



National Insurance Institute
Israel

Summary of Trends and Developments in Social Security 2003



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INTRODUCTION

In 2003, the National Insurance Institute of Israel (NII) continued its efforts to improve its service to the public, with the aim of reducing the number of visitors to the local branches, enabling faster and more thorough responses to those clients who still visit the branches and promoting take-up of rights in the various social security schemes. Among improvements in this sphere over the past year, worthy of mention are office renovations, staff training and particularly, the use of ever-changing technologies for client self-service. There are now 49 *kiosks* (self-service stations, offering a wide variety of authorizations and forms) dispersed all over the country, outside local branches as well as in municipality buildings, operating beyond reception hours – almost 24 hours a day.

Two nationwide *call centers* operate in central and in southern Israel. They may be reached almost 24 hours a day, and provide both general and personal information to callers. The secret code necessary for the latter has been distributed to most of the population and is available to all upon request.

This year the NII web site underwent particularly intensive development to provide more and better services and information to the public, and clients will soon be able to pay insurance contributions through the Internet. It should be noted that the site in English as well is constantly updated, and contains press releases and information on rates of benefits, rules of entitlement, and more. (The NII address on Internet: [HTTP://WWW.BTL.GOV.IL](http://www.btl.gov.il) The e-mail address: <mailto:btlfeed@nioi.net.il>).

The scope of changes that came into effect in the Israeli social security system in 2003, as in the previous year, can be viewed as the result of a precarious balance between two forces: on the one hand, the strict measures (incorporated into the Economy Arrangements Law and the Emergency Economy Program Law) entailed by the economic situation of the country and the need for budget cuts; and on the other hand, the continued efforts of the National Insurance Institute to ensure, insofar as possible, that the value of benefits is maintained and to improve the lot of the growing needy population. This year, however, it was evident that the former was the stronger force, the final result being a series of cutbacks in many social security programs and only a small number of improvements, as can be seen in the present report.

The scope of the population eligible for benefits was widened slightly only regarding the unemployment grant; new categories were added to the list of preferred and required jobs entitling a demobilized soldier to this grant.

In other ways, conditions of entitlement to benefits were made more stringent. Eligibility for the dependent's increment to benefits is now conditional on the dependent – not only the benefit recipient – being a resident of Israel. In Income Support, mothers and single parents are exempt from the employment test if they have a child up to age two – not up to age seven, as previously. A non-married couple who live in a common household no longer have to have a common child in order to be considered as a couple for purposes of income support benefit. As a couple, they must both fulfill conditions of entitlement to benefit. In the Alimony program, a new condition was added for a woman to be entitled to payment: she must not reside with the person obligated by the judgement for alimony.

Levels of certain benefits were raised in 2003, most of them in Disability Insurance. The rate of the grant following decease paid to the widow/widower of a benefit recipient was increased from 50% of the average wage to the full average wage in the Income Support branch. (As a result, however, widows/ers of persons who had received old-age pension plus income supplement may now receive only one grant – 100% of the average wage – rather than a grant and a half, as previously.) Disabled persons, upon reaching age of entitlement to old-age pension, now receive this pension at the rate of their disability pension – higher than the rate of the old-age pension previously paid to them. Severely disabled persons (degree of incapacity of 75% or more) receive a new increment to their disability pension in accordance with their degree of medical disability. Finally, the rate of the benefit paid for a disabled child no longer decreases with the increasing age of the child, as previously.

On the other hand, a reduction of rates took place in most other programs. The rate of the first level of long-term care benefit (paid to dependent – not severely dependent – elderly) was reduced from 100% to 93% of the disability pension. The disregard of income from a disabled person's retirement income has been cancelled, so that now all of the retirement income is taken into account in calculation of the disability pension. The disregard in determining the income support benefit has been reduced, leading to lower benefit rates. Reduced rates of benefit for persons under the age of 55 are now paid both to income support recipients and to alimony benefit recipients. Furthermore, an even more reduced rate of income support benefit is paid to most entitled persons aged 20 to 25 who are without children.

The rates of the monthly child allowances paid to families are being gradually reduced, eventually to reach a uniform rate of allowance for every child, regardless of his place in the family. This is a major blow to large families in Israel, who up till now received a greatly enlarged allowance for the third and fourth children in particular. A further blow to these families was in the changes in the maternity grant: the increment to this grant paid for the fifth and subsequent children in families was abolished, and the grant for the second and subsequent children was reduced from 20% to 6% of the average wage.

There were cuts in Work Injury Insurance as well: the rate of the work disability grant was set at the equivalence of 43 monthly pensions, rather than 70 monthly pensions, as previously; national insurance contributions are to be deducted, for the first time, from the work injury allowance.

In the framework of the cutbacks, periods of benefit payment were reduced as well. The determining date for eligibility for a disability pension has been set as 15 months prior to the application for pension, at the earliest, instead of 36 months previously. If the disability pension is paid following a re-examination of the disabled person's incapacity degree, pension may be paid for up to 12 months retroactive to the date of request for re-examination, as opposed to no time limit previously. The maximum period of retroactive payment of benefits in other programs was reduced from 48 months up to submission of claim to 12 months thereof. Finally, in Unemployment Insurance, the period of unemployed person's participation in vocational training is now taken into account in the period of benefit payment.

As in previous reports, the present report includes a chapter on the Rehabilitation Department, whose task is to provide vocational rehabilitation services to various population groups, such as the work injured, disabled and widows.

Aside from the granting of benefits and the provision of vocational rehabilitation, the NII allots a significant share of its budget each year to a number of Funds, responsible for

developing services for needy groups in the community, notably services for the disabled (such as in the occupational, social and housing areas), described in a separate chapter on the *Fund for the Development of Services for the Disabled* – in which the goals and scope of the Fund are outlined, and the main types of services it has developed are briefly reviewed – long-term care services for the elderly (such as day centers and beds in institutions), and activities aimed at work safety and the prevention of work accidents, described in chapters on the *Fund for Development of Long-Term Care Services* and the *Fund for Activities of Safety and Hygiene in the Workplace*. A new Fund has been set up this year for assistance to children at risk.

Furthermore, the National Insurance Institute sponsors a wide range of *demonstration projects*, which set up services new in content, in method of operation or in target population. These projects are aimed at improving and expanding the variety of community services available to the Institute's beneficiaries. The projects are all geared specifically towards those population groups which benefit from the NII's services: senior citizens, families, mothers, children and youth, the disabled, widows, orphans, the unemployed and military reservists. About 200 demonstration projects were in operation in 2003 alone, and a sample of these is described in the chapter on the *Fund for Demonstration Projects*.

A new *Fund for Development of Services for Children at Risk* is being set up at the time of the preparation of this report.

As in previous reports, this report also includes information on international Conventions, both bilateral and multilateral, to which Israel is signatory, along with various Western European countries. Israel is in the process of negotiation with additional countries in order to expand the scope of international cooperation by means of such Conventions.

The report includes a chapter on the *Counseling Service for the Elderly*, a professional service operating in all local branches of the NII, providing counseling and support to the elderly by means of elderly volunteers.

Changes covered in the chapter on *Future Changes* include a gradual equalization of the retirement age – and therefore the pensionable age – for men and women at 67, a further reduction in child allowance rates and a slight increase in the rate of the maternity grant paid to the second child born in families.

GENERAL

Non-adjustment of benefits

The Economy Recovery Law-2003 extends the temporary order of 2002 regarding the non-adjustment of benefits (regarding most benefits that are linked to the *average wage*¹ in addition to the child allowances) until the end of 2005. Further, benefit recipients shall not be compensated for the non-adjustment of their benefits upon renewal of the adjustment process in 2006.

In addition, the temporary order regarding the 4% reduction of benefit rates has been extended until the end of 2006.

Non-resident under National Insurance Law

The Economy Arrangements Law-2003 determined, for the first time, who is considered a *non-resident* under the National Insurance Law.

Article 2a was added to the Law, stipulating that whoever resides in Israel under one of specified permits or visas cannot be considered a resident of Israel, and that there is no necessity for any further examinations regarding such a person.

Israeli citizens living in the territories and working in Israel shall be considered residents.

The change is in effect as of January 1, 2003.

Recognition of residence shall not be withdrawn from persons who received a written authorization recognizing them as residents of Israel prior to January 1, 2003.

Residence of Israel is a prior condition for insurance and for eligibility for most social security benefits.

Eligibility for dependents' increment

Under the Economy Arrangements Law-2003, eligibility for the dependents' increment to benefits is conditional on the dependent being a resident of Israel.

If the dependent is a child up to the age of 18, his residence is determined in accordance with his parents' residence.

If the dependent is a spouse, he or she must be a resident of Israel in order for the insured person to receive a dependents' increment on his/her behalf.

The amendment is in effect regarding old-age and disability pensions paid as of January 1, 2003.

¹ The average wage as defined in the National Insurance Law for purposes of calculating benefits determined in the Law as percentages of the average wage. This is to be distinguished from the average wage in the economy.

Previous to the change, the condition of residence was required only from the person eligible for the benefit, and not from his /her dependents.

Retroactive payment of benefit

An additional change under the Economy Arrangements Law-2003 shortens the period for which a benefit may be paid retroactively, from 48 months preceding the month of submission of claim, to 12 months as above.

The change is incorporated into an Amendment to the National Insurance Law, correcting Article 296B to this Law.

The concept of *benefit* for this purpose includes increments to benefit as well, such as seniority increment and dependents' increment.

Changes in grant following decease

A lump-sum grant, called *grant following decease*, is paid to the widow/widower of a person (or in absence thereof, to his/her child) who had received an old-age pension, income support benefit or work disability benefit during his/her lifetime.

Under the Economy Arrangements Law-2003, the amount of this grant in the Income Support branch was raised to that paid in the Old-Age branch: the full rate of the average wage as it was on the 1st of January preceding the decease, updated by the rate of the compensation (cost-of-living increment paid to employees) from the 1st of January up to the day of decease.

The change is in effect as of January 1, 2003.

Previous to the change, the amount of the *grant following decease* in this branch was 50% of the average wage as above.

In the Work Injury branch, there was no change. The amount of the *grant following decease* in this branch is the full rate of the average wage, and to recipients of income supplement – 150% of the average wage.

Furthermore, a person entitled to *grant following decease* both under Old-Age and Survivors Insurance and under the Income Support Act (that is, a widow/widower of a person who had received an old-age pension plus income supplement when alive) – now receives this grant at the rate of the average wage (one grant only), and not at the rate of 150% of the average wage (a grant and a half), as previously. It should be noted that he receives the grant by force of the Income Support Law, since it is not reduced by 4%, as is the grant under Old-Age and Survivors.. This amendment too is in effect as of January 1, 2003.

Previously, such a person received the grant at a rate of 150% of the average wage.

OLD-AGE AND SURVIVORS

Initiating claims for old-age pension – continued program

The program of initiating claims for old-age pension, which was launched in 1987, continued in 2003.

Letters were sent out in 2003 to persons who do not receive an old-age pension, but their spouse receives an old-age pension, with or without an increment for them. The letters were sent along with claims forms for old-age pension, requesting the recipients to apply for pension.

The number of recipients of old-age and survivors' pension rose in 2003 by 2.2%, reaching 709,273 recipients as a monthly average.

The old-age and survivors' pension rates for 2003, basic and including income supplement, are shown below.

Old-Age and Survivors' Pension Rates 2003(NIS)¹

Old-Age	<i>Adult</i>	<i>Adult with one child</i>	<i>Adult with two or more children</i>	<i>Couple without children</i>	<i>Couple with one child</i>	<i>Couple with two or more children</i>
- <i>basic</i> ²	1,114	1,462	1,810	1,671	2,019	2,367
- <i>with income supplement</i>	1,863	2,996	3,394	2,795	3,540	4,284

Survivors	<i>Young widow/er</i>	<i>Widow/er</i>	<i>Widow/er with one child</i>	<i>Widow/er with two children</i>	<i>Orphan</i>	<i>Two orphans</i>
- <i>basic</i>	836	1,114	1,636	2,158	696	1,292
- <i>with income supplement</i>	1,863	1,863	2,996	3,741	1,570	2,270

¹ The rates in this and all other tables are given in Israeli new shekels. In 2003 the average exchange rate was approximately \$1 = NIS 4.55.

² As of July 2002, the actual sum of this benefit received by beneficiaries was reduced by 4%, in accordance with the Economy Arrangements Law.

LONG-TERM CARE

Reduction of benefit rate

There are two basic levels of eligibility for long-term care benefit: 100% of the rate of the disability pension (for a single person) for those elderly who are dependent to a large extent on others for the performance of everyday functions or in need of supervision; and 150% of the rate of the disability pension for those elderly who are completely dependent on the help of others for the performance of everyday functions or in need of constant supervision.

Under the Economy Program Law-2003, the rate of the first level of benefit was reduced from 100% to 93% of the disability pension, leading to a decrease of $\frac{3}{4}$ an hour in the number of care hours. This reduction, which came into effect on July 1, 2003, is in addition to the previous reduction of 4% (half an hour in the number of care hours) in both benefit levels.

 The number of recipients of long-term care benefits rose in 2003 by about 1%, reaching about 113,300 recipients as a monthly average.

The long-term care benefit rates for 2003 are shown below.

Long-Term Care Benefit Rates 2003 (NIS)

Month	<i>Partially dependent</i>				<i>Fully dependent</i>			
	<i>Eligible for full benefit</i>		<i>Eligible for half benefit¹</i>		<i>Eligible for full benefit</i>		<i>Eligible for half benefit¹</i>	
	<i>services</i>	<i>cash</i>	<i>services</i>	<i>cash</i>	<i>services</i>	<i>cash</i>	<i>services</i>	<i>cash</i>
<i>Jan. - June</i>	1,692	1,354	846	677	2,538	2,030	1,269	1,015
<i>July - Dec.²</i>	1,574	1,259	787	630	2,538	2,030	1,269	1,015

¹ 50% reduction as a result of income test.

² The sums that appear here are after the reductions of 4% and 7% in accordance with the Economy Arrangements Laws.

GENERAL DISABILITY

Cancellation of disregard

Under the Economy Arrangements Law-2003, the disregard of income from retirement pension previously in force (as a temporary order for 2002) was cancelled, and the previous rules have been restored; that is, all income from the disabled person's retirement pension is now again deducted in full from the "remainder of the (disability) pension" (the amount of the disability pension that is over the full monthly disability pension).

Under the temporary order, passed in July 2002 and effective retroactively from January 2002, income from pension of a sum of up to 17% of the average wage had been disregarded.

The change is in effect as of January 1, 2003.

Benefit for disabled child not to decrease with age

Under a change in the regulations, the benefit paid for a disabled child will no longer be decreased with age.

In 1979, the only grounds for entitlement to benefit for disabled child was the need for the help of others for the performance of everyday functions, to a degree significantly greater than normal for the child's age group.

With the addition of new cases (*automatic diseases*) entitling to benefit, it was determined that for some of these cases, such as deterioration in hearing, the rate of benefit would be decreased with the child's age, on the assumption that the child becomes more independent as he grows older.

In the course of the years, the regulations evolved and a list of medical treatments entitling the child to benefit was determined. This list does not assume the existence of dependence on the help of others, but rather a heavy burden of treatment on the family. In the light of this development, there is no longer any real basis for decreasing the benefit with age.

The change is in effect as of February 1, 2003, and it applies to all benefits for disabled child paid as of August 1, 2002.

New pensions in disability insurance

Under Amendment no. 54 to the National Insurance Law, A new *additional monthly pension* shall be paid to disabled persons who have a degree of incapacity of 75% or more and a medical disability of at least 50%.

The rates of this new *additional monthly pension* are in percentages of the full individual pension, in accordance with the disabled person's medical disability.

Furthermore, a new *old-age pension for disabled person* shall be paid to disabled persons upon reaching the age of entitlement to old-age pension if they had received a disability pension immediately prior to reaching this age.

This new pension, which shall be paid in addition to the old-age pension, is of a sum of the difference between the old-age pension and the disability pension – so that in effect, elderly disabled will receive their pension at the same rate as do other disabled.

The aim of the change, implemented on April 1, 2003, is to prevent the erosion of the disability pension upon its replacement by the old-age pension.

Payment of pension following re-examination of incapacity degree

Under the Economy Arrangements Law-2003, an additional paragraph, C, was added to article 214 to the National Insurance (General Disability) Law, dealing with payment of disability pension following a re-examination of the disabled person's degree of incapacity. The new paragraph states that following such a re-examination, disability pension may be paid for a period not exceeding 12 months retroactively from the month in which the request for a re-examination was submitted.

Previous to the change, in effect regarding requests submitted on July 1, 2003 or thereafter, there was no such time limit stated in the law.

Retroactive payment of pension

An additional change introduced in the Economy Arrangements Law-2003 is the amendment of Article 195 to the National Insurance (General Disability) Law, regarding the determining date for eligibility to disability pension. Under the amendment, this determining date may be set, at the earliest, 15 months just prior to the day of application for pension, rather than 36 months prior to application, as was the case before the amendment.

This change is in force regarding claims submitted on July 1, 2003 or thereafter.

In the year 2003 the number of general disability allowance recipients grew by 4.7%, reaching about 157,287 as a monthly average. The number of attendance allowance recipients and recipients of benefit for disabled child rose by 5.1% and 4.9%, respectively.

The general disability benefit and attendance allowance rates for 2003 are shown in the following table.

General Disability Benefit and Attendance Allowance Rates
2003 (NIS)¹

General Disability	<i>Single person</i>	<i>Increment for spouse</i>	<i>Increment for child²</i>
	1,886	943	754
Attendance Allowance	<i>For performing most daily tasks most hours of the day</i>	<i>For performing all daily tasks most hours of the day</i>	<i>For performing all daily tasks all hours of the day</i>
	882	1,763	2,645

¹ The rates that appear here are of benefits to disabled persons with 100% disability. Benefits to persons with a lower degree of disability are percentages of the full benefit, according to the degree of disability.

² The increment is paid for each of the first two children only.

MOBILITY

Persons with a mobility limitation of at least 40% on account of an impairment in their lower limbs may be eligible for various mobility benefits from the National Insurance Institute, the main ones being a standing loan and a mobility allowance. The standing loan is given to cover taxes on the purchase of a car, while the monthly mobility allowance is provided in order to assist with the coverage of mobility expenses.

No major changes in Mobility took place in 2003.

The number of recipients of mobility allowance grew in 2003 by 6.7%.

INCOME SUPPORT

All the following changes are incorporated into the Economy Arrangements Law-2003 and come into effect on January 1, 2003.

Change in definition of couple

The definition of *couple* for purposes of entitlement to income support benefit was changed and is now as follows:

“Couple – a married couple or a man and woman living together as a common-law couple”

The conditions of entitlement to an income support benefit must be fulfilled by the couple, both claimant and spouse.

Previous to the change, the definition of couple was “a married couple or not married who live together in a common household and have a common child.” The condition of having a common child has been removed.

This change actually narrows the scope of recipients of benefit, since regarding couples; both claimant and spouse must fulfill conditions of entitlement to benefit.

Conditions of entitlement for mother and single parent

Under the Income Support Law, a number of situations may entitle one to an income support benefit without the necessity of passing an employment test (registration at the labor exchange as a job-seeker). Among these situations are: sickness (incapability of working) for over 30 days, old age and having care of a small child.

The conditions of entitlement in latter situation have been made more stringent, so that presently, a mother, including a single mother and widow, as well as a single father, are exempt from the employment test as long as they have a child up to the age of two in their custody and care.

Previous to the change, a married mother and single parent (father or mother) were exempt from the employment test if they had a child up to the age of seven, while widows were exempt if they had a child up to the age of 18.

Single parents entitled to alimony continue to be exempt from the employment test.

Reduction of benefit rates

The rates (both *regular* and *increased*) of income support benefit have been reduced for persons under the age of 55, by rates varying from 8% to 23%, in accordance with family composition. Furthermore, all those under 55 who begin receiving benefit in January 2003 or thereafter receive their benefit at the *regular* rate. Persons aged 55 or over receive the same *increased* rate of the benefit as was paid previous to the change, in accordance with family composition.

Previously, all persons aged 46 or over had received the benefit at the *increased* rate.

Furthermore, entitled persons aged 20 to 25, single or married without children, now receive their benefit at a rate 80% lower than the new regular rate. There are a few exceptions, such as persons unable to work for health reasons.

Reduction of disregard

The level of income from work not taken into account for purposes of determining eligibility for benefit, as well as rate of benefit (disregard), has been reduced from 13% to 5% of the average wage for a single person, and from 17% to 5% for other family compositions. Further, the rate of reduction of benefit paid to those who have income over this level now ranges from 60% to 70%, in accordance with family composition – rather than 60% for all family compositions, as previously.

The number of income support benefit recipients grew by 2.6% in 2003, reaching about 155,100 recipients as a monthly average.

The income support benefit rates for 2003 are shown in the following table.

Income Support Benefit Rates¹
2003 (NIS)

Family composition	<i>Under age 55</i>		<i>Aged 55 or over</i>
	<i>Regular rate²</i>	<i>Increased rate³</i>	
<i>Single person</i>	1,393	1,567	1,741
<i>Single person with 1 child⁴</i>	2,089	2,333	2,441
<i>Single person with 2 or more children⁴</i>	2,333	2,612	2,858
<i>Couple</i>	1,915	2,089	2,612
<i>Couple with 1 child</i>	2,089	2,333	3,029
<i>Couple with 2 or more children</i>	2,333	2,716	3,447
<i>Single parent with 1 child</i>	2,333	2,333	2,789
<i>Single parent with 2 or more children</i>	2,716	2,716	3,485

¹ As of July 2002, the actual sum of this benefit received by beneficiaries was reduced by 4%, in accordance with the Economy Arrangements Law.

² Paid to persons who had been entitled to the regular rate of the benefit in December 2002 or who began receiving the benefit in January 2003.

³ Paid to persons who had been entitled to the increased rate of benefit in December 2002.

⁴ Not defined as a single parent in the Single-Parent Families Law.

ALIMONY

New condition of eligibility for benefit

A woman resident of Israel possessing a court judgement for alimony who does not enforce the judgement on her own may be eligible for alimony payment from the National Insurance Institute.

Under the Economy Arrangements Law-2003, a new condition of entitlement to alimony was added as of January 1, 2003, namely, that the woman does not reside with the person obligated by the judgement for alimony.

Previous conditions include a means test of the woman and residence of the person obligated in Israel.

Reduction in benefit rates

The alimony rates were reduced in 2003 in accordance with the changes in the income support rates, incorporated into the Economy Arrangements Law-2003 and in effect as of January 1, 2003. Differential rates were determined for women under the age of 55 (lower rates) and for women aged 55 or over. Furthermore, in the former category, differential rates were determined for women who were entitled to alimony as of January 1, 2003 (lower rates) and for women entitled to alimony before January 1, 2003. These changes led to a reduction both in alimony payments and in the number of women entitled to payments.

In 2003 an average of 25,789 women received alimony benefits from the National Insurance Institute every month.

The alimony rates for 2003 are shown in the following table.

Alimony Rates
2003 (NIS)

Family composition	<i>Woman under 55</i>	<i>Woman aged 55 or over</i>
<i>Single woman without children</i>		
<i>Previously entitled¹</i>	1,567	
<i>Newly entitled²</i>	1,393	1,741
<i>Single woman with children</i>		
<i>With one child</i>	2,333	2,789
<i>With 2 or more children</i>	2,716	3,485
<i>Woman who remarried</i>		
<i>With one child</i>	1,570	1,570
<i>With 2 or more children</i>	2,270	2,270
<i>Children alone</i>		
<i>One child alone</i>		1,570
<i>2 children alone</i>		2,270
<i>Each additional child</i>		696

¹ Entitled to alimony before January 1, 2003.

² Entitled to alimony as of January 1, 2003.

CHILDREN

Reductions in child allowance in the framework of the Economy Emergency Law

The rates of the monthly child allowance are gradually reduced beginning in August 1, 2003, so that by January 2009, a uniform rate of allowance shall be paid for every child regardless of his place in the family.

From August 1, 2003 (until February 1, 2004), a uniform child allowance of NIS 144 (0.84 of a credit point) is paid for every child born on June 1, 2003 or thereafter. For children born before this date, who are the third or subsequent children in the family, the allowance is gradually reduced, until a uniform allowance of NIS 144 is paid for every child.

Previous to the change, the child allowance to families was paid according to number of children in the family, with the same rate of allowance paid for the first child and the second child, and a higher rate for each subsequent child.

In 2003, the number of families receiving child allowance grew by 0.5%, and about 940,000 families (as a monthly average) receive allowances for about 2.2 million children.

The child allowance rates for 2003 are shown below.

Child Allowance Rates (per family) **2003 (NIS)**

Month	<i>One child</i>	<i>Two children</i>	<i>Three children</i>	<i>Four children</i>	<i>Five children</i>	<i>Six children</i>
<i>Jan. - July</i>	146	292	581	1,167	1,891	2,615
<i>Aug.- Dec.</i>	144	288	483	937	1,459	1,981

MATERNITY

Maternity grant reduction in framework of Emergency Economic Program (EEP) Law

The following changes in the maternity grant were introduced in the framework of the Emergency Economy Plan:

1. The increment to the maternity grant paid to a child born in a large family has been abolished.
2. A differential maternity grant was introduced: a sum equivalent to 20% of the average wage for the first child in the family, and a sum of 6% of the average wage for every other child.

Previous to the change, a maternity grant at a rate of 20% of the average wage was paid for the first four children in the family, and at a rate of 40% of the average wage for the fifth and subsequent children.

The increment to the maternity grant paid for multiple births remains the same.

This provision of the EEP Law is in effect as of July 1, 2003.

The number of recipients of the hospitalization grant went up in 2003 by 1.8%, while that of the maternity allowance went down by about 1%.

The rates of the various maternity benefits for 2003 are shown in the following table.

Maternity Insurance Benefit Rates
2003 (NIS)

Month	<i>Hospital- ization grant</i>	<i>Maternity grant (for one child)</i>	<i>Maximum daily maternity allowance (by law)</i>	<i>Average (actual) daily maternity allowance</i>
<i>January</i>	6,402	1,354	1,114.2	172.2
<i>February</i>	6,402	1,354	1,114.2	173.3
<i>March</i>	6,402	1,354	1,114.2	175.8
<i>April</i>	6,402	1,354	1,114.2	180.6
<i>May</i>	6,402	1,354	1,114.2	177.2
<i>June</i>	6,402	1,354	1,114.2	178.2
<i>July</i>	6,402	1,354	1,114.2	173.8
<i>August</i>	5,700	1,354	1,114.2	177.8
<i>September</i>	5,700	1,354	1,114.2	176.3
<i>October</i>	5,700	1,354	1,114.2	178.7
<i>November</i>	5,700	1,354	1,114.2	176.0
<i>December</i>	5,700	1,354	1,114.2	176.9

WORK INJURY

Changes in rates of work disability pension and grant

Under the Economy Arrangements Law-2003 and the Law for the Recovery of the Economy, article 107 of the National Insurance (Work Injury) Law was amended, instituting the following changes:

- The rate of the work disability grant (paid to work disabled with a disability degree of 5% up to 20%, not inclusive) was set at the equivalence of 43 monthly pensions, instead of 70 monthly pensions, as previously. This change is in effect regarding work injuries as of July 1, 2003.
- The rate of the work disability pension (paid to work disabled with a permanent disability degree of 20% and over) will no longer be reduced by 4%, as was the case since July 2002, along with most other benefits. This change is in effect regarding work injuries as of January 1, 2003.

Deduction from injury allowance

As of August 1, 2003, national insurance contributions are deducted from the injury allowance paid to entitled persons. Previous to the change, only health insurance contributions and income tax were deducted from this allowance.

In 2003, the number of recipients of work injury allowance decreased by 12.1%. The number of recipients of permanent disability benefit (out of total work injured) grew by about 5.5%, while the number of recipients of dependents' benefit increased slightly – by 1.2%.

The maximum rates in 2003 for daily work injury allowance and monthly work disability benefit are shown below.

Maximum Work Injury Allowance and Work Disability Benefit Rates **2003 (NIS)**

<i>Daily work injury</i> ¹	<i>Monthly work disability</i>
870.5	26,115

¹ As of July 2002, the actual sum of this benefit was reduced by 4% in accordance with the Economy Arrangements Law.

PRISONERS OF ZION

Under the Law of Benefits for Prisoners of Zion and their Families-1992, a resident citizen of Israel, recognized as a Prisoner of Zion by the competent authority in the Ministry of Absorption, is entitled to benefit from the National Insurance Institute.

Non-disabled Prisoners of Zion are also eligible for benefit, conditional on an income test. Furthermore, disabled Prisoners of Zion are eligible for an additional income-based benefit, in addition to their regular, basic benefit.

Disabled Prisoners of Zion are also entitled to in-kind benefits including medical care and vocational rehabilitation.

Relatives of Prisoners of Zion who are in jail, or who have passed away, may be entitled to various benefits.

No major changes in the Law took effect in 2003.

HOSTILE ACTION CASUALTIES

A hostile (terrorist) action is defined as an act by military, paramilitary or irregular forces belonging to a community or organization hostile to the Jewish community in the land of Israel, or in the assistance of these forces, in their service or on their behalf, or to advance their aims.

Persons injured as a result of a hostile action are entitled to cash benefits as well as to benefits in kind such as treatment, hospitalization, convalescence, medical appliances, vocational rehabilitation and assistance in housing and in purchase of a vehicle.

Relatives of persons who died as a result of a hostile action receive a monthly dependents' benefit (equivalent to the benefit rate paid under the Families of Soldiers Killed in Action Law) as well as vocational rehabilitation and special benefits.

Hostile actions have occurred throughout the existence of the Jewish community in the land of Israel, both before and after the establishment of the State. However, the frequency of these acts, the number of persons killed and injured in each one and the severity of the injuries have all increased sharply since the early 1990's and particularly in the past three years. In 2003 alone, 148 persons were killed and 1,103 injured in 116 hostile actions.

No major changes in Hostile Action legislation were introduced in 2003.

RESERVE SERVICE

Under Amendment no. 63 to the National Insurance Law, all persons who serve in the military reserves for one day are entitled to reservists' benefit for that day, each single-day service being calculated separately. Previously, only special groups of reservists (such as divers, air teams, etc.) were entitled to a separately calculated benefit for one-day service. All other reservists had received their one-day service benefit based upon quarterly IDF certification of accumulated single service days and on a quarter-year calculation.

The change is in effect as of October 1, 2003.

The minimum and maximum daily reserve service benefit rates for 2003 are shown below.

Reserve Service Benefit Rates – Per Day **2003 (NIS)**

<i>Minimum</i>	<i>Maximum</i>
111.17	1,160.67

UNEMPLOYMENT

Change in conditions of entitlement to unemployment benefit for participants in vocational training

Under the Emergency Economy Law 2003, the total period for which an unemployed person is paid unemployment benefit, including the period of his participation in vocational training, shall not be longer than the maximum period for payment of benefit.

Thus, an unemployed person who began a vocational training course on January 1, 2003 or thereafter, and who received unemployment benefit for part of the maximum period for which he is eligible before beginning the course, will continue receiving benefit up to the end of this maximum period and no further.

A person who received unemployment benefit for the full maximum period before beginning a vocational training course will not receive benefit during the course.

Previous to the change, unemployment benefits were paid for the period of vocational training in addition to the maximum period for payment of benefit.

The change was originally in the framework of a temporary order, for one year (until December 31, 2003). Under the Economy Recovery Law, the temporary order was abolished and the change was integrated into Article 173 of the National Insurance Law, with no time limitation.

It was decided that the above change shall not apply to participants in vocational training who have a low level of education (less than 12 years of schooling), in order to encourage such persons to take vocational training courses.

Such persons, if they participate in vocational training in June 2003 or thereafter, will be entitled to receive unemployment period for a maximum period of 138 days – although the maximum period of payment for which he would otherwise be entitled is shorter than 138 days.

New categories of preferred/ required jobs

A demobilized soldier who works at a job recognized as a *preferred* or *required* job, to which he was referred by the labor exchange, may be eligible for a full or partial employment grant, depending on the length of his work period.

The lists of *preferred* and *required* jobs are determined and detailed in the law.

Demobilized soldiers who began working in an industrial factory or workshop on December 1, 2002 or thereafter are now eligible for an unemployment grant at a rate of 80% of the full grant.

Those who began working in agriculture on December 1, 2002 or thereafter may be eligible for a partial grant, if they worked for at least 4 full months.

Furthermore, under a temporary order, a demobilized soldier who worked as a security guard in an educational institution up to March 31, 2003 may be eligible for an unemployment grant. This order was later anchored as an amendment to the National Insurance Law, determining that demobilized a soldier who began working as a security guard in an educational institution between August 31, 2003 and March 1, 2004 would be eligible for the unemployment grant.

Previous categories of *preferred/required* jobs included jobs in construction, gas stations and hotels.

Calculation of unemployment benefit rate

Table G, according to which the rate of the unemployment benefit is calculated, was changed, and the distinction between those whose average daily wage is under the average wage and those whose daily wage is over the average wage was abolished. Under the amended table, the rate of benefit for all unemployed persons is as follows: 80% of the average wage on the share of wages that is up to half the average wage, 50% of the average wage on the share of wages that is between half and $\frac{3}{4}$ the average wage, 45% of the average wage on the share of wages that is between $\frac{3}{4}$ and the full average wage, and 30% of the average wage on the share of wages that is above the average wage (up to the maximum).

The new rules apply to those unemployed persons whose determining date is July 1, 2003 or thereafter.

 The number of recipients of unemployment benefit decreased in 2003 by 28.4%, to a monthly average of about 69,464 recipients. The unemployment benefit rates for 2003 are shown below.

Unemployment Benefit Rates¹ **2003 (NIS)**

<i>Maximum daily benefit to a single person</i>		<i>Demobilized soldier's benefit</i>	
<i>First period²</i>	<i>Second period³</i>	<i>Regular work (daily benefit)</i>	<i>Preferred/required work (one-time grant)</i>
268	179	102.46	7,379

¹ As of July 2002, the sums that appear here are after the reduction of 4% in accordance with the Economy Arrangements Law.

² During the space of 4 years, benefits are paid for a period of up to 180% of the "maximum period" to which the unemployed person is entitled.

³ For any additional period of unemployment within the space of 4 years, benefits are paid up to a rate of 85% of the sum to which the unemployed person is entitled.

REHABILITATION

The Rehabilitation Department of the National Insurance Institute was set up with the establishment of the Institute in 1954, the conception being that in addition to granting various cash benefits aimed at ensuring a basic level of income for subsistence, it is the task of the NII to provide vocational rehabilitation services to the work injured in order that they may successfully return to work. In the course of the years, with the passing of the General Disability Insurance Law, such services were provided to the general disabled as well, and at a later stage, to widows.

Every local branch of the NII has a rehabilitation department, staffed by rehabilitation officers who are professional social workers trained in the field of vocational rehabilitation. The rehabilitation officers maintain a wide range of contacts with the social services in the community – such as the rehabilitation centers of the Ministry of Labor and Social Affairs – which assist in the rehabilitative process.

Following are the conditions of entitlement to vocational rehabilitation:

- The disabled person has a permanent degree of medical disability of 10% or more (for work-injured persons), or of 20% or more (for general disabled);
- the disabled person is not capable of returning to his former place of work or is in need of vocational training in order to do so;
- the disabled person is suitable for vocational training; that is, he has a reasonable prospect of being integrated in the labor market after the rehabilitative process.

The rehabilitative process commences with the location of the candidates for rehabilitation. In the case of general disabled, every claimant for benefit whose medical condition allows the possibility of employment is referred to a rehabilitation officer. Work injured are referred to rehabilitation following their first appearance before a medical board, while persons injured in terrorist acts and their families are contacted immediately following the injury. Regarding widows, those of working age who submit a claim for dependents' or survivors' benefit are referred to the rehabilitation department.

Every rehabilitee undergoes diagnosis, after which an individual rehabilitation plan is built for him in accordance with his specific needs and capabilities. Implementation of the plan requires significant effort on the part of the rehabilitee, and encouragement on the part of the rehabilitation officer. In most cases it includes funding of: transportation to the place of the vocational course, the course itself, assistance in acquiring books and other necessities connected with the course, etc. The overall goal is to enable the rehabilitees to return to work, and for those who did not work previously, to provide the tools for them to be able to become integrated into the work market – either open or sheltered – successfully.

The Department of Rehabilitation cares for about 13,000 rehabilitees each year, the average period of treatment being a year and seven months. About 48% of rehabilitees complete treatment (and many of these find work), while the remainder cease treatment for medical or other reasons. About 1,600 persons are placed by the Department in work every year, and this number has not decreased despite the growing unemployment to which we have been witness in recent years.

COLLECTION OF CONTRIBUTIONS

Restoration of income ceiling liable for insurance contributions

On July 1, 2003, the income ceiling of employees and self-employed workers liable for insurance contributions was restored to 5 times the average wage, after this ceiling was cancelled on July 1, 2002, as a temporary order.

The contribution rates for December 2003 for the various insurance branches, in addition to health insurance contributions, are shown below.

Insurance Contribution Rates **December 2003 (percentages)**

Insurance branch	<i>Employee</i>					<i>Self-employed</i>	
	<i>Total¹</i>		<i>On employee's account</i>		<i>On employer's account</i>		
	<i>full rate</i>	<i>reduced rate²</i>	<i>full rate</i>	<i>reduced rate²</i>		<i>full rate</i>	<i>reduced rate²</i>
<i>Old-age and Survivors</i>	5.30	3.00	3.07	0.77	2.23	4.93	3.09
<i>Long-term Care</i>	0.18	0.10	0.11	0.03	0.07	0.17	0.12
<i>General Disability</i>	1.94	0.83	1.48	0.37	0.46	1.76	1.11
<i>Accident Injury</i>	0.08	0.04	0.06	0.02	0.02	0.07	0.06
<i>Work Injury</i>	0.64	0.64	--	--	0.64	0.64	0.39
<i>Maternity</i>	0.87	0.35	0.69	0.17	0.18	0.78	0.56
<i>Children</i>	2.27	2.27	--	--	2.27	2.27	1.39
<i>Unemployment</i>	0.21	0.08	0.17	0.04	0.04	--	--
<i>Bankruptcy</i>	0.02	0.02	--	--	0.02	--	--
<i>Total Insurance Branches</i>	11.51	7.33	5.58	1.40	5.93	10.62	6.72
<i>Health</i>	4.80	3.10	4.80	3.10	--	4.80	3.10
<i>Total Contributions</i>	16.31	10.43	10.32	4.50	5.93	15.42	9.82

¹ These rates include the share of the employee and the employer in payment of insurance contributions. In addition, the government participates in the financing of the insurance branches instead of the employer and the self-employed at a rate of 0.64%.

² On income of up to half the average wage.

COUNSELING SERVICE FOR THE ELDERLY

The Counseling Service for the Elderly was set up in 1972 as a demonstration project of the National Insurance Institute, at the initiative of Mr. Leo Blumensohn. His idea was to have volunteer pensioners support other elderly persons and help them take up their rights at the NII and at other organizations.

The Service began modestly with a handful of volunteers working in three local branches. Over the years it expanded considerably, and today includes thousands of volunteers in all local branches throughout the country.

The Service is a professional one, managed by social workers whose expertise is in the fields of gerontology and volunteerism. Its aim is to provide support and assistance to the elderly living in the community, by means of existing resources. The basic perception underlying its work is that there should be a direct link between the elderly person and the volunteer – *elderly to elderly* – in order that the volunteer be able to reach the elderly person's inner feelings stemming from problems related to old age.

The volunteers are required to undergo a four-month training course, during which he learns about the perception of the Institute he represents, the special needs of the elderly, the changes that occur at this age, and the skills needed in work with the elderly.

The work of the Service includes:

- Preliminary home visits – hundreds of visits are conducted throughout the country to predefined population groups, in accordance with information from NII data banks. Groups targeted for these visits include: recipients of long-term care benefits, persons whose claim for this benefit was deferred, elderly widows, the very old (over 88), etc. In the course of the visits, conducted by specially-trained volunteers, questionnaires are filled out by means of which we may ascertain whether or not the elderly receive proper treatment, and then act accordingly.
- Regular home visits – a continued link to those elderly persons found to be in need. The volunteers assigned to these elderly become their main intermediaries and defendants.
- Counseling – elderly persons and members of their families visit the offices of the Service and are provided with counseling on all their problems, mediating services (both with the NII and other organizations), and above all, a listening ear.
- Support groups for widows/widowers – aimed at lifting the widows and widowers out of their loneliness and depression, and helping them get back to daily functioning and social involvement.
- Support groups for spouses of ill or handicapped elderly – aimed at easing the burden of intensive care.
- Joint projects in the community – in accordance with the specific needs of the town or community. The aim is to strengthen the elderly who live in the community, providing them assistance in a wide range of fields.

DEMONSTRATION PROJECTS

In 2003 the Department of Demonstration Projects of the National Insurance Institute dealt with about 200 *demonstration projects* and project proposals. The Department, which was established with the aim of encouraging organizations to develop new initiatives in the area of social services, assists the initiators of the projects in a number of ways: it helps to define the project's aims and to plan the project, it provides financial assistance during the initial experimental period (the participating organizations must commit themselves to continue financing the project on their own beyond the experimental stage); it carries out ongoing research for the project and it actively participates in the steering committee responsible for running the project.

Research evaluations of projects completed – and with reports published in 2003 – are described below.

The Eran Help-Line Service in Arabic

The *Eran* help-line service in Arabic began in 1996 as part of the global framework of *Eran* help-lines, with trained Arabic-speaking volunteers answering the help-line calls. A three-year research project, starting in 1998, aimed at evaluating the effectiveness of the *Eran* help-line as an alternative modality of help among the Arabic-speaking population living in Israel.

Findings showed high levels of satisfaction among the help-line volunteers, who made several recommendations, including the need for an increase in the number of meetings in the training course provided to each new volunteer, a more detailed course and presentation of the course in Arabic. All managers of *Eran* stations mentioned the difficulties of adding new volunteers to the program as the main obstacle, caused by the tendency to turn to family and community for support, the lack of a volunteering tradition, economic problems and an uncertain security situation.

Findings from surveys at two points in time showed a significant growth (11%) in the target population's awareness of the help-line service, although only one-fifth of the population – generally the better educated and with more financial resources – was aware of the service at the time of the second survey. It was recommended to make more efforts to reach out to the weaker populations, which have less power and resources and are in most need of help.

Children and youth of divorced or separated parents

This program was designed to provide divorced parents and their children with a service to assist them by a) clarifying the emotional processes related to divorce so as to avoid the risk of emotional-functional damage; b) developing healthy and nurturing parent-child relationships, despite the break-up of the family.

These goals were achieved through a “basket of services” that included therapeutic frameworks, elements of guidance and focused counseling, and activities for delivering knowledge and information around issues related to rearing children in a divorce setting.

The findings of the evaluation study show that whenever both parents were involved in any kind of treatment, even separately, they could reach a better dialogue and their children could better face the fact of the divorce and its significance. However, the participation of the fathers in the program was only a third of that of the mothers, this being an issue of concern for future implementation.

Day centers for women ex-prisoners (Part II)

The *Prisoner Rehabilitation Authority* set up the *Telem* Center for Women Ex-prisoners, in which a range of services were concentrated, in order to try to find a comprehensive solution to all the needs of this population group, and in particular, successful job placement. The present research evaluation accompanied the second phase of the center's operation

Findings showed that almost all of the program components were implemented as planned and that program participants (27 women in 2002) reported a very high level of satisfaction with the program as a whole as well as with nearly all its main components. Employers too reported high levels of satisfaction with the work performance of the women who had been placed with them.

FUND FOR DEVELOPMENT OF SERVICES FOR PEOPLE WITH DISABILITIES

In addition to the provision of various benefits for the disabled, The National Insurance Institute provides funding for the development of new and enhancement of the existing network of services for the disabled in Israel, through the Fund for the Development of Services for People with Disabilities.

The Fund has for the past twenty years provided major assistance for new equipment, renovations and for new building to a multitude of governmental, municipal and voluntary non-profit service providers. In the year 2003 there were about 1,600 projects (including applications and projects in process); 215 of these approved in the course of that year.

The Fund draws its budget from the annual allocation earmarked for the General Disability insurance branch (NIS 90 million in 2003), and it provides allocations for a very wide range of disabilities – including the developmentally disabled, emotionally disabled, blind, visually disabled, deaf and hearing-impaired, motor-function disabled, autism, learning disabled and persons ill with cancer or other disease-related disabilities.

The Fund considers its main goal as one of fostering the integration of the disabled in the community at large. It provides assistance for the initiatives of only those service-providers who can provide proof of their ability to maintain and operate their services for an extended period. To date it has provided funding for hundreds of services in virtually every town and city in the country. The main types of services developed by the Fund are community residences, vocational rehabilitation and sheltered workshops, leisure activities, and special education and early childhood intervention programs.

community residences – The Fund has been a primary catalyst in the development of residential services for the disabled, which have experienced an enormous expansion in the past five years. Funding is provided for a wide spectrum of different residential options, such as hostels and sheltered apartments.

occupational services – the Fund has assisted in improving basic work conditions throughout the country. These workshops provide a basic work situation for individuals aged 18 or older who lack the basic skills for full employment in the work force. In the past several years the Fund has helped establish ten new workshops, mostly located in outlying areas and in the Arab sector, and is currently supporting the building of twenty additional workshop centers.

special education – the Fund has provided assistance to scores of special education programs for the purchase of equipment in the following areas: therapeutic programs, pre-work training programs, independent living training, specialized playground and group activities and specialized computer accessories and software. Increasingly in recent years, the Fund has become more involved with integrative and mainstreamed varieties of special education, as these begin gradually to replace the more traditional segregated forms of education, especially for the more mildly disabled.

early intervention – Having recognized the importance of early detection and intervention of developmental disabilities in the 0-5 population, the Fund has been a primary mover in the establishment of community-based treatment centers. These centers provide physical

occupational speech and psychological therapy under the guidance and supervision of the main Child Development Centers.

recreational activities – recognizing the importance of recreational activities as an essential component in the well-being of the developmentally-disabled individual, the NII has provided support for a multitude of both segregate and integrative recreational programs. These include afternoon community clubs for young adults, evening recreational social clubs for adults, sports facilities and music and drama centers.

accessibility – In order to facilitate the full integration of the disabled in Israeli society, the Fund has expanded its traditional role of developing services that primarily serve the disabled. In 1998, the Fund embarked on a national program to ensure accessibility of the disabled to all public services. These include Government offices, municipal buildings, schools, universities, museums, theatres, and courts as well as outdoor recreational sites such as the National Parks' nature reserves and picnic areas. Assistance is provided for special adaptations required by the physically disabled, such as ramps, paths, elevators, chair-lifts and adapted restrooms. Additionally, special adaptations are provided for the visually and hearing disabled such as Braille signs, "ringing" traffic lights, special 3-D models, audio guides and FM systems for screening background noises. The Fund intends through these efforts to enhance public awareness of the need for accessibility to all services and to serve as a catalyst for additional funding sources.

Finally, in addition to its commitment to the development of community services, the Fund has since 1994 embarked on a massive program – together with the Ministry of Labor and Social Affairs – to improve the quality of life in twenty large governmental and public voluntary residences for the developmentally disabled. Efforts have been concentrated on refurbishing residential pavilions, building new housing to cope with chronic overcrowding, building day activity centers and improving basic infrastructure.

FUND FOR DEVELOPMENT OF LONG-TERM CARE SERVICES FOR DEPENDENT ELDERLY

Under Article 237A of the National Insurance Law, the National Insurance Institute finances the development of community and institutional services for frail elderly individuals who are limited in activities of daily living and require long-term care services.

The annual budget for service development projects under this Fund is NIS30 million. The Minister of Social Affairs and the Minister of the Treasury authorize projects approved by the NII, after consultation with the Public Council.

The Fund assists public bodies in the development of infrastructure and equipment for services, contingent on the commitment to finance operating expenses of the program for which assistance is requested.

The Fund supports service development in four primary areas: building, expanding and enhancing day centers for the elderly, including raising the standard of day centers by adding functions such as physiotherapy, health fitness equipment and therapeutic gardening; expanding and developing sheltered housing environments; additions and upgrading of beds and physical environment in nursing homes; developing training programs for geriatricians and courses for home care attendants who provide personal care for elderly eligible for Long-Term Care Insurance benefits.

In 2003 the Fund approved 60 new programs, which included 21 community and 39 institutional projects. During this year, a total of 308 projects received funding from the Fund.

FUND FOR ACTIVITIES OF SAFETY AND HYGIENE IN THE WORKPLACE

Under Article 149 of the National Insurance Law, the National Insurance Institute participates in the funding of activities aimed at safety and the prevention of work accidents in factories or in other workplaces, on condition that the annual expenditure on such activities be up to a maximum of 1% of the estimated annual collection of insurance contributions for work injury insurance (the Fund's current budget in 2003: about NIS 7 million, of which the Fund spent about NIS 4.8 million).

Such activities include:

- research in the area of safety and hygiene in the workplace, aimed at formulating conclusions which are widely applicable to prevent or reduce work accidents;
- examining the conclusions of the above research by means of their experimental application in a certain workplace, in order to examine the extent of their applicability and contribution to the promotion of work safety and hygiene;
- the survey, mapping and evaluation of existing and future risks in workplaces, and the proposal of solutions to remove these risks;
- activities of information, training and practice of behavior to prevent work accidents in workplaces;
- developing or improving means, tools and accessories aimed at increasing safety and hygiene in the workplace, in order to offer them to other employers;
- conducting nationwide information campaigns by means of the mass media and other means of publication, aimed at developing awareness concerning safety and hygiene at work.

In 2003, the Fund operated about 75 projects, some of them new and others carried on from previous years.

INTERNATIONAL CONVENTIONS ON SOCIAL SECURITY

International social security Conventions, bilateral and multilateral, are designed to assure equality of treatment or reciprocal treatment, the right to export benefits, as well as to protect rights of persons and their families who move from one country to another for employment or other reasons. The need for such Conventions stems from the fact that social security programs do not usually give adequate consideration to the special needs of persons who are outside its jurisdiction. Israel, as an immigration country, is interested in such Conventions in order to assure each beneficiary an adequate benefit for prior social security credits in their country of origin.

Another dimension of these international Conventions is the need to avoid dual coverage and contributions for workers posted temporarily by their employer in another country, while assuring continuity of protection and adequate benefits under the social security legislation of their country of origin.

Bilateral conventions

Israel signed the first bilateral Convention in 1957. Since then, continuous efforts have been made to enlarge the scope of our international cooperation through bilateral Conventions. At the present time, fifteen such Conventions have been concluded and are in force.

In 2003, a bilateral Convention with Canada came into force. This Convention is limited in scope and deals only with the exemption from double payment of insurance contributions; no benefit branches are covered.

The bilateral Conventions presently in force between Israel and other countries are shown in the following table.

Bilateral Conventions

Country	Date of Signature	Operative Date	Coverage	Insurance Branches	Competent Institution
<i>United Kingdom</i>	April 29, 1957	Nov. 1, 1957 Amending protocol: April 1, 1984	British or Israeli citizens who are employees or self-employed and members of their families	Old-Age, Survivors, Maternity, Work Injury and Occupational Diseases	Dept. of Social Security, Overseas Branch, Pensions and Overseas Benefits Directorate, Tyneview Park, Withley Road, Benaton NE 98 1BA Newcastle upon Tyne, England
<i>Netherlands</i>	April 25, 1963	Nov. 1, 1963 New Agreement: Sept. 1, 1985	Dutch or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Maternity, Children, Unemployment, Work Injury and Occupational Diseases	Sociale Verzekeringsbank Rotterdam District Office, Postbus 70025, NL-3000 lg, Rotterdam, Netherlands
<i>France</i>	December 17, 1965	October 1, 1966	French or Israeli citizens who are employees, and members of their families	Old-Age, Survivors, Maternity, Work Injury and Occupational Diseases	Centre de Securite Sociale des Travailleurs Migrants, 11 rue de la Tour des Dames, 75436 Paris, Cedex 09, France
<i>Belgium</i>	July 5, 1971	May 1, 1973	Belgian or Israeli citizens who are employees, and members of their families	Old-Age, Survivors, Work Injury and Occupational Diseases	Office Nationale de Securite Sociale, 76 Bld de Waterloo, 1000 Bruxelles, Belgique
<i>Austria</i>	November 28, 1973	December 1, 1974	Austrian or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Maternity, Children (Family Assistance), Unemployment, Work Injury and Occupational Diseases	Pensionsversicherungs-Anstalt Friedrich Hillegeist str 1, 1021 Wien, Postf 1000, Austria
<i>Germany</i>	December 17, 1973	May 1, 1975	German or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Maternity, Work Injury and Occupational Diseases	BFA 10704 Berlin, Germany ----- LVA Rheinprovinz 40194 Dusseldorf 1 Germany
<i>Sweden</i>	June 30, 1982	July 1, 1983	Swedish or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Maternity, Children, Unemployment, Work Injury and Occupational Diseases	Forsakringskassan Stockolms Lan Utlandsavdelningen S-105 11 Stockholm, Sweden

* cash benefits only (not hospitalization).

Bilateral Conventions
(cont'd)

Country	Date of Signature	Operative Date	Coverage	Insurance Branches	Competent Institution
<i>Switzerland</i>	March 23, 1984	October 1, 1985	Swiss or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors and Disability	Caisse Suisse de Compensation, 18 Ave Ed Vaucher, CH-1211 Geneva 28, Switzerland
<i>Italy</i>	January 7, 1987	November 21, 1989	Italian or Israeli residents employed in the territory of the other country	None	Ministero del Lavoro e della Previdenza Sociale 17, Via della Trezza 00187 Roma, Italy
<i>Poland</i>	October 31, 1991	December 31, 1991	Polish or Israeli citizens entitled to work injury or occupational disease benefits	Work Injury and Occupational Diseases	Zaklad Ubezpieczen Spolecnych Biuro Rent Zagranicznych ul. Senatorska 10 00-082 Warszawa, Poland
<i>Denmark</i>	July 3, 1995	April 1, 1996	Danish or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Work Injury and Occupational Diseases, Maternity and Children	Den Sociale Sikringsstyrelse, Landemaerket 11, 1119 Kobenhavn K, Denmark
<i>Finland</i>	September 15, 1996	September 1, 1999	Finnish or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Work Injury, Maternity and Children	The Social Insurance Institution KELA Office for International Affairs, P.O. Box 72 00381 Helsinki Finland
<i>Uruguay</i>	March 31, 1998	November 1, 1999	Uruguan or Israeli citizens, employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Work Injury, Maternity and Children	Asesoria Tecnica Legal y de Asuntos Internacionales AV. 18 de Julio 1912, 1er Paso 11200 Montevideo Republican Oriental del Uruguay
<i>The Czech Republic</i>	July 16, 2000	July 1, 2002	Czech or Israeli citizens, refugees and stateless persons and their dependants	Old-Age, Survivors, Disability, Work Injury, Maternity and Children	Caska sprava socialnino zabezpeceni, Krizova 25, 25 225 08 Praha 5 Czech Republic
<i>Canada</i>	April 9, 2000	September 1, 2003	Canadian or Israeli citizens, refugees and stateless persons who are employees or self-employed.	None	Canada Customs and Revenue Agency (CCRA) CPP/EI Eligibility Division 25 McArthur Road, Tower C Room 764, 7th Floor Vanier, Ontario K1A 0L5 Canada

FUTURE CHANGES

Changes in adjustment mechanism

Under the Economy Recovery Law-2003, social security benefits will be linked to the rise in prices, rather than to the average wage. If the Consumer Price Index rises by 5% or more in the years 2004-2005, benefits will be adjusted accordingly. As of 2006, benefits will be adjusted according to all price rises. Benefits to be affected include wage-replacing benefits as well (such as unemployment benefit, work injury allowance and maternity allowance).

Exceptions to the law are the old-age and survivors pensions and the dependents' allowance in the Work Injury branch, which are to be adjusted in accordance with all price rises as of January 2004.

Retirement age and pensionable age

Under a bill recently proposed to Israel's Parliament, the retirement age for men and for women shall be gradually equalized over the course of several years, eventually reaching age 67 for men and women. As a result, the age at which insured persons are eligible for an old-age pension from the National Insurance Institute shall also be equalized for men and women, reaching 67 at the conditional age (age of eligibility conditional on means test) and 70 at the absolute age (age of eligibility without means test).

The planned change is applicable to men who reach age 65, and to women who reach age 60, on January 2004 or thereafter; that is, it applies to men born in January 1939 or later, and to women born in January 1944 or later.

For example, a man born between January and August 1939 shall be eligible for an old-age pension only upon reaching the age of 65 and 4 months; a man born between September 1939 and April 1940 shall be eligible for pension upon reaching the age of 65 and 8 months. A woman born between January and August 1944 shall be eligible for an old-age pension at the age of 60 and 4 months; a woman born between September 1944 and April 1945 – the age of 60 and 8 months.

Presently the absolute age of entitlement to old-age pension is 70 for men and 65 for women, and the conditional age is 65 for men and 60 for women.

Reduction in child allowance rates

Under the Economy Arrangements Law-2004, the rate of the child allowance shall be reduced by NIS 24 for each child during the period February 2004 – June 2004. From July 2004 until the end of 2005, the rate of the allowance for the first, second and third children (born before June 1, 2003) in families shall be reduced by an additional NIS 24, while the rate of the allowance paid for the fourth and subsequent children (born before June 1, 2003) in families shall be reduced by NIS 4. During this latter period, an allowance at a rate of NIS 120 shall be paid for every child born on June 1, 2003 or thereafter, regardless of his place

in the family. Beginning in January 2006, the child allowance shall be paid in accordance with the rates set in the Economy Recovery Program; that is, a sum of NIS 144 shall be paid for every child born on June 1, 2003 or thereafter, regardless of his place in the family.

Changes in maternity grant

On January 1, 2004, the sum of the maternity grant paid to mothers for the second child born in the family shall be raised from 6% of the average wage to 9% thereof. The other rates of the grant remain the same: 20% of the average wage for the first child and 6% of the average wage for the third and subsequent children.