

ISRAEL - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	Retirement age for means-tested benefits is 67 for men and 62 for women (progressively increasing to 64 by 2017). For full benefits, the retirement age is 70 for men and 67 for women (increasing to 70 by 2020). The state old age pension from 1 January 2011 is NIS 1,444 a month for a single pension and NIS 2,170 for a couple, with increases depending on age, marital status, number of children and years of coverage. Pensions are also provided on disability and for survivors. Medical care is provided for residents.
Typical New Pension Plan	From 1 January 2008, all employers must offer a pension plan to employees after six months of employment. The plan must be a recognised pension fund that provides a pension at retirement age. The plan will normally include life and disability insurance. Private medical insurance is not common, but may be provided.
Typical Costs	Contributions for state benefits are based on 60% of national average earnings (NIS 8015 a month). For retirement, disability and survivors' benefits, employers pay 3.45% on earnings below this amount and 5.90% on the balance up to NIS 7,975 a month, plus premiums for workmen's compensation insurance. Employees pay 0.40% and 7.00% respectively, plus 3.1% and 5% respectively for medical care. The contribution for the mandatory pension plan from 1 January 2011 is 6.67% of gross earnings by the employer and 3.33% by the employee. The employer contribution includes 3.34% for severance pay. From 1 January 2014 the contributions will be 5% by both employer and employee for pensions and 6.5% by employers for severance pay.
Tax Implications	The government provides tax incentives to encourage retirement savings. There are proposals to revise the tax system in order to encourage voluntary savings above the mandatory amount. Retirement pensions and severance pay are taxed at lower rates than other income.
Labour Law Issues	Employees are entitled to severance pay after 12 months of employment at the rate of one month's pay for each year of employment, up to salary ceiling of NIS 7,800. Some employers pay higher amounts. Payment can be deferred to a later date.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	The use of International Financial Reporting Standards is permitted by all companies, except banks.
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