

## 2. Old-age and Survivors' Insurance

### A. General

Old age and survivors' pensions constitute the first tier of the pension system in Israel and ensure a basic income for an elderly insured and for his survivors after his death. Pensions from work constitute the second tier of the pension system, and, in conjunction with the old-age and survivors' pension, they are intended to ensure that the retired and the elderly have a reasonable minimum standard of living (see chapter 4 [2], Old-Age and Survivors' Insurance, the NII's Annual Survey for 2007).

**An old-age pension** is paid to every insured on a universal basis, with no means test (from either work or capital) upon reaching the eligibility age (absolute age), and upon reaching retirement age (the conditional age), but only if the insured passes the means test. Up until June 2004, the conditional retirement-age brackets had been 60 – 64 for women and 65– 69 for men. In mid- 2004, the Retirement Age Law came into effect, which gradually raised the eligibility age for an old-age pension for both men and women: the conditional retirement age for men to receive an old-age pension was raised from 65 to 67, and therefore, their eligibility during the 67-to-69 age bracket was made conditional on passing the means test. The absolute eligibility age for men was not changed. The conditional retirement age for women was raised from 60 to 64 in two stages: initially to 62 and, after a hiatus of three years, to 64. The absolute eligibility age for women was gradually raised from 65 to 70.

In accordance with the Retirement Age Law, in May 2009, the process was completed of gradually raising the conditional retirement age for men to 67, as well as the first stage of the gradual raising of the conditional retirement age for women to 62 and their absolute eligibility age to 67 (including the eligibility age for housewives<sup>1</sup>). Therefore, 2010 is the first year since the initial raising of the retirement age in which claims for a pension may be submitted throughout the year. As a consequence, the number of the newly eligible has grown relative to the years 2004 to 2009.

Increments for a spouse and children are added to the basic old-age pension, as well as a seniority increment and a pension-deferral increment. Additionally, since April 2008, a special increment has been paid to insureds upon reaching the age of 80. The seniority increment is payable to anyone who has been insured for more than ten years, and the rate of this increment is 2% of the pension for every year of insurance beyond the first ten years, up to a maximum of 50%. The pension-deferral increment is granted to anyone who deferred receiving his pension during the age bracket when receipt of a pension is contingent upon a means test (due to earnings from work or from capital); i.e., deferral from the conditional age to the absolute age. This increment is at the rate of 5% of the

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1 The process deferring the eligibility age for an old-age pension is explained in the NII Survey for the years 2002 – 2003.

pension for each year of pension deferral. The rate of the special increment for insureds who have reached the age of 80 is 1% of the “basic amount.”

**A survivors’ pension** is paid to the survivors of an insured after his death. A seniority increment and an increment in respect of children are added to the basic pension, and, since April 2008, an increment has also been added for a survivor who has reached the age of 80, as stated above. A widower is defined as being eligible for a survivors’ pension as long as he still has dependent children, or if he meets the means test, as required by law.

**An income supplement for the elderly and for survivors** is paid to recipients of old-age or survivors’ pensions who have little or no income, up to the sum of the pension specified in the Income Support Law for this population, and in accordance with the rules prescribed in this law.<sup>2</sup>

**Benefits not prescribed under the National Insurance Law** – The NII pays special benefits to the elderly and to survivors who are not eligible for a pension under the National Insurance Law. These benefits are fully funded by the government.

The individuals who are eligible for these benefits are primarily new immigrants who were above the retirement age (according to the Retirement Age Law) on the day they immigrated to Israel and, consequently, are not insured under the National Insurance Law. The rates of the basic pensions paid to them are identical to the pension rates under the law, with eligibility usually conditional upon the means test. No seniority or pension-deferral increments are added to these benefits; however, since April 2008, an increment has been paid to eligible new immigrants who reached the age of 80, as stated above. The maximum income supplement to recipients of these benefits is the same as that paid to pension recipients under the law. Any changes in the eligibility age for a pension under the law also apply to recipients of benefits that are not prescribed under the law.

**Counseling Service for the Elderly** – Since the early 1970s, the counseling service for the elderly has been operating within the framework of the NII, on a volunteer basis, with elderly people volunteering to help their peers. As one of the NII’s activities in the community, the counseling service supplements the activities of the Funds for the Development of Services for diverse populations in Israeli society.<sup>3</sup> In 2010, approximately 4,400 volunteers took part in the Counseling Service and made approximately 375,000 home visits to the elderly. The Service handled approximately 142,000 requests for counseling.

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2 Since March 2008, income from work exceeding 20% of the basic amount (for an individual) or 24% (for a couple), and income from a pension exceeding 13% of the basic amount (for an individual) or 20.5% (for a couple), have been deducted from the income support increment. Income from work that exceeds these sums is deducted at the rate of only 60%; income from a pension that exceeds these sums is fully deducted; income from other sources, including old-age and survivors’ pensions and income from capital are fully deducted from the income support increment, from the first shekel, with no exemption whatsoever.

3 A description of the Counseling Service for the Elderly, including its goals and various activities, can be found in the Annual Survey of the National Insurance Institute for 2005.

**A death grant** – is paid for a deceased insured who was eligible for an old-age or survivors' pension (under the National Insurance Law) and who is survived by a spouse, or, in the event of no surviving spouse, by a child, as defined in the National Insurance Law.

**Burial expenses** – Every person who dies in Israel is entitled to be interred at no cost. The NII pays the said burial expenses to a duly licensed burial society to cover the burial day expenses for every deceased being interred in Israel. Populations who customarily bury their dead without using burial societies are given the possibility of receiving these burial expenses personally. The rate of the burial expenses is categorized according to the age of the deceased and the size of the community in which the burial society operates. In certain instances, the burial society is permitted to collect a fee for an interment (pre-purchasing of a burial plot, purchasing of a plot for a deceased in a particular location, and burial in a closed cemetery). If the number of paid interments exceeds the ratio specified in the regulations, the burial society is eligible for reduced payments. In 2010, burial expenses were paid for approximately 41,000 interments.

## B. Legislative Amendments

### 1. Legislative amendments to the rates of old-age and survivors' pensions

**Pensions under the National Insurance Law** – The Economic Efficiency Law (Legislated Amendments for Implementing the Economic Plan for 2009) prescribed that the basic old-age and survivors' pensions would be gradually increased until 2011 at the rate of approximately 7.3%. The pensions are to be increased at a uniform rate in order to maintain the difference between the pensions of insureds under the age of 80 and those who are 80 and above (at the rate of 1% of the basic amount).

In August 2009, the pension for an individual was 17% of the basic amount; in January 2010, it was increased to 17.35% and, in January 2011, it was increased to 17.7% of the basic amount. The pensions for all other family compositions increased accordingly. Therefore, from 2009 to 2010, the pension for an individual rose by 2.1%.

This increase in the pension rate is in addition to the increases in the pension rates in recent years. In July 2006, the pension was increased from 16% of the basic amount to 16.2%; in April 2008, the pension was increased from 16.2% to 16.5%, and an increment was added of 1% of the basic amount to elderly in the age bracket of 80 and above. In 2009, the rate of the increase in the old-age and survivors' pensions totalled approximately 3%. In January 2011, the increase to 7.3% was completed.

**Old-age and survivors' pensions**, including income supplements, were also increased according to the increase in the basic pension. Additionally, an age bracket (70-79) was added in August 2009, and those in this age bracket were paid an increment of approximately NIS 120 for an individual or approximately NIS 180 for a person in this age bracket who has dependents (this increment also includes the increase in the basic

In August 2009, the pension for an individual was 17% of the basic amount; in January 2010 – 17.35% and in January 2011 – 17.7% – a total rise of 2.1% between the two years

pension). Elderly at the age of 80 and above were paid an increment of NIS 75 for an individual, or NIS 107 for a person in this age bracket who has dependents. As of 2010, the rate of the pension, including an income supplement, increased according to the increase in the basic pension.

As of June 2010, the pension to an individual eligible for an income supplement was 29.9% of the basic amount for those under 70, 30.7% for those in the 70-79 age bracket, and 32.1% for those in the 80-and-above age bracket. As of January 2011, the rates were respectively increased to 30.3%, 31.2% and 32.6% of the basic amount.

It should be noted that the increase in the rates in the old-age and survivors' pension, including an income supplement, is in addition to rate increases in this pension in recent years. The pension paid to an individual, which had been 25% of the basic amount until June 2005, increased to 27.3% in July 2005, to 28.5% in July 2006 and to 28.8% in April 2008. The rate for individuals in the 80-and-above age bracket had been 30.8% of the basic amount until August 2009.

## 2. Legislative amendments to the other eligibility criteria

In 2010, the definition of the term "child" under the National Insurance Law was amended so that a person at the age of 24 could be deemed a dependent child for the purpose of the payment of pensions.

The NII funds the erection of a gravestone for lone deceaseds who have no one to erect a gravestone for them. In June 2010, a temporary order was passed that shortened the waiting period for eligibility for the erection of a gravestone for a lone deceased from one year after the burial to three months for a lone person who died after December 1, 2008, and to six months for a lone person who died after November 2, 2010. Furthermore, in July 2010, the temporary order was extended so that the rate of the burial expenses for the two lowest burial-expense rates, which had been significantly raised in 2005, would remain at their high rates.

## C. Pension Recipients

### 1. Recipients of old-age and survivors' pensions only

In 2010, the NII paid old-age pensions under the National Insurance Law and special old-age benefits to approximately 656,000 elderly persons, and survivors' pensions to approximately 102,500 survivors on average per month. In 2010, in addition to the recipients of old-age pensions, approximately 90,500 elderly persons received a full old-age pension and half of the survivors' pension (see clause 3 hereunder), and approximately 36,000 disabled elderly persons received a disability pension supplement (clause 4 hereunder). The number of recipients of an old-age pension under the National Insurance Law increased in 2010 by approximately 3.4%, while the number of recipients of a survivors' pension only declined by 0.3%.

**Table 1**  
**Recipients of Old-Age and Survivors' Pensions, by Pension Category and Legal Basis (monthly average), 2008–2010**

	Number of Recipients (average)				Rate of Annual Increase		
	2008*	2009*	2009**	2010**	2008*	2009*	2010**
<b>Total</b>	735,796	746,901	742,725	758,490	0.9	1.5	2.1
<b>Old-age pension</b>							
<b>Total</b>	630,904	642,533	639,940	656,034	1.2	1.8	2.5
Under the National Insurance Law	555,507	570,854	568,424	587,949	2.0	2.8	3.4
Not under the National Insurance Law	75,397	71,680	71,516	68,085	-4.6	-4.9	-4.8
<b>Survivors' pension</b>							
<b>Total</b>	104,892	104,367	102,786	102,456	-0.3	-0.5	-0.3
Under the National Insurance Law	104,378	103,884	102,310	102,026	-0.3	-0.5	-0.3
Not under the National Insurance Law	514	483	477	431	-4.8	-6.2	-9.6

\* Recipients of split pensions were counted as a separate unit.

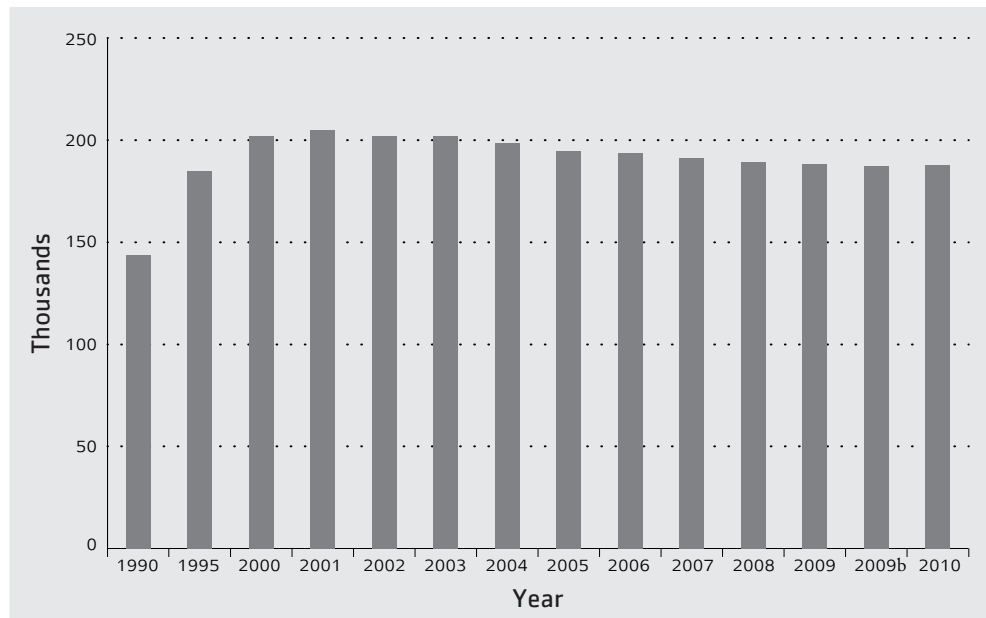
\*\* Recipients of split pensions are counted as a single unit.

The number of recipients of benefits not prescribed under the National Insurance Law continued to decline in 2010 at the rate of 4.8%, after a similar decline of 4.9% in 2009. The ratio of recipients of the special benefits to all recipients of old-age and survivors' pensions increased from 8.4% in 1990 to 18.7% in 1996. As of 1997, this rate gradually decreased until it reached 9.7% in 2009, and continued to decline in 2010 to the rate of 9%. This development reflected the downtrend in the pace of the growth of this population since the second half of the 1990s. These trends are an outcome of the decline in the number of elderly new immigrants to Israel and an outcome of the mortality rate among elderly new immigrants. As a result of the diminishing waves of immigration, the size of this population will, in fact, continue to dwindle as time passes. The total number of recipients of old-age benefits, both under the National Insurance Law and not under the law, increased in 2010 by 2.5%, while the total number of recipients of old-age and survivors' benefits increased by 2.1%.

## 2. Recipients of old-age and survivors' pensions and an income supplement

Recipients of old-age and survivors' pensions, who have extremely little or no additional sources of income, are eligible to receive a supplement to their pension by virtue of the Income Support Law. The number of recipients of an income supplement between the years 1990–2001 increased steadily as many new immigrants joined the system, but subsequently, it gradually declined (Graph 1), primarily as a result of the decline in the number of new immigrants receiving special benefits.

**Graph 1**  
**Recipients of Old-Age and Survivors' Pensions and an Income Supplement**  
**(thousands, monthly average), 1990–2010**



\* Up until 2009, recipients of split pensions were counted as a separate unit. Since 2010, they have been counted as a single unit. In order to enable a comparison over time, the data for 2009 are shown in both forms (2009 – as a separate unit, 2009.b. as a single unit).

The number of recipients of an income supplement increased slightly in 2010 compared with 2009 – 188,000 recipients versus 187,300 recipients respectively; however, their ratio relative to all pension recipients slightly decreased, from 25.2% in 2009 to 24.8% in 2010.

Table 2 presents the percentage of recipients of an income supplement in December 2010, by category of pension and number of dependents (which determines the pension rate). The percentage of persons who were eligible for an income supplement, out of all recipients of old-age and survivors' pensions, reached 24.5% in December 2010, compared with 25.1% in December 2009. The percentage of recipients of an income supplement out of all recipients of an old-age pension under the law increased slightly to 16.1%, while the percentage of recipients of a survivors' pension under the law remained without change, at 28%. The percentage of recipients of an income supplement was the highest among recipients of old-age and survivors' benefits not under the National Insurance Law, most of whom were new immigrants: 94.7% of these recipients of old-age pensions and 69.1% of these recipients of a survivors' pension in December 2010 were eligible for an income supplement. Since the payment of old-age and survivors' benefits not under the National Insurance Law is conditional upon a means test, it is not surprising that

In December 2010, 91,978 widows and widowers were eligible for both pensions, 94.5% of whom were women, constituting 14.5% of all recipients of old-age pension under law

**Table 2**  
**Recipients of Old-Age and Survivors' Pensions, by Pension Category**  
**and Number of Dependents,\* December 2010**

Pension category	Total	No dependents	One dependent	Two dependents	Three or more dependents
Old-age and survivors' pension - total	767,396	689,669	67,078	6,079	4,570
Percentage receiving an income supplement	24.5	21.1	38.9	21.8	21.0
Old-age pension under the National Insurance Law	598,486	549,599	45,768	1,975	1,144
Percentage receiving an income supplement	16.1	14.0	39.8	37.0	53.4
Old-age pension not under the National Insurance Law	66,608	52,793	13,362	233	220
Percentage receiving an income supplement	94.7	95.7	91.2	90.6	95.9
Survivors' pension under the National Insurance Law	101,898	86,949	7,915	3,846	3,188
Percentage receiving an income supplement	28.0	30.3	15.8	14.9	11.1
Survivors' pension not under the National Insurance Law	404	328	33	25	18
Percentage receiving an income supplement	69.1	69.8	75.8	60.0	55.6

\* Including spouse and/or children in relation to old-age pensions, and including children in relation to survivors' pensions.

the percentage of persons eligible for an income supplement among new immigrants is quite high.

It should be noted that, between 2000 and 2006, there was a decrease in the percentage of recipients of an income supplement from among recipients of old-age pensions under the National Insurance Law (Table 3). The steady increase in the rate of the pension, including an income supplement, payable to the various age brackets (clause B above) has contributed to the rise in the ratio of those eligible for this pension since 2006. The cumulative data indicate that, in years when the rate of the pension was increased, the rise in the number of persons eligible for it was clearly evident (for example, in 2006, 2008, 2009 and 2010).

**Table 3**  
**Recipients of an Old-Age Pension under the National Insurance Law, and an Income Supplement (monthly average), 2004–2010**

Year	Recipients of an old-age pension under the National Insurance Law		Percentage receiving an income supplement
	Total	thereof: receiving an income supplement	
2004	527,363	81,271	15.4
2005	528,273	81,288	15.4
2006	539,265	84,127	15.6
2007	544,630	85,817	15.8
2008	555,508	88,011	15.8
2009*	570,854	91,139	16.0
2009**	568,424	90,288	15.9
2010	587,949	94,438	16.1

\* Recipients of split pensions were counted as a separate unit.

\*\* Recipients of split pensions are counted as a single unit.

### 3. Recipients of an old-age pension and half of a survivors' pension

Some recipients of old-age and survivors' pensions receive both an old-age pension and a survivors' pension (hereinafter: "both pensions"). The old-age pension is payable by virtue of the insured's own old-age insurance, while the survivors' pension is payable by virtue of the spouse's insurance for his survivors. Regardless of which pension an insured is eligible to receive first, anyone who is eligible for both pensions receives the entire old-age pension for which he is eligible, as well as half of the survivors' pension for which he is eligible. Only recipients of a pension under the National Insurance Law are eligible for both pensions. Recipients of a benefit not under the National Insurance Law receive their benefit by virtue of an agreement, and not by virtue of insurance rights in the old-age and survivors' branch of insurance.

In December 2010, 91,978 widows and widowers were eligible for both pensions, 94.5% of whom were women (Table 4), constituting approximately 14.5% of all recipients of an old-age pension under the law. The high percentage of women among the recipients of both pensions is not surprising, for a number of reasons. The first is that the percentage of insured men is higher than the percentage of insured women: only women who are insured because they are working can vest their spouses a survivors' pension (housewives cannot vest insurance to their spouses at all), while all men vest eligibility for insurance to their spouses. The second reason is that the right to a survivors' pension for a widower without children is contingent upon a means test. The third reason is that women usually marry men who are older than they are, and women's life expectancy is higher than that of men. Therefore, it is a prevalent situation that a higher percentage of women are eligible for both pensions.

In December 2010, the average total of both pensions was NIS 2,809, approximately one third of which is the survivors' pension. The average total of both pensions for which



**Table 4**  
**Recipients of an Old-Age Pension and Half of the Survivors' Pension,**  
**by Gender, December 2010**

	Total	Men	Women
Number of recipients	91,978	5,028	86,950
Percentage receiving an income supplement	7.6	13.8	7.3
Average pension (NIS)	2,809	2,911	2,804
thereof: half of a survivors' pension	960	829	968
Average age	77.8	79.7	77.7

men are eligible is higher than that of women, because the men's old-age pension is higher, due to the higher seniority and pension-deferral increments that men receive. As expected, the percentage of recipients of an income supplement among recipients of both pensions is not high – only 7.6% – since the total of both pensions, per se, is usually higher than the total pension plus an income supplement. The ratio of male recipients of an income supplement is nearly double that of women, because widowers (without minor children) must pass the means test in order to be eligible for the survivors' pension, while widows are exempted from the means test. Since only widowers whose economic situation meets the criteria of the means test are eligible to receive a survivors' pension, the economic situation of widowers who are receiving a survivors' pension tends to be more difficult than the economic situation of widows, who are not obligated to pass the means test as a precondition for receiving a survivors' pension.

Moreover, women are usually eligible for a higher survivors' pension than men (NIS 968 compared with NIS 829), because their husbands usually accumulate more years of seniority.

The average age of recipients of both pensions is higher than the age of all persons eligible for an old-age pension under the law. The average age of men is 79.7, while the average age of all recipients of an old-age pension under the law is 76.4, and the average age of women is 77.7, compared with 72.5, respectively.

#### 4. Recipients of an old-age pension for the disabled

The NII disability pension is paid to a disabled person until he reaches retirement age; subsequently, he is paid an old-age pension. As a result of the legislative amendments to improve the disability pension system that were passed in 2002, the old-age pension being paid to an elderly disabled person who reached retirement age after January 1, 2002 is at the level of his disability pension, including the "additional monthly pension" (see the chapter on disability) which had been paid to him prior to his reaching retirement age. The additional monthly pension is paid to a disabled person whose medical disability is at least 50% and whose earning incapacity is at least 75%, and, in most cases, in December 2010, this pension ranged between NIS 232 and NIS 343 per month, depending upon the percentage of medical disability. During the transition from a disability pension to

an old-age pension, the disabled elderly person receives, in fact, a sum that supplements his disability pension and “additional monthly pension,” if he is so eligible, in addition to his old-age pension.

In December 2010, approximately 36,000 elderly disabled persons received an old-age pension and a disability supplement or an additional monthly pension (Table 5), representing an increase of 14.8% compared with December 2009. Approximately 48% of these recipients were women and approximately 85% of the elderly disabled persons also received an additional monthly pension. The average old-age pension to an elderly disabled person totalled approximately NIS 2,615 in December 2010, and approximately one-fifth thereof constituted a supplement to the disability pension, including an additional monthly pension. Approximately 24.8% of the recipients of a disability supplement or an additional monthly pension for the disabled were also eligible for an income supplement, with a similar ratio among men and women being eligible for an income supplement.

**Table 5**  
**Characteristics of Recipients of an Old-Age Pension for the Disabled, by Gender, December 2010**

	Total	Men	Women
Total recipients	36,063	18,612	17,451
thereof: recipients of an additional monthly pension	30,555	16,096	14,459
Average pension (NIS)	2,615	2,691	2,536
thereof: disability supplement and additional monthly pension (NIS)	524	463	587
Average age	68.3	70.9	65.6

### 5. Recipients of a seniority increment

A seniority increment to the old-age pension is granted to elderly persons who have been insured under national insurance for more than ten years. This increment is at the rate of 2% of the basic old-age pension for every year of insurance beyond the first ten years of insurance, up to a maximum of 50% of the pension. Table 6 shows that, in 2010, the percentage of women who were paid a seniority increment has steadily increased and reached 73.8%, while the percentage of men who were paid this increment also increased to 93.4%. The average seniority increment paid to a recipient of a pension under the National Insurance Law also rose, from 29.6% of the basic pension in 2009, to 29.9% in 2010 (the rate of the average seniority increment payable to anyone eligible for this increment is 36.8%). In other words, the percentage of recipients of a seniority increment rose, and the average number of years for which the increment is paid also increased. The average increment received by men was nearly double the average increment received by women – 41.5% compared with only 22.5%, respectively (the rate of the average seniority increment payable to anyone eligible for this increment is 44.4% and 30.4% respectively.)

The average seniority increment received by men was nearly double that received by women

Between 2009 and 2010, the percentage of recipients of a seniority increment from among newly eligible men rose from 96.8% to 97.6%, while among newly eligible women, the percentage declined from 83.2% to 82%. These percentages were higher than the percentages of men and women who received this increment out of the entire population of recipients. In 2010, the average seniority increment paid to newly eligible persons rose for both men and women, although the increment rose higher for men than for women, and the gap between the genders relative to the sum of this increment remained wide: 44.7% for men and 26.7% for women. With the increase in participation of women in the labor force and, apparently, coupled with the steady increase in the retirement age, it is expected that the percentage of women receiving a seniority increment will increase, particularly a maximum seniority increment, and that their average seniority increment will increase.

Recipients of a survivors' pension are granted the seniority increment for which the deceased had been eligible. The majority of recipients of a survivors' pension, 85.8%, are eligible for this increment, and, as expected, the percentage of women receiving the seniority increment accumulated by their deceased husbands is higher than the percentage of men receiving this increment – 88.3% compared with 51.1%, respectively. Furthermore, the gap between the average seniority increment for which men and women are eligible is very wide: women receive an average increment of 36.5%, while men are eligible for only 19.9%. The average increment among all recipients of a survivors' benefit is 30.7%, while recipients of the increment are eligible for an increment of 35.8% on average; i.e., an increment for 17.9 years beyond the first ten years of insurance.

## 6. Recipients of a pension-deferral increment

The old-age pension for the age bracket that is between the retirement age and the eligibility age is conditional upon a means test. An individual, whose income from work does not exceed 57% of the average wage, is eligible for the full pension (for a couple – 76% of the average wage). For every additional shekel, 60 agorot are deducted from the old-age pension until the pension is completely eliminated. Any individual whose income is higher than this is not eligible for a pension and will receive a pension-deferral increment at the rate of 5% of the basic pension for each year of deferral. Anyone eligible for a reduced pension may opt to not receive the pension and thus be eligible for a pension-deferral increment. This increment is less significant than the seniority increment, both in terms of the number of recipients and in terms of its rate.

In 2010, the percentage of men who received a pension-deferral increment declined slightly to 14.7%, and the percentage of women who received this increment also declined: to 12.5%. The percentage of men and women from among the newly eligible in 2010 who received this increment dropped sharply and reached 11.9% and 8.9%, respectively. The average increment paid to a pension recipient in 2010 remained stable: 2.5% for men and 2.2% for women. The rate of the average increment for women has

**Table 6**  
**Recipients of an Old-Age Pension under the National Insurance Law, by Percentage of Recipients of a Seniority Increment and a Pension-Deferral Increment, and the Rate of the Average Increment (percentages and averages) 2006–2010 (December)**

Year	Percentage receiving an increment			Average increment per pension recipient		
	Total	Men	Women	Total	Men	Women
<b>Seniority increment</b>						
2006*	79.8	92.9	70.0	29.1	40.8	20.4
2006**	84.2	92.9	76.5	32.0	39.8	25.0
2007*	80.1	92.9	70.8	29.4	44.0	20.8
2007**	85.7	94.4	78.0	31.6	41.0	25.2
2008*	80.4	92.9	71.5	29.4	41.0	21.3
2008**	83.7	94.4	77.7	29.9	39.3	24.6
2009*	80.1	93.1	72.6	29.7	41.2	21.8
2009**	88.4	96.8	83.2	32.9	43.1	26.6
2009*,***	80.9	93.1	72.6	29.6	41.2	21.8
2009**,***	88.4	96.8	83.2	32.9	43.1	26.6
2010*	81.5	93.4	73.8	29.9	41.5	22.5
2010**	87.7	97.6	82.0	33.3	44.7	26.7
<b>Pension-deferral increment</b>						
2006*	13.7	14.5	13.1	2.3	2.5	2.2
2006**	12.6	14.7	10.7	2.4	2.8	2.0
2007*	13.5	14.4	12.9	2.3	2.4	2.2
2007**	10.4	13.2	8.4	2.0	2.5	2.6
2008*	13.5	14.6	12.8	2.3	2.5	2.2
2008**	12.8	18.5	9.6	2.5	3.6	1.9
2009*	13.5	14.8	12.7	2.3	2.5	2.2
2009**	13.8	19.2	10.5	2.5	3.3	2.0
2009*,***	13.6	14.9	12.7	2.3	2.5	2.2
2009**,***	13.8	19.3	10.5	2.5	3.2	2.0
2010*	13.4	14.7	12.5	2.3	2.5	2.2
2010**	10.0	11.9	8.9	1.9	1.9	1.9

\* All recipients.

\*\* New recipients.

\*\*\* Up until 2009, the recipients of split pensions were counted as a separate unit. Since 2010, they have been counted as a single unit. In order to enable a comparison over time, the data for 2009 are shown in both forms, as a separate unit, and as a single unit).

remained unchanged since 2003. The average increment to recipients of this increment was 17.2%; i.e., an average deferral of retirement of 3.4 years. The increment paid to all newly eligible in respect of pension deferral in 2010 was lower than the increment paid to all recipients: 1.9% compared with 2.5%, respectively.

A decrease has occurred in the rate of the average increment paid to men and women who became eligible in 2010. The rate of the average increment paid to both men and

women who became eligible in 2010 was the same. The decline in the percentage of those eligible for an increment, and the decline in the average increment, which is evident among the newly eligible, derives from the volume and composition of the population of the newly eligible in 2010 compared with 2009. It should be noted, with reference to the retirement age, as stated at the beginning of the chapter, in 2010, the number of newly eligible increased by about one third, due to the completion of the gradual process of raising the retirement age (completion of the process relative to men, and discontinuance of the process relative to women), which resulted in most of the newly eligible for a pension no longer being eligible for a pension-deferral increment. This fact affects the level of the average increment and the percentage of those eligible for an increment.

This increment is also higher on average among the new recipients of the increment than among all recipients of the increment – 19.2% compared with 17.2%. Therefore, new retirees who are eligible for an increment are working a few more years beyond the retirement age than all recipients who are eligible for an increment. Nonetheless, among the newly eligible, a sharp drop in the percentage of retirees eligible for the increment occurred in 2010. In other words, fewer of the newly eligible deferred their retirement (or fewer continued to work at levels qualifying for this increment).

As a result of the Retirement Age Law, it is expected that the rate of the increment for women will increase in the future, since, upon completion of the process of raising women’s retirement age to 64 years and their eligibility age to 70 years, the number of years that women can defer their retirement will increase to six years, compared with five years before the law came into effect.

## D. Payments

### 1. Pension rates

In 2010, the basic old-age and survivors’ pensions rose relative to 2009 at the real rate of 5% (for an individual up to the age of 80, with no income supplement); in 2009, the old-age pension rose by 2.9%. The real increase in the pensions derives from an update of the pensions at the rate of 2.69% in January 2010 according to the rise in prices, and from an additional increase of approximately 3.8% in the basic pension rates as part of the gradual process (see clause B above), both of which affect the annual growth of the pension rate. The old-age and survivors’ pensions, including an income supplement, also enjoyed a real increase in 2010, at the rate of 4.1% for an individual under the age of 70, or in the 80-and-above age bracket. The increase for individuals in the 70-79 age bracket was slightly higher.

### 2. Volume of payments

In 2010, the total payments of the Old-age and Survivors insurance branch (excluding administrative expenses) increased at constant prices at the rate of 4.7%. Pension payments under the National Insurance Law rose at the rate of 6.2% in real terms, and

benefit payments not under the National Insurance Law decreased at the rate of 4.1% in real terms. The ratio of benefit payments not under the law (which also include payments of income supplements to pension recipients under the National Insurance Law) to all payments of old-age and survivors' benefits was 17.6% in 2010. In 2010, the total payments of National Insurance benefits (excluding administrative expenses) increased by 4% in real terms, which was lower than the rate of the increase in payments made by the Old-age and Survivors insurance branch. Therefore, the ratio of payments by the Old-age and Survivors' branch to the total volume of payments by the NII in 2010 increased to 37.6%, compared with 36.8% in 2009.

**Table 7**  
**Amount\* of the Basic Old-Age and Survivors' Pensions,**  
**by Select Family Compositions, 2006–2010**

Year	Individual		Elderly person with dependent spouse		Widow with two children**	
	2010 prices (NIS)	% of the average wage	2010 prices (NIS)	% of the average wage	2010 prices (NIS)	% of the average wage
2006	1,275	15.4	1,912	23.2	2,489	30.1
2007	1,286	15.6	1,929	23.4	2,493	30.2
2008	1,282	15.5	1,924	23.3	2,479	30.0
2008 – eligible person at age 80 or above	1,360	16.5	2,003	24.3		
2009	1,397	16.0	1,980	24.0	2,547	30.8
2009 – eligible person at age 80 or above	2,632	16.9	2,059	24.9		
2010	1,384	16.8	2,078	25.2	2,676	32.4
2010 – eligible person at age 80 or above	1,463	17.7	2,157	26.1		

\* After the reduction instituted in the old-age pension during the period July 2002 to June 2006. Not including a child allowance.

**Table 8**  
**Benefit Payments by the Old-Age and Survivors' Insurance Branch**  
**(excluding administrative expenses), 2006–2010**

Benefit category	2006	2007	2008	2009	2010
	<b>At current prices (NIS million)</b>				
Total payments	17,165	17,412	18,425	19,947	21,802
Under the National Insurance Law	13,628	13,928	14,842	16,290	17,955
Not under the National Insurance Law	3,537	3,484	3,583	3,657	3,847
	<b>At 2010 prices (NIS million)</b>				
Total payments	19,150	19,322	19,549	20,484	21,802
Under the National Insurance Law	15,204	15,456	15,748	16,728	17,955
Not under the National Insurance Law	3,945	3,866	3,802	3,755	3,847