**Extension Order Increasing the Contributions to Pension Insurance in the Marketplace 2016**

**Extension Order Increasing the Contributions to Pension Insurance in the Marketplace 2016[[1]](#footnote-1)**

**Under the Collective Agreements Act 1957-5717**

By virtue of my authority under Section 25 of the Collective Agreements Act 1957-5717, I order that the provisions of the general collective agreement dated 24th *Adar Bet* 5776 (April 3, 2016) numbered 7008/2016, between the Bureau of Economic Organisations[[2]](#footnote-2) and the General Federation of Labour (Hebrew – *Histadrut*), be extended, and that the expanded provisions will apply to all employees and employers in Israel.

**Schedule**

The Extended Provisions

Number of Clause

In Agreement

1. [Not extended]
2. **Definitions**:
   1. The “Determining Salary” – As defined in the agreement applicable to the employee, and no less than the insured salary mandated under the Mandatory Pension Extension Order;
   2. “Pension Fund” – A New Pension Fund, a General Pension Fund, or an Old Pension Fund, as defined in the Supervision of Financial Services (Provident Funds) Act 2005-5765;
   3. “Insurance Fund / Provident Fund” – As defined in the Supervision of Financial Services (Provident Funds) Act 2005-5765;
   4. “Commencement Date” – July 1, 2016, or the date of publication of this Order, whichever is later.
3. **Payment to a Pension Fund and/or Insurance Fund / Provident Fund which is not a Pension Fund**

From the Commencement Date, every employee will be insured, on account of his Determining Salary, by such rates that are no less than the rates set forth hereinafter:

* + - 1. **Employee deduction towards insurance benefits**

From July 1, 2016 – the contribution towards benefits will be increased to 5.75%;

From January 1, 2017 – the contribution towards benefits will be increased to 6%;

* + - 1. **The employer payments towards insurance benefits**

From July 1, 2016 – the contribution towards benefits will be increased to 6.25%;

From January 1, 2017 – the contribution towards benefits will be increased to 6.5%;

The employer’s contribution towards benefits in an insurance fund / provident fund that is not a pension fund, as specified in this subsection, shall include the payment made by the employer for the purchase of coverage in the event of loss of earning capacity at a rate required to secure 75% of the employee’s Determining Salary, and in any event, the rate of the employer’s contributions towards the benefits portion alone, will be no less than 5% of the Determining Salary. It is further clarified, that insofar as there is a need to increase the costs due to coverage for loss of earning capacity (beyond 6.25% or 6.5%, respectively), the costs to the employer in respect of the acquisition of such loss of earning capacity, as aforementioned, together with the employer’s contribution towards pension benefits, will not in any event exceed 7.5% of the Determining Salary.

1. Published in the Official Gazette (year) 5776 No. 7287 dated June 20, 2016, page 7974. [↑](#footnote-ref-1)
2. List of Organisations: Manufacturers Association of Israel, the Association of Contractors and Builders in Israel, The Israel Farmers Association, the Israel Association of Banks, the Association of Life Insurance Companies Ltd., the Israeli Diamond Industry Association, the Israeli Hotel Association, the Israel Security Association, the National Association of Maintenance and Cleaning Companies in Israel, the Association of Industry and Craftsmanship in Israel, LAHAV - the Bureau of Organisations of the Self Employed in Israel, the Association of Human Resources Companies, the Israeli Film Industry Association. [↑](#footnote-ref-2)