



Summary of Trends and Developments in Social Security

2014



**National Insurance Institute
Israel**

Research and Planning Administration



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2014

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Introduction

In January 2014, the basic amounts were changed to update benefits by 1.9% (the rate of CPI increase in the period from November 2012 to November 2013), and the benefits were amended following this change.

The basic amount in accordance with paragraph 1 – NIS 8,757 instead of NIS 8,594 December 2013.

The basic amount in accordance with paragraph 2 remained unchanged – NIS 140.

The basic amount in accordance with paragraph 3 – NIS 8,648 instead of NIS 8,487 in December 2013.

In 2014, three general changes came into effect: benefits were revoked for terrorists; a condition was set for the statute of limitations on debt to National Insurance; and an option was mandated allowing for the re-examination by a regional claims committee of a decision made by the claims clerk.

The definition of a child for purposes of survivor benefits was expanded, and there was change regarding receipt of long-term care benefits in cash. A modification came into effect regarding the income test for Holocaust survivors.

For the disability benefit, an agreement was signed for a one-time payment for special services to those receiving the benefit, an additional monthly allowance was granted for those with special disabilities, and a change came into effect regarding general disability which allows for a request for re-examination of the submitted claim.

Regarding income support, the Cold Region Ordinance was amended and expanded to 31 additional cities, as recommended by the Meteorological Service. Furthermore, an indirect amendment was made to the Benefits for Victims of Hostilities Law.

Regarding collection of contributions, the law to reduce the deficit and change the tax burden was amended, and another amendment took effect which waives debts of the deceased.

General Changes

Revocation of Benefits from Terrorists

A terrorist who was released from prison early due to a diplomatic agreement shall not be entitled to the payment of benefits until the end of the original period of incarceration. For the crime of murder, entitlement to benefits will be revoked for life. In recent years, this section of the law has been amended several times, mandating benefits not to be paid when the insured person committed a nationalistically-motivated crime.

Statute of Limitations for Debts to National Insurance

The National Insurance Law assigns the National Insurance Institute the duty to notify an insured person of his/her debt.

If the Institute failed to comply with its notification duty - the debt will be canceled and it will no longer be possible to collect it in any manner whatsoever.

Re-Examination of Claims Clerk Decision by Regional Claims Committee

There is a new service for someone whose claim for receipt of benefits was rejected by the National Insurance Institute: As of January 2014, insured persons from anywhere in Israel whose claim for a benefit¹ was rejected by the National Insurance Institute, can request that this decision be re-examined by a regional claims committee, which convenes once a month at the Institute's branches in Tel Aviv, Jerusalem, Haifa, and Be'er Sheva, without their presence. The committee members are public figures appointed by the Institute board, and their decision is considered a recommendation for further consideration of the claims clerk.

¹ Any benefit mandated by the National Insurance Law, except for medical committees, disability, rehabilitation, and long-term care claims.

Client Service

The National Insurance Institute's service strategy gives priority to the insured party and his/her entitlement, to enable the full exercising of rights by law. For this purpose, the Institute is increasing its proactive activities.

In 2014, a uniform model was adopted for crowd-flow at branches, information was made more accessible, procedures were simplified, and new procedures were implemented. The service mindset and knowledge maintenance were strengthened, and an emphasis was placed on deepening the relationship between insured person and clerk through proactive phone calls, control, and oversight.

The telephone call center handled over 5 million calls in 2014, while simultaneously there was a gradual decrease in the number of people visiting the branches. The personal service channel increased the number of actions performed by insured persons on the website: it is now possible to electronically submit an unemployment claim as well as to send a considerable number of the required documents to the desk of the clerk handling the claim.

In 2014, infrastructure was set up for sending letters via personal service instead of through the mail. In this way, the National Insurance Institute joins the green revolution.

Old-Age and Survivors

Old-Age

As of 2014, the income supplement for recipients of old-age pensions is paid directly into bank accounts.

Monthly Old-Age Pension (NIS), 2014

Senior			Couple			Supplement for 80+
Individual	With one child	With two children	No children	With one child	With two children	
1,531	2,015	2,499	2,301	2,785	3,269	86

Old-Age pension plus income supplement based on Income Support Law Increased Rate – for those under age 70 (NIS), 2014

Senior			Couple		
Individual	With one child	With two children	No children	With one child	With two children
2,803	4,487	5,421	4,164	5,099	6,033

Old-Age pension plus income supplement based on Income Support Law Increased Rate – for those under age 80 (NIS), 2014

Senior			Couple		
Individual	With one child	With two children	No children	With one child	With two children
3,016	4,792	5,727	4,469	5,404	6,339

Survivors

More inclusive Definition of 'Child' for Purposes of Survivors' Insurance

As of 1.7.2014, a child under the age of 20 who studies in a legally-recognized educational institution for at least 20 weekly hours, will also be entitled to a survivors' pension.

The amount of the survivors' pension will be based on the insured's family status. The definition of 'child' for these purposes is in section 238 of the law, and the child's age is limited depending on his/her type of studies or military service.

Survivors' pension plus income supplement based on Income Support Law - increased rate – for those who have reached age 80 (NIS), 2014

Young widow	Individual senior		Children with no parents	
	With one child	With two children	One child	Two children
3,016	4,792	5,727	2,022	2,963

Income supplement for monthly survivors' pension for those under age 70 (NIS) – 2014

Widow	Individual senior		Children with no parents	
	With one child	With two children	One child	Two children
1,272	2,238	2,454	1,071	1,061

Income supplement for monthly survivors' pension for those who have reached age 80 (NIS) – 2014

Widow	Individual senior		Children with no parents	
	With one child	With two children	One child	Two children
1,399	2,457	2,674	1,071	1,061

Long-Term Care

Long-Term Care Cash Benefit

A person entitled to a long-term care benefit who legally employs a full-time caregiver (at least 12 hours a day, 6 days a week) who is not a relative, is entitled to receive the long-term care benefit as cash paid directly to him/her (section 225 A of the National Insurance Law [temporary provision]). The benefit recipient may also choose between a cash benefit and long-term care services, with the value of the long-term care services, in the former case, being deducted from the benefit amount. The benefit amount is 80% of the value of the benefit in kind. This change has been in effect since 1.3.2014.

Amendment Regarding Income Test for Holocaust Survivors

The long-term care income test will not take into account income whose source is a monthly benefit paid in accordance with the Disabled Victims of Nazi Persecution Law, or section 3 of the Holocaust Survivor Benefits Law (section 12 of the amendment to the Holocaust Survivor Benefits Law relates to section 224 [d] paragraph 3 of the National Insurance Law).

The meaning of the amendment is that any benefit received as a Holocaust survivor or victim of Nazi persecution, or as a spouse of one, is not taken into account in the long-term care means test. For those submitting a new claim for a long-term care benefit, the amendment took effect on 1.7.2014.

For purposes of the new means test, the Institute contacted by the end of 2014 any Holocaust survivors, victims of Nazi persecution, or their spouses who had submitted a claim for a long-term care benefit and were rejected, or received a reduced benefit due to income.

The number of long-term care benefit recipients in 2014 was 158,300 – approximately 1.8% more than in 2013.

Full long-term care benefit (NIS) - 2014

Partially dependent		Very dependent		Fully dependent	
Services	Cash	Services	Cash	Services	Cash
1,992	1,594	3,284	2,627	3,678	2,942

General Disability

Agreement for One-Time Payment to Recipients of Special Services Allowance

Following negotiations between the government and organizations for disabled persons, it was agreed that those who were entitled to an allowance as of July 2011 will receive a one-time compensation at a rate of 31.8% of the allowance value.

The special services allowance is designed to provide assistance in financing long-term care and assistance services for severely disabled persons. Nevertheless, while caregiver salary has been linked to the economy's minimum wage, the allowance amount has been linked to the CPI (annually updated). Consequently, there has been an erosion of the ability of the disabled persons to finance the care they need.

In 2014, the number of allowance recipients was 46,214 – a rise of 13.1% versus 2013.

Additional Monthly Allowance for Persons with Special Disabilities

A person who has been defined as having a medical disability of 40%, in accordance with the sections on mental impairment, shall also be entitled to an additional monthly allowance at a rate of 11.5% of the full allowance for an individual (amendment number 150 to the National Insurance Law).

Up until the present, the minimum medical disability level required for this allowance was 50%-69%, at a rate of 11.5% of the full allowance for an individual. This requirement of a higher level of medical disability harms those suffering from a lower level of medical disability, or those suffering from severe impairment of earning ability (a problem that characterizes mainly those suffering from mental impairment).

Re-examination for General Disability

The National Insurance Institute is entitled to summon disability allowance recipients for re-examination only in cases where their medical condition has improved following medical treatment (amendment 5a).

After discussions with representatives of organizations for disabled persons and the Knesset Labor Committee, it was decided that those receiving a disability allowance after having been determined to have permanent disability will be summoned for re-examination at the initiative of the Institute only upon discovery of facts existing at the time of the decision, which were brought to the attention of the Institute at that time, and which may have affected entitlement to the allowance or its amount. Of course, the entitlement of the disabled person to a re-examination at his/her own initiative remains unaffected.

The National Insurance Law allows the Institute to reconsider the earning ability of an insured person who is disabled, for purposes of determining entitlement to the general disability allowance, and authorizes the Minister of Welfare to enact provisions in this matter.

In 2014, the number of disability allowance recipients was 226,552 – a rise of 1.8% versus 2013.

Improved Service

Disabled person cards were issued granting exemptions from queues and an exemption from payment for an accompanying person, the text of letters to insured persons was improved, and an option was added for submission of a disability claim through the Internet.

General disability allowance 100% disability (NIS), 2014

Individual	Disabled person with spouse			Addition for dependents	
	No children	With 1 child	With 2 children	Spouse	Child
2,342	3,514	4,451	5,388	1,172	937

Mobility

No changes took effect in 2014.

The number of recipients of a mobility benefit in 2014 was 36,601 – a rise of 3.7% versus 2013.

Income Support

Cold Regions that Entitle to a Grant

The Cold Region Ordinance was amended and expanded to 31 additional cities, according to the Meteorological Service’s recommendation. By law, a person who reached retirement age, and was entitled to the benefit for the months of October-December, will be entitled to the heating grant if he/she lives in a “cold region” as specified in the ordinance.

Long-Term Care and Income Support for Holocaust Survivors

Even those whose entitlement to income support has ended will continue to receive the related benefits (sections 11-15 of the amendment to the law).

The number of recipients of an income support benefit in 2014 was 103,000 – a decrease of 1.3% versus 2013.

Determining amounts for income support benefit, increased rate for those aged 55 or over (NIS) – 2014

individual			Couple, wife does not work			Couple, wife works with two children
No children	With one child	With two children	No children	With one child	With two children	
3,454	4,814	5,359	4,954	5,499	6,184	6,184

Income support benefit for those under age 55 – in accordance with second supplement (NIS) – 2014

Individual adult	Single parent		Other		Couple		
	With one child	With two children	With one child	With two children	No children	With one child	With two children
1,730	2,897	3,373	2,594	2,897	2,378	2,594	2,897

Income support benefit for those aged 55 or over – in accordance with second supplement (NIS) – 2014

Individual adult	Single parent		Other		Couple		
	With one child	With two children	With one child	With two children	No children	With one child	With two children
2,162	3,535	4,400	3,103	3,622	3,243	3,762	4,281

Maintenance (Alimony)

Handling of Persons Obligated to Pay Maintenance

A woman who has a court ruling granting maintenance that is not paid to her is entitled to refer to the National Insurance Institute to collect the maintenance. After approval of the maintenance claim, the Institute will collect the amount for the woman from the obligated person.

As of 1.9.2014, the handling of collection of maintenance from obligated persons was transferred from the National Insurance Institute to the Enforcement and Collection Authority.

In 2014, the number of maintenance recipients was 17,820 – a decrease of 2.5% versus 2013.

Maintenance rates for those entitled by the Maintenance Law for women under age 55 (NIS), 2014

Woman married to obligated person or unmarried woman				Remarried woman or children alone		
No children		With one child	With two children	One child	Two children	Each additional child
New	Veteran					
1,730	1,946	2,897	3,373	2,022	2,963	865

Maintenance rates for those entitled by the Maintenance Law for women aged 55 and over (NIS), 2014

Woman married to obligated person or unmarried woman			Remarried woman or children alone		
Individual	With one child	With two children	One child	Two children	Each additional child
2,162	3,535	4,400	2,022	2,963	865

Maternity

Special Allowance and Benefit for Disabled Woman Who Cannot Care for her Newborn

A woman with a 100% earning disability level, who is incapable of caring for her newborn and who has no spouse, is entitled to a special allowance at a rate of 30% of the average salary for a period of three months. If she has a spouse, and he has accrued a qualifying period of work of 10 out of 14, or 15 out of 22 months preceding the birth, and ceased working for the birth and care of the newborn, he shall be entitled to a special benefit at the rate of a maternity benefit.

In 2014, 173,211 women received a birth grant – 2.1% more than 2013, while 120,353 received a maternity benefit in 2014 – 5.2% more than 2013.

Hospitalization grant (NIS) - 2014

Hospitalization grant	Hospitalization grant for premature newborn
12,165	192,992

Birth grant for new mother (NIS) - 2014

In one birth					
One child			Two children	three children	Each additional child
First child	Second child	Third child			
1,751	788	525	8,757	13,163	4,379

Childbirth allowance (NIS) - 2014

	1-3 months	4-6 months	7-9 months	10-12 months	13-20 months
Three children	11,209	8,757	7,006	5,254	3,065
Four children	14,887	11,822	9,633	6,568	3,853
Five children	21,893	17,514	13,136	8,757	4,991

Maximum maternity benefit (NIS) - 2014

Salaried worker		Self-employed worker		Percent change of maternity benefit
Maximum maternity benefit per day	Maximum total maternity benefit	Maximum maternity benefit per day	Maximum total maternity benefit	
1,459.50	143,031	1,459.50	143,031	0.0

Children

In 2014, the number of children for whom a child allowance was paid was 2,679,682 – 1.9% more than in 2013.

Amount of child allowance by birth order prior to and subsequent to, implementation of the Economic Arrangements Law 2013 (NIS) – 2014

Birth order within family	July 2013 allowance amount		As of August 2013 allowance amount		Amount of cut in NIS	
	New child	Older child	New child	Older child	New child	Older child
First child	175	175	140	140	35	35
Second child	263	263	140	140	123	123
Third child	263	295	140	172	123	123
Fourth child	263	459	140	336	123	123
Fifth and later	175	389	140	354	35	35

Work Injury

No changes came into effect in 2014.

In 2014, the number of work injury allowance recipients was 105,783.

Work Injury Benefits (NIS) - 2014

Salaried worker injured before 12.31.1994		Self-employed worker, salaried worker as of 1.1.1995		Rate of allowance change and injury allowance (percentage)
Maximum injury benefit per day	Maximum work disability and dependent allowance per month	Maximum injury benefit per day	Maximum work disability and dependent allowance per month	
656.78	19,703	1,094.63	32,839	1.90

Reserve Service

Exemption from National Insurance Contributions for Discharged Soldiers

Soldiers or those serving in national or civic service shall be exempt from paying National Insurance contributions in the first months following their discharge if they do not work, have no income whatsoever, and meet the following conditions: the soldier served at least 2/3 of his mandatory service and was discharged for reasons other than behavior, or for those who served two years and have no income whatsoever.

Maximum and minimum reserve service benefit (NIS) - 2014

Maximum benefit salaried worker		Maximum benefit self-employed worker		Minimum benefit		Minimum grant for Gadna pre-military training participants	
Per month	Per day	Per month	Per day	Per month	Per day	Per month	Per day
43,240	1,441.33	43,240	1,441.33	5,881	196.02	2,272	75.73

Unemployment

Maximum Unemployment Benefit Period Extended in Gaza Border Area

In the wake of Operation **Protective Edge**, and due to the difficulties faced by unemployed residents of the Gaza border area in finding work because of the fighting, the maximum unemployment benefit period was extended for unemployed persons up to age 35 who reside within 21 km of the Gaza Strip border. These provisions will apply only to those who were unemployed in the months of July or August 2014. Furthermore, additional days of entitlement were authorized for unemployed persons residing in the region for the period of the Operation.

Section 17b of the National Insurance Law authorizes the Minister of Welfare to extend the periods specified by law, either throughout the entire country, or in a specific region of it.

Unemployment Benefits (NIS), 2014

Daily wage			Unemployment benefit					Full grant for discharged soldier who worked in preferred employment
			For discharged soldier who worked less than a month prior to the set date			Maximum unemployment benefit per day		
Av. in accordance with section 1 of the law	Maximum	Ave. in accordance with section 127 (J) of the law (for discharged soldier)	Unemployed	In vocational training	Sent for unsuitable work	For first period	For second period	
346	1,730	173.00	103.80	72.66	129.80	363.56	242.37	9,550

Prisoners of Zion

No changes.

Vocational Rehabilitation

No changes.

Employee Rights in Bankruptcy and Corporate Liquidation

No changes.

Hostile Action Casualties

Indirect Amendment of the Compensation for Victims of Hostilities Law

Those with 100% or more disability shall also be entitled to medical treatment for injuries and illnesses not related to the injury (amendment 38 to the Compensation for Victims of Hostilities Law, section 5).

Insurance and Collection of Contributions

Amendment to Reduce the Deficit and Modify the Tax Burden

National Insurance contributions to be collected from employers in the years 2015-2016 have been reduced for the portion of salary over 60% of the average wage.

Waiving Debts of the Deceased

If an insured person whose survivors and dependents are not entitled to benefits dies owing money to the Institute, the latter shall not be able to collect the deceased's debt (section 141).

Experience gained by the Institute in implementing the provisions of the aforementioned section, indicate that there are other conditions under which debt collection should not be demanded after death, even in circumstances where the deceased was insured and entitled others to a survivors or dependents pension.

The Institute initiated a request for amendment of section 363 to allow it discretion in debt collection, even when the deceased's survivors or dependents are entitled to a pension because of the deceased's death.

Insurance contribution rates collected from employer for employee by percent of salary in accordance with Table J of the law (including withholding employee salary) – January 1, 2014

	Total	In accordance with National Insurance Law										
		Total	Old age and survivors	Long-term care	General disability	Accident victims	Work injury	Maternity	Children	Unemployment	Bankruptcy	Health insurance
Reduced rate	6.95	3.85	1.52	0.05	0.37	0.02	0.37	0.15	1.32	0.04	0.01	3.10
Full rate	18.75	13.75	5.89	0.28	2.28	0.11	1.47	1.27	2.08	0.33	0.04	5.00

Counseling Service for the Elderly

In July 2014, a national information and support center of the Counseling Service for the Elderly was opened. The center provides information for the elderly and their relatives about their National Insurance rights, the services provided by the Counseling Service for the Elderly and the community, as well as counseling in relevant subjects and emotional support through conversations.

Center volunteers undergo training courses on the topic of rights and services for seniors. The center initiates phone calls and runs various groups for elders, such as a 90+ group.

During emergencies, calls are made to elders entitled to long-term care in affected regions.

National Insurance Institute Funds

In 2014, the NII Funds signed agreements for developing welfare services totaling approximately NIS 193 million, for some 280 different programs. The number of programs grew by 14% in comparison with 2013, and financial aid grew by 5.5%.

The amount of aid allocated to each Fund is determined by law. The Fund for Development of Services for People with Disabilities is allocated the highest amount – more than half of the budget for the funds, followed by - in descending order - the Long-Term Care Fund, Special Projects Fund, Children At-Risk and Youth Fund, and Prevention of Work-Accident Fund.

The Disabilities and Long-Term Care Funds work mainly by investing in infrastructure, and thus have larger aid budgets. The Special Projects and At-Risk Children and Youth Funds deal with developing and operating services, and their budgets are lower.

The scope of operations – determined, as previously mentioned by provisions of the law and nature of the projects or programs – can also be seen in the average budget for programs in each Fund.

Number of programs approved and amount of National Insurance aid by Fund, 2014

Fund	Number of programs approved	Approved aid amount* (NIS)	Percent of division budget	Average program budget (NIS)
Development of services for disabled	166	113,861,781	59	686,914
Long-term care	30	34,771,586	18	1,159,053
Special projects	42	17,659,823	9	420,472
At-risk children and youth	25	17,860,028	9	744,168
Manof	18	8,757,890	4	417,284
Total	281	192,911,108	100	** ..

* The financial data presented here relate to amounts approved for a certain year, and not to actual execution.

** The statistic is not relevant due to differences in the nature of the programs of the various funds.

International Conventions on Social Security

An international social security convention is an agreement signed by Israel and another country to protect the social benefits of a person moving from country to country, and to prevent double payment by Israelis residing and working abroad.

The countries with which Israel has signed a convention include the UK, Netherlands, France, Belgium, Austria, Germany, Sweden, Switzerland, Denmark, Finland, Uruguay, the Czech Republic, Bulgaria, Slovakia, and Romania. Conventions preventing double social security payments only have been signed with Italy and Canada.

The conventions apply to residents of Israel and citizens of these countries, and their relatives. Each convention specifies which branches of insurance are included. The broader conventions include most branches of insurance: old-age, survivors, disability, work-injury, children, and maternity.

There were no changes to the conventions in 2014.

Future Changes 2015

Client Service

Plans for change in 2015 include email correspondence instead of mailed letters, submission of direct claims by hospitals, and provision of information regarding the stages of a claim's progress.

A new system is planned for the call center, including automatic services and call routing.

A system has been developed to provide social workers in local authorities with information about insured persons.

A service standard for each station in claims-handling will be developed, and presented to the insured person.

A computerized system will be developed to provide insured persons with information regarding their rights, based on information provided to the clerk.

Disability

Children who suffer from severe disabilities or impairment such as intellectual disability, autism, and cerebral palsy, and are completely dependent on the assistance of others shall be entitled to a benefit at the maximum rate of the special services allowance. The maximum amount of the benefit will be NIS 4203 versus the current NIS 3116, and it will be granted to 5,400 children.

Also being planned: the ability to initiate claims at Tel Hashomer and Soroka hospitals; payment of wages to bodies appointed as guardians and benefit recipients; an NGO conference to promote full exercising of rights and co-ordination of expectations between the Institute and the insured, and promotion of amendments in the mobility agreement.

Long-Term Care

Currently being planned are the Ben-Yehuda Committee, phase 2 recommendations, preparation of an interactive form for assessors' use, purchase of uniforms for assessors; increased co-operation with community doctors; public relations directed at professionals and the general public; training sessions for geriatric physicians; changes in assessment performed by physicians; and changes in examinations for those aged 90 and over.

Reserve Service

The current law mandates that the benefit for a person performing reserve service, for whom fewer than 60 days have passed between two service periods, shall be determined based on income in the quarter-year preceding the start of the latter service, or on income in the quarter-year preceding the commencement of the previous service, without any retroactive restrictions – whichever is the higher.

According to the proposed amendment, the time period for consideration of past income will be restricted to one year only, such that beyond this year, reserve service benefits shall be calculated based on up-to-date income in the quarter-year preceding the commencement of service (this amendment does not impact the aircrew agreement).

Also planned is a change in the law regarding delayed submission of reserve service benefit claims. Currently, it is possible to submit claims for reserve service benefits for service periods beginning 1.1.1992. The proposed amendment establishes that reservists will be able to submit benefit claims for service periods no longer than seven years in the past, in line with the common statute of limitations period in Israel.