

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 retirement age was 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 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 a means test. The eligibility age for men was not changed. The retirement age for women was raised from 60 to 64 in two stages: initially to 62 and, according to the Retirement Age Law introduced in 2004, after a hiatus of 3 years, it was supposed to rise to 64, but in 2011 the Knesset decided to postpone the further rise in the retirement age for women for five years. The gradual process of increasing the retirement age for women from 62 to 64 will resume in 2017 after a hiatus of eight years. The eligibility age for women was gradually raised in the Retirement Age Law from 65 to 70. In 2012, after a hiatus of three years, during which this age was 67, the eligibility age will rise to 67 years and four months.

Under the Retirement Age Law, in May 2009, the process was completed of gradually raising the retirement age for men to 67, as well as the first stage of the gradual raising of the age for women to 62 for retirement and 67 for eligibility (including the eligibility age for housewives¹). Therefore, 2010 was the first year since the initial raising of the retirement age in which it was possible to submit claims for a pension throughout the year. This is one of the explanations for the growth in the number of the newly eligible relative to the years 2004 to 2009.

Increments for a spouse and dependent children are added to the basic old-age pension (according to criteria set forth in the law, such as the means test), 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 its

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

rate 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 taking his pension during the age bracket when receipt of a pension is contingent upon a means test of income from work or from capital (from the conditional age to the absolute age), due to having earnings from work. This increment is at the rate of 5% of the 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.”²

A **survivors pension** is paid to the survivors of an insured after his/her death. A seniority increment is added to the basic pension, and an increment for children who are defined as dependent, 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.

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

The individuals who are eligible for these pensions 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 pensions; 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 pensions 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 pensions that are not prescribed under the law.

Counseling service for the elderly – Since the early 1970s, a 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.³ In 2011, approximately

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2 See footnote 3 in Chapter 1.

3 A description of the Counseling Service for the Elderly, its objectives and activities, is given in the NII Annual Review for 2005.

4,600 volunteers on average took part in the counseling service each month and made approximately 375,000 home visits to the elderly. The service handled approximately 143,000 requests for counseling.

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 absence of a 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 who is interred in Israel. Population groups who customarily bury their dead without using burial societies may receive these burial expenses personally. The tariff for 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 2011, 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 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 (at the rate of 1% of the basic amount) between the pensions of insureds under the age of 80 and those who are 80 and above.

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, to 17.7% of the basic amount. The pensions for all other family elements increased accordingly. Altogether, the pension for an individual rose by 2.0% from 2010 to 2011.

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, from 16.2% to 16.5%, with a further increment of 1% of the basic amount for those aged 80 and above. In 2009, the rate of the increase in the old-age and survivors' pensions totaled approximately 3%, in January 2010 it was approximately 2.1%, and in January 2011, the increase to 7.3% was completed.

Old-age and survivors' pensions, including income supplements, also rose in line with 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

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NIS 120 for an individual or approximately NIS 180 for those with dependents (this increment also includes the increase in the basic pension). Those aged 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. In 2010 and 2011, the rate of the pension including the income supplement, increased according to the increase in the basic pension.

From January 2010, the pension for an individual eligible for 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, these rates were increased to 30.3%, 31.2% and 32.6% of the basic amount, respectively.

It should be noted that the increase in the rates of the old-age and survivors' pension, including income supplement, is in addition to rate increases in this pension in recent years. The pension for an individual, which was 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 was 30.8% of the basic amount until August 2009.

2. Legislative amendments to the other eligibility criteria

In 2011 the means test for widowers being examined for eligibility for the survivors' pension was changed. To the total income (from any source) that is not taken into account, which was previously 57% of the average wage according to the National Insurance Law, it is possible to add 15.2% of the average wage for income from these sources: income from work and occupational pension. Consequently, widowers may have greater income from these sources without losing their eligibility for the survivors' pension.

The heating grant for old people who live in cold regions and who are eligible for income supplement has been doubled and from 2011 it is 6.4% of the basic amount (NIS 522). By the end of 2011, the heating grant for the winter of 2011/12 was paid to about 37,600 eligible elderly people.

C. Pension recipients

1. Recipients of old-age and survivors' pensions

In 2011, the NII paid old-age pensions under the National Insurance Law and special old-age benefits to approximately 678,000 elderly persons, and survivors' pensions to approximately 102,000 survivors on average per month. In 2011, the recipients of old-age pensions included approximately 93,400 elderly persons who received a full old-age pension and half of the survivors' pension (see clause 3 hereunder), and approximately 40,000 disabled elderly persons who received a disability pension supplement (clause 4 hereunder). The number of recipients of an old-age pension under the National Insurance Law increased in 2011 by approximately 4.3%, while the number of recipients of a survivors' pension only declined by 0.3%.

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Table 1
Recipients of Old-Age and Survivors' Pensions, by Pension Category and Legal Basis (monthly average), 2009-2011

	Number of recipients (average)			Rate of annual increase	
	2009	2010	2011	2010	2011
Total	742,725	758,490	780,107	2.1	2.9
Total old-age pension	639,940	656,034	678,134	2.5	3.4
Under the NI Law	568,424	587,949	613,476	3.4	4.3
Not under the NI Law	71,516	68,085	65,658	-4.8	-3.6
Total survivors' pension	102,786	102,456	101,973	-0.3	-0.5
Under the NI Law	102,310	102,026	101,590	-0.3	-0.4
Not under the NI Law	477	431	383	9.6-	-11.1

The number of recipients of benefits not under the National Insurance Law continued to decline in 2011 at the rate of 3.6%, although this indicates a slowdown in the rate of decline: in 2010 the rate was 4.8% and in 2009 it was 4.9%. 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% and in 2011 to 8.5%. This development reflected the downward trend in the pace of the growth of this population since the second half of the 1990s. These trends are an outcome of the decrease in the number of elderly immigrants arriving in Israel and of the mortality rate among elderly new immigrants. As a result of the diminishing volume of immigration, the size of this population will, in fact, continue to dwindle as time passes. The total number of recipients of old-age pensions, both under the National Insurance Law and not under the law, increased in 2011 by 3.4%, while the total number of recipients of old-age and survivors' pensions increased by 2.9%.

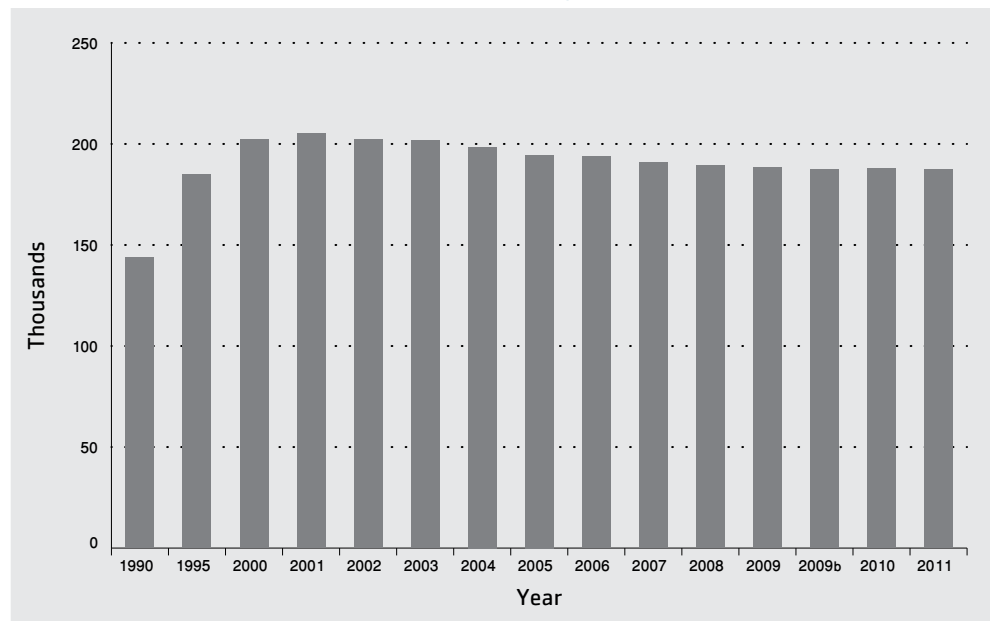
2. Recipients of old-age and survivors' pensions plus income supplement

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.

The number of recipients of income supplement decreased slightly in 2011 compared with 2010 – 187,300 recipients on average per month versus 188,000 recipients

The number of recipients of income supplement decreased slightly in 2011 compared with 2010 – 187,300 recipients on average per month versus 188,000 recipients respectively – thus returning to its 2009 level

Graph 1
Recipients of Old-Age and Survivors' Pensions plus Income Supplement
(thousands, monthly average), 1990-2011*



* 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).

respectively – thus returning to its 2009 level. Their ratio relative to all pension recipients also decreased slightly, from 24.8% in 2010 to 24.0% in 2011.

Table 2 presents the percentage of recipients of income supplement in December 2011, by category of pension and number of dependents (which determines the pension rate). The percentage of persons who were eligible for income supplement among all recipients of old-age and survivors' pensions, reached 23.7% in December 2011, compared with 24.5% in December 2010. The percentage of recipients of income supplement among all recipients of an old-age pension under the law and among recipients of a survivors' pension under the law fell slightly to 15.9% and 27.8%, respectively.

As expected, the percentage of recipients of 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: 94.4% of these recipients of old-age benefit and 65.3% of these recipients of a survivors' benefit in December 2011. 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 the percentage of persons eligible for an income supplement among the immigrants is very high. Notwithstanding their high rate among the recipients of special benefits, there are signs of a decline in the ratio of recipients of income supplement even among these benefit recipients. In December last year they

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Table 2
Recipients of Old-Age and Survivors’ Pensions, by Pension Category
and Number of Dependents*, December 2011

Pension category	Total	No dependents	One dependent	Two dependents	Three or more dependents
Old-age & survivors’ pension – total	789,610	689,669	67,078	6,079	4,570
Percentage receiving income supplement	23.7	21.1	38.9	21.8	21.0
Old-age pension under the NI Law	624,761	576,651	44,901	2,020	1,189
Percentage receiving income supplement	15.9	13.8	39.9	34.8	52.8
Old-age pension not under the NI Law	63,206	50,886	11,923	199	198
Percentage receiving income supplement	94.4	95.2	91.2	93.5	95.0
Survivors’ pension under the NI Law	101,268	86,361	7,914	3,828	3,165
Percentage receiving income supplement	27.8	30.2	15.1	14.8	10.5
Survivors’ pension not under the NI Law	375	306	39	16	14
Percentage receiving income supplement	65.3	66.0	76.9	50.0	35.7

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

Table 3
Recipients of Old-Age Pension under National Insurance Law,
with Income Supplement (monthly average), 2004-2011

Year	Recipients of an old-age pension under the National Insurance Law		Percentage receiving income supplement
	Total	thereof: receiving 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
2011	613,476	97,598	15.9

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

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

represented 94.7% of recipients of special old-age benefits and 69.1% of recipients of special survivors' benefits.

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 increase in the rate of the pension, including income supplement, in recent years (2006-2011) payable to the various age brackets (clause B above) has contributed to the rise in the percentage 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 is striking (for example, in 2006, 2008, 2009 and 2010).

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. 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, irrespective of the primary type of eligibility. 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 pension by virtue of an agreement, and not by virtue of insurance rights in the old-age and survivors' insurance branch.

In December 2011, 94,619 widows and widowers were eligible for both pensions, representing 15.1% of all recipients of old-age pension under the NII Law

In December 2011, 94,619 widows and widowers were eligible for both pensions (Table 4), representing 15.1% of all recipients of old-age pension under the NII Law, and 94.5% of them were women. The high percentage of women among the recipients of both pensions is not surprising, for a number of reasons. One 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, the situation where a higher percentage of women are eligible for both pensions is more prevalent.

The rate of increase in recipients of half the survivors' pension is lower than the rate of increase in all recipients of old age pension under the law (2.8% and 4.3% respectively). In December 2011, the average total of both pensions was NIS 2,942, approximately one third of which is the survivors' pension. The average total of both pensions for which men are eligible is higher than that of women, because men's old-age pensions are usually higher, due to their higher seniority and pension-deferral increments.

Table 4
Recipients of an Old-Age Pension and Half of the Survivors' Pension,
by Gender, December 2011

	Total	Men	Women
Number of recipients	94,619	5,240	89,379
Percentage receiving an income supplement	7.4	13.1	7.1
Average pension (NIS)	2,942	3,029	2,937.1
thereof: half a survivors' pension	1,006	863	1,014
Average age	77.9	79.7	77.8

As expected, the percentage of recipients of an income supplement among recipients of both pensions is not high – only 7.4% – since the total of both pensions is itself 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 worse 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 are men (NIS 1,014 compared with NIS 863), 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, compared to 76.5 among all recipients of an old-age pension under the law, and among women it is 77.8, compared with 72.5, respectively.

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

The 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 that were passed in 2002 to improve the disability pension system, the old-age pension paid to an elderly disabled person who reached retirement age after January 1, 2002 is the same as his disability pension, including the "additional monthly pension" (see the chapter on disability) which was 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 2011, this supplement ranged between NIS 237 and NIS 351 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

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Table 5
**Characteristics of Recipients of an Old-Age Pension for the Disabled,
 by Gender, December 2011**

	Total	Men	Women
Total recipients	39,725	20,665	19,060
Thereof: recipients of an additional monthly pension	34,344	17,930	16,414
Average pension (NIS)	2,670	2,749	2,648
Thereof: disability supplement and additional monthly pension (NIS)	511	430	598
Average age	68.7	71.2	65.9

his disability pension and “additional monthly pension,” if he is so eligible, in addition to his old-age pension.

In December 2011, approximately 40,000 elderly disabled persons received an old-age pension with a disability supplement or an additional monthly pension (Table 5), representing an increase of 10.2% compared with December 2010 (lower than the rate of growth in 2010). Approximately 48% of them were women and approximately 85% of the elderly disabled persons also received an additional monthly pension. The average old-age pension for an elderly disabled person totalled approximately NIS 2,670 in December 2011, and approximately one-fifth thereof constituted a supplement to the disability pension, including an additional monthly pension. Approximately a quarter, 24.2% of the recipients of a disability supplement or an additional monthly disability pension were also eligible for income supplement, with a similar proportion of men and women being eligible for income supplement, 51.2% and 48.8% respectively.

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 2011, the percentage of women and men who were paid a seniority increment continued to grow and reached 74.8% and 93.7% respectively. The average seniority increment paid to a recipient of a pension under the National Insurance Law also rose, from 29.9% of the basic pension in 2010, to 30.3% in 2011 (the average rate of seniority increment payable to those eligible for this increment is 36.9%). 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 – 41.7% compared with only 23.0%, respectively (the average rate of the seniority increment payable to those eligible for this increment is 44.6% and 30.8% respectively.)

The percentage of recipients of a seniority increment among newly eligible persons rose from 97.6% to 98.2% for men, and from 82% to 83.6% among women. These percentages were higher than the percentages of men and women who received this increment out of the total population of recipients. In 2011, the average seniority increment paid to newly eligible persons rose for women but not for men, but the gap between the genders in respect of this increment remained wide: 44.6% for men and 27.7% for women. With the increase in participation of women in the labor force and the increase in the number of years they work, it is expected that the percentage of women receiving a seniority increment will increase, particularly the maximum seniority increment, and that their average seniority increment will increase.

In 2011, the average seniority increment paid to newly eligible persons rose for women but not for men, but the gap between the genders in respect of this increment remained wide: 44.6% for men and 27.7% for women

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, 86%, 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 – 88.5% compared with 52.7%, 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 37%, while men are eligible for only 20%. The average increment among all recipients of a survivors' benefit is 31.1%, while recipients of the increment are eligible for an increment of 36.2% on average; i.e., an increment for 18.1 years beyond the first ten years of insurance.

6. Recipients of a pension-deferral increment

The old-age pension for the age bracket 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 pension (reduced pension) until it is completely eliminated. An 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 not to 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 2011, the percentage of men who received a pension-deferral increment continued to decline slowly to 14.5%. The average increment paid to pension recipients decreased slightly for men, and for the first time since 2008 fell below 2.5%, to 2.4%. The percentage of women who received this increment remained the same as in the previous year at 12.5%. The average increment paid to a woman also remained the same, at 2.2%. In fact, the average increment paid to women has remained unchanged since 2003. The average increment for those who received this increment was 17.2%, representing an average retirement deferral of 3.4 years.

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) 2007-2011 (December)

Year	% receiving an increment			Average increment per pension recipient		
	Total	Men	Women	Total	Men	Women
Seniority increment						
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
2011*	82.2	93.7	74.8	30.3	41.7	23.0
2011**	89.2	98.2	83.6	34.2	44.6	27.7
Pension-deferral increment						
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
2011*	13.2	14.5	12.5	2.3	2.4	2.2
2011**	11.4	11.1	11.6	2.0	1.4	2.4

* 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).

The percentage of newly eligible men and women showed an increase in both respects: the rate of eligibility for the increment, 11.4%, and the rate of increment paid, 2.0%. In fact, this increase included contrasting trends among men and women: a rise in the rate of newly eligible women (11.6%) and the increment for which they were eligible (2.4%), and a drop in both figures among newly eligible men (11.1% and 1.4% respectively). The increment paid to all newly eligible persons for pension deferral in 2011 was lower than the increment paid to all recipients, 2% compared to 2.3%, respectively.

On the other hand, the average increment for new recipients of this increment is higher than for all recipients – 17.6% compared to 17.2%. This indicates that new retirees eligible for this increment work a similar number of years beyond retirement age to the number of years worked by all recipients, notwithstanding the rise in the retirement age.

As a result of the Retirement Age Law, it is expected that the rate of the increment for women will increase. For the next five years the retirement age for women will remain 62, while the age of eligibility will continue to rise gradually, reaching 70 in 2020. Therefore the number of years that women can defer their retirement will gradually increase from 5 years in 2011 to 8 years, thereafter gradually returning to 6 years when the process of raising the retirement age is complete. The number of years by which a man can defer his pension is only 3 years. Therefore the gap in the rate of this increment between men and women is expected to close and the rate of the increment for women may even be higher than the rate of the increment for men (as was already observed this year among newly eligible men and women).

D. Payments

1. Pension rates

In 2011, the basic old-age and survivors' pensions rose relative to 2010 at the real rate of 0.8% (for an individual up to the age of 80, with no income supplement), after an increase of 5% in 2010. The real increase in the pensions derives from an update of the pensions at the rate of 2.3% in January 2011 in line with price rises, and from an additional increase of approximately 2% in the basic pension rates as part of the gradual process (see clause B above), which affects the annual growth of the pension. Old-age and survivors' pensions with income supplement rose in 2011 at a real rate of 0.2% for an individual under the age of 70, 0.5% for individuals in the 70-79 age bracket, and 0.4% in the 80-and-above age bracket. The pension also rose as a percentage of the average wage.

In 2011, the basic old-age and survivors' pensions rose relative to 2010 at the real rate of 0.8%, after an increase of 5% in 2010

2. Volume of payments

In 2011, the total payments of the old-age and survivors' insurance branch (excluding administrative expenses) increased at constant prices at the rate of 3.4%. Pension payments under the National Insurance Law rose at the rate of 4.7% in real terms, and pension payments not under the National Insurance Law decreased at the rate of 2.9% in real terms. The ratio of pension 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' pensions was 16.3% in 2011. The total payments of National Insurance pensions (excluding administrative expenses) increased in 2011 by 2.3% 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 share of payments of the Old-age and Survivors' insurance branch in the total volume of payments by the NII in 2011 increased to 37.9%, compared with 37.6% in 2010.

The share of payments of the Old-age and Survivors' insurance branch in the total volume of payments by the NII in 2011 increased to 37.9%, compared with 37.6% in 2010

Table 7
Amount* of the Basic Old-Age and Survivors' Pensions,
by Selected Family Compositions, 2007-2011

Year	Individual		Elderly person with dependent spouse		Widow with two children**	
	2011 prices (NIS)	% of the average wage	2011 prices (NIS)	% of the average wage	2011 prices (NIS)	% of the average wage
2007	1,331	15.2	1,995	22.8	2,580	29.5
2008	1,325	15.2	1,991	22.9	2,564	29.5
2008 – eligible person at age 80 or above	1,407	16.2	2,072	23.8		
2009	1,364	16.1	2,048	24.2	2,635	31.1
2009 – eligible person at age 80 or above	1,446	17.1	2,130	25.1		
2010	1,432	16.8	2,150	25.2	2,768	32.4
2010 – eligible person at age 80 or above	1,513	17.7	2,231	26.2		
2011	1,444	16.9	2,170	25.4	2,798	32.7
2011 – eligible person at age 80 or above	1,526	17.8	2,252	26.3		

* After the reduction instituted in the old-age pension in the period from July 2002 to June 2006.

** Not including the child allowance.

Table 8
Pension Payments by the Old-Age and Survivors' Insurance Branch
(excluding administrative expenses), 2007-2011

Pension category	2007	2008	2009	2010	2011
	At current prices (NIS million)				
Total payments	17,395	18,391	19,931	21,783	23,299
Under the NI Law	13,922	14,837	16,284	17,946	19,444
Not under the NI Law	3,473	3,554	3,647	3,837	3,855
	At 2011 prices (NIS million)				
Total payments	19,971	20,186	21,175	22,534	23,299
Under the NI Law	15,983	16,285	17,300	18,565	19,444
Not under the NI Law	3,988	3,901	3,875	3,969	3,855