

## 2. Old-Age and Survivors' Insurance

The old-age and survivors' pensions constitute the first tier of the pension system in Israel and ensure a basic income for the elderly insured and for his survivors after his death. Work pension constitutes the second tier of the pension system<sup>1</sup> and both tiers together are intended to ensure a reasonable minimum standard of living during retirement and old-age.

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### A. Benefits of the Old-Age and Survivors' Branch

- **Old-age pension**

Paid to every insured on a universal basis and with no means test at the age of entitlement (the absolute age<sup>2</sup>), and at retirement age (the conditional age<sup>3</sup>) paid only if he passes the means test from work and from capital.

In mid-2004 the Retirement Age Law was implemented, under which the age of entitlement to an old-age pension gradually rose for both men and women. The conditional retirement age for men was raised from 65 to 67, and for women it was raised to 62 and will remain so until 2016. In 2017, the process of gradually raising the retirement age for women to 64 is expected to be resumed. Their (absolute) age of entitlement is gradually being raised from 65 to 70. In 2013 this age was 67 and 8 months. The (absolute) age of entitlement for men has not changed: 70.

- **Increments to the basic old-age pension**

**Dependents' increment** – paid for a spouse and children who are dependent on the insured (according to criteria set by law, such as means testing).

**Seniority increment** – paid to anyone who was insured for more than 10 years. Its rate is 2% of the pension for each year of insurance beyond the first 10 years, up to a ceiling of 50%.

**Pension deferral increment** – paid to whoever deferred receipt of the pension at ages at which a means test (from work and from capital) is conducted (from the conditional age until the absolute age). Its rate is 5% of the pension for each year of pension deferral.

**Increment for an insured who has reached the age of 80** – at a rate of 1% of the “basic amount.”<sup>4</sup>

- **Survivors' pension**

Paid to the survivors of an insured after his death. A seniority increment and an increment for a survivor who has reached the age of 80 are paid in addition to the

1 See Annual Survey 2007, Chapter 4 (2) – Old-age and Survivors, Box: Compulsory Comprehensive Pension for the Entire Israeli Economy.

2 The age at which the pension entitlement is not conditioned on means testing.

3 The age at which the pension entitlement is conditioned on means testing.

4 See Note 3 in Chapter 1.

basic pension. A widower is defined as being entitled to a survivors' pension so long as he has children or he passes a means test as required by law.

- **Income supplement for the elderly and for survivors**

Paid to recipients of old-age and survivors' pensions with no income or with low income, up to the amount specified in the Income Support Law.

- **Benefits not under the National Insurance Law ("special benefits")**

Paid to the elderly and survivors who are not entitled to a pension under the National Insurance Law. These benefits are wholly funded by the government.

Entitled to these benefits are primarily new immigrants who were above the retirement age (under the Retirement Age Law) on the day they immigrated to Israel and therefore they are not insured under the National Insurance Law. The rates of the special benefit are identical to the rates of the old-age pension under the Law, subject to means testing. An increment for an entitled person who has reached the age of 80 is paid to the special benefit, but seniority increments and pension deferral increments are not paid. The amount of the maximum income supplement for recipients of these benefits equals that paid to the recipients of the pension under the Law. The changes in the pension entitlement age under the Law (see above) apply to special benefits not under the Law as well.

- **Death grant**

Paid to whoever is entitled to an old-age or survivors' pension (under the National Insurance Law) who is survived by a spouse and in the absence of a spouse – by a child as defined in the National Insurance Law.

- **Burial expenses**

Every person who dies in Israel is entitled to be buried at no cost. The National Insurance Institute pays the costs of the burial day expenses for every person buried in Israel by a duly licensed burial society. Populations who customarily perform burials without using burial societies can receive this assistance directly. The tariff of the burial expenses is classified by the age of the deceased and the size of the community in which the particular burial society operates. In certain circumstances, the burial society may charge a fee for burial (for pre-purchase of a burial plot, post-death purchase of a special burial plot and burial in a closed cemetery). If the number of paid burials is higher than the rate stated in the regulations, the burial society is entitled to reduced payments. In 2013 burial expenses were paid for approximately 42 thousand burials.

- **Counseling Service for the Elderly**

The Counseling Service for the Elderly, under which elderly volunteers support other elderly persons, has been operating in the framework of NII since the early

seventies. Other NII activities in the community include Funds for the Development of Services for diverse populations in Israeli society.<sup>5</sup>

## B. Legislative Changes

- **Pensions under the National Insurance Law** – The Economic Efficiency Law of 2009 prescribed that the basic old-age and survivors' pensions were to be gradually increased up to 2011 by approximately 7.3%. The pensions increased in a manner maintaining the disparity (at a rate of 1% of the “basic amount”) between the pensions paid to whoever has not yet reached the age of 80 and those paid to whoever has already reached age 80.

In August 2009 an individual pension was 17% of the “basic amount”; in January 2010 it increased to 17.35%; and in January 2011 to 17.7% of the “basic amount”. The pensions to the other family compositions also increased accordingly.

This increase in the pension rate is over and beyond the increase in its rates in recent years. In July 2006 the benefit rose from 16% of the “basic amount” to 16.2%; in April 2008 from 16.2% to 16.5% and a further increment of 1% of the “basic amount” for those aged 80+. In 2009 the old-age and survivors' pensions increased by about 3%; in January 2010 to 2.1%, and in January 2011 by 7.3%.

- **Old-age and survivors' pensions including the income supplement** increased according to the increase in the basic pension. Furthermore, as of August 2009 a persons aged 70-79 were paid an increment of about NIS 120 per individual and NIS 180 to those with dependents (these amounts include the increase in the basic pension). An increment was paid to those aged 80 and above to the amount of NIS 75 per individual and NIS 107 to those with dependents. In 2010 and in 2011 the rate of the pension plus income supplement increased by the rate of the increase in the basic pension.

From January 2010, the pension for the individual entitled to an income supplement was 29.9% of the basic amount to those under 70, 30.7% for 70-79 year olds and 32.1% for those aged 80 or more. From January 2011 its rate has been 30.3%, 31.2% and 32.6% of the “basic amount”, respectively.

It should be noted that the increase in the rates of the pension including the income supplement is added to the rate increase in this pension in recent years. The individual pension, which was 25% of the basic amount up to June 2005, increased to 27.3% in July 2005, to 28.5% in July 2006 and to 28.8% in April 2008. Its rate for whoever has reached the age of 80 was, until August 2009, 30.8% of the basic amount.

- **The Income Supplement Law was amended with regard to the imputation of income from assets.** This amendment has implications for recipients of old-age and survivors'

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5 For Elderly Counseling Service activities see Chapter 5 of this report.

pensions and the income supplement. Under the amendment, the value of income from an asset is calculated according to the type of asset (financial or real estate), taking into consideration the value of the asset, the rate of return corresponding to the market conditions and an additional progressive increment, the family composition and the age of the claimant. The rate of return for a financial asset was set according to the 12 month short-term loan rate published by the Bank of Israel. The rate of return for real estate: agricultural land – 0%, residential asset – 3% and commercial asset – 5%. The levels of the increment and the rates thereof, which range between 1.5% and 5%, are detailed in the regulations.

Moreover, an annual updating mechanism of the rate of return was prescribed, by which the value of the imputed income is to be calculated. The rate of return for 2013 was 2.7%.

## C. Pension Recipients

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

In 2013 the National Insurance Institute paid old-age pensions to approximately 734 thousand elderly persons, and survivors' pensions to about 100 thousand survivors – on average per month

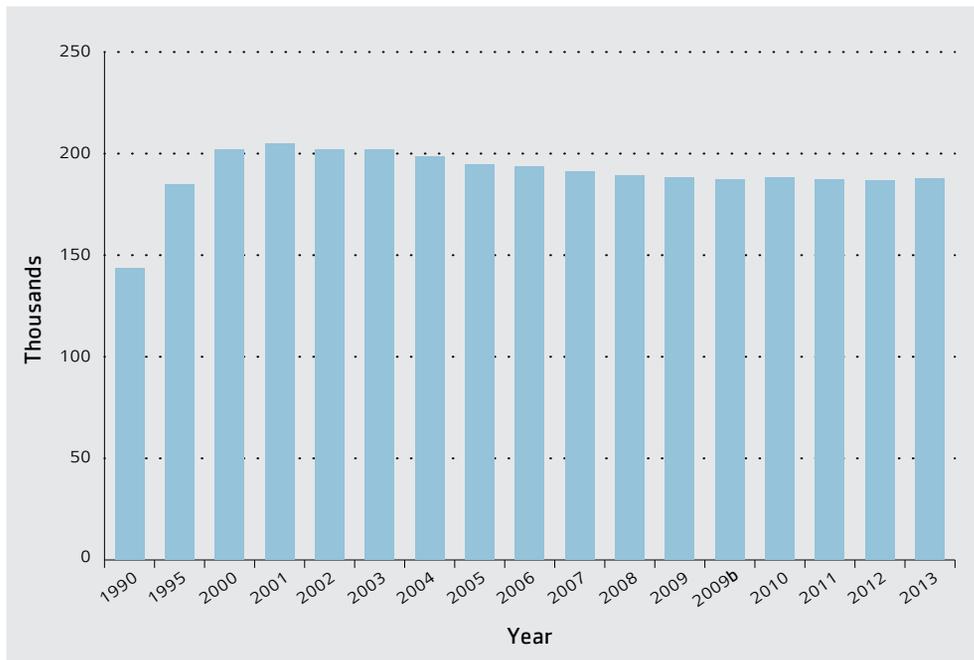
In 2013 the National Insurance Institute paid old-age pensions under the National Insurance Law and old-age pensions not under the National Insurance Law (hereinafter – **special benefits**) to approximately 734 thousand elderly persons, and survivors' pensions to about 100 thousand survivors – on average per month. Among the old-age pension recipients were approximately 101 thousand elderly persons who received a full old-age pension and half a survivors' pension (section 3 below) and 52 thousand disabled elderly persons who received a disability pension supplement (section 4 below). The number of recipients of old-age pension under the National Insurance Law increased in 2013 by 5.6%, while the number of recipients of a survivors' pension only (under the National Insurance Law) decreased by 0.9%.

**Table 1**  
**Recipients of Old-Age and Survivors' Pensions**  
**by Pension Category and Legal Basis (monthly average), 2011-2013**

Pension category	Number of recipients (average)			Rate of annual increase	
	2011	2012	2013	2012	2013
<b>Total</b>	<b>780,107</b>	<b>802,491</b>	<b>833,915</b>	<b>2.9</b>	<b>3.9</b>
<b>Old-age</b>					
Total	678,134	701,289	733,686	3.4	4.6
Under NII Law	613,476	640,110	675,816	4.3	5.6
Not under NII Law	64,658	61,178	57,870	-5.4	-5.4
<b>Survivors</b>					
Total	101,973	101,202	100,230	-0.8	-1.0
Under NII Law	101,590	100,842	99,897	-0.7	-0.9
Not under NII Law	383	360	333	-6.0	-7.5

The number of recipients of special benefits continued to decrease in 2013 by 5.4%, a rate identical to the decrease in 2012, following a decrease of 5.0% in 2011 and of 4.8% in 2010. The proportion of special benefit recipients out of all old-age and survivors' pension recipients increased from 8.4% in 1990 to 18.7% in 1996. From 1997 this rate gradually decreased to 7.0% in 2013. This development is a continuation of the downward trend in the growth rate of this population since the second half of the 1990s, a consequence of the dwindling number of new immigrants who came to Israel at an older age and of the mortality rate among their elderly, which are expected to further reduce the volume of this population in the coming years. The total recipients of old-age pensions under the National Insurance Law and special benefits increased in 2013 by 4.6%, while the number of all recipients of old-age and survivors' pensions increased by 3.9%.

**Graph 1**  
**Rate of Old-Age and Survivors' Pensions Together**  
**with Income Supplement (monthly average), 1990–2013**



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

Recipients of old-age and survivors' pensions who do not have additional sources of income or whose income from additional sources is very low are entitled to a supplement to their pension under the Income Support Law. The number of income supplement recipients in 1990–2001 steadily increased, following the enrollment of many new immigrants, who received a special benefit together with an income supplement, and

from 2008 it gradually decreased, primarily as a result of the dwindling number of new immigrants receiving special benefits (see graph). In 2013, for the first time since 2001, the number of income supplement recipients increased: 187.5 recipients on average per month compared to 186.8 thousand in 2012.

Nonetheless, the rate of income supplement recipients among all old-age and survivors' pension recipients reached its peak in 1992 – 34% – and has since been declining (apart from 2007), mainly due to the dwindling number of special benefit recipients (Graph 1). As expected, among recipients of old-age pension under the Law, the rate of entitled persons rose moderately in the years in which there was a rise in the pension rate.

In December 2013, the percentage of persons entitled to an income supplement among all old-age and survivors' pension recipients reached 22.2%

In December 2013, the percentage of persons entitled to an income supplement among all old-age and survivors' pension recipients reached 22.2%, as compared to 23.0% in December 2012 (Table 2). The percentage of income supplement recipients among old-age pension recipients under the Law decreased slightly, reaching 15.5%, and among survivors' pension recipients under the Law it rose slightly, to 27.9%.

As expected, the percentage of income supplement recipients was highest among recipients of NII old-age and survivors' pensions and special benefits, which mainly include new immigrants: 94.0% of these old-age pension recipients and 66.2% of these

**Table 2**  
**Recipients of Old-Age and Survivors' Pensions**  
**by Pension Category and Number of Dependents\*, December 2013**

Pension category	Total	No dependents	One dependent	Two dependents	Three or more dependents
<b>Old-age and survivors' pension - total</b>	<b>848,769</b>	<b>689,669</b>	<b>67,078</b>	<b>6,079</b>	<b>4,570</b>
% of income supplement recipients	22.2	21.1	38.9	21.8	21.0
Old-age pension under the NII Law	692,614	648,616	40,673	2,134	1,191
% of income supplement recipients	15.5	13.7	42.8	33.7	48.0
Old-age pension not under the NII Law	56,591	46,644	9,628	159	160
% of income supplement recipients	94.0	94.4	91.7	90.6	95.6
Survivors' pension under the NII Law	99,247	84,681	7,695	3,768	3,103
% of income supplement recipients	27.9	30.3	14.7	15.2	10.8
Survivors' pension not under the NII Law	317	254	31	18	14
% of income supplement recipients	66.2	67.7	64.5	61.1	50.0

\* Including spouse or children – for old-age, and including children – for survivors.

survivors' pension recipients were entitled in December 2013 to an income supplement. Old-age and survivors' benefits paid not under the National Insurance Law are conditioned on means testing and therefore it is not surprising that the rate of persons entitled to an income supplement among immigrants is very high. Nonetheless, there have been signs of a decline in the rate of income supplement recipients since December 2011, when their rate was 94.4%.

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

Among recipients of old-age and survivors' pensions, there are those who receive the benefit in both categories – old-age and survivors (hereinafter – both pensions), which are paid by virtue of the insured's rights at the Old-age and Survivors' branches. Irrespective of the first pension to which they are entitled, whoever is entitled to both pensions receives the full old-age pension to which he is entitled and half of the survivors' pension to which he is entitled. Only recipients of a pension under the Law are entitled to both pensions. Recipients of a pension not under the Law receive their pension by virtue of an agreement and not by virtue of insurance rights in the Old-age and Survivors' branch.

In December 2013, 101,289 widows and widowers were entitled to both pensions, 94.3% of them being women (Table 3), which constitute 13.8% of all recipients of old-age pensions under the Law. The high rate of women is not surprising, for a few reasons: (a) the percentage of insured men is higher than the percentage of insured women. Only women insured as workers confer insurance on their spouse under survivors' insurance (housewives do not confer insurance on their spouses), while all men confer entitlement to insurance on their spouses. (b) the right to a survivor's pension of a widowed man without children is contingent on means testing. (c) Women generally marry men who are older than them and their life expectancy is higher than that of men. This being the case, it is more common for women to be the ones who are entitled to both pensions.

The rate of increase of recipients of half a survivors' pension is lower than the rate of increase in the total recipients of the old-age pension under the Law (5.6%-13.5% annually, respectively). In December 2013 the average amount of both pensions collectively was NIS 3,091, approximately one third of which being the survivors' pension. The average amount of both pensions to which men are entitled is higher than the pension of women, since for the most part the old-age pension of the former is higher due to higher seniority increments and higher retirement deferral increments.

As expected, the rate of income supplement recipients among recipients of both pensions is not high – 7.8% only – since the amount of both pensions is itself usually higher than the pension amount with the income supplement. The rate of men receiving an income supplement is nearly double the rate of women, since widowers (without minor children) passed a means test in order to be entitled to the survivors' pension, in contrast to the widows who were exempt therefrom. Since only widowers who meet the conditions of the means test are entitled to receive a survivors' pension, the economic

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**Table 3**  
**Characteristics of Recipients of an Old-Age Pension**  
**and Half a Survivors' Pension, by Gender, December 2013**

	Total	Men	Women
<b>Total recipients</b>	<b>101,289</b>	<b>5,803</b>	<b>95,486</b>
Percentage of income supplement recipients	7.8	13.8	7.4
Average pension (NIS)	3,091	3,166	3,087
thereof: Half a survivors' pension (NIS)	1,054	901	1,064
Average age	78.1	79.4	78.0

situation of the widowers receiving a survivors' pension tends to be more difficult than that of the widows, who are not subject to this test as a condition to receiving the pension.

The average age of recipients of both pensions is higher than the age of all persons entitled to an old-age pension under the Law: Men – 79.4 years compared to 76.3, respectively and women – 78.0 compared to 72.7, respectively.

#### 4. Recipients of disability pension for elderly

A disability pension is paid to a disabled person until he reaches retirement age, after which he is paid an old-age pension. Under the legislative amendments to improve the benefits to disabled persons adopted in 2002, the old-age pension paid to a disabled person who reached retirement age after January 1, 2002 is the same level as that of his disability pension, including the **additional monthly pension**<sup>6</sup> that was paid to him before he reached retirement age. An additional monthly pension is paid to a disabled person whose degree of medical disability is at least 50% and whose degree of earning incapacity is at least 75%. The amount thereof in most cases was NIS 247 – 365 per month in December 2013, depending on the medical disability percentage. On transitioning to an old-age pension, the disabled person de facto receives a supplement up to the amount of the disability pension and an additional monthly pension, if he is entitled thereto, in addition to the old-age pension.

In December 2013, approximately 51 thousand elderly disabled persons (48.4% of them women) received an old-age pension with a supplement to the disability pension amount or with an additional monthly pension (or both), and this is an increase of 12.9% compared to December 2012 (a rate identical to the rate of increase in 2012) (Table 4). Approximately 87% of the elderly disabled persons received an additional monthly pension. In December 2013, the average amount of the old-age pension of the elderly disabled persons was approximately NIS 2,797, a fifth of which is a supplement to a disability pension, which includes the additional monthly pension. 22.6% of the

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6 See Disability chapter in this survey.

**Table 4**  
**Characteristics of Recipients of Old-Age Disability Pension for Elderly,**  
**by Gender, December 2013**

	Total	Men	Women
<b>Total recipients</b>	<b>50,649</b>	<b>26,144</b>	<b>24,505</b>
thereof: additional monthly pension recipients	43,964	22,858	21,106
Average pension (NIS)	2,797	2,833	2,760
thereof: Disability supplement and additional monthly pension (NIS)	531	446	618
Average age	69.2	71.7	66.6

recipients of a disability supplement or additional monthly disability pension are also entitled to an income supplement, where the rate of entitled men and women is similar: 21.7% and 23.5%, respectively.

### 5. Seniority increment recipients

A seniority increment to the old-age pension is granted to elderly persons who have been insured by NII for more than ten years. Its rate is 2% of the basic old-age pension for each year of insurance beyond the first ten years of insurance, up to a ceiling of 50% of the pension. In 2013, the percentage of women and men to whom a seniority increment was paid continued to increase, reaching 76.6% and 94.4%, respectively (Table 5). The average seniority increment paid to a pension recipient under the National Insurance Law rose from 30.7% of the basic pension in 2012 to 31% thereof in 2013 (the rate of the average seniority increment paid to a person entitled to this increment is 37.2%). In other words, the percentage of seniority increment recipients rose and the average number of years for which the increment is paid also increased. The average increment that the men received was higher than the increment that the women received – 42.1% compared to 24.2% only, respectively (the rate of the average seniority increment paid to a person who is entitled to this increment is 44.6% for men and 31.5% for women).

The percentage of seniority increment recipients among newly entitled men rose slightly from what it was in 2012, to 98.3%, whereas among the women it decreased considerably, to 78.6%. This decrease is a consequence of a change in the composition of new enrollees in 2013, which stems from an amendment to the Law, which broadens the rights of pensioned housewives and widows who were born before 1931<sup>7</sup>. Under the amendment, from January 2013, older women (aged 82 and above) who are not entitled to a seniority increment or to a pension deferral increment enrolled in the system. They constitute 11% of all new enrollees in 2013 and therefore they cause a decrease in the

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7 See Annual Survey 2012.

**Table 5**  
**Recipients of Old-Age Pension Under National Insurance Law,**  
**by Rate of Recipients of Seniority and Pension Deferral Increments**  
**and Rate of Average Increment, 2009–2013 (December)**

Year	Proportion of increment recipients out of all recipients (percentages)			Rate of the average increment for all pension recipients (percentages)		
	Total	Men	Women	Total	Men	Women
<b>Seniority increment</b>						
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
2012*	83.0	94.0	76.0	30.7	42.0	23.7
2012**	90.9	98.2	85.9	35.0	44.0	28.7
2013*	83.5	94.4	76.7	31.0	42.1	24.2
2013**	86.9	98.3	78.6	33.5	42.9	29.7
2013** , ***	92.2	98.3	87.3	35.6	42.9	29.7
<b>Pension deferral increment</b>						
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
2012*	13.1	14.2	12.5	2.3	2.3	2.2
2012**	11.1	10.4	11.6	1.8	1.2	2.2
2013*	13.0	13.8	12.5	2.2	2.2	2.2
2013**	10.8	9.7	11.6	1.7	1.2	2.2
2013** , ***	11.5	9.7	12.3	1.9	1.2	2.4

\* All recipients.

\*\* New enrollees.

\*\*\* Excluding housewives born before 1931 (Amendment 138 to Law).

rate of recipients of seniority increment and pension deferral increment as well as in the level of these increments. Table 5 presents data also on new enrollees, excluding these housewives, and it shows that there was a rise in the rate of new enrollees who are entitled to a seniority increment, 87.3%, and in the average increment per new enrollee, which rose to 31.5%, i.e. nearly 16 years of seniority.

The rate of seniority increment recipients and the level of the increment are higher among the enrolling men and women (excluding housewives born before 1931) than among all recipients. However, while the average seniority increment paid to newly entitled women (excluding housewives born before 1932) continued to rise in 2013

(compared to 2012) the average increment for newly enrolled men has been declining during the last three years. A review of the data shows that in 2008 – 2010 the rate of new immigrants (who immigrated to Israel from 1990) had declined among the new enrollees, but from 2010 their rate has risen considerably. The rate of new immigrants among the men who enrolled in 2010 was 10.6% compared to 18.4% in 2013. Naturally the average seniority increment of the immigrant men is significantly lower than that of other men (16% compared to 49%, respectively, in 2013) and therefore with their rising rate among new enrollees we are witnessing a decline in the average seniority increment.

Notwithstanding the decline in the average seniority increment for men, the disparity in the increment between new men and women remains significant: 42.9% for men and 29.7% for women. With the increase in the rate of women's participation in the workforce and in the number of years they work, the rate of women receiving a seniority increment, particularly the maximum seniority increment, is expected to continue rising, and an increase in the average seniority increment is expected as well.

Survivors' pension recipients are granted the seniority increment to which the deceased person was entitled. Most survivors' pension recipients (those entitled to survivors alone and those entitled to half a survivors' pension in addition to the old-age pension) – 86.6% – are entitled to this increment and, as expected, the rate of women receiving the increment accumulated by their spouse is higher than that of men – 87.7% compared to 71.6%, respectively. Furthermore, the average seniority increment to which the women are entitled is higher than that of the men: Women receive an average increment of 28.8%, while men are entitled only to 23.2%. The average increment among those entitled thereto is 32.9% on average, which translates to an increment for 16.5 years beyond the first ten years of insurance.

## 6. Pension deferral increment recipients

The old-age pension within the age range between retirement age and the age of entitlement is conditioned on means testing. An individual whose work income does not exceed 57% of the average wage is entitled to a full benefit (for a couple – 76% of the average wage). Also, high-level capital income is taken into account for the purposes of the means test (as detailed in the Law and in the regulations). For each additional shekel 60 agorot are deducted from the old-age pension (reduced pension) until the pension is adjusted to zero. Whoever has higher income is not entitled to the pension at retirement age and will receive a retirement deferral increment at a rate of 5% of the basic pension for each year of deferral. Whoever is entitled to a reduced pension may choose not to receive the pension and shall be entitled to a retirement 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.

The percentage of men who received a pension deferral increment in 2013 continued a slow decline and reached 13.8%. The partial explanation is the raised retirement age

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and consequently the reduction in potential years of deferral accumulation. The average increment paid to a male pension recipient was reduced slightly for men and was 2.2%. The percentage of women who received this increment remained as it was since 2010, 12.5%. The average increment paid to a female pension recipient remained as in previous years: 2.2%. In fact, the average pension rate for women has remained unchanged since 2003 and it currently equals that of men. The average increment for its recipients was 17%, i.e. an average retirement deferral of 3.4 years.

Among new women enrollees<sup>8</sup>, there was a rise both in the percentage of increment recipients and in the amount of the average increment of the pension recipients. The rate of entitled women rose from 11.6% in the previous year to 12.3% and the rate of the increment rose to 2.4%. Among the new men, there was a decline in the rate of men entitled to the increment, from 10.4% in the previous year to 9.7% in the present year and this stems from a rise in the rate of new immigrants (who immigrated from 1990 onward; for an explanation see section 5). The rate of the increment remained as it was, 1.2%, but a de facto rounding of the result implies a decline from 1.24% to 1.19%.

The increment paid to the new enrollees in respect of the pension deferral in 2013 was lower than that paid to all the recipients – 1.9% compared to 2.2%, respectively – and similarly for the rate of recipients of this increment – 11.5% compared to 13%. Therefore, the new retirees are less likely to defer their retirement than are the veteran retirees. A similar predilection has been observed since 2010 and it will be interesting to see if it continues in the future.

Nonetheless, the men who enrolled this year and deferred their retirement are entitled to an increment of 16% on average. Since among them there were a small number of men, 0.8%, who according to their year of birth could defer the pension by four or five years, the average exceeds the current maximum possible increment. Excluding the men who deferred a pension by four and five years, the average pension deferral is 2.4 years, i.e. nearly the entire deferral period, three years. Among the women, the maximum deferral period is longer (see explanation below) and the new enrollees who deferred their retirement were entitled to an increment of 17.7%, i.e. 3.5 years.

Under the Retirement Age Law, the increment rate among women is expected to increase in the future. Up to 2016, the retirement age for women will remain 62, whereas the entitlement age will continue to rise gradually and will reach 70 in 2020. Therefore, the number of years for which women could be awarded a retirement deferral increment will increase gradually from 5 to 8 and will converge at 6 at the end of the retirement age raising process. On the other hand, the number of years that a man could defer his pension is only three and therefore it may be that the average increment rate for women will be higher than that of men (as already observed during the last three years among new men and women enrollees in the system).

8 The term new women enrollees in this section only does not include housewives born before 1931 (see previous section).

Excluding the men who deferred a pension by four and five years, the average pension deferral is 2.4 years, i.e. nearly the entire deferral period

## D. Payments

### 1. Pension level

In 2013 the basic old-age and survivors' pensions (for an individual up to the age of 80 with no income supplement) remained at the same levels as in 2012 (Table 6). The maintenance of the real value of the pensions stems from an update of the pensions at a rate of 1.4% (set according to the November 2012 index in relation to that of November 2011) against the increase at a rate of 1.5% in the average annual price index in 2013. The basic pension rate as a percentage of the average wage declined from 16.9% to 16.8% for an individual up to the age of 80. Old-age and survivors' pensions with an income supplement also remained at their 2012 levels.

**Table 6**  
Basic Old-Age and Survivors' Pension Amount  
by Select Family Compositions, 2009-2013

Year	Individual		Elderly person with a dependent spouse		Widow/er with 2 children*	
	2013 prices (NIS)	Percentage of the average wage	2013 prices (NIS)	Percentage of the average wage	2013 prices (NIS)	Percentage of the average wage
Person who has not yet reached the age of 80						
2009	1,408	16.1	2,115	24.2	2,721	31.1
2010	1,478	16.8	2,220	25.2	2,859	32.4
2011	1,491	16.9	2,241	25.3	2,889	32.7
2012	1,504	16.9	2,260	25.3	2,915	32.7
2013	1,502	16.8	2,257	25.3	2,910	32.6
Person who has reached the age of 80						
2009	1,493	17.1	2,199	25.2		
2010	1,562	17.8	2,304	26.2		
2011	1,576	17.9	2,325	26.3		
2012	1,589	17.9	2,345	26.3		
2013	1,587	17.8	2,342	26.3		

\* Not including child allowances.

**Table 7**  
Average Old-Age and Survivors' Pension Amount  
by Select Family Compositions, December 2013

Family composition	For pension recipients with no income supplement		For pension recipients with an income supplement	
	2013 prices (NIS)	Percentage of the average wage	2013 prices (NIS)	Percentage of the average wage
Individual	2,289	25.7	2,818	31.6
Couple	3,148	35.3	4,234	47.5
Widow/er with 2 children	3,193	35.8	5,378	60.3

Notwithstanding Table 6, a lion's share of the recipients are entitled to a pension that is higher than the basic pension amount and that includes the basic pension and the additional increments according to the characteristics of the entitled person (spouse increment, child increment, seniority increment, pension deferral increment, age increment, income supplement increment, etc.). Table 7 presents the average pensions for select family compositions.

## 2. Volume of payments

In 2013, the amount of payments of the Old-age and Survivors' branch increased in fixed prices by 3.2%

In 2013, the amount of payments of the Old-age and Survivors' branch (excluding administrative expenses) increased in fixed prices by 3.2%. The benefit payments under the National Insurance Law rose by 4.3% in real terms and the benefit payments not under the National Insurance Law declined by 2.9% in real terms. The proportion of benefit payments not under the Law (which also include income supplement pension payments to pension recipients under the National Insurance Law) out of all the old-age and survivors' pension payments reach 14.7% in 2013. The total payments for NII pensions in 2013 (excluding administrative expenses) increased by a rate of 2.1% in real terms, which is lower than the rate of increase in Old-age and Survivors' branch payments. Accordingly, the proportion of the branch's payments out of the NII's payments in 2013 rose to 37.9% after it was 37.5% during the previous year, and thereby it reverted to its 2011 level.

**Table 8**  
**Pension Payments by the Old-Age and Survivors' Branch**  
**(excluding administrative expenses, NIS Million), 2009-2013**

	2009	2010	2011	2012	2013
			<b>Current prices</b>		
<b>Total payments</b>	19,931	21,782	23,238	24,524	25,690
Under NII Law	16,284	17,946	19,383	20,689	21,911
Not under NII Law	3,647	3,837	3,855	3,835	3,779
			<b>2013 prices</b>		
<b>Total payments</b>	21,865	23,268	23,994	24,898	25,690
Under NII Law	17,864	19,170	20,014	21,005	21,911
Not under NII Law	4,001	4,098	3,981	3,893	3,779

### Counseling Service for the Elderly

The cash benefits granted to the elderly by the National Insurance Institute of Israel (NII) – old-age pension, survivors' pension, income supplement and long-term care benefit – constitute a significant share of their income. The elderly are also entitled to a range of services from various public and government organizations. The Counseling

Service for the Elderly of the NII helps with access to services and with exercising rights, and provides regular supportive social contact to those elderly who need it.

### a. Counseling

In spite of technological advancements, many elderly people still have trouble exercising their rights, whether in the framework of the National Insurance Institute or in other organizations; many services are not sufficiently accessible. The volunteer counselors of the Counseling Service for the Elderly, in various ways (such as conversation and explanation, translation, active referral and practical assistance), give their elderly clients the tools that they need in order to better exercise their rights. The counseling is given both in person at the local NII branches and by telephone, in various languages – at the national call center of the NII and by means of initiated calls, particularly to those elderly people living in outlying areas. In 2013, about 170,000 elderly people received counseling, compared to about 169,000 in 2012 – an increase of about 0.6%.

### b. Initial home visits

Initial home visits are paid to elderly people who are defined as being at risk, such as those aged over 80, those receiving long-term care – including those whose applications for long-term care were rejected – those for whom a pension receiver has been appointed and widows/widowers. The visits serve as a means of monitoring at-risk elderly people and help the NII ensure that its benefits are being used for the elderly person's benefit. The initial visits also help ensure that those elderly people who have physical limitations are exercising all their rights (such as receiving a long-term care benefit).

The Counseling Service volunteers are given special training for these initial visits, and their impressions from the visits form the basis for a professional assessment of the elderly person and decisions regarding further intervention, including referral to other departments of the NII or to other organizations. In 2013 there were about 26,480 initial home visits, compared to 26,135 visits in 2012 (an increase of 1.3%).

In 2013 there were about 26,480 initial home visits, compared to 26,135 visits in 2012

### c. Regular social home visits

Housebound elderly people with no regular social contacts or support suffer from isolation. Even if they have caregivers or spouses, these are not perceived as sufficient social contact. Volunteers from the Counseling Service for the Elderly conduct regular visits to those elderly who have expressed a wish for such visits and maintain regular direct contact with them.

The relationships – sometimes close friendships – that are built up over time between the elderly people and their volunteer visitors have made a proven contribution

to the quality of life and welfare of the elderly. The visits are arranged according to the resources of the Counseling Service and the professional judgment of the NII. In 2013 there were more than 356,000 regular weekly visits conducted to the homes of some 6,600 elderly people (as a monthly average). In all, 8,600 different elderly people received home visits during the year – similar to the figure for 2012.

#### d. Support groups for widows and widowers

Becoming widowed in old age often affects the person's quality of life. The Counseling Service for the Elderly has been running support groups for elderly widows and widowers for about 30 years, providing assistance, support and advice and helping the survivors get on with their lives. In addition to the support groups, activities for the widowed include telephone calls to provide comfort and invitations to special events giving information on rights.

Contact is usually made soon after the person becomes widowed. In 2013 there were about 70 support groups all over the country, similar to the situation in 2012.

#### e. Information days

Information days are a means of making direct contact with elderly for a range of purposes, such as providing information for new retirees, informing on rights of the widowed and of Holocaust survivors and providing support to dementia sufferers. The Counseling Service sends out letters to the elderly inviting them to a daily meeting during which they can learn about their rights under national insurance and the various services available to them from other organizations. These days have been found to be very helpful in that they provide direct access to the target population, leading to further contact as necessary. In 2013 information days were added for people preparing for retirement.

- **Information on exercising rights in the periphery:** Elderly people living in outlying areas of Israel often do not have accessible services or local branches of official institutions in their towns. Information days are held in these locations by the Counseling Service in conjunction with the local social services departments to provide answers to individual questions from the public.
- **Local and national projects:** The Counseling Service for the Elderly initiates both local and national projects, some in cooperation with other departments of the NII or other organizations. The overall purpose of these projects is to promote new essential services, such as support groups for the primary caregivers of elderly people who require long-term care, increasing awareness of conditions prevalent in old age, such as Alzheimer's disease, and developing services for the elderly within the community.

In 2013 there were about 70 support groups all over the country, similar to the situation in 2012

## Recipients of Services from the Counseling Service for the Elderly, 2012-2013

Local branch	2012						2013					
	Counseling	Initial home visits	Social home visits	Information days	Support groups	Counseling	Initial home visits	Social home visits	Information days	Support groups		
Total	169,038	26,135	6,580	116	72	170,007	26,482	6,598	120	72		
Ashdod	4,103	950	161	3	1	4,252	963	167	2	2		
Ashkelon	3,956	560	232	6	3	4,207	514	222	3	3		
Beer Sheva	7,053	761	248	9	3	6,086	673	247	3	3		
Bnei Brak	2,092	303	30	4	.	2,759	284	40	4	2		
Hadera	5,388	700	236	2	2	4,441	800	237	3	2		
Holon	5,255	890	129	5	2	5,994	720	128	5	2		
Haifa	8,402	1,032	418	2	6	9,432	1,041	454	5	5		
Tiberias	5,775	594	456	2	3	6,694	668	460	3	3		
Jaffa	10,616	1,161	351	5	4	9,314	1,379	350	6	3		
Jerusalem	11,401	2,392	603	6	5	10,532	2,648	590	15	9		
Kfar Saba	7,058	695	262	2	3	7,733	532	219	3	2		
Karmiel	4,419	731	185	4	1	3,934	666	171	6	1		
Nahariya	3,954	1,351	287	3	2	3,784	1,434	315	5	2		
Nazareth	6,463	3,890	140	3	1	6,598	4,383	147	6	2		
Netanya	12,391	1,690	531	6	4	11,744	1,690	554	2	3		
Afula	4,098	956	197	5	4	3,555	940	190	4	5		
Petach Tikva	9,054	1,050	325	7	3	8,498	776	319	6	3		
Krayot	5,537	1,257	346	4	4	4,937	1,199	349	6	5		
Rishon Letzion	9,277	1,731	385	3	7	9,583	1,885	386	4	5		
Rehovot	10,220	853	361	10	.	9,855	814	349	7	2		
Ramla	6,533	637	208	4	1	5,510	587	198	5	.		
Ramat Gan	11,389	1,146	226	8	3	12,941	1,263	247	7	5		
Tel Aviv	14,603	805	285	13	8	17,624	623	261	10	7		

