



— **State Comptroller of Israel** Special Report —

THE READINESS OF THE STATE OF ISRAEL FOR POPULATION AGING



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Jerusalem

Foreword

"Wisdom is with the aged; and understanding in length of days"

(Job 12:12)

The Israeli population is undergoing a rapid ageing process; consequently, population ageing is one of the challenges confronting the State of Israel. This challenge has extensive implications for the healthcare system, the nursing care infrastructure, welfare services, and the labor market. Similarly to other developed nations, Israel is experiencing accelerated demographic shifts attributable, among other factors, to increased life expectancy: from 70.3 years in 1975 to 81.4 years in 2023 among men, and from 74.6 years to 85.5 years among women. This trend results in a continual rise in both the number of senior citizens and their proportion within the overall population. At the end of 2024, approximately 1.2 million individuals aged 65 and over resided in Israel, comprising roughly 13% of the nation's population; by 2050, this demographic is projected to increase to approximately 2 million, comprising about 15% of the population.

Population ageing is not solely a demographic trend but also a test of public policy's capacity for foresight, inter-system coordination, and the translation of social visions into quantifiable actions. The success of a multi-ministerial governmental policy in addressing population ageing depends on three interrelated components: (a) the formulation of a dedicated

multi-year strategic plan that includes measurable objectives, milestones, and explicit performance indicators, enabling assessment of implementation progress; (b) the appointment of a coordinator with defined functions and powers, responsible for coordinating between the ministries, overseeing and monitoring execution of the plan; and (c) the establishment of a budgetary framework through a government decision, which defines funding sources alongside allocation and prioritization mechanisms, thereby ensuring that the policy is translated into sustained and consistent implementation rather than remaining a declaration of intent.

The compilation of reports presented herein delineates the findings of an audit conducted by the Office of the State Comptroller, which evaluated how the Israeli authorities are coping with the challenge of preparing for an ageing population across a broad spectrum of related issues: the management of governmental preparedness for an ageing population; the readiness of the government and its institutions to deal with the increased life expectancy and the rising proportion of elderly citizens, including comprehensive planning efforts for ensuring optimal ageing, independence, and quality of life in later years. Additionally, the Office of the State Comptroller assessed the existence and efficacy of mechanisms facilitating retirement preparation, the advancement of preventive medicine initiatives within

the healthcare system, and the presence of long-term actuarial planning within the National Insurance Institute (NII), which is essential for maintaining economic sustainability and social security for future generations.

Given the global importance of addressing the challenges associated with an ageing population, in 2025 the State Comptroller undertook the audit whose findings are presented in this compilation of reports. The audit was also conducted as part of an international collaboration with the offices of the state auditors of other countries: Albania, Lithuania, Malta, Slovakia, Poland, Portugal, Paraguay, and North Macedonia. It is important to highlight that the State Comptroller's Office of Israel coordinated this audit, and that the State Comptroller serves as President of the European Organization of Supreme Audit Institutions (EUROSAI).

The audit findings detailed across the four chapters of this report reveal that despite the government's acknowledgment of the issue and the resolutions adopted by it in recent years, a substantial gap persists between strategic planning and implementation. Over a decade has elapsed since the government designated preparation for an ageing population as a strategic objective; nevertheless, government ministries have yet to establish a coordinated and systemic response. The delineation of responsibilities among the various entities remains ambiguous,

resulting in deficiencies in policy execution. Consequently, although an increase in the elderly population is anticipated, the availability of geriatric physicians and hospital beds does not meet the needs. HMOs partially implement preventive initiatives aimed at maintaining the health and independence of the elderly; however, these initiatives predominantly target the ill and frail, and are insufficiently leveraged to prevent illness or preserve the well-being of healthy elderly persons. Additionally, areas such as retirement preparation, employment, volunteering, and activities to mitigate loneliness lack coordinated and comprehensive management, clear targets, and inter-ministerial coordination mechanisms.

The audit further identified that certain administrative decisions by the National Insurance Institute concerning the long-term care benefit, as well as decisions by the Capital Market, Insurance and Savings Authority regarding group insurance in HMOs, were guided by short-term considerations. Consequently, existing assistance schemes, both in services and financial support, for senior citizens requiring long-term care lack long-term sustainability, thereby jeopardizing the provision of necessary support over time. For instance, the audit found that modifications to the NII's long-term nursing care insurance framework resulted in a more than twofold increase in eligibility for benefits (from 180,000 to 392,000 individuals) and a threefold

increase in actual expenditure on long-term care (201%, from NIS 7 billion to NIS 21.1 billion), implemented without actuarial endorsement by an actuary within the NII. Moreover, despite the government's 2015 resolution, and aside from a singular discussion in 2018 during which the increase in the actuarial deficit caused by the nursing care reform were presented, but no operational decisions were made - neither the government nor the Socio-Economic Cabinet convened to address the actuarial and budgetary deficits of the NII between 2018 and 2025. This was so notwithstanding three actuarial reports documenting a significant deterioration in the NII's actuarial deficit. The audit also found that during the years 2024–2026, the National Insurance Institute Council approved a deficit budget without discussing deficit reduction measures. As a result, the Institution's financial stability has been compromised, with the NII's reserve fund – accumulated to finance future pension obligations – expected to be depleted by 2035. Consequently, the NII is projected to be unable to fulfill its commitments to insured persons. This accelerated timeline of the fund reset year undermines the actuarial stability of the NII, heightens the risk of abrupt expenditure reductions or insurance premium increases in the future, and diminishes confidence in the social security system, which collects insurance contributions in the present to fund legally mandated benefits in the future.

To effectively address the ageing population in Israel, early national preparation is required. It is recommended that the relevant governmental bodies, including the Prime Minister's Office, the Ministry of Health, the Ministry of Welfare, the Ministry of Social Equality, and the National Insurance Institute, collaboratively formulate a comprehensive multi-year national plan. This plan should be operational and incorporate, among other elements, responses to the findings presented in the chapters of this report. Investment in the prevention of medical deterioration, in functional-cognitive decline, and in optimal ageing – through preventive treatments, maintenance of physical and functional health, encouragement of an active lifestyle, and preparation for retirement, employment, and volunteering – will serve to delay functional dependence, reduce morbidity-related life expectancy, enhance the independence and well-being of senior citizens, and improve the efficiency of public expenditures on health and nursing care. Such preventive investments will also facilitate the integration of senior citizens into society via activities such as volunteering, enabling them to contribute to the national economy even after retiring.

In addition to the formulation of the multi-year national plan, and particularly in light of the anticipated growth in the number of long-term care beneficiaries and concerns regarding the sustainability of Israel's long-term care insurance system,

the National Insurance Institute, in collaboration with the Ministry of Finance, should already take measures to stabilize the mechanisms of this nursing insurance system. This will ensure that long-term care beneficiaries receive appropriate and adequate responses to their needs in the forthcoming years.

From a forward-looking perspective, optimal management of the challenges posed by population ageing in the fields of policy, health, welfare, and long-term actuarial planning, will enable the establishment of a better Israeli society. The creation of a comprehensive framework for the elderly population will lead to optimal ageing within this demographic.

My appreciation is extended to the personnel of the Social and Welfare Division and the Staff Division, who prepared this compilation of reports with professionalism, meticulousness, dedication, and a sense of mission.

I hope that the findings and recommendations of this report will assist in ensuring optimal national preparedness for addressing the socio-economic challenges associated with an ageing population. This not only concerns meeting the needs of the elderly; but also understanding the collective need to continue appreciating their contribution

to society and learning from them.. Efforts must be directed not only toward safeguarding the well-being of senior citizens but also toward maximizing their potential for the benefit of us all, while upholding their dignity, independence, and social integration



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