



**National Insurance Institute
Israel**

**Summary of Trends and
Developments in Social Security
2005**



Jerusalem, March 2006

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INTRODUCTION

In 2005, 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 59 *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. It is now possible to pay insurance contributions through the *call centers*, by means of credit cards.

This year the NII web site underwent improvements to provide better services and more information to the public. Clients are able to pay insurance contributions through the Internet, and in future will be able to make personal status inquiries through the site. 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>. The e-mail address: btfeed@nioi.net.il).

The scope of changes that came into effect in the Israeli social security system in 2005 reflects mainly attempts on the part of the National Insurance Institute to maintain basic benefit levels, particularly for the growing need population, despite the continued decrees of benefit cutbacks.

A major project presented in this report is the Wisconsin project, aimed at integrating income support recipients into the labor market. The project, now in its preliminary, experimental stage, is being accompanied by a research follow-up, and if successful, will be expanded to a nationwide scale.

The scope of the population eligible for certain benefits was actually widened in 2005: widowers who are kibbutz members may now be eligible for survivors' pension retroactively from June 1999 (rather than from June 2002, as previously); in the framework of Hostile Action Casualties, a person aged 21 to 35 both of whose parents were killed in a terrorist act is now entitled to a monthly benefit for two years (previously, the benefit was paid only to orphans up to the age of 21); and a foreign worker employed in a territory of the autonomy (beyond the *Green Line*) is now covered in work injury, maternity and bankruptcy insurance (previously, only foreign workers employed in Israel proper were covered).

In other programs, conditions of entitlement to benefits were made more stringent. In Work Injury insurance, a number of conditions were added for the approval of new claims for benefit due to deterioration in hearing or tinnitus; also in this branch, self-employed workers are not entitled to work injury allowance for the first 12 days, rather than for the first 9 days,

as previously. (Also, the allowance for employees is now financed by the employer for the first 12 days, rather than for the first 9 days, as previously.)

Levels of two benefits were raised in 2005. Recipients of old-age, survivors and dependents' pension who are entitled to income supplement received an increment to their supplement in the course of the year (in addition to a lower reduction in payment of old-age pensions to all elderly), and in Maternity Insurance, the hospitalization grant paid to help hospitals cover the expenses of mothers giving birth and their babies was increased, particularly for premature babies.

On the other hand, previous legislation regarding the non-adjustment of most benefits linked to the average wage, as well as child allowances, continued to be in effect, while the cutbacks in the child allowances system continued, particularly affecting large families.

Certain changes in the system were introduced this year in order to improve administrative procedures or correct distortions that had previously existed. A new definition of child was introduced in Income Support, mainly in order to clarify situations in which the child is not the claimant's biological child; more discretion has been granted to the Medical Boards in determining the medical disability of work-related injured persons; and new penalties were determined against persons who provide the NII with false or misleading information.

As in previous reports, the present report includes a chapter on the Rehabilitation Bureau, whose task is to provide vocational rehabilitation services to various population groups, such as the work injured, disabled and widows. This task has been compounded in recent years with the growing number of civilian victims of terrorist acts, provided with all-round assistance by the Bureau staff.

Aside from the granting of benefits and the provision of vocational rehabilitation, the National Insurance Institute allots a significant share of its budget each year to a number of Funds, responsible for developing services for various groups in the community. For example, the NII 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, such as: senior citizens, families, mothers, children and youth, the disabled, widows, orphans, the unemployed and military reservists. Over 280 demonstration projects were in operation in 2005 alone, and a sample of these is described in the chapter on the *Fund for Demonstration Projects*.

Other Funds are devoted to 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*.

For the second time, this report includes a chapter on the new *Fund for Development of Services for Children at Risk*.

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

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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, and from 2005, with the closure of the Authority for Retirement, offering assistance to new retirees as well.

Changes covered in the chapter on *Future Changes* include a calculation of most benefits in accordance with defined *basic amounts* – linked to the cost-of-living index – rather than according to the average wage, a linking of the maximum income liable for contributions to price rises, rather than to the average wage (under legislation enacted in 2003), changes in the rates of insurance contributions and raising of the work disability degree necessary to receive benefits.

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. Benefit recipients shall not be compensated for the non-adjustment of their benefits upon renewal of the adjustment process in 2006.

Furthermore, the traditional method of linking social security benefits to the average wage was discarded, and as of 2006, benefits will be linked to price rises only. From this year onward, benefit rates will be expressed in terms of *basic amounts*, to be updated in accordance with price rises. The following exceptions were determined:

- Old-age and survivors' pensions, as well as dependents' pensions in the Work Injury branch, are updated in accordance with price rises as of January 2004.
- The other benefits are updated in the course of 2004-2005 only if the price index rises by at least 5% annually.

In addition, the temporary order regarding the 4% reduction of benefit rates has been extended until the end of 2006. This reduction does not apply to the work injury disability pension.

New penalties for fraud

Article 327 of the National Insurance Law applying to persons who claim benefits by means of fraud has been expanded. Sanctions were determined against those who provide false or misleading information to the NII, or who withhold relevant information, as a result of which the NII decides to deny the claim or to cease payment of benefit. Such a person will not be permitted to submit another claim for the same benefit for 90 days, unless he pays the sum of NIS 400. Furthermore, if he submits another claim for the same benefit within 24 months of the announcement of denial or termination of benefit, and is found to be entitled to benefit, 25% of the benefit amount will be deducted in the first three months of payment.

These new rules, in effect as of April 1, 2005, are in addition to the existing sanction, namely: the benefit paid to a person who attempted to achieve it by fraud is reduced by 25%.

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.

OLD-AGE AND SURVIVORS

Increment to income supplement

Under the Economy Arrangements Law-2005, recipients of old-age, survivors and dependents' pension who are entitled to income supplement (under the Income Support Law) receive an increment to their income supplement in three stages in the course of 2005 – in January, July and December of that year – so that by the end of the year the pension will have been raised by NIS 170 for a single person and by NIS 230 for a couple.

Moreover, the payments of the old-age pensions (to those elderly not entitled to income supplement) are reduced by 1.5% as of July 2005 – instead of by 4% as from July 2002 until June 2005.

Survivor's pension to widowers on kibbutz

An amendment enacted in January 2005 repealed Regulation 5 to the Old-Age and Survivors Chapter of the National Insurance Law – regarding the eligibility of widowers who are kibbutz members for survivors' pension – retroactively from June 1, 1999.

In September 2003, this regulation had been repealed retroactively from June 1, 2002.

A *widower* under the definition of this term in the National Insurance Law is one who either has a child of the deceased living with him or who has passed a means test. Regulation 5 determined that widowers who are kibbutz members have income that exceeds this means test. With the repeal of this amendment, the income of kibbutz widowers (without children) is examined for purposes of determining eligibility for survivor's pension, similarly to the case for all widowers.

Survivors' pensions, like most NII benefits, may be paid for up to one year retroactively. Such pensions may be paid from June 1, 1999 only if the claim was submitted on time.

The number of recipients of old-age and survivors' pension decreased slightly in 2005 by 0.3%, to 719,921 recipients as a monthly average.

The old-age and survivors' pension rates for 2005, basic and including income supplement, are shown below.

Old-Age and Survivors' Pension Rates
2005(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	1,124	1,475	1,826	1,686	2,037	2,388
- <i>with income supplement</i>						
<i>January</i>	1,940	3,106	3,857	2,902	3,655	4,406
<i>July</i>	2,052	3,265	4,008	3,052	3,805	4,556
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>	844	1,124	1,651	2,178	702	1,404
- <i>with income supplement</i>						
<i>January</i>	1,940	1,940	3,106	3,857	1,584	2,290
<i>July</i>	2,052	2,052	3,256	4,008	1,584	2,290

¹ The rates in this and all other tables are given in Israeli new shekels. In 2005 the average exchange rate was approximately \$1 = NIS 4.49.

² From July 2002 to June 2005, the actual sum of this benefit received by beneficiaries was reduced by 4%, in accordance with the Economy Arrangements Law, and as of July 2005, it was reduced by 1.5%.

LONG-TERM CARE

Under Long-Term Care Insurance, a personal benefit is provided to elderly persons living at home (not in nursing homes) who are dependent to a large extent on the help of others for the performance of everyday functions or are in need of supervision.

The benefit consists of long-term services from a *basket of services* that includes: assistance of caregivers in the performance of everyday functions and household management, care in day centers for the elderly, absorbent undergarments, personal alarm units, laundry services and meals on wheels.

The benefit is paid to the organization that provides the long-term care services and not to the entitled person.

No major changes in Long-Term Care Insurance came into effect in 2005.

 The number of recipients of long-term care benefits rose in 2005 by about 1.4%, reaching about 115,000 recipients as a monthly average.

The long-term care benefit rates for 2005 are shown below.

Long-Term Care Benefit Rates 2005 (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 - 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

Under General Disability Insurance, a monthly pension is paid to every insured person (aged 18 to the *retirement age*) who, as a result of a physical, mental or intellectual impairment, fulfills one of the following conditions:

- He is unable to support himself from work or occupation, and he does not earn a sum equivalent to 25% of the average wage, or
- His capacity to earn a living from work or occupation and actual earnings are reduced as a result of the impairment by 50% or more.

In addition to the above incapacity, a medical disability of 60% is required for entitlement to disability pension (or a 40% medical disability, if he has 25% or more from a single impairment).

A minor who was employed immediately before the occurrence of the disability is also considered disabled for purposes of general disability insurance, and is eligible for disability pension.

Also eligible for pension is a housewife (not employed outside her household) having a medical disability of at least 50%, who has lost at least 50% of her capacity to function in her household as a result of her impairment.

No major changes in Disability Insurance took place in 2005.

 In the year 2005 the number of general disability allowance recipients grew by 5.2%, reaching about 170,861 as a monthly average. The number of attendance allowance recipients and recipients of benefit for disabled child rose by 5.9% and 7.2%, respectively.

The general disability benefit and attendance allowance rates for 2005 are shown in the following table.

General Disability Benefit and Attendance Allowance Rates 2005 (NIS)¹

General Disability	<i>Single person</i>	<i>Increment for spouse</i>	<i>Increment for child²</i>
	1,937	968	775
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>
	905	1,810	2,715

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 aged over 3 but not over the *retirement age*, as determined in law for men, who are disabled in their lower limbs (according to a specified list of impairments) are eligible for a mobility benefit, provided under the Mobility Agreement with the Ministry of Finance and paid by means of the National Insurance Institute.

The Mobility Agreement provides to persons disabled in their lower limbs – those having a driving license whose degree of mobility limitation is at least 40% and those without a driving license whose degree of mobility limitation is over 60% – the following main benefits:

- a standing loan to cover the taxes on a car;
- a monthly mobility allowance to help cover mobility expenses.

No major changes in the Mobility Agreement came into effect in 2005.

The number of recipients of mobility allowance grew in 2005 by 5.9%.

INCOME SUPPORT

New definition of *child*

As of June 1, 2005, a new definition of *child* has been implemented for purposes of the income support benefit or increment to this benefit.

Under the new definition, a child will be recognized as the claimant's child if one of the following two conditions is fulfilled regarding him:

1. He fits the definition laid out in Article 238 of the National Insurance Law (applying to the biological child and up to what age one is considered a child).
2. He is not the claimant's biological child, but both of the following hold true:
 - He lives permanently with the claimant.
 - The claimant has been appointed as his guardian (including a situation in which the claimant is no longer his guardian due only to the fact that the child has reached the age of 18).

The amendment serves to clarify the situations that entitle children to an income support benefit or increment to benefit. In determining a child's eligibility, it is first examined whether the child is eligible for benefit as an orphan or abandoned child (a higher rate of benefit). If not, the benefit is paid to the family in accordance with the family composition (couple + child/ren or single parent + child/ren).

Integration of benefit recipients into work

On August 1, 2005, the Law to Integrate Benefit Recipients into Work came into effect (in the framework of the Economic Policy Law-2004).

The aim of the new law is to reverse the decades-old trends of insufficient participation in the labor market and lengthy dependence on NII benefits, by means of a project known as the *Wisconsin Project*.

The four companies that ran the *Wisconsin Project* in the United States, England and Holland were selected to operate the project in Israel, where they joined up with Israeli companies to create a partnership.

The preliminary, experimental stage of the project, to extend for two years, encompasses about 14,000 families that receive income support benefit in four selected areas of Israel. Seven local *occupation centers* were set up in these areas, employing about 400 specially-trained workers. The *occupation centers* organize activities to promote capabilities of work integration while removing obstacles in the way of such integration. Further, the centers attempt to involve employers and other bodies in the community to support and assist the project.

The government is expected to invest approximately NIS 80 million in the course of the experimental stage. In addition, the money expected to be saved due to the reduction in benefit payments will be allotted to the provision of work-support services, such as child supervision and transportation.

The success of the experimental stage of the project will be measured by the extent of the participants' integration into the labor market, as well as by the rate of decrease in the number of beneficiaries in the experiment areas. The use of different methods of operation in each of these areas will allow the government to decide on the proper model to be used when the project is expanded to a nationwide scale.

Center for treating sex offenders

One of the situations of entitlement to an income support benefit is "a rehabilitation framework under the supervision of a government ministry."

In October 2005, a new such framework was opened in the Petah Tikvah district of Israel: a community day center for treating sex offenders. The center is meant to serve as a first stage in the process of re-integration into the community after imprisonment, or as a substitute for imprisonment.

Persons referred by court order to this center – and who are under the supervision of the Authority for Prisoner Rehabilitation or of a test officer – will be eligible for income support benefit for up to half a year.

It should be noted that this center is the first of its kind in the country.

The number of income support benefit recipients decreased by about 2.5% in 2005, down to about 141,000 recipients as a monthly average.

The income support benefit rates for 2005 are shown in the following table.

Income Support Benefit Rates¹
2005(NIS)

Family composition	Under age 55		Aged 55 or over
	Regular rate ²	Increased rate ³	
<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

The Alimony-Guarantee of Payment Law, which came into effect in 1972, aims at guaranteeing means of subsistence to a woman who possesses a judgment for alimony, and to her children, regardless of her capacity to enforce this judgment. When the husband obligated does not voluntarily comply with the judgment and does not pay the woman the alimony to which she is entitled according to the judgment, the law enables the woman to turn to the National Insurance Institute in order that the Institute enforce the judgment; that is, pay an alimony benefit to the woman and in parallel, collect this money from the person obligated by means of enforcement procedures.

The payment is granted to the woman for as long as the husband is obligated to pay her alimony. The rate of the payment is as determined in the judgment or under the regulations (of the Alimony - Guarantee of Payment Law) – whichever is the lower rate. With the NII guaranteeing to pay the woman and her children the alimony to which she is entitled, it also takes upon itself all that is involved in collecting the amount specified in the judgment. Therefore, only a woman who does not take steps to enforce the judgment on her own or who ceases enforcement procedures before she applies to the NII is entitled to payments.

No major changes in Alimony Insurance came into effect in 2005.

In 2005 an average of 23,603 women received alimony benefits from the National Insurance Institute every month.

The alimony rates for 2005 are shown in the following table.

Alimony Rates
2005 (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

Continued cuts in child allowances

The government policy of drastic cuts in child allowances – the first stage of which was carried out in 2002-2004 – continued in 2005 and will continue in subsequent years (up to 2009). The policy is being partially implemented by means of temporary orders and partially as permanent legislation. By the end of the legislative process in 2009, the allowance will be a set amount for every child in all families, regardless of the child's place in the family.

In 2005, the number of families receiving child allowance grew by 1.1%, and about 956,300 families (as a monthly average) receive allowances for about 2.3 million children.

The child allowance rates for 2005 are shown below.

Child Allowance Rates (per family)¹ **2005(NIS)**

	<i>One child</i>	<i>Two children</i>	<i>Three children</i>	<i>Four children</i>	<i>Five children</i>	<i>Six children</i>
	120	240	396	756	1,157	1,558

¹ The rates are for children born before June 1, 2003. A uniform sum of NIS 120 per month is paid for all children born on that date or thereafter, regardless of his place in the family.

MATERNITY

Maternity grant directly to mothers

As of January 1, 2005, the NII pays the maternity grant, provided to mothers after giving birth in order to help cover costs of a layette for the newborn child, directly to the mothers' bank account about a month after the date on which she gave birth.

Previously, the maternity grant was paid by means of a check given to the mothers in the hospitals in which the birth takes place.

Changes in hospitalization grant

The hospitalization grant is paid by the National Insurance Institute to hospitals to help cover the hospitalization expenses of mothers giving birth and their babies. It is a set sum determined in the regulations and updated from time to time.

Due to the dire financial straits of the hospitals, the hospitalization grant paid for regular births has been increased by about 3% and for premature births (entailing particularly high costs) – by about 50% (a total annual increase of approximately NIS 114 million). This increase is financed entirely by the Treasury, by means of the NII.

The number of recipients of both the hospitalization grant and the maternity allowance went down in 2005 by about 0.6%.

The rates of the various maternity benefits for 2005 are shown in the following table.

Maternity Insurance Benefit Rates
2005 (NIS)

Month	<i>Hospital- ization grant</i>	<i>Maternity grant (for the first child)</i>	<i>Maximum daily maternity allowance (by law)</i>	<i>Average (actual) daily maternity allowance</i>
<i>January</i>	6,316	1,354	1,114.2	169.4
<i>February</i>	6,568	1,354	1,114.2	166.2
<i>March</i>	6,568	1,354	1,114.2	169.7
<i>April</i>	6,799	1,354	1,114.2	179.2
<i>May</i>	6,799	1,354	1,114.2	173.6
<i>June</i>	6,799	1,354	1,114.2	177.1
<i>July</i>	6,799	1,354	1,114.2	176.8
<i>August</i>	6,799	1,354	1,114.2	180.0
<i>September</i>	6,799	1,354	1,114.2	178.4
<i>October</i>	6,799	1,354	1,114.2	175.5
<i>November</i>	6,799	1,354	1,114.2	176.3
<i>December</i>	6,799	1,354	1,114.2	175.3

WORK INJURY

Claims for work injury benefits due to deterioration in hearing or tinnitus

Under the Economy Arrangements Law-2005, a number of conditions were added for the approval of new claims for work injury benefit due to deterioration in hearing or to tinnitus, when these impairments are caused by exposure to noise in the workplace.

The new conditions that must be met in order for deterioration in hearing to be recognized as a work injury are: the claimant was exposed to noise beyond the permissible level, in accordance with work safety regulations; his hearing deteriorated by at least 20 decibels in each ear; he submitted his claim within 12 months of the day that he first complained of the deterioration in his hearing, or 12 months elapsed since this deterioration according to a Medical Appeal Board decision.

The new conditions that must be met in order for tinnitus to be recognized as a work injury are: a) all the conditions stipulated above for deterioration in hearing, and b) all the following conditions: his hearing deteriorated by at least 25 decibels in each ear at frequencies of 3000 and 4000 cycles per second; he complained of the problem before he ceased working at the workplace in which he was exposed to the harmful noise; he made several attempts to treat the problem medically.

The change applies to claims submitted on or after April 1, 2005.

Financing of work injury allowance

Under the Economy Arrangements Law-2005, the work injury allowance due to employees is financed by their employers for the first 12 days of entitlement. Self-employed workers are not entitled to work injury allowance for the first 12 days.

Previously, only the first 9 days of entitlement (of employees) were financed by employers, while the self-employed were not entitled to allowance for the first 9 days.

In practice, the NII pays the entire allowance directly to employees and collects the amount due from the employers.

The change is in effect regarding work accidents that occurred on or after April 1, 2005 and claims for allowance due to occupational disease that are submitted on or after this date.

Entitlement to work disability pension and grant

Under the Economy Arrangements Law-2005, a work disability pension is paid only to a work-injured person with a temporary disability degree of 9% or over. Persons for whom a permanent disability degree of 9% or over is determined are paid a work disability grant. Persons with a lower disability degree are not eligible for any benefit.

Previously, a pension was paid to persons with a temporary disability degree of 5% or over, and those with a permanent disability degree of 5% or over were paid a grant.

Persons with a permanent disability degree of 20% and over are paid a pension, and this has not changed

Discretion of Medical Board in determining medical disability degree of work injured

An amendment has been enacted to Regulation 14b of the Work Injury regulations, regarding the determination of a medical disability degree to work-injured persons.

As a general rule, the Medical Board determines this degree on the basis of detailed lists of impairments, in which each impairment is assigned a specific degree.

Under Regulation 14a, which has not changed, when the work-injured person has an impairment that does not appear in the lists, his degree is to be determined as identical to that of the listed impairment most similar to his own.

Under revised Regulation 14b, if the Board decides that it is not possible to determine the medical disability degree in the above manner (solely on the basis of the lists), it may use its own discretion in determining the most suitable disability degree in each specific case – taking the lists into consideration.

Previous to the change, such cases had been transferred to a different Board composed of three medical experts.

The change, in effect as of September 1, 2005, serves to grant more authority to the Medical Board and eliminated the need for an additional Board in problematic cases.

In 2005, the number of recipients of work injury allowance decreased by 2.9%. The number of recipients of permanent disability benefit (out of total work injured) grew by about 4.9%, while the number of recipients of dependents' benefit increased slightly – by 1.1%.

The maximum rates in 2005 for daily work injury allowance and monthly work disability benefit are shown below.

Maximum Work Injury Allowance and Work Disability Benefit Rates
2005 (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 2005.

HOSTILE ACTION CASUALTIES

Benefit to orphan of parents both killed in terrorist act

Under Amendment 21 to the Hostile Actions Casualties Law, an orphan aged 21 to 35 both of whose parents were killed in a terrorist act is entitled to a monthly benefit at the rate of 80% of that paid to an *independent orphan* in the Hostile Action Casualties branch – NIS 2,812 in September 2005 – for 24 months.

The benefit is paid to persons orphaned in a terrorist act from October 1, 2000 and thereafter.

The new benefit is in addition to those paid to orphans up to age 21.

RESERVE SERVICE

When Amendment no. 30 to the National Insurance Law came into effect on October 1, 1977, the Reservists' Compensation Fund (or Equalization Fund) that had been in operation since July 1, 1952, was dissolved, and a new branch of insurance, the Reserve Service branch, was set up in its place.

As a result of this amendment, coverage was extended to all persons serving in the military reserves in accordance with the Defense Service Law for a single period of service of more than one day, or of training under the Emergency Work Service Law (including civil servants, students, etc.).

Today reservists are entitled to benefit for every day of service, from the first day in the course of the year. The benefit is at the full rate of the reservist's daily income.

Grants are provided to youth under the age of 18 who take part in pre-military training (*Gadna*), most of whose time is devoted to study, on condition that they worked for at least 30 working days during the three months that preceded their taking part in the pre-military training.

No major changes in the Reserve Service branch took effect in 2005.

The minimum and maximum daily reserve service benefit rates for 2005 are shown below.

Reserve Service Benefit Rates – Per Day **2005 (NIS)**

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

UNEMPLOYMENT

The Unemployment Insurance scheme aims at protecting the standard of living of the involuntarily unemployed worker by means of unemployment benefits, which enable him to search for work suitable to his education, profession and previous income without having to be troubled by immediate financial problems.

Every Israeli resident working as an employee is compulsorily insured within the scheme, from age 18 until the *retirement age* as defined in law for men.

Benefits are paid to Israeli residents who have worked a sufficient period of time previous to their unemployment and who have acquired insurance rights by means of deductions from their wages, on condition that they show readiness to accept alternative work by reporting to the local employment service (labor exchange).

The benefits replace a (decreasing with income) proportion of their income loss, up to a maximum period, varying with the age of the unemployed person and the number of his dependents.

No significant changes in Unemployment Insurance took place in 2005.

 The number of recipients of unemployment benefit remained stable in 2005 at a monthly average of about 57,600 recipients. The unemployment benefit rates for 2005 are shown below.

Unemployment Benefit Rates¹ 2005 (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

Under the National Insurance Law (Comprehensive Version) – 1968, and Amendment 13 to this law (1974), the right to vocational rehabilitation is granted to work-related injured persons, general disabled persons (disability caused at birth, by an accident or illness) and survivors (widowers, widows and orphans). Under the Benefits to Hostile Action Casualties Law (1974), a basket of services, benefits and rights – including the right to vocational rehabilitation – is granted to injured victims of hostile or terrorist acts and to families of persons killed as a result of such acts.

The vocational rehabilitation services are provided by means of the rehabilitation departments located in all local branches of the NII throughout the country. These departments, staffed by rehabilitation officers who are professional social workers trained in the field of vocational rehabilitation, implement the law and policy determined in the Rehabilitation Bureau at the head office of the NII, while maintaining ongoing contacts with other NII branches, relevant community agencies and public bodies.

The rehabilitation process commences with the location of candidates for vocational rehabilitation, by means of referral from a NII branch or community body, self-referral or “reaching-out” initiatives. Every rehabilitee undergoes diagnosis, after which an individual rehabilitation plan is built for him in accordance with his specific needs and capabilities. In most cases the plan includes a vocational course or completion of academic studies. Upon completion of the plan, the rehabilitee may purchase placement services or undergo on-the-job training. Most services are purchased in the open market, while services from segregative frameworks (such as rehabilitation centers) may be acquired for those in need.

The Rehabilitation Bureau cares for about 17,000 rehabilitees every year.

In the past decade, special focus has been placed on the accessibility of rehabilitation services and on their adaptability to the needs of the severely disabled. *Support baskets* – including services such as translation into sign language, tutoring and special transportation – were set up to provide “crutches” to rehabilitees with special needs.

Another recent trend, notable since 2000, is the establishment of a special network of intervention to cope with victims of the growing number of hostile or terrorist acts against the civilian population. During this period, there have been over 1,100 such acts, injuring over 7,500 people (many of them children and youth) and leaving about 800 families bereaved. The Rehabilitation Bureau has set up a special community service for these victims, in which about 300 volunteers work in all areas of the country. In addition, a rehabilitation officer is assigned to and accompanies each victim, beginning with a visit to the hospital or to the home in a condolence call, and continuing with ongoing cash and in-kind assistance in all areas of their lives and throughout their lives.

Despite the great burden on the Rehabilitation Bureau as a result of the numerous terrorist acts, the Bureau continued in 2005 to care for the other entitled population groups as well, by means of vocational rehabilitation plans and take-up of welfare rights.

INSURANCE AND COLLECTION OF CONTRIBUTIONS

Insurance for foreign workers

Article 378A has been added to the National Insurance Law, pertaining to “insurance for a foreign worker in an *area* (a territory of the autonomy)”

Under this new article, a foreign worker employed in an *area* is covered in work injury, maternity and bankruptcy insurance, under circumstances laid out in the law.

The employers of foreign workers in the territories are thereby obliged to pay insurance contributions for them in the three above-mentioned branches.

The amendment, which equalizes the rights of foreign workers employed in the territories to those employed in Israel proper, is in effect as of October, 1, 2005.

Change in contributions paid by employers

The rates of insurance contributions paid by employers for their employees are being gradually reduced from July 2005 to January 2009 (by an average rate of 1.5 percentage points). Furthermore, two brackets of contribution rates were determined for employers (instead of one bracket presently): reduced rates on employees' wages that are up to half the average wage, and full rates on employees' wages that are over half the average wage and up to the maximum income liable for contributions.

In total from July to December 2005, the employers' contributions declined from 5.93% to 5.68% for the full rate, and to 5.33 for the reduced rate.

The contribution rates for December 2005 for the various insurance branches, in addition to health insurance contributions, are shown in the following table.

Insurance Contribution Rates
December 2005 (percentages)

Insurance branch	Employee						Self-employed	
	Total ¹		On employee's account		On employer's account			
	full rate	reduced rate ²	full rate	reduced rate ²	full rate	reduced rate ²	full rate	reduced rate ²
<i>Old-age and Survivors</i>	5.21	2.77	3.07	0.77	2.14	2.00	4.93	3.09
<i>Long-term Care</i>	0.18	0.09	0.11	0.03	0.07	0.06	0.17	0.12
<i>General Disability</i>	1.92	0.78	1.48	0.37	0.44	0.41	1.76	1.11
<i>Accident Injury</i>	0.08	0.04	0.06	0.02	0.02	0.02	0.07	0.06
<i>Work Injury</i>	0.61	0.58	--	--	0.61	0.58	0.64	0.39
<i>Maternity</i>	0.86	0.33	0.69	0.17	0.17	0.16	0.78	0.56
<i>Children</i>	2.17	2.04	--	--	2.17	2.04	2.27	1.39
<i>Unemployment</i>	0.21	0.08	0.17	0.04	0.04	0.04	--	--
<i>Bankruptcy</i>	0.02	0.02	--	--	0.02	0.02	--	--
Total Insurance Branches	11.26	6.73	5.58	1.40	5.68	5.33	10.62	6.72
<i>Health</i>	4.80	3.10	4.80	3.10	--	--	4.80	3.10
Total Contributions	16.06	9.83	10.38	4.50	5.68	5.33	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 0.69%.

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.

As of August 2005, following the closure of the *Authority for Retirement*, which had operated at the auspices of the NII, the Counseling Service began operating retirement workshops in order to help new retirees become aware of their rights under the NII and other community bodies. The workshops also deal with the various changes in one's life as a result of retirement.

FUND FOR DEMONSTRATION PROJECTS

In 2005 the Department of Demonstration Projects of the NII dealt with 283 *demonstration projects* and project proposals. The Department, 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 2005 – are described below.

Mothers for Mothers

The Bnei Brak municipality initiated the *Mothers for Mothers* project in order to improve the well-being and the performance of mothers who have many children to take care of (five or more). These mothers were known to be suffering from psychological and physical exhaustion and had difficulties in performing as mothers and housewives. The goals of the project were to bring about cognitive, emotional and behavioral changes in the mothers and their husbands.

Throughout the project, the mothers received personal coaching, participated in support groups and had a hotel vacation without their children. The coaches and the mothers had a similar background in various dimensions: number of children, living area, Orthodox religious background and in some cases socio-economic status. The coaches participated in an introductory training program and were supervised by an experienced social worker from the municipality throughout the project. The fathers also participated in a workshop.

The *Mothers for Mothers* project commenced towards the end of 1998. Its first stage, in which 27 mothers and 17 coaches participated, ended on April 2000. The second stage, with 49 mothers and 22 coaches, extended from November 2001 to December 2003.

The evaluation study that accompanied the second stage of the project determined the factors that influenced the mothers' performance, described the types of intervention provided by the coaches, analyzed the change patterns in the performance of both mothers and fathers, analyzed the learning patterns of the mothers during the project and proposed a new and more complex concept for designing an upgraded program.

Nutrition Program in Schools

The National Insurance Institute, the Sacta-Rashi Foundation and the Ministry of Social Affairs ran an experimental *School Lunch Program* (SLP) to provide hot lunches for 23,000 children from 27 kindergartens and 88 schools. The experiment took place in eight towns during April-June 2004.

Trends and Developments 2005

The evaluation study was based on observations in 59 classes and on a sample of 1,226 respondents to questionnaires administered to pupils, their parents, schoolteachers, principals and kindergarten teachers.

It was found that the majority of the parents, schoolteachers and principals were satisfied with SLP and favored its continuation. Satisfaction was lowest among the pupils.

It was concluded that running the program on a regular basis would require closer monitoring of the food suppliers' performance in maintaining appropriate food standards and regular supply of the complete menu. It was recommended that programs for gradual and perennial social activity be developed in schools and kindergartens, to improve eating habits and food culture.

Beit Lauren: The Center for Families Coping with Autism/PDD

Beit Lauren provides a range of support services, counseling and information for families and professionals who cope with Autism and Pervasive Developmental Disorder (PDD). The evaluation study tracked trends in the provision of services during the years 2001-2003 and presented feedback from families and professionals who utilized these services.

Services provided by Beit Lauren include family phone services, phone services for students and professionals, family support groups and lectures.

Examination of the various services supplied by Beit Lauren during 2001-2003 showed that there was a steady increase in the number of families, both new and returning, and in the number of professionals utilizing the services. Similarly, there was a steady growth in the number of support groups opened each year.

Surveys of family members and professionals showed a high level of acquaintance with the services provided as well as a high level of satisfaction with them. Further analyses revealed that the high quality of services had been maintained or even improved over time.

The *Bnei Arazim* Intensive After-School Program

The *Bnei Arazim* after-school program was established to treat young children (grades 1 through 6) from low-income families, with severe emotional and behavioral disorders, whose parents have been unable to contain or control their behavior. The program's main goals are to ameliorate behavior problems, to help parents strengthen their parental authority, and to prevent psychiatric hospitalization and out-of-home placements of children to residential treatment or foster care. The intensive, five-day a week program, treats 15 children each year, who each remain in the program for a period of one to three years. It provides a comprehensive treatment milieu – administered both individually and in groups – including remedial teaching, behavior modification, speech therapy, occupational therapy and play activities. It also includes supervised transportation to and from the center and hot meals, as well as work with schoolteachers and parent counseling. A strong emphasis is placed on discipline and setting of clear behavioral boundaries within the center.

The evaluation of this experimental program lasted three years and had three main goals: (1) to conceptualize and specify the program model; (2) to assess program implementation; and (3) to evaluate treatment outcomes among 22 children.

Findings showed that the program model was implemented according to plan in almost all areas. One of the program's major achievements was its willingness and ability to accept and treat some of the most difficult children and to hold and contain them within a secure environment in which they no longer endangered themselves or others.

Empowerment programs for Bedouin women in the Negev

In February and March 2003, two projects aimed at empowering Bedouin women started operating simultaneously in the Bedouin city of Rahat. The first project, Women's Empowerment, began in mid-February, and was operated by the "Eden" – Association for promotion of educational and social projects in the northern Negev and "A Step Forward" – a non-profit association for the Promotion of Education and Society in Rahat. About two weeks later the Rahat municipality initiated the second project, Women's Domestic Clubs, as part of its welfare division. The Women's Empowerment Project was a two-year project that ran until February 2005, while the Women's Domestic Clubs Project is a three-year project due to end in March 2006.

The two projects resembled each other in objectives, rationale, population, organizational structure and program. Both were predicated on the assumption that the Bedouin society is experiencing a change in its lifestyle, and that women have a unique role in this process. They agreed that the process of empowering women is necessary for supporting society and helping it overcome the changes it is going through. Further, they believed that empowerment of women will be best achieved by exposing them to knowledge and to social interactions with their peers. They shared the belief that women are central to the process of bettering the life of their community as a whole and that they have the potential of serving as a lever to change the face of the Bedouin society.

The two models similarly perceived women's needs in empowerment and the answers to those needs: the need for personal empowerment by building up their self-confidence and self-consciousness and teaching them to express their opinions; the need to learn how to function as wives and mothers in the modern world; the need to learn skills that can enable them to open their own businesses; and the need for communal empowerment that can be achieved by developing awareness of the place of women in Bedouin society and by establishing frameworks for women's activities in the community.

The findings showed that some objectives of the projects were achieved: the women developed, to some degree, personal empowerment and acquired tools to function as wives and mothers in the modern world. True, the objectives of economic empowerment and community empowerment have not yet been realized, but the women were exposed to empowering concepts regarding these fields and they embarked on their first steps in occupational training and involvement in the community. The Women's Empowerment Project emphasized entrepreneurship, while the Domestic Clubs Project emphasized communal activities.

The main strength of the Women's Empowerment Project is in joining together women from different neighborhoods, thus catalyzing the beginning of communal empowerment. In regard to the stability of the structure, relying on hired officeholders and locating the centers in public buildings neutralizes the dependence on volunteers and contributes to the stability of the program.

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 thirty 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 2005 there were about 1,575 projects (including applications and projects in process); 165 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 2005), 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, autistic, learning disabled and individuals with 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 continuum of different residential options, such as hostels, sheltered apartments and training apartments. Support for community residences is provided for individuals who are either developmentally disabled, emotionally disabled, autistic or learning disabled.

Employment 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 twenty new workshops, mostly located in outlying areas and in the Arab sector. The Fund is currently supporting the building of twenty additional workshop centers, some of which are intended to integrate individuals with various disabilities. The Fund also provides extensive assistance for establishing pre-employment therapeutic centers for individuals with severe cognitive, emotional and physical disabilities who are unable to function in a sheltered employment center. Assistance is also provided for the establishment of small businesses operated by individuals with disabilities such as catering services, direct-mail services, a variety of packaging services and laundry services. Extensive assistance is also provided for expanding employment training centers which provide short-term intensive training and placement services for individuals with disabilities who seek employment in the workforce at large. Recently, the Fund has expanded its assistance to students with a variety of disabilities in major universities and institutions of higher learning. The Fund has been instrumental in

establishing Support Centers for students with visual disabilities in all the main universities and is currently embarking on a nationwide effort to establish Support Centers for Students with Learning Disabilities, in conjunction with the *Council for Higher Education*.

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. With the passage of the Rehabilitative Nursery School Law, the Fund has expanded its assistance to establishing special nurseries throughout the country.

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 have been 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. In 2005, as a result of growing public awareness and partly due to the involvement of the NII in funding accessibility projects, a new accessibility law was passed by the Knesset, as part of the "Equal Rights for People with Disabilities Law" of 1998. During 2005 and 2006, the Fund is focusing its efforts on expanding accessibility in schools, universities and colleges, as well as in informal education settings such as community centers and libraries.

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 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.

For the first time, the Fund has earmarked approximately 7% of its annual budget for 2005 and 2006 for renovations in privately owned and operated institutions and community residences for the developmentally disabled.

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 2005 the Fund approved 25 new programs, which included 11 community and 14 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 (the Fund's current budget in 2005: about NIS 7 million, of which the Fund spent about NIS 6.8 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 2005, the Fund operated about 80 projects, some of them new and others carried on from previous years.

FUND FOR DEVELOPMENT OF SERVICES FOR CHILDREN AND YOUTH

The Fund for The Development of Services for Children and Youth was established in 2004 with the aim of developing services for children and youth at risk. In Israel there are well over 350,000 children whose functioning is impaired due to conditions of neglect, poverty or abuse (physical, sexual or emotional). All these factors affect the normal development of these children and leave them exposed and in distress. In these difficult times, children are often in the most sensitive position and their welfare is the most threatened.

There is no doubt that we are facing a social crisis, and the development of this Fund heralds a decision by the National Insurance Institute to put this important topic in the forefront of its agenda.

The strategic aims of the Fund as defined for the next three years are to develop programs in the following areas:

- a) *To provide a "second chance" to at-risk youth for matriculation exams, higher education and provision of job skills.*
- b) *To prevent and reduce violence among children and youth, by means of intervention in educational and community frameworks.*
- c) *To treat and support children who are victims of sexual abuse.*
- d) *To develop programs for at-risk youth and young girls in distress.*
- e) *To promote programs for enhancing parenting skills.*

The Fund participates in welfare programs aimed at developing local, regional and nationwide services in the community by means of assistance in funding these programs for defined periods, with other bodies – the government, local authorities or public bodies – committing themselves to operate the program after this initial period.

In 2004, a call for proposals elicited a large number of requests for funding new programs. As a result, 400 projects were approved and have begun to be implemented. In 2005, the Fund assessed additional proposals for service development.

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.

No new bilateral Conventions came into force in 2005.

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

Bilateral Conventions

Country	<i>Date of Signature</i>	<i>Operative Date</i>	<i>Coverage</i>	<i>Insurance Branches</i>	<i>Competent Institution</i>
<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, Children, Work Injury and Occupational Diseases	The Pension Service, International Service, Newcastle upon Tyne, England NE98 1BA ¹
<i>Netherlands</i>	April 25, 1963	Nov. 1, 1963 New Agreement: Sept. 1, 1985 Amendment: December 1, 2003	Dutch or Israeli citizens, refugees and stateless persons who are employees or self-employed, and members of their families	Old-Age, Survivors, Disability, Maternity ² , Children, Unemployment, Work Injury and Occupational Diseases	SVB Vestiging Roermond Postbus 1244 6040 KE Roermond 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	C.L.E.I.S.S. 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, Place Victor Horta 11, 1060 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

¹ An additional institution in UK: Inland Revenue, Centre for Non-Residents-BP1301, Benton Park View, Newcastle Upon Tyne, NE98 1ZZ, England.

² 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 Int'l Affairs, P.O. Box 72 00381 Helsinki Finland ¹
<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	Banco de Prevision Social, Gerencia de Area de Investigacion, y Asuntos Internacionales, Calle Colonia 1921 Piso 1 Montevideo Republica 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 Rd, Tower C Room 764, 7th Floor Vanier, Ontario K1A 0L5 Canada

¹ An additional institution in Finland: Elaeketurvakeskus, 0065 Elaeketurvakeskus, Finland.

FUTURE CHANGES

The basic amount

As of January 2006, most national insurance benefits will be calculated according to the *basic amount*, rather than according to the *average wage*, as present. The basic amount is updated on the 1st of January of every year at the rate of the rise on the cost-of-living index in the previous year. The *basic amount* is actually composed of three different sums for the various types of benefits, and is increased by 2.7% in January 2006.

Linking of maximum income to price changes

Under the Economy Arrangements Law-2004, the National Insurance Law was amended so that the maximum income liable for national and health insurance contributions will be adjusted, as of 2006, according to price rises rather than according to the average wage. This is in addition to the 2002-2005 freeze in the maximum income due to the non-adjustment of the average wage for purposes of benefits and collection. All the other collection parameters – level of income for reduced rates of insurance contributions, minimum income for the various types of insured persons and level of income for definition of a self-employed person – will be adjusted to changes in the average wage beginning in 2006, similarly to the situation up to 2002.

Changes in rates of insurance contributions

In the framework of the 2006 income tax reform, it was decided to lower the burden of insurance contributions on low-wage earners, by means of two parallel measures:

1. raising the income base for reduced rates of contributions from 50% of the average wage to 60% thereof;
2. lowering the reduced rates for employees from 1.4% of wages to 0.4% thereof.

In order to set off the revenue loss to the NII as a result of these measures, it was further decided to raise the full rates of insurance contributions imposed on all types of insured persons (employees, self-employed and non-workers).

This is in addition to the continued gradual reduction in contributions paid by employers (see chapter on Insurance and Collection of Contributions).

This change will come into effect in January 2006.

Entitlement to work disability pension and grant

Under the Economy Arrangements Law-2005, a work disability pension is paid only to a work-injured person with a temporary disability degree of 9% or over. Persons for whom a permanent disability degree of 9% or over is determined are paid a work disability grant. Persons with a lower disability degree are not eligible for any benefit.

Previously, a pension was paid to persons with a temporary disability degree of 5% or over, while those with a permanent disability degree of 5% or over were paid a grant.

Persons with a permanent disability degree of 20% and over are paid a pension, and this has not changed.

The change will be in effect regarding work accidents that occurred on or after April 1, 2006, and regarding occupational diseases – claims submitted on or after this date