

Israel

Exchange rate: U.S.\$1.00 equals
4.91 new shekels (NS).

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1953 (old-age and survivor pensions), 1970 (disability), 1980 (long-term care), and 1982 (income support).

Type of program: Dual social insurance and social assistance system.

Coverage

Social insurance: All residents (including housewives) aged 18 or older, except persons who immigrated after age 60.

Social assistance (income support programs, means-tested): Residents aged 20 or older.

Source of Funds

Insured person

Employee: 1.46% of earnings below, and 2.7% of earnings above, one-half of the national average wage for old-age and survivor pensions; 0.71% of earnings below, and 1.3% of earnings above, one-half of the national average wage for disability benefits; and 0.05% of earnings below, and 0.1% of earnings above, one-half of the national average wage for long-term care.

Self-employed person: 2.63% of earnings below, and 4.55% of earnings above, one-half of the national average wage for old-age and survivor pensions; 0.95% of earnings below, and 1.68% of earnings above, one-half of the national average wage for disability benefits; and 0.10% of earnings below, and 0.16% of earnings above, one-half of the national average wage for long-term care.

Employer: 1.85% of payroll for old-age and survivor pensions, 0.38% for disability benefits, and 0.06% for long-term care.

Government: 0.87% on earnings above one-half of the national average wage for old-age and survivor pensions; 0.27% on earnings above one-half of the national average wage for disability benefits; and 0.04% on earnings above one-half of the national average wage for long-term care (government also subsidizes the cost of long-term care benefits to new immigrants). Reduced contributions are paid on earnings below one-half of the national average wage, both for employees and the self-employed. Government pays the total cost of social assistance income support programs.

Additional government subsidies are equal to 15% of the employee and employer contributions paid for old-age and survivor pensions.

Government also pays the total cost of pensions to uninsured new immigrants, as well as 50% of the cost of pensions for persons disabled before the enactment of 1970 law.

Maximum earnings for contribution purposes: Five times the national average wage as of January 1 each year for all insured persons; employers pay contributions on behalf of employees at the lower rate of four times the national average wage.

Minimum earnings for contribution purposes: 25% of the national average wage.

National average wage: NS6,964 in March 2002.

Qualifying Conditions

Old-age pension (social insurance): Age 65 (men) or age 60 (women); age 65 for housewives. Five years of insurance coverage in the last 10 years, or a total of 12 years of insurance coverage; there is no qualifying period for insured women who are widowed, divorced, deserted, married to an uninsured husband, or unmarried and aged 55 or older at the time of immigration.

Reduced pension: The pension is reduced if income from work exceeds between 57% and 76% of the national average wage (according to the number of dependents), until age 70 (men) or age 65 (women).

Old-age pension (social assistance)

Income support benefit (income-tested): Twenty-four months of continuous residence, subject to a means test (12 months for new immigrants); incapable of providing self with earned income and not eligible for benefit payments from any other source.

Income supplement (income-tested): Partial benefit is payable to individuals whose combined earned and benefit income falls short of the minimum income level for subsistence.

Disability pension: Israeli resident aged 18 to 65 (men) or 18 to 60 (women). No qualifying period. Medical disability of at least 40% (at least 50% for a disabled housewife) and a functional loss of capacity of at least 50% .

Attendance allowance: At least 60% disabled, receiving the disability pension, and dependent on the help of others; if not receiving the disability pension, at least 75% disabled and means-tested.

Disabled child benefit: Residing in Israel, not institutionalized or living with a foster family, and not receiving mobility allowance. Conditions may be waived if the parent has two disabled children or under other permitted exceptional circumstances.

Long-term care benefit (means-tested): Age 65 (men) or age 60 (women), not institutionalized, but dependent on the help of others for performing everyday functions or in need of supervision.

Survivor pension (social insurance): Deceased had 12 months of coverage prior to death, 24 months of coverage in the last 5 years, 60 months in the last 10 years, or met the qualifying period for the old-age pension.

Survivor pension income supplement (social assistance):

Partial income-tested benefit payable to individuals whose combined earned and benefit income falls short of the minimum income level for subsistence.

Old-Age Benefits

Old-age pension: 16% of the national average wage; 24% for a couple.

Dependent supplement: 5% of the national average wage for each of the first two children.

Old-age pension with income supplement (income-tested): 25% of the national average wage, 37.5% for a couple, 47.5% for a couple with one child, 57.5% for a couple with two children or more. The resulting amounts are increased by a further 7%.

Old-age pension increments: The pension is increased by 2% per year of coverage beyond 10 years and by 5% of the value of the pension for each year of deferred retirement. The maximum increments are 50% and 25%, respectively.

Income support benefit (income-tested): 20% to 25% of the national average wage; 30% to 37.5% for a couple. The benefit varies with age and the duration of benefit.

Benefit adjustment: Benefits are adjusted automatically for changes in the national average wage.

Permanent Disability Benefits

Disability pension: If at least 75% disabled, the full single disability pension equals 25% of the national average wage plus 7% of this amount (no income test).

Partial disability: The pension is proportionally reduced.

Dependent supplement (income-tested): Up to 12.5% of the national average wage for a spouse; 10% each for the first two children. The supplement is increased by 7%.

Attendance allowance: 50%, 100%, or 150% of the full single disability pension according to the level of dependence.

Disabled child benefit: Between 30% and 120% of the full single disability pension.

Long-term care benefit: 25% of the national average wage if largely dependent on the help of others; 37.5% if completely dependent. Benefits are payable directly to the organization providing the long-term care services, not to the entitled person (who receives the benefit at 80% of the rate indicated above only if services are not available and the beneficiary is cared for by a family member).

Benefit adjustment: Benefits are adjusted automatically for changes in the national average wage.

Survivor Benefits

Survivor pension: For a surviving spouse aged 50 or over or if caring for a child, the pension is 16% of the average wage.

Survivor pension increment: The pension is increased by 2% for each year of coverage of the deceased beyond 10 years.

Reduced survivor pension: For a widow(er) between ages 40 and 49 with no children, the pension is 12% of the national average wage.

Lump-sum award: For a widow(er) under age 40 who has no children, a lump sum of 3 years' full pension.

If the survivor also receives the old-age pension, the survivor pension is reduced by one-half.

Orphan's pension: 7.5% of the national average wage for each half orphan; 10% for each full orphan.

Benefit adjustment: Benefits are adjusted automatically for changes in the national average wage.

Survivor pension with income supplement (income-tested)

Widow(er)'s pension: A widow(er) with no children receives 25% of the national average wage; a widow(er) with one child, 42.5% (less NS171); or 52.5% (less NS171) with two or more children. The resulting pensions are increased by an additional 7%.

Orphans and abandoned children: For one child, the pension is 25% of the national average wage (less NS171); for two children, 37.5% (less NS342).

Death grant: A lump sum equal to 100% of the national average wage; 150% if receiving income support.

Funeral grant: The cost of the burial up to a fixed amount.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

National Insurance Institute administers the program, collects contributions, and pays benefits through its branch offices.

Sickness and Maternity**Regulatory Framework**

First and current laws: 1953, 1976 (sickness), and 1995 (medical care).

Type of program: Social insurance system.

Coverage

Sickness benefits: All employees.

Medical care: All residents.

Maternity benefits: Employed persons and self-employed persons aged 18 or older. Benefits are also payable to parents who adopt a child under age 10.

Maternity grant: Insured woman or the wife of the insured; nonresidents including employed and self-employed women and the wives of employed and self-employed men.

The nonresident woman or her husband must have been working in Israel for at least 6 months immediately preceding childbirth. The birth must occur in Israel.

Source of Funds

Insured person

Employee: Medical care, 3.1% of earnings below, and 4.8% of earnings above, one-half of the national average wage.

Maternity benefits, 0.33% of earnings below, and 0.60% of earnings above, one-half of the national average wage.

Self-employed person: 3.1% of earnings below, and 4.8% of earnings above, one-half of the national average wage for medical care; 0.48% of earnings below, and 0.75% of earnings above, one-half of the national average wage for maternity benefits.

Employer: None for medical care; 0.15% of payroll for maternity benefits.

Government: None for medical care; 0.10% of earnings for maternity benefits (and a reduced contribution for earnings below one-half of the national average wage).

Maximum earnings for contribution and benefit purposes: Four times the national average wage.

National average wage: NS6,964 in March 2002.

Qualifying Conditions

Cash maternity benefits: Ten months of insurance in the last 14 months, or 15 months in the last 22 months; for women with only 6 months of insurance in the last 14 months, benefit is payable for 6 weeks only).

Multiple birth allowance: Three children or more, of whom at least three must survive past 30 days.

Maternity and hospitalization grant: For a birth for which hospitalization was necessary.

Special allowance and special benefit: For a mother who was insured for the maternity grant and who died while giving birth or within a year of giving birth.

Sickness and Maternity Benefits

Sickness benefit: 75% of earnings for 90 days (up to 100% without limit if stipulated in a labor agreement).

Maternity benefit: 100% of earnings (minus taxes and insurance). Benefit is payable for 12 weeks.

Benefit adjustment: Benefits are adjusted for cost-of-living increases paid to employees.

Maternity grant (layette): A grant of NS1,140 (higher for multiple births) for the purchase of clothing and other necessities for a newborn child.

Hospitalization grant: A grant for the payment of hospitalization expenses. The value of the flat-rate grant is reviewed periodically.

Multiple birth allowance: An allowance payable for 20 months, calculated as a percentage of the national average wage and gradually reduced throughout the period of entitlement.

Hospital transportation costs: In certain cases, a fixed payment for the cost of transportation to hospital.

Workers' Medical Benefits

Services provided by doctors and hospitals owned and operated by, or under contract to, the sickness fund. Benefits include general and specialist care, medicines, laboratory services, hospitalization, and rehabilitation. Patients pay a part of the cost of drugs and appliances.

Dependents' Medical Benefits

Medical benefits for dependents: Same as for the insured person.

Special allowance and special benefit: If an insured woman dies within 1 year of childbirth, the spouse receives 30% of the average wage for a period of 24 months for each child of the last childbirth. The entitlement period is reduced to 12 months if the spouse is also receiving survivor or dependent benefits for the child(ren). If the spouse stops working to care for the child(ren), he may receive 75% of earnings, up to a ceiling, for up to 12 weeks.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

National Insurance Institute administers the maternity program.

Sickness insurance and medical care are administered by four sickness funds under the supervision of the Ministry of Health.

Work Injury

Regulatory Framework

First and current laws: 1953 (employees), with 2002 amendment; and 1956 (self-employed).

Type of program: Social insurance system.

Coverage

Employees, self-employed persons, members of cooperatives, and migrant workers working in Israel.

Source of Funds

Insured person

Employee: None.

Self-employed person: 0.33% of earnings below, and 0.53% of earnings above, one-half of the national average wage.

Employer: 0.53% of payroll.

Government: 0.17% of payroll and earnings (a reduced contribution rate is paid for earnings below one-half of the national average wage).

Maximum earnings for contribution purposes: Five times the national average wage as of January 1 each year for all insured persons; employers pay contributions on behalf of employees at the lower rate of four times the national average wage.

Minimum earnings for contribution purposes: 25% of the national average wage.

National average wage: NS6,964 in March, 2002.

Qualifying Conditions

Work injury benefits

Temporary disability benefit (injury allowance): Work incapacity and absence from work due to a work injury. No minimum qualifying period.

Temporary disability grant: Payable to an insured worker with a degree of disability assessed at no less than 6% but no more than 19%. No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit (injury allowance): 75% of earnings.

Benefit is payable after a 2-day waiting period (no waiting period if work incapacity lasts at least 12 days) for up to 13 weeks.

Benefit adjustment: Benefits are adjusted according to changes in the national average wage and employee cost-of-living adjustments.

Permanent Disability Benefits

Permanent disability pension: 75% of earnings, if totally disabled.

Partial disability: If between 20% and 99% disabled, a percentage of the full pension proportionate to the degree of disability; if the assessed degree of disability is no less than 6% but no more than 19%, a grant equal to 70 monthly pensions.

Benefit adjustment: Benefits are adjusted for changes in the national average wage and employee cost-of-living adjustments.

Workers' Medical Benefits

The cost of medical attendance, hospitalization, medicines, appliances, transportation, and rehabilitation.

Survivor Benefits

Survivor pension: Payable to a widow or a dependent disabled widower, the pension is equal to 60% of the insured's

total disability pension if the survivor is age 50, disabled, or caring for a child; 40% of the pension if between ages 40 and 49; otherwise, a lump sum equal to 3 years' pension.

Orphan's pension: 20% of the insured's total disability pension for the first orphan and 10% each for the second and third.

Full orphans: 60% of the insured's total disability pension for the first orphan, 20% for the second, and 10% each for the third and fourth.

Other dependent relatives (in the absence of the above): 50% of the insured's total disability pension for one dependent, up to a maximum of 100% for four or more dependents.

Death grant: 100% of the national average wage paid as a lump sum; 150% if the survivor is receiving an income support benefit.

Funeral grant: The cost of the burial up to a fixed amount.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

National Insurance Institute administers the program, collects contributions, and pays benefits through its branch offices.

Unemployment

Regulatory Framework

First and current law: 1970.

Type of program: Social insurance system.

Coverage

Employees aged 18 or older but under pensionable age or between ages 15 and 18 if providing partial financial support to parents or without parents and undergoing vocational training.

Source of Funds

Insured person: Employees contribute 0.15% of earnings above, and 0.08% of earnings below, one-half of the national average wage.

Employer: 0.04% of payroll.

Government: 0.11% of payroll above, and 0.07% of payroll below, one-half of the national average wage.

Maximum earnings for contribution purposes: Five times the national average wage as of January 1 each year for all insured persons; employers pay contributions on behalf of employees at the lower rate of four times the national average wage.

Minimum earnings for contribution purposes: 25% of the national average wage.

National average wage: NS6,964 in March 2002.

Qualifying Conditions

Unemployment benefit

Regular employee: 180 days of contributions out of 360 days, or 270 days out of 540 days.

Daily employee: 150 days of contributions out of 360 days, or 225 days out of 540 days.

Minor: 100 days of contributions out of 360 days.

Employee must be registered at the labor exchange and capable of work.

Unemployment is not due to voluntary leaving or the refusal of a suitable offer.

Unemployment Benefits

Between 40% and 80% of the national average daily wage during the last 75 work days of the qualifying period.

The maximum daily benefit is NS279 for the first 125-day period of payment and NS186 for the second period of payment (from the 126th day). Benefit is payable after a 5-day waiting period.

The maximum duration of payment is 138 days per year (175 days for an unemployed person over age 45 or with three dependents).

Benefit adjustment: Benefits are adjusted according to changes in the national average wage and employee cost-of-living adjustments.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

National Insurance Institute administers the program, collects contributions, and pays benefits through its branch offices.

Family Allowances

Regulatory Framework

First law: 1959.

Current law: 1975.

Type of program: Universal system.

Coverage

Residents with one child or more.

Source of Funds

Insured person

Employee: None.

Self-employed person: 1.88% of earnings above, and 1.18% of earnings below, one-half of the national average wage.

Employer: 1.88% of payroll.

Government: 0.60% of earnings above, and reduced rates of 0.04% (employees) and 0.06% (self-employed persons) on earnings below, one-half of the national average wage, plus an amount equal to 160% of all receipts from insurance contributions.

Maximum earnings for contribution purposes: Five times the national average wage as of January 1 each year for all insured persons; employers pay contributions on behalf of employees at the lower rate of four times the national average wage.

Minimum earnings for contribution purposes: 25% of the national average wage.

National average wage: NS6,964 in March 2002.

Qualifying Conditions

Family allowances: Child must be under age 18.

Family Allowance Benefits

Family allowances: NS151 a month for each of the first two children, NS301 for the third, NS610 for the fourth, and NS754 for the fifth and each subsequent child.

Benefit adjustment: Benefits are adjusted in January of every year and whenever a cost-of-living increment is paid to employees.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

National Insurance Institute administers the program, collects contributions, and pays benefits through its branch offices.