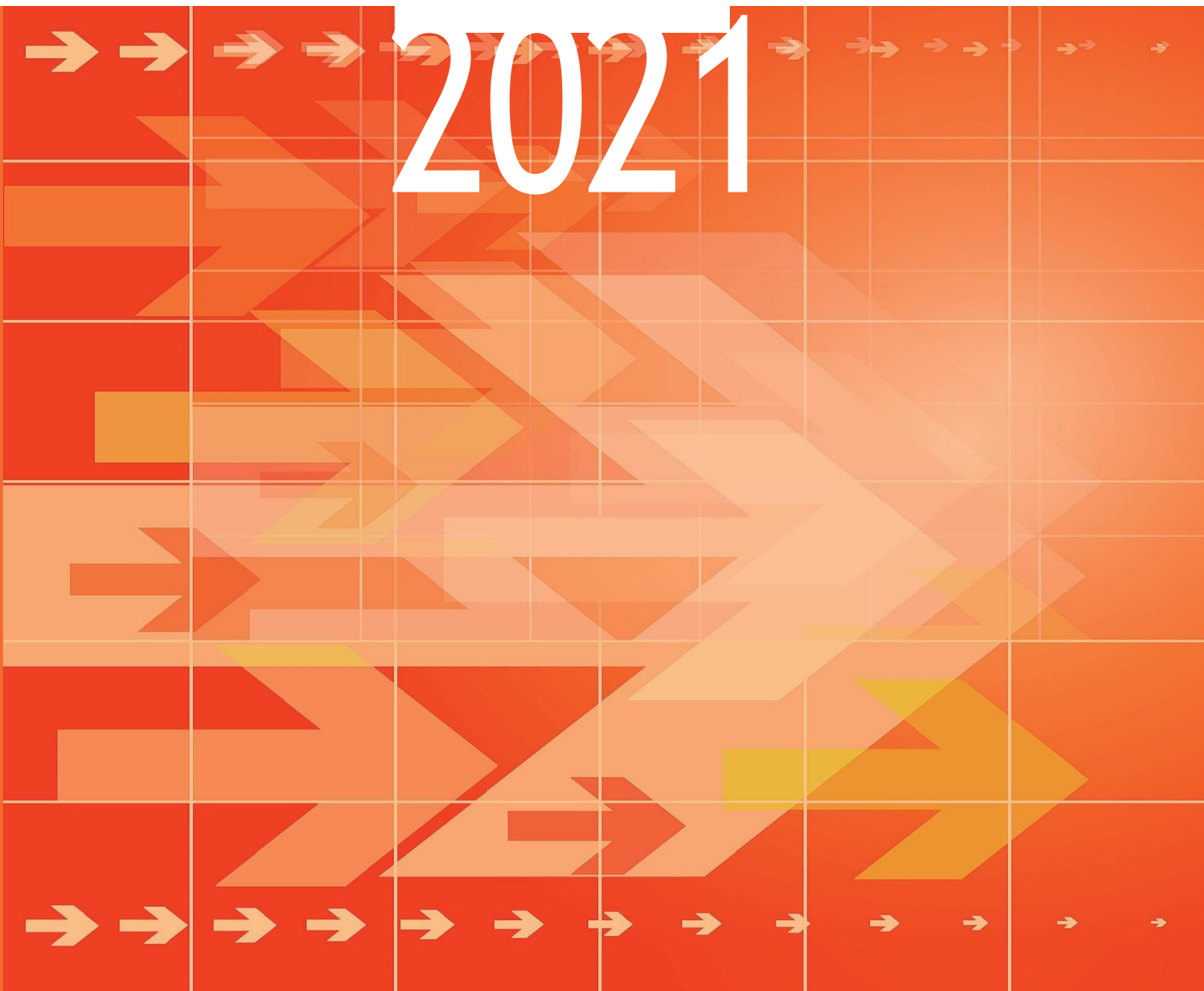




# Summary of Trends and Developments in Social Security

2021





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# 2021

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# Introduction

The National Insurance Institute (NII) is the backbone of Israel's social security system. The NII plays a central role in reducing poverty, decreasing inequality and protecting individuals from economic and social uncertainty. It also works to lead and shape the welfare policy of the State of Israel.

The purpose of national insurance is to prevent social and economic distress and to strengthen social cohesion and solidarity. Its main tools are payments (pensions and benefits), some are universally shared among all residents of the country (e.g. child allowance or old age pension), and some are selectively available to those eligible. The efficiency of these benefits is measured by their ability to reduce economic uncertainty and prevent temporary and long-term livelihood risks.

## The Vision of the National Insurance Institute

The NII is the leading professional body in the field of social security in Israel.

**Policy** – The NII operates according to the Law for the Implementation of the Welfare Policy of the State of Israel, and is an influential partner in the formulation and maintenance of these policy principles: mutual responsibility, reducing social gaps, reducing poverty and ensuring the existence of the social security system over time.

**Service** – The NII will act proactively, efficiently and with sensitivity to human dignity, so that every insured person can exercise his or her rights. The path of the NII will be based on constant striving for excellence, adapting to the changing needs of service users and maintaining continuous contact with the insured population and the community.

**Quality** – The NII will be a magnet for a professional, high quality, and ethical personnel that performs its work with a sense of mission, responsibility and belonging. The NII will work to develop human resources and continuously improve its available tools.

## **The National Insurance Institute in Numbers**

The NII provides services to approximately 9 million residents of the State of Israel. In 2021, the NII paid benefits to the residents of Israel for a total of about **NIS 108 billion** instead of NIS 122 billion in 2020.

As in every year, in 2021 the NII operated about 30 social programs that included nearly 130 types of payments and services, including old age pensions, child allowances, long-term care benefits, income support benefits and various kinds of disability benefits.

Beside above payments, in 2021 the Institute made investments, through NII funds, of approximately **NIS 210 million** in the development of social services. The funds supported and financed about 250 social services – either in construction, renovation and equipment, or in implementation of social programs.

The NII has about 4,000 employees who responded this year to approximately **61 million** inquiries, compared to 79 million in 2020, of insured people by all service channels: public reception in 80 branches and service centers, inquiries by telephone, via the website, and self-service stations.

# Corona – Covid-19

In March 2020, the Corona pandemic outbreak reached Israel and what began as a health emergency rapidly became an economic crisis, leading many workers to be placed on forced unpaid leave, which ended up relying on the NII. On one hand, there was a rising need to find creative solutions with respect to the benefits provided by law and regulations, and under the competence of the NII, on the other hand, it became necessary to find practical and fast answers allowing the use of the unemployment system for the payment of unemployment benefits to workers that weren't actually laid off, as well as relaxations that, once granted, would be designed to relieve both employers and employees. The response of the NII to this new reality constated in promoting legislative initiatives, policy changes and implementing institutional adjustments adapted to the crisis, for the sake of providing the best possible care to the insured. Since March 2020 and until January 2021, a total of 30 law amendments were enacted, whose purpose was to improve the conditions of eligibility and requirements for the reception of unemployment benefits, some state grants were given as employment incentives and others as support to long unemployment benefit recipients, families, and elderly people. Furthermore, the NII took a proactive action to search solutions for insured people, to make significant changes to the service provided to the insured and to expand digitalization as a tool to implement the solutions found. Simulations forecasting the change in living standards and social indices showed a decline in the incidence of poverty, as well as depth and severity of poverty, as result of the extensive public assistance delivered. The following survey presents the challenge posed by the Corona pandemic to the NII, the means mobilized by the NII to cope with the economic crisis, and the outcomes of this coping effort as expressed in terms of indices of poverty and inequality.

## **The National Insurance and the Corona Pandemic Outbreak**

The NII is the administrative body responsible for the application of the National Insurance Law and other state laws guarantying an income to the residents of

Israel<sup>1</sup>, and its purpose as an insurance institution consists in mitigating the potential harms to the livelihood of insured people in times of temporary or lasting distress caused by basic living risks.

In March 2020, the Corona pandemic broke out in Israel and what began as a health emergency rapidly became an economic crisis. As many other governments worldwide, the Israeli government took measures to slow down the propagation of the epidemic such as lockdowns, gathering and movement restrictions upon residents in order to achieve “social distancing”, quarantines for infected people and those who came into contact with a sick person, enforcement and localization of mobile phone devices, epidemiologic investigations and airport closure those leaving or entering the country. These measures led many workers to layoff or forced unpaid leave for an indefinite period of time. Some businesses, along with public ministries, too, maintained their activity under a scaled-down scheme by shifting their staff to part-time employment, while other workplaces allowed their employees to work remotely from home, either fully or partially<sup>2</sup>.

In May 2020, the number of employed people who absent from their work for a reason related to Corona, the number of unemployed and the number of those laid off in March due to the virus, reached over a million individuals representing 23.5% of the whole workforce<sup>3</sup>. From March 202 to May 2020, approximately 860 thousand new claims for unemployment benefits have been recorded (compared to nearly 32 thousand in January-February 2020). Moreover, in May 2020, approximately 730 thousand unemployment benefit recipient were recorded, compared to 75 thousand recipients on a monthly average in 2019.

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<sup>1</sup> The National Insurance Law that has been enacted by the Knesset in November 1935 and entered into force in April 1954, represents the central tier of the income support in Israel. At first, the scope of the law involved only three insurance branches: old-age and survivors, maternity and work injury. Over the years, the law has been expanded and amended, and currently includes additional insurance branches, such as general disability, children, unemployment and long-term care.

<sup>2</sup> Achdut, *The Corona Crisis and the Labor Market in Israel*, the Ruppin Academic Center.

<sup>3</sup> By adding workers dismissed in March 2020 for a Corona-related motive. Data from the table *People Aged 15 and Older According to Bi-Monthly Workforce Characteristics*, average from first and second half of May 2020, workforce survey over the first half of August and August 2021, Central Bureau of Statistics (CBS).

## **The National Insurance's Response to the Economic Crisis**

As mentioned above, the economic crisis arising from the health emergency situation led to a massive increase in the number of workers left without any income and in economic distress, mainly among vulnerable populations who belong to the core action of the National Institute, which is the spearhead provider of social safety for Israeli residents. The National Insurance needs to react quickly and efficiently to the new reality that saw the light in March 2020, on two fronts – (1) promoting law and policy initiatives to improve social security over that period, (2) changing policy and implementing institutional adjustments in view of providing insured people with the best possible care, adapted to the crisis. The later is expressed in our proactive action to find solutions for the insured, significant changes in the service offered by the NII, and the expansion of digitalization as a tool to apply the answers found. Among the measures taken on this front: holding Medical Boards (to establish medical disability for those claiming disability or work injury allowances) in the absence of the insured, relying solely upon medical documentation, the extension of the validity period of eligibility for disability allowance, the creation of two additional call centers for emergency and redirecting part of the calls to branches, the performance of dependency assessment of insured people in nursing condition only based on medical documentation, the limitation of debts collection measure against non-salaried insured people with debts as well as scaling down forced execution, not collecting new debts from insured people receiving benefits, initiating contacts with employers in order to issue their employees' payroll detail form directly to the NII, take-up of rights of insured individuals whose eligibility for unemployment benefit have been denied (mainly in terms of income support and old-age pension), the development of online forms on the website in relation to unemployment, old age, grant claim, return to work declaration, and more, the creation of a website section dedicated to Corona and the development of new online forms, conducting campaigns and advertisements related to dealing with the crisis on various channels, and the improvement of internal systems for the sake of official's work efficiency and the use of robots to process unemployment claims.

However, in addition to above actions, the NII needed new and creative solutions for the large number of workers who fell off the labor market and were either not entitled to unemployment benefits at all or entitled thereto yet at a lower



rate for different reasons. To that end, the NII worked on the political level and represented a central tier, in collaboration with the Ministry of Finance and the Knesset, in the promotion of emergency laws and regulations in favor of workers who fell in economic distress due to the pandemic.

### **Laws and Regulations Passed Following the Pandemic Outbreak and the Economic Crisis**

From March 2020 to January 2021, a total of 30 laws and regulations have been passed, which can be divided in two groups depending on their purpose: (a) law amendments aiming to improve conditions of eligibility and reception of unemployment benefits, by means of relaxing entitlement criteria for unemployment benefit towards workers who stopped working and would not be entitled to unemployment benefits without this amendment, or through improving unemployment benefits, i.e. the number of paid days and the amount of payment. (b) Some grants given by the state to promote employment and others to support recipients of long unemployment benefit, among families and the elderly, by increasing their income.

#### 1. Law amendments improving conditions of eligibility and reception of unemployment benefits

The economic crisis led many workers to be placed on forced unpaid leave, which then turned to the NII for help. On one hand, came this urging need to find creative solutions within the framework of the law and regulations applied by the NII, since it was impossible to adopt other models applied worldwide such as, for instance, the German model, in which the state allows employers to decrease working hours while subsidizing (partially) the cost of wage for these cut-off hours. On the other hand, practical and fast answers were required which would enable the use of the unemployment system for the payment of unemployment benefits to the workers that were actually not laid off, as well as granting relaxations aiming to relieve both employers and employees. This is actually reflected in the innovative answer of the NII to the pandemic.

The payment of unemployment benefit to workers placed in forced unpaid leave became possible through legislative changes in the Unemployment Insurance Law, allowing for the expansion of the scope of persons qualifying for unemployment benefits. Before these legislative changes were enacted, eligibility for unemployment benefit regarding a worker who stopped working,

was granted based upon the accumulation of 12 months of work within a 18-month span preceding the month of the dismissal (hereafter: “qualifying months”). Along the approval of entitled to unemployment benefit, the worker was given a quota of days of payment of unemployment benefit (hereafter: “maximum entitlement days” or “maximum period of entitlement”) depending of his or her age and family composition, a quota available to the worker for a year (hereafter: “unemployment year”) starting from the first reception of unemployment benefit. The benefit rate is established according to the worker’s wage prior to work stoppage and some compensations could not be paid simultaneously while unemployment benefits were paid (such as work-injury allowance, maternity allowance, reserve service allowance and old-age pension).

The law amendments allowed employers whose job have been terminated for various reasons, including layoffs or placement in unpaid leave by their employers, and accrued at least six qualifying months, to receive unemployment benefit. The eligibility of workers who exhausted their maximum entitlement days or whose unemployment year ended, has been extended and allowed these workers to receive unemployment benefits until June 2021 (included). Unemployment reductions applicable prior to law amendments were canceled: deduction for the first five days of unemployment (hereafter: “waiting days”)<sup>4</sup>, unemployment benefits were increased for recipients under 28 years old who have at least one child<sup>5</sup>, the unemployment benefit reduction applying as of the 126<sup>th</sup> day of receiving the benefit<sup>6</sup> as well as the reduction applying to unemployment benefit recipients who attend vocational training<sup>7</sup> were both canceled. Furthermore, the decrease in days and amount of unemployment benefit related to a recurrent unemployed person<sup>8</sup>, and the payment limitation

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<sup>4</sup> The first five unemployment days of each of the first five consecutive months of reporting, which start from the first day of in-person reporting to the Employment Service, are not paid. These days are not deducted from the quota of unemployment days to which a beneficiary of unemployment benefit is entitled (hereafter: “waiting days”).

<sup>5</sup> Unemployment days are calculated as a percent of the unemployment beneficiary’s average wage over the six months preceding unemployment, with a distinction between insured people aged 28 and older and those under 28, who receive lower unemployment benefits regardless of their family status.

<sup>6</sup> Unemployment benefits for the first 125 days do not exceed the market average wage and are decreased from the 126<sup>th</sup> day to two third of the market average wage at most.

<sup>7</sup> Unemployment benefit recipients attending vocational training receive 70% of unemployment benefit.

<sup>8</sup> The recurrent unemployed aged 40 and older is entitled, for 4 years, to receive payment of unemployment benefits for a single maximum period, plus 80% of the maximum period. The recurrent unemployed who achieved receiving 180% of unemployment, will

of unemployment benefit applicable to unemployment benefit recipient who received payments during two consecutive years and exhausted his or her right in the 11 months preceding the month of payment<sup>9</sup>.

Data teaches us that a qualifying period alleviation added between March 2020 and June 2021, approximately 142 thousand unemployment recipients who would not be eligible to unemployment benefit if not for this alleviation. The extension of maximum unemployment period or unemployment year by abovementioned period benefited to about 655 thousand additional unemployment recipients, whose would have stopped receiving their unemployment benefit without this extension of their rights. The cancelation of waiting days deduction has been beneficial for about 321 thousand unemployment recipients, while the cancelation of the reductions related to the 126<sup>th</sup> day and vocational training, the increased allowance for recipients under 28 years old, benefited to about 65 thousand individuals. The cost of above relaxations and advantages reached a total of approximately NIS 21 billion.

## 2. Grants

Another tool to cope with the economic crisis was the payment of one-time grants aiming to support the population that has been economically harmed and struggled to come back to the labor cycle, and grants whose purpose was to promote return to job market.

From March 2020 to June 2021, an adjustment grant has been paid to about 50 thousand<sup>10</sup> elderly people aged 67 and older whose work was either terminated or who were sent on forced unpaid leave (for at least 30 days), and were not eligible, on account of their age, for unemployment benefit and even struggled to find a new job. Overall, the amount of grant payment over that period reached approximately NIS 1.5 billion. In April 2020, a decision was

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no longer be eligible for unemployment benefits until the end of a 4-year period, unless a change applied to the number of days to which they are entitled due to the modification of the number of persons depending on them or their age. Unemployment benefits during the addition maximum period amount to 85% of unemployment benefits paid during the regular maximum period.

<sup>9</sup> The recurrent unemployed aged 40 and older who received unemployment benefits in a particular year and received again unemployment benefits in the following year, when the number of days in the month of reception of unemployment benefit and in the preceding 11 months, exceeded the maximum period prescribed to them by law, will not receive any payment for that month. This verification is made on a monthly basis.

<sup>10</sup> Various individuals. Data updated to 20.7.2021.

made to pay a one-time grant to recipients of benefits: to a family that received in April 2020 a child allowance, NIS 500 were paid for each child which is accounted for in the allowance; to disability allowance recipients<sup>11</sup> in March or April 2020, a NIS 500 grant was paid; to recipients of a subsistence allowance (income support or alimony) in March or April 2020, a NIS 500 grant was paid; to long-term care benefit recipients in March or April 2020, a NIS 450 grant was paid; an Israeli resident who reached retirement age and was entitled in March or April 2020 to an old-age pension, a survivors pension (including special old-age and survivors allowance for new immigrants) or a dependents allowance (work disability), became eligible for a NIS 500 grant; an Israeli resident who was entitled, in addition to an old-age/survivors/dependents (work disability) allowance, to an income support benefit, long-term care benefit or attendance allowance, in March or April 2020, became eligible for a NIS 450 increment by family unit.

Alongside the aid offered to workers sent on force unpaid leave, the NII which has always placed great importance to employment promotion, started advancing actions for the promotion of return to the job market, first by supporting a law providing the payment of a return-to-work grant. This grant was paid to unemployment benefit recipients who fell off the labor market for a long period, received unemployment during at least 75 days in the period preceding the return to the job market, and came back to it for at least 14 days, between November 2020 and July 2021, for a wage lower than their previous compensation prior to unemployment<sup>12</sup>. The grant was paid from the day of return to work and up to four months at most, and calculated as a share of the unemployment benefit they had received, a share that was not equivalent to the decrease in his or her wage prior to unemployment. Between November 2020 and August 2021, this grant was collected by some 30 thousand individuals and the overall payment totaled NIS 70 million<sup>13</sup>. In addition to the above, an increased grant was paid to unemployment benefit recipients who received for

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<sup>11</sup> This refers to the recipient of one or more of the following allowances: general disability, mobility, attendance, disabled child (grant eligibility for each child, even when there is more than one disabled child in the family), compensation for polio victims, compensation for scalp ringworm victims, compensation for blood transfusion victims (AIDS), work disability, volunteers, disabled prisoner of Zion, disabled victim of hostile actions, IDF disabled.

<sup>12</sup> <https://www.btl.gov.il/Corona/backtowork/Pages/zakaut.aspx>

<sup>13</sup> Updated to 19.9.2021.

at least 130 days in the period preceding their return to the job market. Approximately 9,000 recipients were entitled to this grant, which totaled NIS 14 million in payment.

In the framework of abovementioned Work Promotion Grant Law, accessory amendments were made to the National Insurance Law which set forth that unemployment benefits will be regarded as work income (and not an allowance) with respect to income support, alimony, general disability, old age and survivors allowances, meaning that unemployment benefits will be deducted from these allowance at a 40% rate instead of 100% as was the case before the law amendment.

Another grant was the long unemployment grant<sup>14</sup> paid to unemployment benefit recipients who struggled to return to the job market. Those eligible for this one-time grant were beneficiaries of unemployment benefit for at least one hundred days between March and October 2020, and whose average wage prior to unemployment was lower than the average wage in the market, or recipients of an adjustment grant (see above) who collected it for at least one hundred days over that period of time.

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<sup>14</sup> <https://www.btl.gov.il/Corona/Pages/MaanakAvtCont.aspx>

# January – June 2021

## Unemployment

### **Extension of the Unemployment Benefit Entitlement Period**

The National Insurance (NII) saw to the automatic extension of payment of unemployment benefits until 30.6.2021 for those who exhausted their unemployment year, and this, without requiring the submission of a new claim for unemployment benefit.

During that time, the payment of unemployment benefits has been modified based on the unemployment rate in the market, according to the publications of the Central Bureau of Statistic.

### **To those who Exhausted their Legally Allocated Unemployment Days:**

**First stage – regular payment:** as long as the unemployment rate in the market was above 10%, the payment of unemployment benefit continued as usual, in the same manner as before.

**Second stage – reduced payment:** when the unemployment rate in the market stood between 7.5% and 10%, the payment of unemployment benefit was reduced for those who exhausted their unemployment days. 30 days after the publication of the unemployment rate, unemployment benefits were paid at a 90% rate of the amount previously paid.

**Third stage – payment discontinuation:** if the unemployment rate in the market decreased below 7.5%, the payment of unemployment benefits was discontinued 30 days after the publication of the unemployment rate. In other words, those who exhausted their unemployment days, stopped being eligible for unemployment benefit either on 30.6.221 or 30 days after unemployment rate declined below 7.5%, whichever occurred first.

**Important** – during that period, unemployment benefits were recalculated, i.e. if the worker had started working in a new job for a lower wage and had yet again been sent on forced unpaid leave or dismissed, he or she was able to keep receiving unemployment benefits according to the higher basis of the previous job.

## **Further Alleviations in Times of Corona**

- Shortening the period of forced unpaid leave qualifying for unemployment benefits to **14 days**: the individual sent on forced unpaid leave was entitled to unemployment benefit even when the unpaid leave lasted 14 days at least (instead of 30 days).
- Increasing the unemployment benefit for a person under 28 who has a child – the amount of unemployment benefit paid to the unemployed under 28 with one child had the same calculation as for an unemployed aged 28 or older.
- A person attending vocational training upon referral by the Employment Service received unemployment benefit at full rate (rather than 70% as applicable until then).
- Payment of full rate unemployment benefits to a recurrent unemployed: over that period, unemployment benefit was neither shortened nor reduced for a recurrent unemployed, and paid at full rate (rather than 80% of days and 85% of the regular unemployment benefit amount, as applicable until then).

### **Shortened qualifying period for unemployment benefit for those dismissed by 30.6.21**

To the above definition was added the possibility of eligibility for unemployment benefit for those who stopped working for a justified reason, under conditions set forth in the Temporary Order.

## **July – December 2021**

Following law amendments, as of the month of July 2021 advantages were granted to the unemployed and pregnant women.

### **Unemployment benefit eligibility extension for those aged 45 and older**

As the 1<sup>st</sup> of July, 2021, eligibility for unemployment benefits has been extended in favor of people aged 45 and older who received

unemployment during the Corona, and met the conditions of entitlement to the extension:

1. Age – you have reached the age of 45 by 1.7.2021 (included). This means that you were born until 1.7.1976 (included).
2. Collection of unemployment benefit during Corona – the individual who received unemployment benefit for part or all unemployment days granted by law, (and not under emergency regulations), between the months of March 2020 and June 2021.

Those who exhausted their unemployment days in January or February 2020 (before the Corona), and received unemployment benefits only under “Corona-related emergency regulations”, were not eligible for this extension.

Those meeting the conditions of entitlement, received a supplement of unemployment days until 31.12.21. Beyond that date, these days were canceled.

### **Payment of Unemployment Benefits Alongside Another Allowance**

The right to receive unemployment benefit together with another allowance has been extended until 31.12.21. During that period, unemployment benefits were considered work income rather than a double benefit.

Other allowances concerned: alimony, income support, old age (for women aged between 62 and 67), survivors and general disability (increment for spouse and children).

### **Payment for Those Studying in Vocational Training**

The right to receive unemployment benefits at a 100% (instead of 70%) rate for the insured who attends vocational training upon referral by Employment Service has been extended until 31.12.21.

### **Retirement Age – Grants**

Eligibility for adjustment grant to people aged 67 and older was extended until 30.9.21



The right to receive a grant for 3 additional months was granted to the individual who received an adjustment grant in June 2021, even if a partial grant only was collected.

The grant was paid to those who did resumed working. Return to work would deny the continued eligibility for the grant.

### **Grant amount**

In the months of June and July, a grant was paid at a 90% rate of eligible grant. In August at 80%, and in September at 70%.

### **Advantages to women who gave birth during Corona**

The NII paid a maternity allowance to women who started expecting at the time they were unemployed and gave birth by 31.12.21.

### **Payment of Unemployment Benefits to Women who Gave Birth by 30.6.21**

**Woman who stopped working before the start of her pregnancy received unemployment benefit.**

The woman who gave birth during the period between 1.8.20 and 30.6.21, and was eligible for unemployment benefit until the day of birth – was entitled to maternity allowance.

**Special payment to a woman giving birth during unemployment and ineligible for maternity allowance**

The woman who gave birth during the period between 1.3.20 and 30.6.21, and receive unemployment benefits before the birth, was not eligible for a full maternity allowance, since she did not accumulate the require qualifying period or only partially, received a payment as follows:

- Those who did not accumulate any qualifying period – received a special payment for the 15 weeks following the birth.
- Those who accumulated a partial qualifying period – received maternity allowance for 8 weeks, and a special payment for 7 weeks following the birth.

The amount of the special payment was higher than the unemployment benefits to which she would have been entitled if she was not a new mother.

### **Payment of Maternity Allowance to Women who Gave Birth Between July and December 2021**

In order to qualify for collection of maternity allowance, one must meet two conditions:

1. The birth occurred between 1.7.21 and 31.12.21.
2. The new mother received unemployment benefits before 30.6.21 when she was pregnant.

The period of entitlement to maternity allowance was determined according to the qualifying period accumulated by the new mother before the day she stopped receiving unemployment benefit (instead of before the day of work stoppage).

Important, the months where the new mother received unemployment benefits are included in the qualifying period.

The amount of maternity allowance was calculated according to the new mother's income in the working months preceding the date of work stoppage.

### **Grant Amounting to 18 Additional Days of Eligibility for Maternity Allowance**

A woman who was entitled to maternity allowance under regulations related to the Corona crisis – also received a grant amounting to 18 additional days of eligibility for maternity allowance which were paid upon maternity allowance approval and automatically on her bank account, without submitting any claim.

- Woman who gave birth in the months of July and August 2021 – the grant was paid to her in August 2021.
- Woman who gave birth in the months of September to December 2021 – the grant was paid to her up to two weeks since the date of birth.

## **Submitting a Maternity Allowance Claim During Pregnancy**

The woman who wished to submit a claim for maternity allowance in the course of her pregnancy, was able to submit a claim with an estimated childbirth date, but not earlier than 9 weeks before the estimated delivery date.

### **Maternity allowance to a self-employed woman**

Self-employed woman who gave birth in the course of 2021 – her maternity allowance was calculated based on her income either according to her 2019 tax return, 2020 tax return or tax advances for 2021 – whichever was higher.

### **Work injury**

A person who caught the Corona virus, as result of exposure to a contaminated individual in the workplace, will be recognized as a victim of a work injury, provided that this person meets the following conditions of entitlement:

- He or she is covered with work injury insurance (salaried employee, self-employed, someone who attended vocational training and the like);
- Suffered a prejudice at work;
- Produced to the National Insurance a “first medical certificate for a work-injury victim”, containing a list of medical examination and the period of inability to work, along with a claim form;
- Did not work as result of the prejudice.

### **Recipients of a general disability allowance**

The amount of the general disability allowance increased retroactively from January 2021, as shown in the table hereafter. The payment of the allowance for the retroactive period was transferred automatically into recipients’ bank account on two dates:

1. On 28.11.21, they received a one-time return to supplement the allowance for the months of January to June 2021.
2. On 22.12.21, they received another return to supplement the allowance for the months of July to November 2021.
3. From the allowance of December 2021 onwards, they received the new allowance amount (as detailed in the table under the allowance section).

### **Recipients of an attendance allowance**

The amount of the attendance allowance increased retroactively from January 2021, as shown in the table (under the allowance section).

The payment of the allowance for the retroactive period was transferred automatically into recipients' bank account as follows:

Returns for the months of January-June 2021 were paid with the grants of March and June 2021.

- On 22.12.21, a lumpsum was paid as a return to complement the allowance for the months of July to November 2021.
- From the allowance of December 2021 onwards, the new allowance amount is paid (as detailed in the table).

### **Increment for a Disabled Person on Ventilator at 188% Dependency Level**

The rate of the increment for a child on ventilator increased retroactively from January 2021 and is paid directly on bank accounts, as detailed above, for recipients of an attendance allowance.

#### **Additional advantages to attendance allowance recipients:**

Increments applying retroactively:

- Increment for a child up to 3 years old – from October 2021, the recipient of an attendance allowance who has a child up to 3 years old, received an increment to the allowance amounting to NIS 954 for that child. The increment may be obtained for 2 children at most.
- An increment for a person employing to foreign workers – from July 2021, the recipient of an attendance allowance at a dependency level of 188% or above, who effectively employs 2 foreign workers, was entitled under certain conditions to an allowance increment of NIS 5,641.

### **Recipients of a disabled child allowance**

1. The amount of the disabled child allowance increased retroactively from January 2021, as shown in the table (under the allowance section).

2. The payment of the allowance for the retroactive period was transferred automatically into recipients' bank account as follows:
  - Returns for the months of January-June 2021 were paid in the grants of March and June 2021.
  - On 28.11.21, they received a one-time return to supplement the allowance for the months of July to November 2021 (including the increment for people on ventilator).
3. On 23.12.21, they received a return to supplement the allowance for the month of December 2021.

### **Increment for children on ventilator at 100% and 188% dependency level**

The amount of the increment for a ventilated child increased retroactively from January 2021 and was paid directly on bank accounts as detailed above, for recipients of attendance allowance.

### **Recipients of an old-age pension with supplement for disability**

The amount of the old-age pension with supplement for disability increased retroactively from January 2021.

Regarding the disabled who reached retirement age before January 2021 and receives an old-age pension with supplement for disability:

1. Differentials related to the months of January to June 2021 were paid in the grants of March and June 2021.
2. On 28.12.21, differentials were paid to supplement to pension for the months of July to December 2021, totaling NIS 190 for each month, to disabled people at all degrees.

Regarding the disabled who reached retirement age after January 2021 and receives an old-age pension with supplement for disability: the payment of the pension for the retroactive period was transferred automatically to bank accounts on two dates:

1. On 28.11.21, differentials were paid to supplement the pension for the months of January to June 2021, according to pension eligibility over these months.

2. On 28.12.21, differentials were paid to supplement the pension for the months of July to December 2021, according to pension eligibility over these months.

## **Major Legislative Changes – 2021**

### **Unemployment Law – Amendment no. 222 – 2021**

Provides the competence of the Minister of Labor and Welfare to establish through regulations, other allowances and advantages that those granted by the existing law, **to family members of an individual killed or injured while trying to save the life of another individual.**

### **Unemployment Law – Amendment no. 223 – Temporary Order – 2021**

1. The insured person who doesn't have a "determining day" will be entitled to unemployment benefits if she gave birth in the period between 1.8.2020 and 30.6.2021, and provided that she was eligible for unemployment benefit immediately upon the day of childbirth.
2. The self-employed new mother who gave birth during the abovementioned period, will see her entitlement determined upon her wage in the quarter of the year of childbirth, either the quarter preceding it or the quarter year of 2019 – whichever is higher.
3. The new mother ineligible for maternity allowance and who did not accrue the required qualifying period, will be entitled to a special payment amounting the unemployment to which she would have been entitled without childbirth. This payment is made at some point over a period of up to 15 weeks from the day of childbirth, and only if she was not entitled to this payment for a period of time the new mother was also entitled to maternity allowance.

### **Unemployment Law – Amendment no. 218 – Temporary Order – 2021**

This temporary order provided the payment mechanism of one-time grants, despite the increase of disability allowance for the year 2020, thereby allowing grants to be paid even in the months of January-June 2021.

## **Agreement by virtue of Section 9 – Providing advantages to the unemployed returning to the labor cycle**

1. The National Institute (NII) paid grants (up to 4 grants according to the eligibility conditions set forth in the agreement) to the insured who spent a long unemployment period, and: (a) were not employed for 75 consecutive days immediately prior to 31.1.2021; (b) in the period starting from March 1, 2020, to January 31, 2021, they were entitled to 75 unemployment days.
2. The increment to said grants, amounting to NIS 1,500 (up to two), was paid to insured people who were unemployed for 130 consecutive days immediately prior to 31.1.2021, and were also entitled to 130 unemployment days, if they persisted in their job, one month or four months – accordingly.
3. The grants as well as the grant increment were accounted as work income in relation to income test solely for purpose of NII's allowances, and not under any other law.

The amendment extended the agreement from the month of March 2021, which provided the right of the unemployed who resumed working between 1.2.2021 and 30.4.2021 [for a lower wage than earned before being sent on forced unpaid leave or dismissed], as follows:

1. Those who returned to work in the months of February-March – were able to accumulate 4 months of work until July 2021, or within 4 months from the date of return to work, whichever occurred first.
2. Those who returned to work in the months of April-June – were able to accumulate 4 months of work by the end of October, or within 4 months from the date of return to work, whichever occurred first.
3. Those who returned to work in July – were able to accumulate 3 months of work, this by the end of October, or within 3 months from the date of return to work, whichever occurred first.

## **Unemployment Law – Amendment no. 224 – Temporary Order – 2021**

The amendment provides, as a temporary order, that an employer will be exempted from paying national insurance contributions (as well health insurance contributions) in the months spent by his employee in unpaid leave between the months of April 2020 and June 2021.

This amendment further provides, as a temporary order, that beyond said period (for which applies the abovementioned full exemption) the obligation of insurance contributions will derive from the employee's wage in the month preceding that of his placement on forced unpaid leave, and will not, in any case, exceed the minimum wage.

### **Unemployment Law – Amendment no. 225 – Special Orders Related to Unemployment benefit and Maternity Allowance – 2021**

Those aged 45 and older will be eligible for a supplement of unemployment days at a rate of 50% of unemployment days granted to them by virtue of their initial entitlement at the beginning of the Corona crisis, as well as a 50% supplement from unemployment days they were granted under the shortened qualifying period. In addition, those aged 45 and older are allowed to realize other unemployment days available to them by law, if they have not been exercised, and this by 31.12.2021. Further details are provided under the unemployment benefit section below.

### **Indirect Amendment no. 225 to National Insurance Law – Increment to Maternity Allowance for a New Mother Until 31.12.2021**

As part of said amendment, the National Insurance Law was also revised through indirect amendment which provided that a new mother who gave birth between 1.7.2021 and 31.12.2021, and eligible under the favorable rules of the law (regarding a woman without a determined date for her stay in forced unpaid leave), will be entitled to an additional payment worth 18 days of maternity allowance, as they were paid to her.

The new mother who gave birth between July and December 2021, and was already eligible for maternity allowance before July 2021, was entitled to full maternity allowance, based upon her wage prior her placement on forced unpaid leave. The self-employed new mother who gave birth during that period, was able to refer, for purpose of calculating maternity allowance, to her income in the fiscal year of either 2019, 2020, or 2021 (rather than the year of childbirth or the previous year only).



## **Economic Aid Program Law – Novel Coronavirus – Temporary Order – Amendment no. 6, Quarantine Benefit – 2021**

The amendment provides the expansion of the layout for the payment of quarantine benefits until 31.12.2021, as well as the payment of quarantine benefits to vaccinated parents staying with their children under 16 who are spending mandatory home quarantine.

Definition of “worker staying in quarantine” – distinction between three categories of workers and the percentage of their entitled to quarantine benefit:

- a) “Worker in qualifying quarantine” – the vaccinated/recovering/prevented from vaccination/underage worker/ staying in confinement due to mandatory quarantine applying to him or her, who was absent from work due to the start of the quarantine, will be entitled to the full payment of quarantine benefit, subject to the fulfillment of the requirements of the law.
- b) “Worker staying in quarantine” – a worker unvaccinated and not prevented from vaccination, will be entitled to a payment of 75% of quarantine benefit, subject to the fulfillment of the requirement of the law.
- c) “Accompanying parent” – a worker forced to stay in quarantine with his or her child, even when unvaccinated or recovering from the virus, will be entitled to the full payment of quarantine benefit [parents can be absent alternately during the quarantine period of their child].

Restriction of quarantine benefit entitlement period – the eligibility for quarantine benefit will not be granted but for the minimum period possible for a mandatory home quarantine, i.e. 7 days.

Sick days deduction due to quarantine days – instead of 4 sick days, only 3 days at most will be deducted.

Extension of the time limit for filing a claim to the NII – the time limit for submitting requests to obtain indemnification is fixed at 90 days from the end of the month in which the worker spent a quarantine (instead of 60 days, currently). However, the first claims the NII will only be filed from 15.10.21.

Indemnification related to concomitant costs – it was provided that the indemnification ceiling for costs concomitant to the worker’s wage, for which the employer is allowed to submit an indemnification claim to the NII, will not exceed 30% of the wage.

# Client Service

The strategy of the service of the National Insurance (NII) is to place the client and the take-up of his rights from the NII at center, and enhances the need to initiate and reinforce action directions in this field.

2021 was further challenging and mainly characterized by computerized and digital improvements.

During that year 2 large and significant projects have been launched – connection between representatives and benefits, and the instant scan to ADA project, while many timely and efficient modifications were also implemented in the light of urgent legislative changes.

At last, another call center has been created and the number of service representatives scaled up in call centers.

**Instant scan to “ADA” project:** as part of this project, processing time is shortened by allowing the competent official to receive immediate notification of the insured’s request and to digitally access relevant paper documents provided by the insured at a branch, after being instantly scanned by a public reception agent and uploaded to “ADA” system – this project has been expanded to most branches of the NII and in its framework about 1,625,000 documents have been recorded and 11.5 million pages scanned in service centers.

- The **connection between representatives and benefits** system was launched in all law offices – includes a range of options to establish a digital connection between representatives and the NII through a user friendly and simple interface allowing to input and follow, in orderly manner, all clients of the office in matters related to the NII.
- **A new call center has been created** in Be’er Sheva as branch of the Netivot call center. This call center offers response to employers, in addition to offering response to the insured on other matters.
- All call centers count more than 600 representatives, a figure twofold than forecasted in the Center – this in light of the numerous demands for telephone response.
- Branches resumed front public reception for the most part of the year, according to the situation and directives, and the rest of the time public

reception was maintained through telephone conversation with service representatives. Public reception became available upon by prior appointment.

- Tools were developed to implement urgent legislative changes – to display the large information either on the Personal Service website to the insured themselves or to service representatives working in call centers and branches, to let them provide a professional response.
- Some 80 new service representatives have been certified in branches.

**Number of inquiries by service channel in years 2020-2021:**

<b>Service channels</b>	<b>2020</b>	<b>2021</b>	<b>Change rate (%)</b>	<b>Channel usage rate (%)</b>
Public reception	1,871,928	2,182,619	17%	4%
Call centers	7,851,222	6,512,744	-17%	11%
Internet	64,740,620	48,664,612	-25%	79%
Self-service stations	2,362,283	2,613,815	-8%	4%
Contact us	2,644,577	1,879,959	3%	-29%
<b>Total</b>	<b>31,505,780</b>	<b>79,060,196</b>	<b>23.5%</b>	<b>100%</b>

# Old Age and Survivors

**The old-age and survivors pensions** constitute the first layer of the retirement system in Israel and guarantee a basic to an insured elderly, and to his survivors after his death. Together with work retirement pension, which constitutes the second layer of the retirement system, these benefits are intended to secure a decent quality of live to people in time of retirement and old age.

In 2021, the number of recipients of old-age and survivors' pensions was **1,101,364**, about 3% higher in comparison with 2020.

## **Monthly old-age pension (NIS)**

	Without children	With one child	With two children
Individual	1,558	2,051	2,544
Couple	2,342	2,835	3,328

A person over the age of 80 receives an additional NIS 88.

## **Old-age pension plus income supplement**

### **Increased rate – for those under 70 (NIS)**

	Without children	With one child	With two children
Individual	3,237	5,445	6,396
Couple	5,117	6,068	7,019

## **Old-age pension plus income supplement**

### **Increased rate – for those who have reached 70 and are under 80 (NIS)**

	Without children	With one child	With two children
Individual	3,269	5,495	6,446
Couple	5,166	6,117	7,070

### **Old-age pension plus income supplement**

#### **Increased rate – for those who reached 80+ (NIS)**

	Without children	With one child	With two children
Individual	3,301	5,545	6,496
Couple	5,216	6,168	7,119

In 2021, the number of recipients of old-age pension was **1,010,219**, about 3.3% higher in comparison with 2020.

Among them, **168,417** received an income supplement to their pension – 1% less than in 2020.

### **Survivors' pension**

#### **Survivors' pension (NIS)**

Young widow	Single adult	Single adult +1 child	Single adult + 2 children	A child without parents	Two children without parents	Age 80+ supplement
1,171	1,558	2,289	3,020	968	1,936	88

#### **Survivors' pension plus income supplement for those under 70 (NIS)**

Single adult	Single adult +1 child	Single adult + 2 children	A child without parents	Two children without parents	Supplement per child
3,237	5,445	6,396	2,059	3,018	880

**Survivors' pension plus income supplement for those who have reached 70 and are under 80 (NIS)**

Young widow	Single adult +1 child	Single adult + 2 children	A child without parents	Two children without parents
3,296	5,495	6,446	2,059	3,018

**Survivors' pension plus income supplement for those who have reached 80+ (NIS)**

Young widow	Single adult +1 child	Single adult + 2 children	A child without parents	Two children without parents
3,301	5,445	6,496	2,059	3,018

The total number of recipients of survivors' pension in 2021 was **91,145**, a decrease of about 1% in comparison with 2020.

Among them, **26,031** received income support – 1.6% less than in 2020.

# Long-Term Care

The **long-term care** program was approved in 1980 in the framework of the National Insurance Law and its implementation commenced in 1988. The long-term care insurance is intended to allow the elderly to keep living in the community as long as possible, by providing personal care to those of them who need help in daily functioning or supervision, and thereby help the families who care for them. The Law applies to all persons insured with old age and survivors insurance, to housewives (married women who are not taking part in the labor market) and to new immigrants who are not covered with old age and survivors' pension.

## **Long-Term Care – Amendment to Table H-2 of the National Insurance Law, Temporary Order**

The table H-2 of the National Insurance Law has been modified through a 4-year Temporary Order (2021-2024), thereby, as a counterpart to a 0.5 decrease in weekly service units, the insured will be entitled to "supporting community" services detailed in the amendment.

In 2021, the number of eligible persons for long-term care benefit (including those waiving the benefit) was **273,228**, an increase of about 13% in comparison with 2020.

Unit of service = one hour per week. Rate of one hour of personal care – NIS 59.55.

Beneficiaries of a half benefit as results of income test are given a half unit of service.

## **Long-term care money benefit (NIS)**

From November 1, 2018 onwards, benefit levels are changed as follows:

Pension levels	Number of weekly service units	Israeli or non-Israeli caregiver	Pension amount (NIS)
Level 1	5.5		1,408
Level 2	10		2,049
Level 3	12	Non-Israeli	2,868
	15	Israeli	3,482
Level 4	17	Non-Israeli	3,687
	10	Israeli	4,302
Level 5	21	Non-Israeli	4,506
	25	Israeli	5,326
Level 6	26	Non-Israeli	5,326
	30	Israeli	6,146

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# General Disability

**In the General Disability Branch the Following Benefits are Paid by Law:**

- ❖ **Disability Pension** – a minimum subsistence income for disabled people whose ability to earn a livelihood from work or their occupation has been affected (paid since 1974).
- ❖ **Attendance Allowance** – paid to the disabled who are dependent on others to perform daily activities or require constant supervision, as an aid for help in these activities (paid since 1979).
- ❖ **Disabled Child Benefit** – paid to families caring for their disabled child at home (paid since 1981).

**Unemployment Law – Amendment no. 218** – Temporary Order – 2021

This temporary order provides the payment mechanism of one-time grants, despite the increase of disability allowance for the year 2020, thereby allowing grants to be paid even in the months of January-June 2021.

The monthly allowance of December 2021 has been updated based on the new law and differentials were paid during the month of December for the months of July – November 2021, according to eligibility.

**The increase of “disregard”** prescribed by emergency regulations 2020, became permanent under the Law of Arrangements on July 2021.

**One-time Grant Instead of Augmenting Disability Benefits**

In 2020, disabled people were paid a grant each month they were eligible for disability pensions. The grants were paid in October (for the January-October period) and in December (for the November-December period), and were not deemed "income". Payments made under the agreement set forth by Section 9 of the National Insurance Law, are not deemed "income" until 30.6.2021.

**General Disability Pension per Month – 100% Disability (NIS)**

Disabled individual	Disabled person with a spouse			Dependents' supplement	
	Without children	With one child	With 2 children	Spouse	Child
3,700	4,513	5,467	6,421	1,192	954

In 2021, the number of recipients of disability pension and housewife allowance was **278,599** – an increase of 3.4% in comparison with 2020. Among them were **14,413** housewives.

# Attendance Allowance to the Disabled

Are eligible for an attendance allowance men and women until retirement age who are covered with national insurance and in need of extensive help from others in performing daily activities (dressing, eating, bathing, home mobility and excretion control), or require constant supervision to prevent life threatening situation to themselves or others.

## **Allowance increment**

As of July 2021, the attendance allowance has been raised for eligible people according to their eligibility rate; 50%, 112% and 188%, respectively. The allowance payment for the retroactive period automatically transferred to bank account.

As of October 2021, an increment was given to attendance allowance recipients, at all levels of dependency, for a child up to 3 years of age, amounting to NIS 954 per child, and up to two children.

## **Special Monthly Allowance under Regulations Providing Attendance for the Disabled and Housewife Dependent on the Help from Others for Daily Functioning (NIS)**

	For <b>most</b> daily activities, most hours of the day	For <b>all</b> daily activities, most hours of the day	<b>Completely</b> dependent, for all daily activities	Increment to a disabled person on a respirator	Supplement for those employing 2 foreign workers
January-June 2021	1,427	3,334	5,341	1,850	
July-December 2021	1,527	3,534	5,641	8,462	5,641

In 2021, the number of attendance allowance recipients was **71,717**, an increase of 3.5% in comparison with 2020. Among them were **5,391** housewives.



# Disabled Child Allowance

The NII is aware of the care burden associated with raising a disabled child with severe impairments, and participate in the expenses of the family in order to facilitate the child's care, and enable the family to maintain as good a lifestyle as possible when the child lives within the family and the community.

## Disabled Child Allowances

Type of allowance	50%	100%	188%
Monthly allowance	1,351	2,691	5,267

The number of disabled child allowance recipients IN 2021:

Aged 0-2 was **83,820** – an increase of about 5.8% in comparison with 2020.

Aged 3-7 was **21,289** – an increase of about 2.9% in comparison with 2020.

Aged 8-18 was **57,328** – an increase of about 1% in comparison with 2020.

# Mobility

The NII provides various benefits to people with lower body impairments that limit their mobility, to help them integrate into the community and develop independent lives. Although most of the benefits are granted to car owners, some benefits are also given to non-car owners. The benefits are paid for by state funds of the Ministry of Finance, under a Mobility Agreement signed between the Ministry of Finance and the NII.

## **Mobility allowance for earners with 80%-100% mobility disability (NIS)**

	Small vehicle	Medium vehicle	Large vehicle	Very large vehicle
Driver	1,544	2,103	2,610	2,880
Non-driver	1,540	2,099		

In 2021, the number of mobility allowance recipients was **47,361** – an increase of approximately 2% in comparison with 2020.

# Income Support

**The Income Support Law** is intended to provide a last safety net to families without income from work or any other sources, or with low income. The Law, which came into force in 1982, integrated in a uniform framework the relief payments previously paid by the Ministry of Labor and Social Affairs and payments of social benefit made by the NII to the elderly and survivors. The payments are financed by the State Treasury.

## **Income Support Law – Retroactive Payment to People who Reached Retirement Age**

The eligibility of those who reached retirement age for income support benefit is determined based on a 12-month retroactive period preceding the submission of the claim, provided that the insured has not been paid any allowance before reaching retirement age.

In 2021, the number of income support benefit recipients was **81,336**, a decrease of 2% in comparison with 2020.

### **Income support benefit rates for people under the age of 55 (NIS)**

Individual adult	Single parent		Other		Couple		
	With one child	With two children	With one child	With two children	Without children	With one child	With two children
1,761	2,949	3,434	2,641	2,949	2,421	2,641	2,949

### **Income support benefit rates for people over the age of 55 (NIS)**

Individual adult	Single parent		Couple with a non-working wife			Other	
	With one child	With two children	Without children	With one child	With two children	With one child	With two children
2,201	3,600	4,480	3,302	3,830	4,358	3,160	3,688

# Maintenance

**The Maintenance (Alimony) Law** secures payment to divorced, separated and common-law spouse women or remarried women, who were awarded alimony payments by a Court, but their male spouse liable to alimony payments fails to fulfill his obligations toward them. The amount of payment equals the sum awarded in the judgment or prescribed in the Regulations of Maintenance Law – whichever is lower: when awarded alimony payments are higher than the amount liable under the Regulation, the sum prescribed by Regulations will be paid, subject to income test. The rate of maintenance payments prescribed by Regulations is similar to that of income support benefit for single-parent families.

In 2021, the number of maintenance recipients was **13,295** – a decrease of about 1% in comparison with 2020.

## Maintenance rates for women under the age of 55 (NIS)

Woman married to the debtor or unmarried woman				Remarried woman or children only		
Without children		With one child	With two children	One child	Two children	Each additional child
New	Existing					
1,761	1,981	2,949	3,434	2,059	3,018	880

## Maintenance rates for those over the age of 55 (NIS)

Woman married to the debtor or unmarried woman			Remarried woman or children only		
Individual	With one child	With two children or more	One child	Two children	Each additional child
2,201	3,600	4,480	2,059	3,018	880



# Maternity

**The maternity insurance** is among the first five branches of insurance in the National Insurance Law, in force since April 1, 1954, provides, in its framework, the payment of various benefits to new mothers and a hospitalization grant to hospitals.

**The hospitalization grant** is designed to finance the costs of hospitalization of the new mother and the newborn, and is paid to hospitals directly. In 1995, when the State Health Insurance Law came into force, the hospitalization of the new mothers giving birth and newborns, preterm included, was comprised in the basket of health services prescribed by the Law.

**The birth grant** is intended to cover the purchase of first supplies for the newborn, and is paid to the new mother directly, even to foreign workers staying in Israel with a permit. The sum of the grant is calculated based on the basic amount.

**The maternity allowance** aims to compensate the working new mother for the loss of her wage during the mandatory maternity leave she has to take under the Employment of Women Law. Are eligible for maternity allowance a working new mother – whether as salaried, self-employed or in vocational training, including foreign workers staying in the country legally – for whom were paid, prior to childbirth, insurance contributions for periods of time set forth in the Law (qualifying period). Maternity leave is paid for 8 or 15 weeks according to the qualifying period accrued by the woman, birth and parenthood period for a spouse, and the number of children in the birth.

## **Unemployment Law – Amendment no. 223 – Temporary Order – 2021**

1. The insured person who doesn't have a "determining day" will be entitled to unemployment benefits if she gave birth in the period between 1.8.2020 and 30.6.2021, and provided that she was eligible for unemployment benefit immediately upon the day of childbirth.
2. The self-employed new mother who gave birth during the abovementioned period, will see her entitlement determined upon her

wage in the quarter of the year of childbirth, either the quarter preceding it or the quarter year of 2019 – whichever is higher.

3. The new mother ineligible for maternity allowance and who did not accrue the required qualifying period, will be entitled to a special payment amounting the unemployment to which she would have been entitled without childbirth. This payment is made at some point over a period of up to 15 weeks from the day of childbirth, and only if she was not entitled to this payment for a period of time the new mother was also entitled to maternity allowance.

### **Increment to Maternity Allowance for a New Mother Until 31.12.2021 (Indirect Amendment no. 225 to National Insurance Law)**

As part of said amendment, the National Insurance Law was also revised through indirect amendment which provided that a new mother who gave birth between 1.7.2021 and 31.12.2021, and eligible under the favorable rules of the law (regarding a woman without a determined date for her stay in forced unpaid leave), will be entitled to an additional payment worth 18 days of maternity allowance, as they were paid to her.

### **Agreement by virtue of Section 9 – Providing advantages to the unemployed returning to the labor cycle**

A new mother giving birth between July and December 2021, who was entitled to unemployment benefit before July 2021, had the right to receive full maternity allowance, based upon her wage prior to being placed on forced unpaid leave.

The self-employed new mother giving birth during abovementioned period, was able to refer, for purpose of calculating her maternity allowance, to her income in fiscal year 2019, 2020 or 2021 (instead of the year of childbirth or the previous year only).

In 2021, the number of **birth grant** recipients was **183,056**, about 3% more than in 2020.

In 2021, the number of **maternity allowance** recipients was **138,935**, approximately 4.8% more than in 2020.

### **Hospitalization Grant (NIS)**

<b>Period</b>	<b>1.1.2020</b>	<b>1.4.2021</b>	<b>1.7.2021</b>	<b>1.10.2021</b>
Regular grant	14,327	14,980	14,956	15,085
Grant in case of premature birth	237,002	237,689	237,309	239,350

Grant rates are updated each year, in January, according to a formula set forth in the National Insurance Law, and whenever the price of a "general hospitalization day" is modified by the Ministry of Health.

### **Birth grant for one birth (NIS)**

One infant			Two infants	3 infants	Each additional infant
First infant	Second infant	Third infant or more			
1,783	802	535	8,915	13,373	4,458

### **Maternity allowance for a multiple birth (NIS)**

	1-3 Months	4-6 months	7-9 months	10-12 months	13-20 months
Three children	11,411	8,915	7,132	5,349	3,120
Four children	15,156	12,025	9,807	6,686	3,923
Five children	22,288	17,830	13,373	8,915	5,082

### **Maximum maternity allowance for salaried or self-employed women**

The maximum maternity allowance per day is NIS **1,485.83**, and the maximum amount of maternity allowance NIS **145,611**.

# Children

**The child allowance** is paid each month to all families with children up to the age of 18 in Israel, and aims to help in bearing the costs of raising children. Since it came into force under the Children Insurance Law of 1959 as a fixed payment to large families, children allowances went through many changes designed to adapt them to supports provided by fiscal policies in the country. Among other, changes were made regarding the amounts and conditions of entitlement applying to allowance beneficiaries.

## **Child allowance for a child born before June 2003 and until 31.5.2021\*:**

First child	NIS 152
Second child	NIS 192
Third child	NIS 192
Fourth child	NIS 340
Fifth child and above	NIS 359

\* As of June 2021, above table is void since children born before June 2003 (and reached age 18) have left the system.

## **Child allowance for a child born after June 2003:**

First child	NIS 175
Second child	NIS 263
Third child	NIS 263
Fourth child	NIS 263
Fifth child and above	NIS 175

In 2020, the number of families receiving child allowances was **1,237,784** – an increase of 1.3% in comparison with 2020.

**Study grant:** the NII helps in bearing the costs of studies for families headed by one parent only (single-parent families) as well as families with 4 or more children, receiving a general disability pension, income support benefit, maintenance, old age or survivors' pension. These families are paid by the NII a study grant at the beginning of each school year.

In 2021, the people entitled to the grant are those born from January 1, 2004 to December 31, 2015. Grant rate remains identical – **NIS 1,021** per child.

In 2021, the number of **children** who received a study grant was **257,746** – an increase of about 7% in comparison with 2020.

In 2021, the number of **families** receiving a study grant was **131,000** – an increase of about 3% in comparison with 2020.

**Families => total of single-parent families + families with 4 children or more**

# Work Injury

According to the National Insurance Law, all workers in Israel (salaried and self-employed) are insured against the risk of work injury and occupational diseases. According to the law, the employer is required to insure his employees (except for police officers, prison guards and security service employees) against these risks. Employers cover permanent and temporary employees in daily or monthly insurance. **Work injury insurance** is intended to assist insureds who were injured at work and to compensate them for the loss of income during the period after the injury, in which they were rendered unfit to work. For this purpose, the NII pays them a work injury allowance for a period of up to 3 months. If the injured person remains disabled because of the injury, he will be entitled to a work disability pension or a grant, as decided by a Medical Board. Moreover, the work-injured person is entitled to receive medical treatment for his injury, free of charge. If the injured person dies as a result of the work injury, a pension or a grant is paid to his family.

## **Benefits to work-injured victims (NIS)**

	Maximum daily benefit day	Maximum monthly work disability and dependents benefits
Employee injured before 31/12/1994	666.63	20,059
Self-employed or employee injured after 1/1/1995	1,114.38	33,431

In 2021, the number of **work disability** pension recipients was **48,807**, an increase of about 5.5% in comparison with 2020.

In 2021, the number of **work-injury** allowance recipients **53,662**, a decrease of about 1.2% in comparison with 2020.

# Reserve Service

The NII pays **reserve service benefits** to all those called for reserve service under the Defense Service Law and for training under the Emergency Work Service Law. The Institute also pays grants to working youth up to the age of 18 who were absent from work due to their participation in pre-military education (provided they took part in an activity as part of pre-military education for at least two consecutive days, and worked at least 30 working days in the three months preceding the activity).

**No legislative changes were made in 2021.**

In 2021, payments were made in the amount of NIS **1,334,752**, a decrease of approximately 27.6% in comparison with 2020.

## **Maximum and Minimal Reserve Service Benefits (NIS)**

	Per month	Per day
Maximum for employee/self-employed	44,020	1,467.33
Minimum benefit	5,987	199.56
Minimum grant for Gadnas (youth brigades)	2,638	87.93

# Unemployment

The NII provides the unemployed with a source of subsistence for the duration of the period of unemployment until he achieves to be hired. **The unemployment benefit** is paid to a person who was a salaried employee and is registered at the Employment Service Bureau as unemployed, and who reports to the Employment Service to look for work. He must contact the Employment Service immediately upon termination of his employment and then report at fixed times as instructed by the Service. The Employment Service transfers the data on the number of unemployment days recorded each month to the NII, and the NII pays the insured unemployment benefits based on this information.

## **Agreement by virtue of Section 9 – Providing advantages to the unemployed returning to the labor cycle**

1. The National Institute (NII) paid grants (up to 4 grants according to the eligibility conditions set forth in the agreement) to the insured who spent a long unemployment period, and: (a) were not employed for 75 consecutive days immediately prior to 31.1.2021; (b) in the period starting from March 1, 2020, to January 31, 2021, they were entitled to 75 unemployment days.
2. The increment to said grants, amounting to NIS 1,500 (up to two), was paid to insured people who were unemployed for 130 consecutive days immediately prior to 31.1.2021, and were also entitled to 130 unemployment days, if they persisted in their job, one month or four months – accordingly.
3. The grants as well as the grant increment were accounted as work income in relation to income test solely for purpose of NII's allowances, and not under any other law.

## **Agreement by virtue of Section 9 – Providing advantages to the unemployed returning to the labor cycle**

1. Those aged 45 and older will be eligible for a **supplement of unemployment days** at a rate of 50% of unemployment days granted to them by virtue of their initial entitlement at the beginning of the Corona crisis, as well as a 50% supplement from unemployment days they were



granted under the shortened qualifying period. In addition, those aged 45 and older are allowed to realize other unemployment days available to them by law, if they have not been exercised, and this by 31.12.2021. Further details are provided under the unemployment benefit section below.

2. The rate of unemployment applying to the supplement of unemployment days was 85% of full unemployment benefit (instead of 90% until June).
3. Those who stopped their work in the months of July to September, needed a shortened qualifying period of 6 months only, whereas 10 months were required for those stopping their work between October and December.
4. The new mother giving birth between July and December 2021, who was entitled to unemployment benefit before July 2021, qualified for full maternity allowance, according to her wage prior to her forced unpaid leave.

A self-employed new mother who gave birth during abovementioned period, was able to refer, for purpose of calculating her maternity allowance, to her income in fiscal year 2019, 2020 or 2021 (instead of the year of childbirth or the previous year only).

5. The agreement providing to classify unemployment benefit as “work income” with respect to other benefits such as income support, maintenance, old age, survivors and disability, was in force until 31.12.2021.
6. The adjustment grant was extended by three additional months, for lower eligibility levels – 90%, 80% and 70%.
7. Eligibility for unemployment benefit has been anchored in the unemployment chapter, but only for cases of travels abroad made at the employer’s initiative, for a period of not less than 30 days, when the worker had no available vacation days left (otherwise eligibility would be postponed by the number of vacation days at the employers’ disposition).
8. Unemployment days paid by virtue of Corona legislation or accounted as “blocks”, which lower eligibility for unemployment benefit every 4 years. In other words, the recurrent unemployed under 40, who received unemployment benefits year after year, the days paid under eligibility extension in times of Corona were not taken into account.

Moreover, the same consideration exists for recipients of a preferred job

a grant (for who unemployment days are subtracted from their grant payment).

9. In the period of time until 31.12.2021, the rate of unemployment benefit has not been reduced for those attending vocational training and were eligible for unemployment benefit at full rate.

### **Agreement by virtue of Section 9 – Amendment of the agreement regarding advantages to the unemployed returning to the labor cycle**

The amendment extended the agreement from the month of March 2021, which provided the right of the unemployed who resumed working between 1.2.2021 and 30.4.2021 [for a lower wage than earned before being sent on forced unpaid leave or dismissed], as follows:

1. Those who returned to work in the months of February-March – were able to accumulate 4 months of work until July 2021, or within 4 months from the date of return to work, whichever occurred first.
2. Those who returned to work in the months of April-June – were able to accumulate 4 months of work by the end of October, or within 4 months from the date of return to work, whichever occurred first.
3. Those who returned to work in July – were able to accumulate 3 months of work, this by the end of October, or within 3 months from the date of return to work, whichever occurred first.

On 15.3.2020, a state of emergency was declared due to the Covid-19 outbreak in Israel and around the world. Workers were sent on unpaid leave and small businesses closed down. Temporary Orders were adopted in accordance with the developing situation in the country, which are presented in a chronological list at the beginning of this document under the topic of Corona.

In 2021, the number of unemployment benefit recipients was **336,031**, a decrease of about 37% in comparison with 2020.

**Unemployment benefit rates per day, 2021 (NIS)**

Daily basic amount	352
Daily average wage for a discharged soldier	176.10
Maximum daily unemployment benefit for a soldier who did not work since discharge	120.02
Unemployment benefit for soldiers in vocational training	84.01
Daily ceiling for calculating supplement for a soldier sent to unsuitable work	132.10
Full grant to a discharged soldier who worked in a "preferred job"	9,722
Maximum amount (maximum daily wage)	1,761
Maximum daily unemployment benefit for initial period	422.04
Maximum daily unemployment benefit for the second period <b>until 30.6.2021</b>	422.04
Maximum daily unemployment benefit for the second period <b>from 1.7.2021</b>	281.36

# Prisoners of Zion

Under the Compensation for Prisoners of Zion and their Families Law of 1992, a resident or citizen of Israel, recognized by the certifying authority as a **Prisoner of Zion**, as a relative of a Prisoner of Zion who is in prison, or as a member of the family of a Martyr, is entitled to benefits from the NII. The benefits are contingent on an income test.

Disabled Prisoners of Zion are also entitled to a benefit in kind (advantage), such as medical treatment and vocational rehabilitation. Relatives of a Prisoner of Zion who is in prison or died may also be entitled to benefits.

In 2021, the number of recipients of a prisoners of Zion benefit was **632**, a decrease of about 6% in comparison with 2020.

**No legislative changes were made in 2021.**

# Vocational Rehabilitation

Under the National Insurance Law (1968) and Amendment No. 13 to the Law (1974), the following groups are entitled to **vocational rehabilitation**:

- Those injured at work.
- Persons with disabilities (since birth, caused by accident or illness), and when they are unsuitable for rehabilitation – their spouses.
- Widows and widowers.

Vocational Rehabilitation is also given to victims of hostile action and bereaved families, as part of the benefits granted under of the Compensation for Hostile Actions Casualties Law (1974).

Vocational rehabilitation services are provided by social workers in rehabilitation departments located in local branches of the NII. These include diagnosis and evaluation, pre-vocational training, vocational training, career counseling, customized rehabilitation programs, academic education and job placement. Most services are provided by the NII, and some by designated frameworks, such as rehabilitation centers. The rehabilitation process begins with self-referral of the insured person, referral by community representative, or at the initiative of the NII.

In 2021, the number of rehabilitees by goal of care was **21,837**, an increase of about 6% in comparison with 2020.

In 2021, the number of rehabilitees who ended rehabilitation care was **12,899**, an increase of about 9.5% in comparison with 2020.

**No legislative changes were made in 2021.**

# Hostile Actions Casualties

**Victims of hostile actions** and their families are entitled, under the law, to cash benefits and various benefits in kind intended to assist them and support their recovery – such as monthly allowances, rehabilitation, annual grants and one-time grants. Eligibility is determined according to the Compensation for Victims of Hostile Acts Law of 1970. Monetary benefits are prescribed by the Disabled Law (Benefits and Rehabilitation) of 1959, and are usually calculated based on the salaries of civil servants in the administrative ranking and are updated according to economic updates (work agreements or increased cost of living).

A family member of a victim of a hostile action who was killed is entitled to a monthly pension (at the same rate as the pension paid to the family of a soldier who was killed in action), vocational rehabilitation and a one-time grant.

There were changes in Economic Improvement Law 2021-2022 (Arrangements Law) regarding 2 components updated according to the average wage in the market: the “grant for burial costs of hostile actions casualties” and the “grant for burial costs” (grave maintenance). Although the average wage has been frozen in 2022, these components were updated and increased by 2.45%.

In 2021, the number of recipients of hostile actions casualties allowance was **5,427**, an increase of about 7% in comparison with 2020.

# **Workers' Rights in Bankruptcy and Corporate Liquidation**

The Employees' Rights in **Bankruptcy and Corporate Liquidation** Law was enacted in 1975 in order to protect workers whose rights were harmed because of difficulties encountered in their workplaces, consequent to which a liquidation or bankruptcy order was issued.

Under the law, a salaried employee whose employer went bankrupt or whose company underwent liquidation is entitled to receive a benefit from the NII that includes these payments, to which his employer remains liable, up to the maximum amount stipulated by law:

1. Wages
2. Severance pay
3. Payment to provident fund.

In 2021, the number of recipients of bankruptcy and liquidation allowance was **3,089**, a decrease of about 7% in comparison with 2020.

**No legislative changes were made in 2021.**

# **Counseling Service for the Elderly**

**The Counseling Service for the Elderly** was established in 1972 as a demonstration project for pensions volunteering to assist other elderly. The Service began modestly with a few volunteers in five local branches, expanded tremendously over the years, and today there are about 1,000 volunteers throughout the country.

Service volunteers maintain regular supporting social connections with the elderly and assist them in exercising their rights in the NII and in other organizations. The fact that a pensioner volunteer is also an elderly enables him to understand the feelings of the elderly person seeking counseling, as well as old-age-related problems.

The volunteers are required to undergo a four-month training course in which they learn about the special needs of the elderly and the changes taking place at this age, and develop the skills required to work with the elderly. The Service is managed by social workers specializing in gerontology and volunteerism.

All services of the elderly counseling service are provided free of charge.



# International Conventions

**An international social security convention** is an agreement signed between the State of Israel and another State in order to protect the social rights of those who have moved from one country to the other, and to prevent double payment of insurance contributions by Israelis living and working abroad.

Israel has signed conventions with the following countries: Great Britain, Holland, France, Belgium, Austria, Germany, Sweden, Switzerland, Denmark, Finland, Uruguay, Czech Republic, Norway, Bulgaria, Slovakia, Romania and the Russian Federation. An agreement regulating the prevention of double payment of national insurance contributions alone was signed with Canada.

The conventions apply to residents of Israel and citizens of the other countries and their families, and in each convention are detailed the branches of insurance it covers. The broader conventions include most branches of insurance: old age, survivors, disability, work injury, children and maternity.

During this year, a new security convention with Poland has come into force.

# Payment of Insurance Contributions

## **Amendment no. 224 and Temporary Order – 2021 – Insurance Contribution Payment Exemption**

The amendment provides, as a temporary order, that an employer will be exempted from paying national insurance contributions (as well health insurance contributions) in the months spent by his employee in unpaid leave between the months of April 2020 and June 2021.

This amendment further provides, as a temporary order, that beyond said period (for which applies the abovementioned full exemption) the obligation of insurance contributions will derive from the employee's wage in the month preceding that of his placement on forced unpaid leave, and will not, in any case, exceed the minimum wage.

## **Insurance contributions collected from employers for employees by branch (% of wage)**

As of 1.1.2019	Regular rate	Reduced rate
<b>Total</b>	<b>19.60</b>	<b>7.05</b>
<b>Total under the National Insurance Law</b>	<b>14.60</b>	<b>3.95</b>
Old age and survivors	5.89	1.52
Long-term care	0.33	0.05
General disability	2.28	0.37
Accident victims	0.13	0.02
Work injury	2.06	0.47
Maternity	1.40	0.15
Children	2.08	1.32
Unemployment	0.37	0.04
Bankruptcies	0.06	0.01
Health insurance contributions	<b>5.00</b>	<b>3.10</b>

**Insurance contributions collected from the self-employed by branch**  
**(% of wage)**

As of 1.1.2017	Full rate	Reduced rate
<b>Total</b>	<b>17.83</b>	<b>5.97</b>
<b>Total under the National Insurance Law</b>	<b>12.83</b>	<b>2.87</b>
Old age and survivors	5.95	1.32
Long-term care	0.21	0.05
General disability	2.12	0.47
Accident victims	0.09	0.03
Work injury	0.78	0.17
Maternity	0.94	0.24
Children	2.74	0.59
Health insurance contributions	<b>5.00</b>	<b>3.10</b>

**Change in State Treasury's Participation Rate in Insurance Contributions Collection**

In 2021, the participation rate was as follows: In January, 55.74%, and as of February, the rate increased to 57.26% following legislative changes relating to the Agreement with the Disabled Organization as well as changes in several insurance branches, such as old age and survivors, long-term care and others.

# National Insurance Funds

**National Insurance funds** are government funds designed to reduce social gaps and to foster, empower and improve the quality of life of populations at risk. Together with partners in the public, tertiary and business sectors, the funds work to develop, expand and strengthen social services in Israel.

The funds provide funding and professional support to social projects and programs, developing professional education for new programs and promoting changes in the field of welfare policy in Israel. The NII operates through five funds: Fund for the Development of Services to the Disabled, Long-Term Care Fund, At-Risk Children and Youth at Risk Fund, Demonstration Projects Fund and the Manof Fund.

A central element of the funds' activities consists in helping organizations and municipalities to set up and upgrade social services. In addition, as central bodies in the social ecosystem, the funds are always attentive to innovative ventures in the area, as well as leading and participating in innovative development processes for the welfare and benefit of populations at risk.

## **The Fund for Development of Services to the Disabled**

This Fund helps public entities to develop services for people with disabilities in order to let them integrate society and workforce, and improve their well-being. The Fund operates in the following areas: special education and early childhood; vocational rehabilitation for the disabled; sheltered housing in the community; leisure and sports activities; improvement of physical conditions in institutions for the disabled and rehabilitation equipment purchase; and assistance in making public buildings accessible for the disabled. The Fund also helps improve the quality of life and services in institutions. The Fund assists in establishing exclusive services for a wide range of populations with disabilities, such as: the mentally impaired, persons with intellectual limitations, the head impaired, persons with vision loss or impairment, with deafness or hard hearing, in autistic continuum, with severe mobility disability, victims of diseases, persons with severe learning disability and ADHD, etc. The Fund's

activity is governed by the National Insurance Law (Consolidated Version) 1995, Section 220, and its operation comply with regulations approved by the direction of the Institute in consultation with the Disability Committee of the NII's Council.

## **Long-Term Care Fund**

This Fund helps organizations to develop services for the disabled elderly, in the community and in institutions, in order to improve the health and welfare of elderly across Israel and minimize their functional decline. The assistance is granted for investment in infrastructures and equipment in community frameworks (such as daycare centers and model fraternities) and institutions (public and private retirement homes), and to establish innovative models and services for the disabled elderly, in the community and institutions. The fund's operation is anchored in the National Insurance Law of 1995, Section 237.

## **The Fund for Demonstration Projects**

The Fund for Demonstration Projects helps social organizations and local authorities to develop social services with an innovative and experimental element for a range of at-risk populations, among them: families living with poverty and unemployment, the elderly, people with special needs, at-risk youths and so on. The Fund operates as a "Social-Risk Capital Fund" providing professional knowledge and experience in development of welfare services and improvement of social security, and participates in financing planning and scientific evaluation. The Fund's operation is undertaken in conjunction with Government ministries, public organizations and philanthropic funds, and is anchored in the National Insurance Law of 1995, section 36, and its statutes approved by the Institute's administration, in consultation with the committees of the Institute's council.

## **Fund for Development of Services for At-Risk Children and Youth**

The Fund for At-Risk Children and Youth acts since 2004 to promote work with children and youth under the age of 18 who are at-risk due to neglect, abuse, violence or sexual abuse, including juvenile offenders, drug users and young

people exposed to dangerous living conditions. The Fund is working to expand its target population to young people up to age 23. The Fund's activity aims to the development and assimilation of models and programs tailored to the target population's needs. The Fund has significant collaborations with the Ministries of Welfare, Education, Health, Immigrant Absorption and Economy, as well as joint-ventures with private funds, public and commercial organizations. The Fund's operation is anchored in the National Insurance Law of 1995, section 74, and undertaken according to its statutes which were approved by the Institute's administration, in consultation with the committees of the Institute's Council.

## **The Manof Fund for Work Accidents Prevention**

The Manof Fund is designed to finance activities for the prevention of work accidents and programs to encourage health and safety at work, finance researches in the field of health and safety at work and implementation of the findings in the workplace; developing and improving innovative safety measures; identifying occupational risks and hazards in the workplace; participating in the purchase of innovative safety measures; and providing information, training and publicity on these matters. Its activity is anchored in the National Insurance Law of 1995, section 149, and is managed according to secondary regulations and its statutes which were approved by the Institute's administration.

**No legislative changes were made in 2021.**