreign currency sold to the Treasury. The main reason why net purchases were less in 1958 than in 1957 was that saving bonds issued in 1957 and 1958 were for the most part presented for redemption in 1958.

In 1958, Israel residents purchased foreign securities to the tune of IL. 570,000.