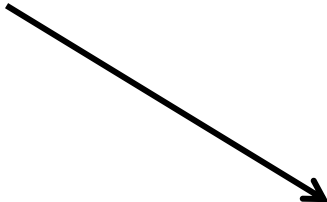




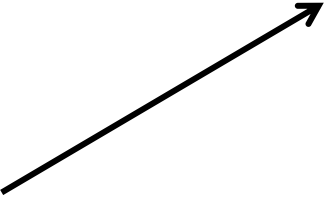
# Israel's Pension System: the Impact of Demographic and Economic Trends

# From Liberalization to Intervention:

## 1995 – 2008: **Decreasing** Government Intervention

- Closing old pension funds to new members
  - From **Defined Benefit** (DB) to **Defined Contribution** (DC) plans
  - Ensuring actuarial balance
  - Reducing earmarked bonds share; reducing bond yield
- 

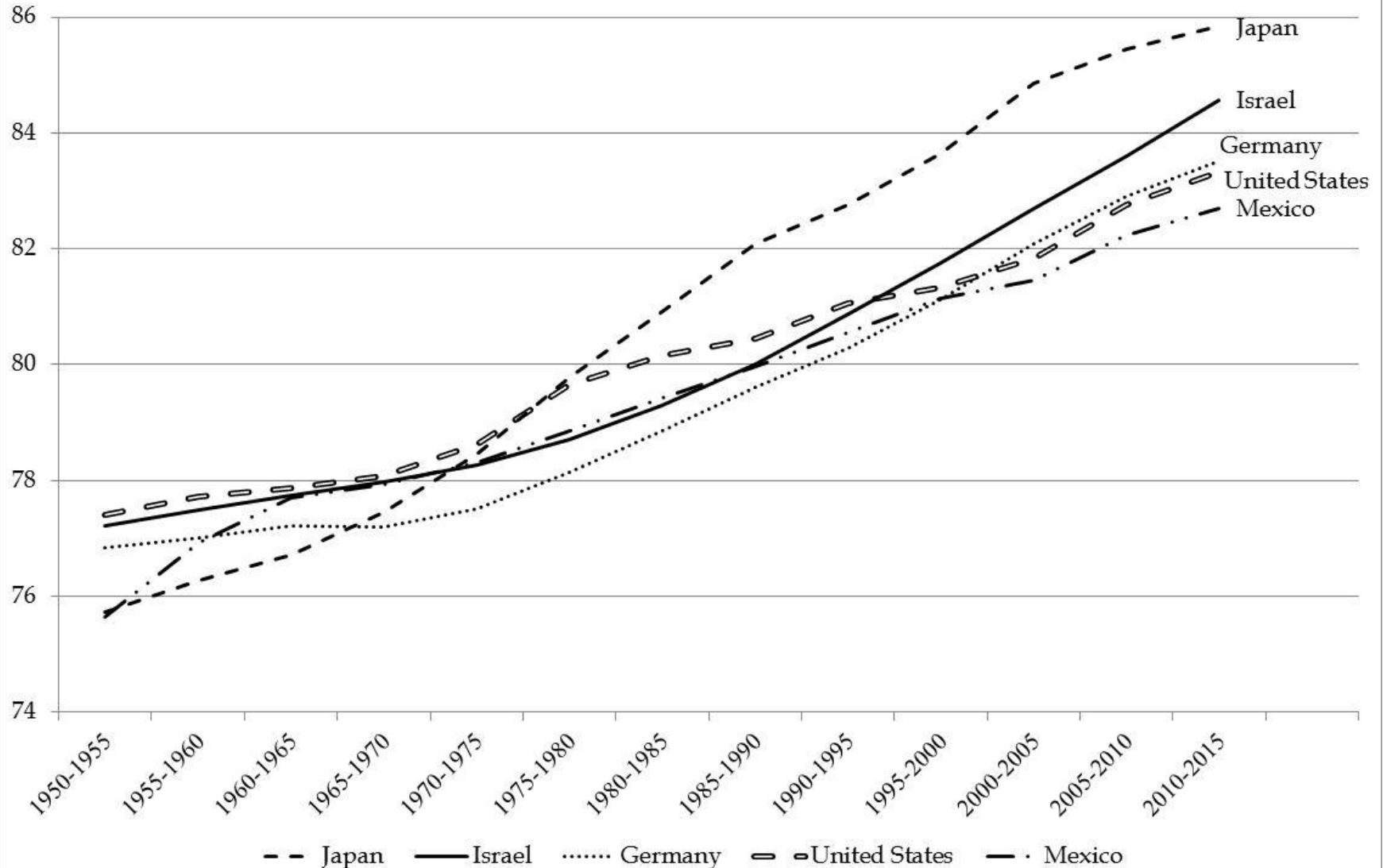
## 2008- **Increasing** Government Intervention

- Mandatory pension reform
  - Limitation of administration fees
  - Age-based investment plans
- 

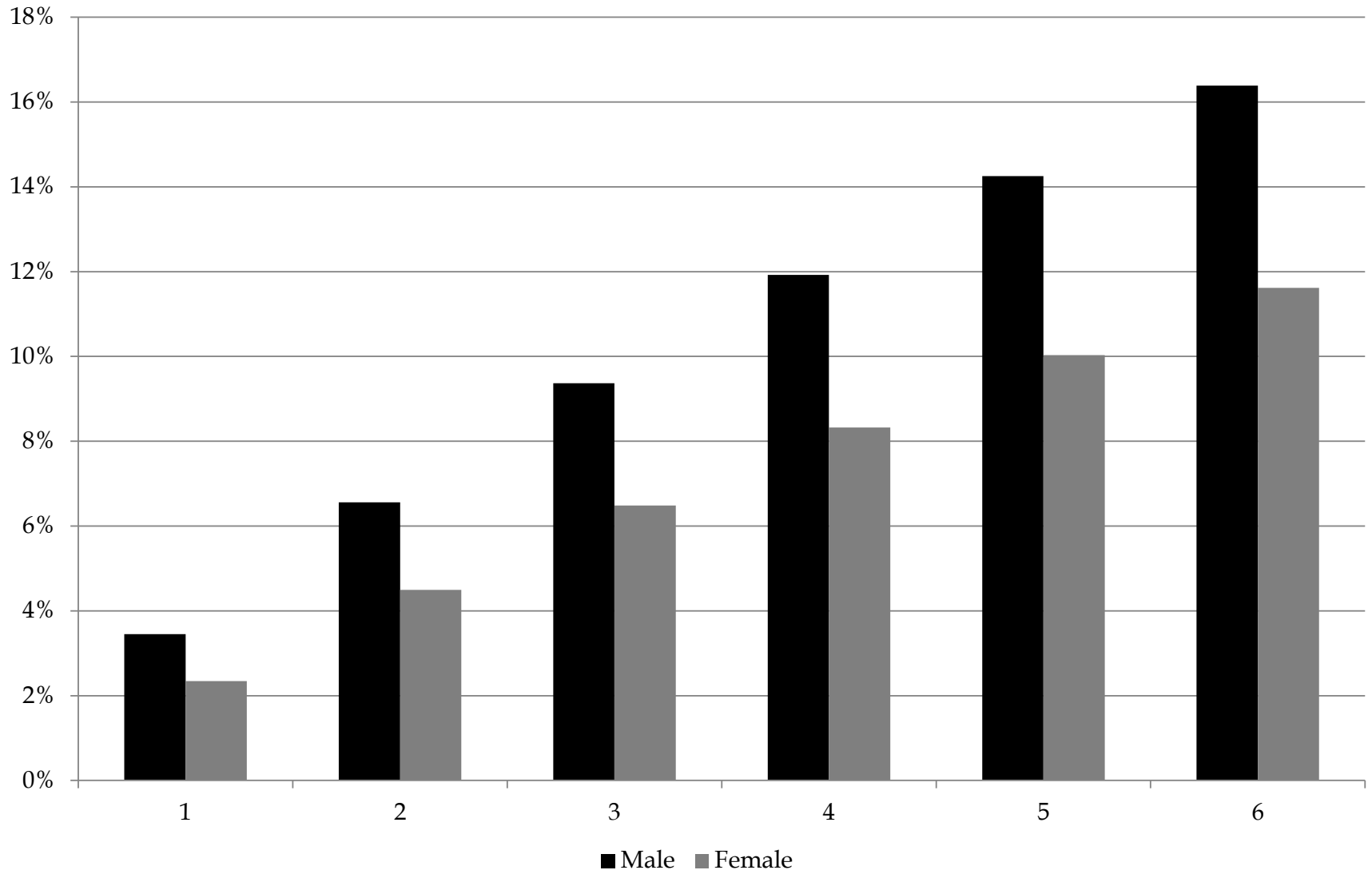
# Retirement Income at Risk – Demographic and Economic Trends:

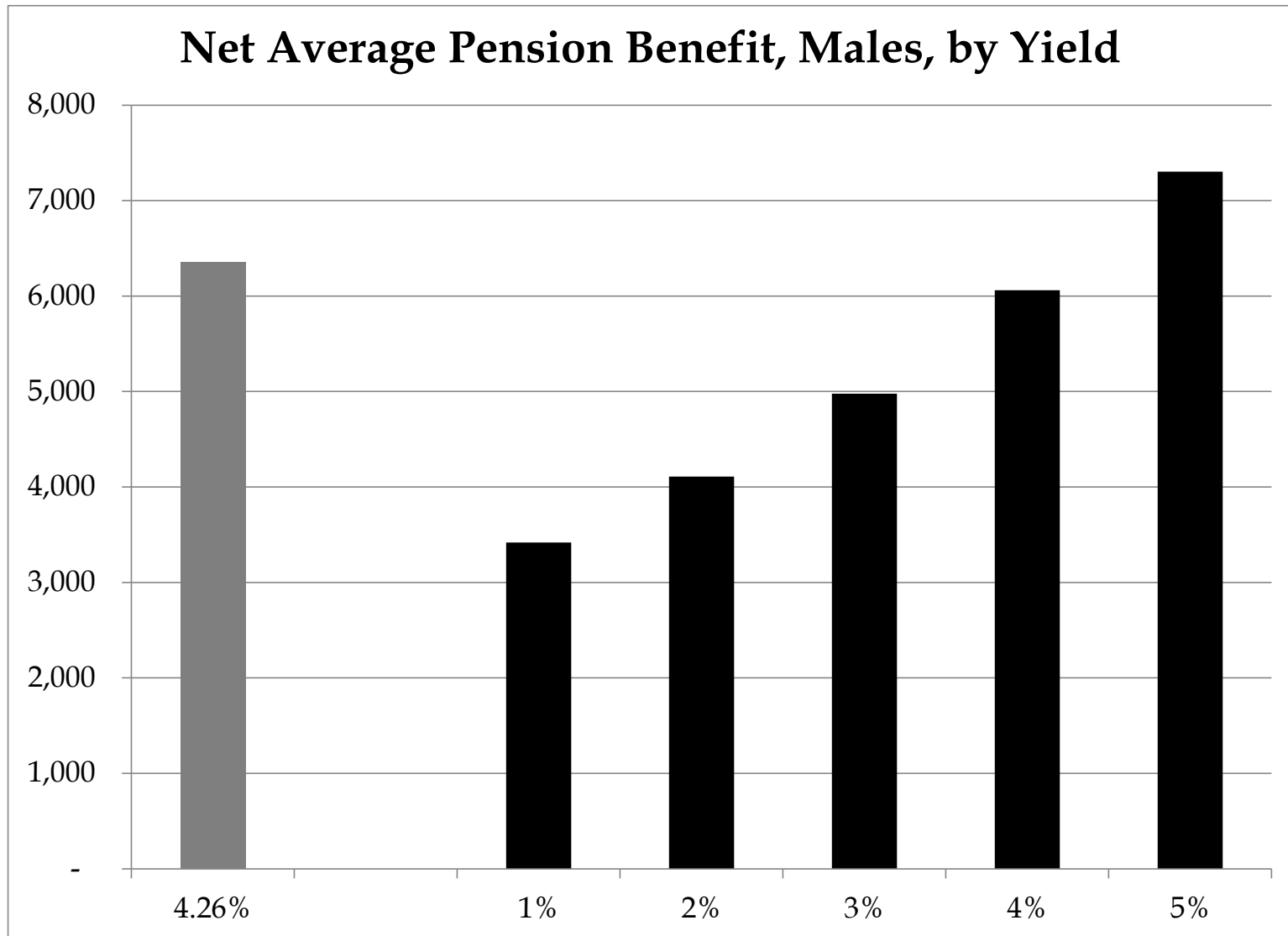
1. Population ageing and increasing life expectancy
2. Capital market risks
3. Decreasing job security

### Life Expectancy at Age 60 (Both Sexes Combined) by Country, 1950-2015 (Years)



### Pension Benefit Decrease (%), by Increase in Life Expectancy (Years)





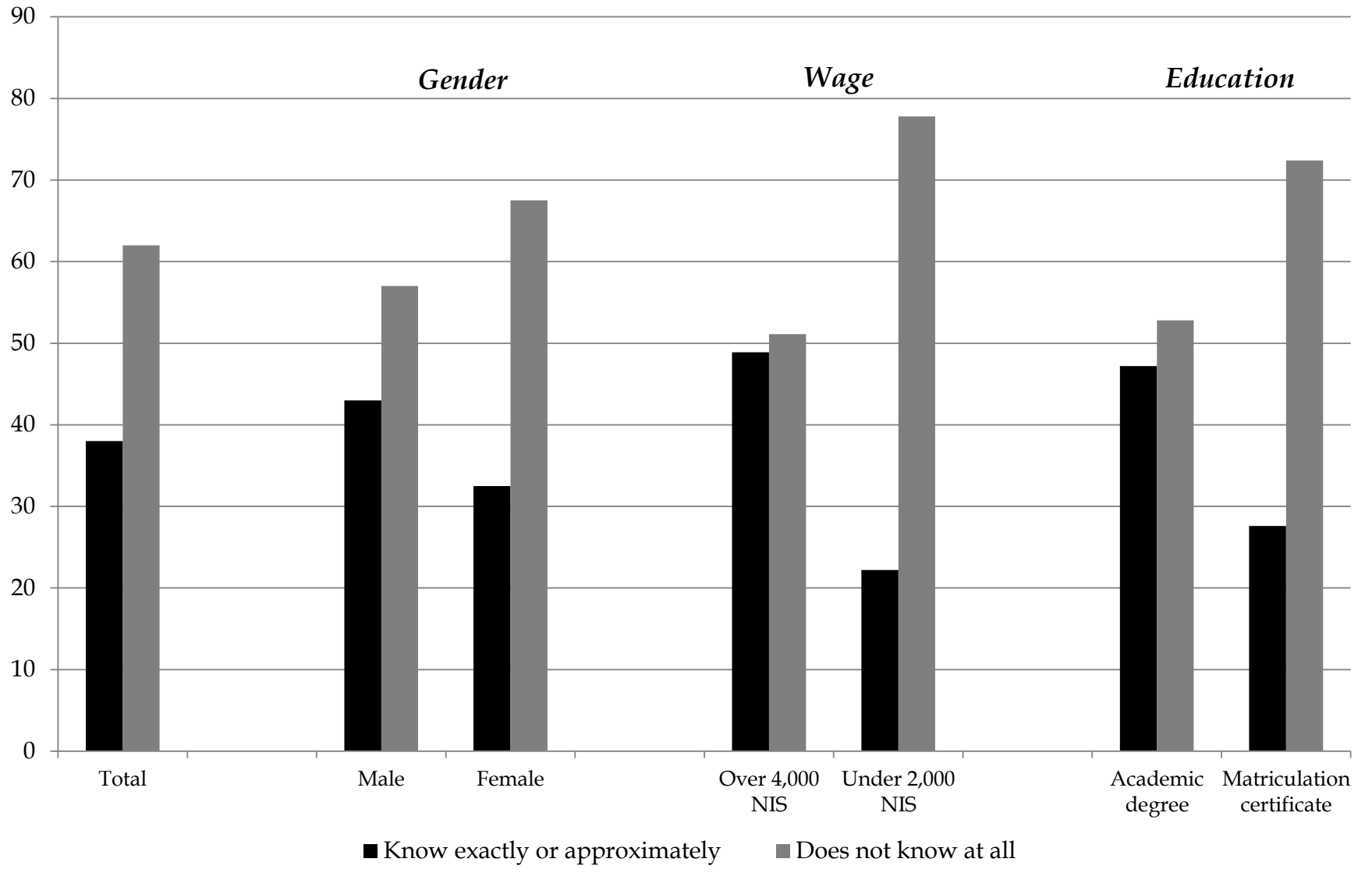
Earns the average wage for males in Israel.

Working period - age 30-67.

Administration fees - 6%, 0.5%.

# Lack of Financial Awareness

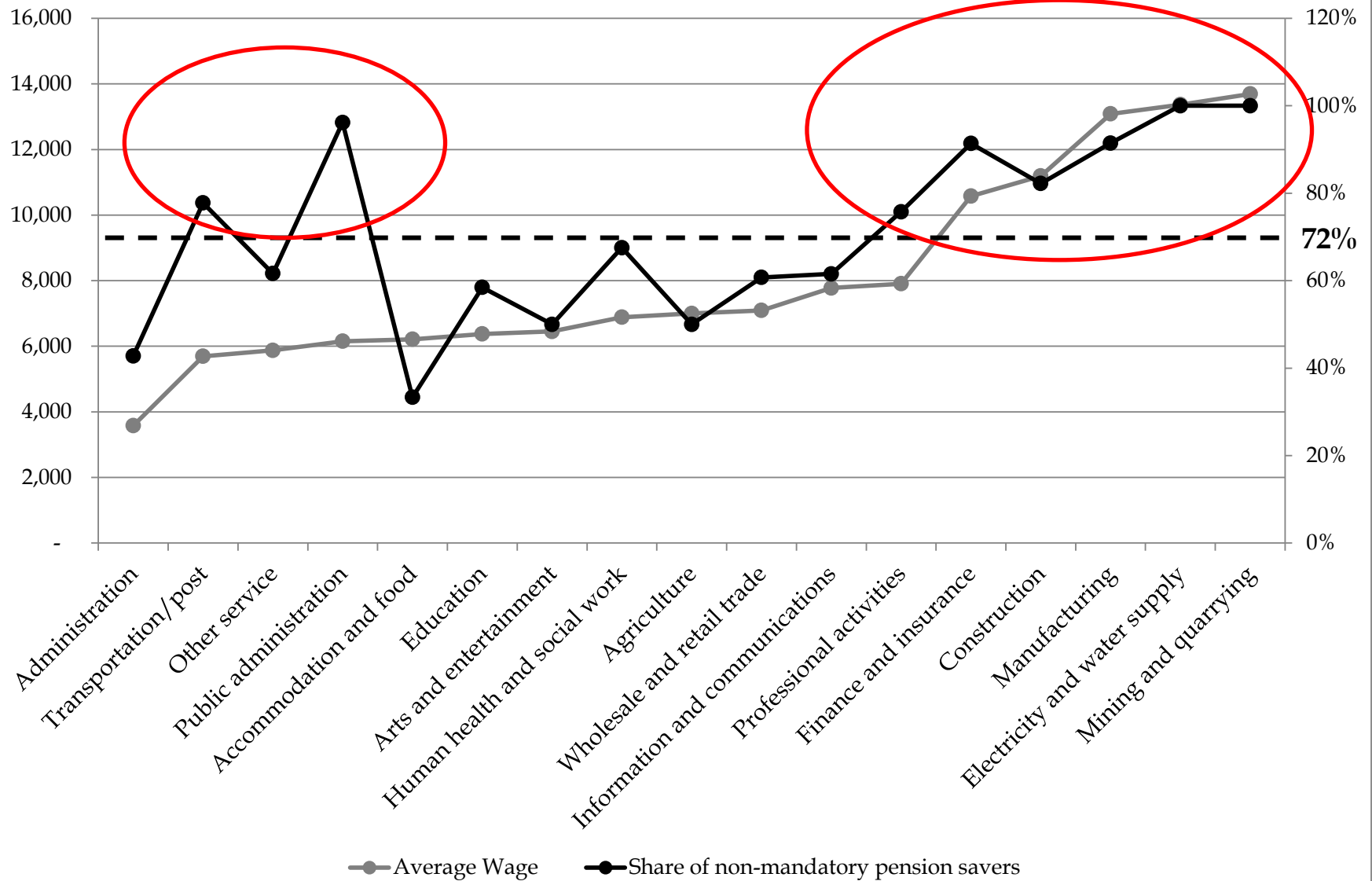
**Level of knowledge - how much money you will obtain, and under what conditions, from your pension plan? (%)**



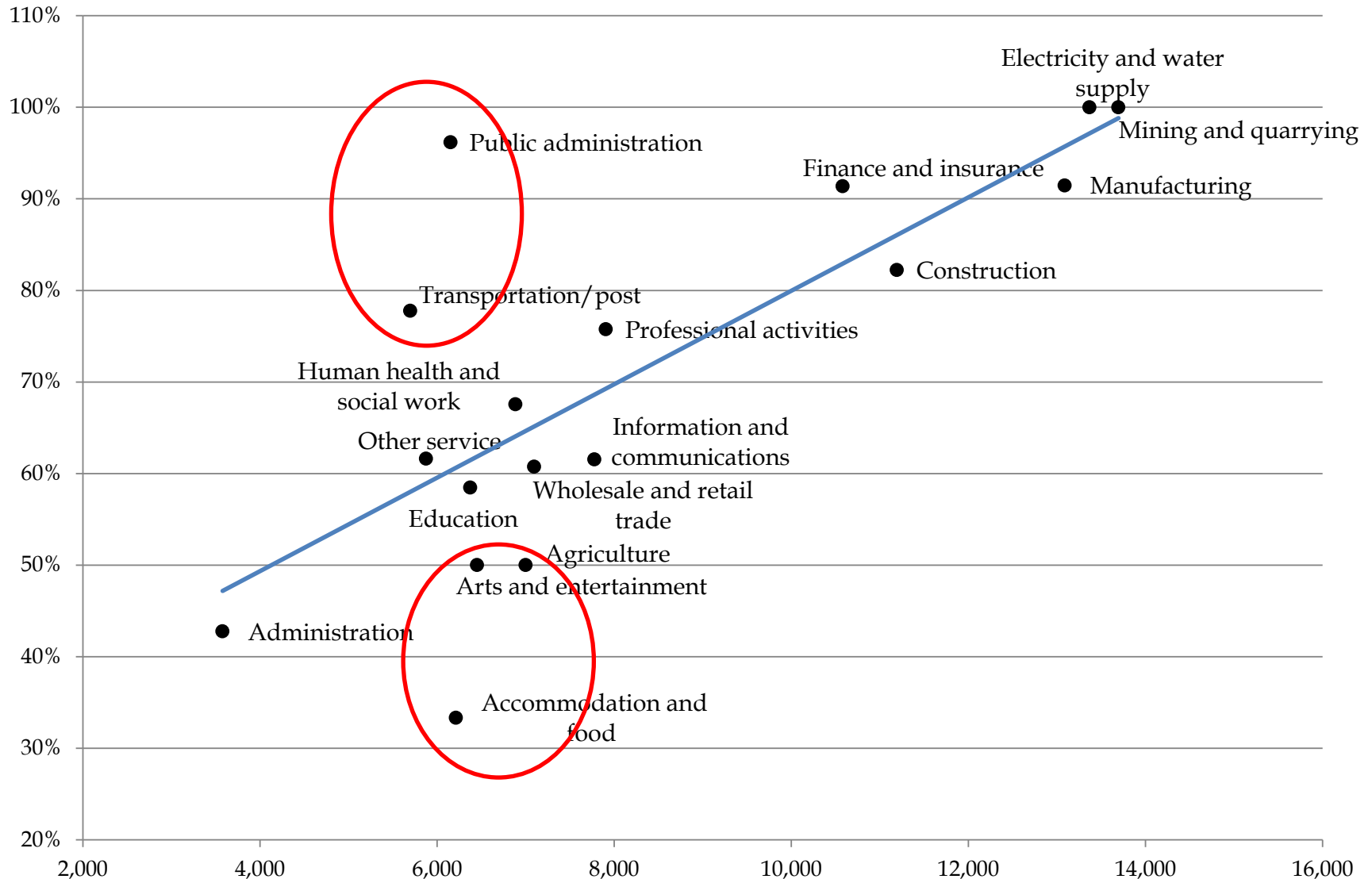
Source: The Central Bureau of Statistics, 2012 Social Survey, table 19



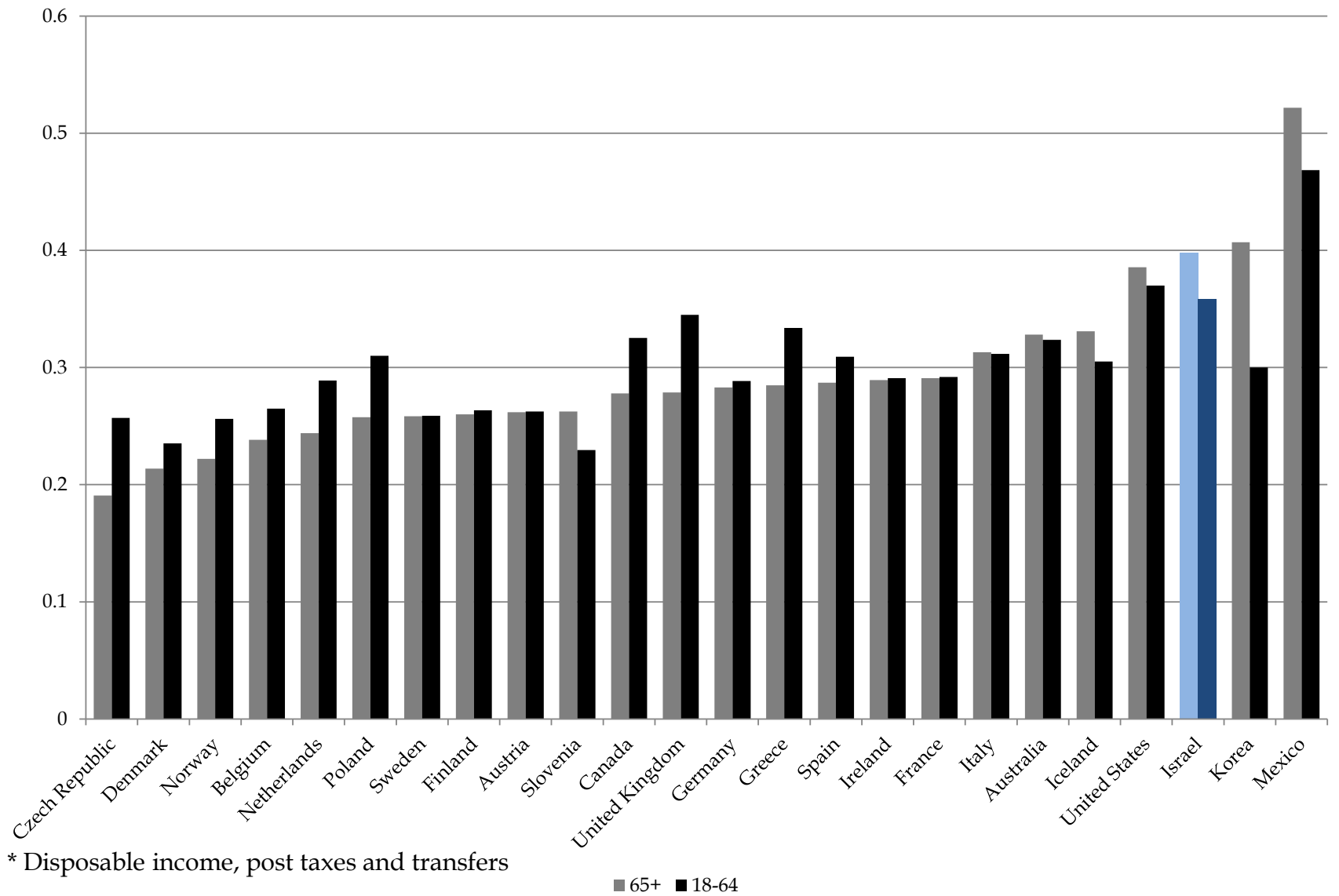
**Average wage (NIS) and Share of Non-Mandatory Pension Members (%),  
by Industry**

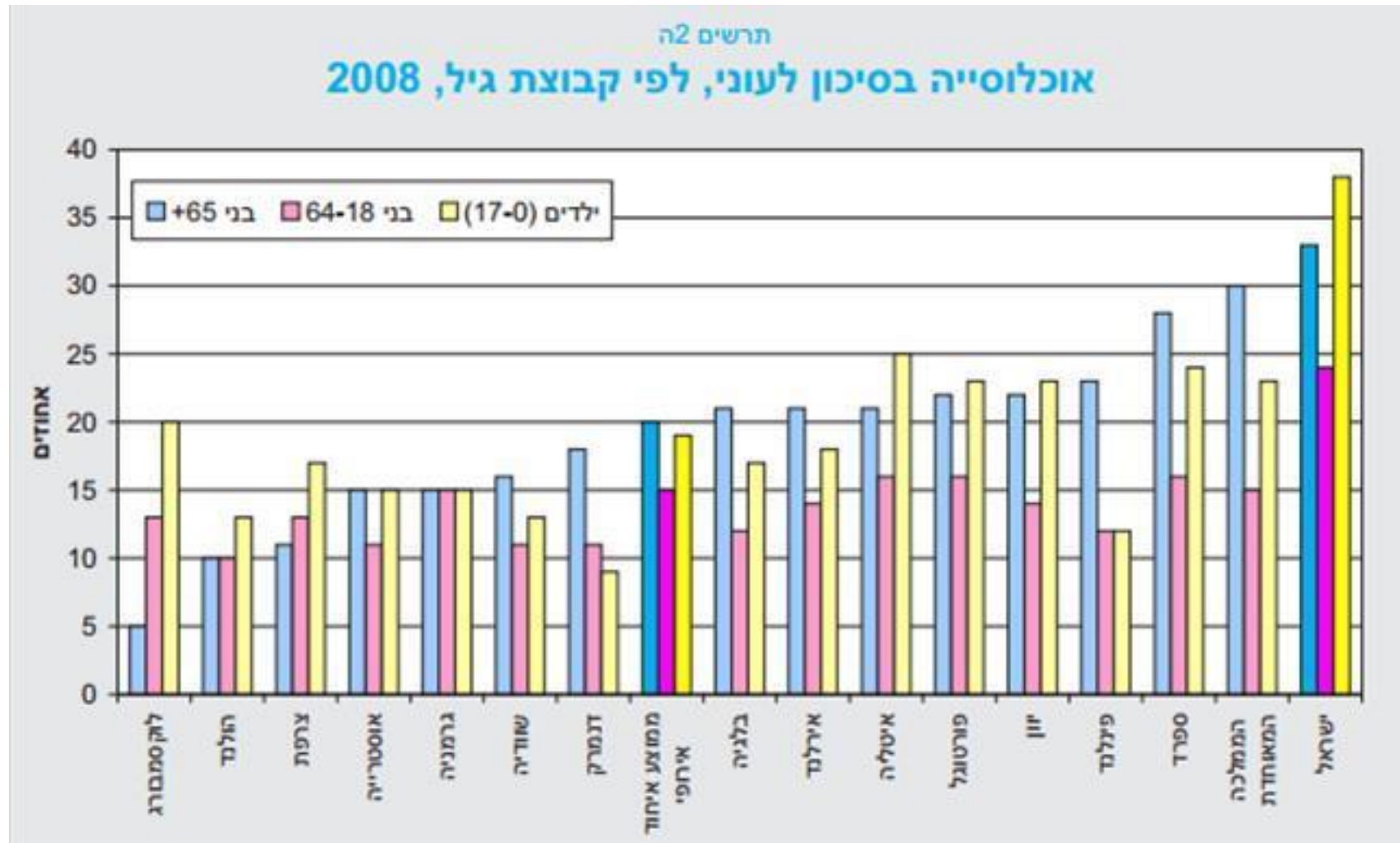


Average wage (NIS) and share of non-mandatory pension Members (%), by industry



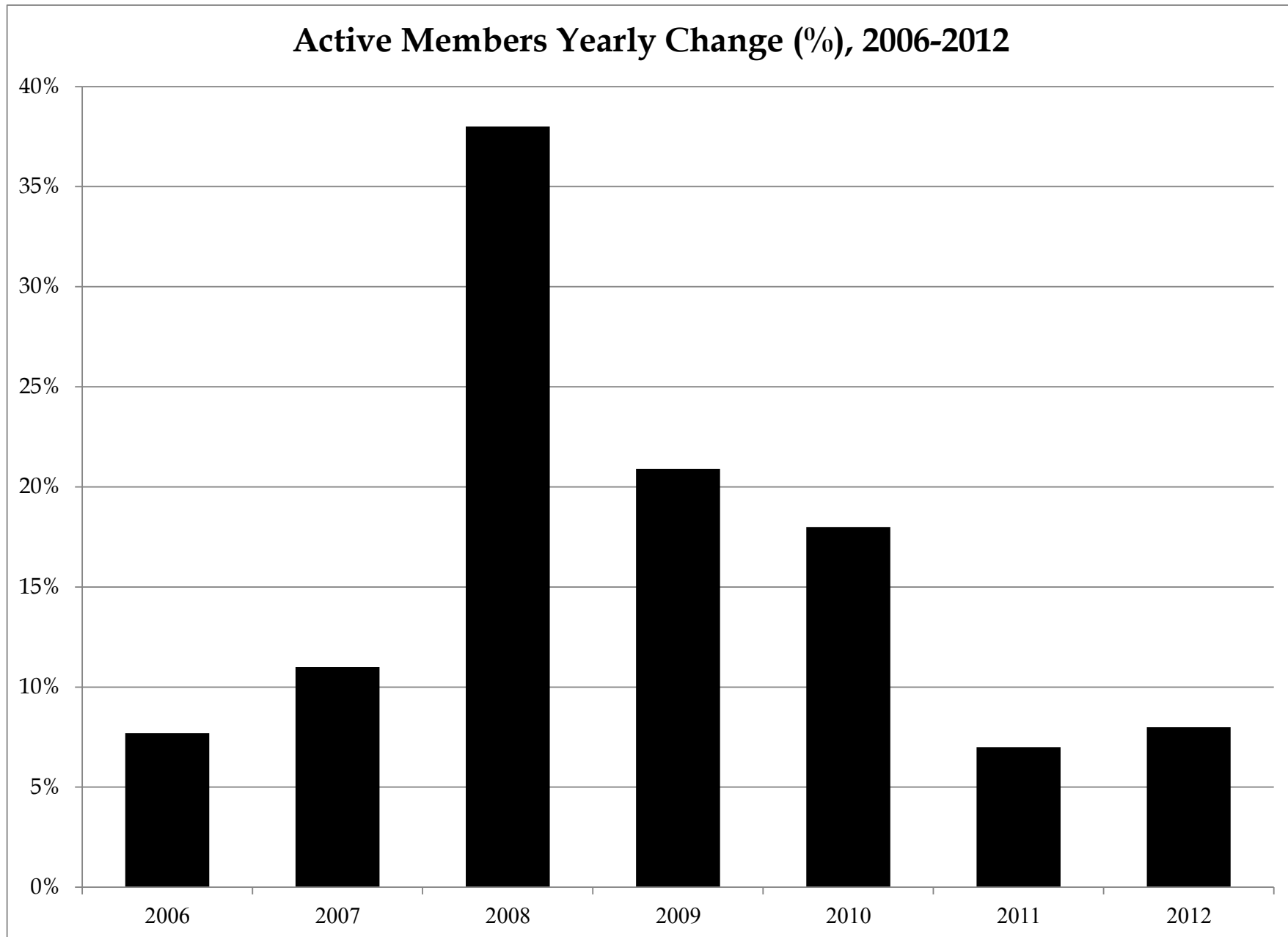
## Gini Coefficient\*, 2008



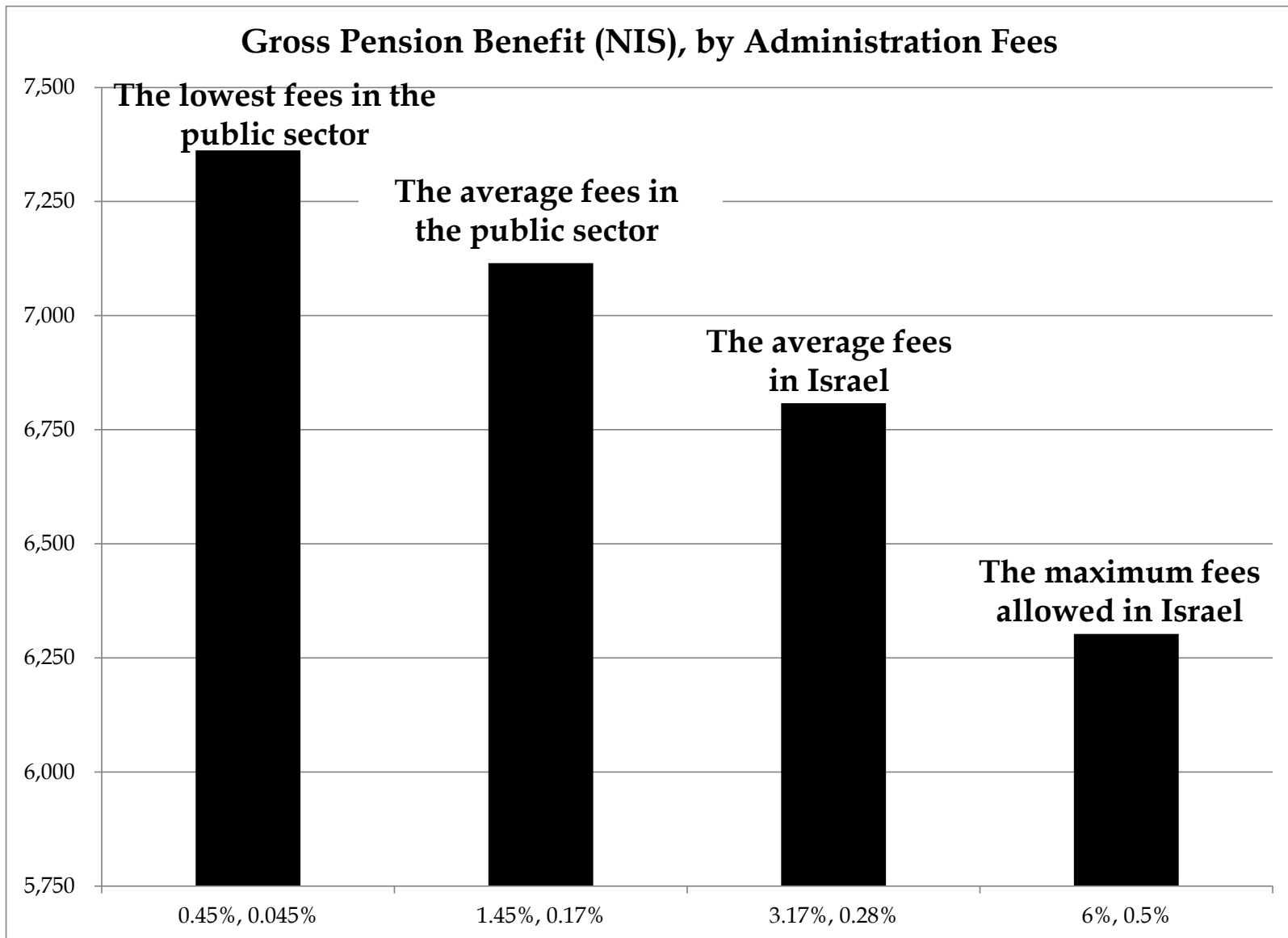


# Increasing Government Involvement

- Mandatory pension reform
- Limitation of administration fees
- Age-based investment plans
  
- Increasing worker's contributions
- Reduced-fees fund



Source: Israel Ministry of Finance, Capital Market, Insurance, and Savings Department



Earns the average wage for males in Israel.  
Working period - age 30-67.  
Yield - 4.26%.