

## **Mandatory Pensions Agreement Discriminates against the Arab Minority**

By Sawsan Zaher\*

A public debate is currently underway about the issue of raising the retirement age for women from 62 to 64 years of age. The Israeli Minister of Finance, Yuval Steinitz, appointed a public committee to examine the subject, emphasizing that, "The issue of retirement age has complex socio-economic implications." This debate is both complicated and important, particularly given the potential economic benefits that women stand to gain through an increase in their pension savings and consequently their monthly pension allowances after retirement.

Two of the five members of the committee are women, and so one can argue that there is suitable representation for women, as the law requires in such cases. However, the law also requires suitable representation for Arab citizens of Israel, both men and women, in such committees, and none of the committee members is an Arab. This condition is intended not only to guarantee the implementation of the requirement of adequate representation itself, but also to ensure that the interests of the Arab citizens, particularly Arab women, are faithfully represented (or indeed represented at all) in all aspects of the committee's deliberations before it submits its recommendations to the Finance Minister.

For Arab women citizens of Israel, specific factors affect the pension payments they receive, if indeed they receive them at all. For example, their life expectancy is lower than Jewish women citizens of Israel, they tend to work for fewer years, and the average rate of their participation in the labor market is far lower, especially in senior positions and decision-making roles. As a result, the pension payments that Arab women receive are generally much lower than those paid to Jewish women.

In addition, Arab men and women face negative repercussions (or discrimination) from the "mandatory pensions agreement" that became effective at the beginning of 2008, and which requires every employer to provide every worker with pension and disability insurance. While the pensions agreement has significant advantages, it unfortunately only applies to male workers over the age of 21 and female workers over the age of 20. It therefore excludes all male employees aged between 18 and 21 and all female employees aged between 18 and 20, leaving them without pension insurance. This age limitation on eligibility for accruing pension rights is unrelated to the type of position or the worker's skills, but only to his or her age. The criterion of age is irrelevant to the granting of benefits in employment, and is even contrary to the Equal Opportunity in Employment Law that prohibits discrimination against workers based on age and/or gender.

In practice, the agreement excludes members of the Arab minority in Israel, who are exempt from performing military service and therefore may participate in the civilian workforce from the age of 18 unlike their Jewish counterparts, who usually serve in the army until the age of 20/21. Therefore, the selective application of the pension agreement discriminates against Arab citizens on the basis of their national belonging.

---

\* Attorney Sawsan Zaher is director of the Social and Economic Rights Unit at Adalah – The Legal Center for Arab Minority Rights in Israel.

Thus under the pensions agreement a 19-year-old Arab female worker is not eligible to accrue the same pension rights as her 22-year-old Jewish colleague, even if both work in identical jobs at the same place of work, have the same responsibilities and abilities, and receive identical salaries.

This arrangement has serious economic repercussions. According to an expert opinion submitted by Adalah to the National Labor Court, the exclusion of a male worker from the pension agreement while he is aged 18-21 means that he will receive **NIS 332,000** less at retirement than he would had he been granted pension rights from the age of 18. The same calculation for a female who does not accrue pension rights during the ages of 18-20 produces a figure of **NIS 174,000** less at retirement.

For these reasons, it is essential that the debate on the financial benefits of raising the retirement age include not only the issue of economic disparities between women and men at retirement, but also the issue of equal pension insurance for all workers over 18 years of age and starting from the day of their employment.