MAXIMIZING YOUR GOLDEN YEARS IN ISRAEL

ELDER LAW IN ISRAEL

ATTORNEY JAY HAIT

Maximizing Your Golden Years In Israel

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Acknowledgments

This is the fourth book that I have written, but I find that it is substantively very different than my other books. My other books were intensely legally focused, and therefore everything was written by myself based on my personal legal experience. The purpose of this book is different. My father and step-mother moved to Israel about five years ago, and through their eyes I have seen how difficult it can be sometimes to retire to another country. That's true even in the case of Israel – where many times people feel like they have waited their whole lives to have the privilege and opportunity to make Aliyah and live in their ancestral homeland. In this book I have taken a lot of the things that I learned by being able to stand on the sidelines and watch as my father and step-mother acclimated to Israel; things that I have learned by helping my own clients; and things that I and my staff know and do as a law firm that represents people age fifty and above and tried to aggregate them to help others who are making this bold move. I have asked colleagues and staff members including my wife and office manager Anat, to help me write some of the chapters. Additionally, I have asked two friends and professionals that I regard highly and work with – Stephen Feigenbaum and Mark Joffe – to write chapters regarding their areas of expertise (money management and insurance, respectively) that I feel are useful for people in this situation. Thank you to my wife and life-partner Anat for pushing me to write this book as well. Thank you to my staff who helped with the design, planning and writing certain sections of this book.

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About The Author And Why You Should Listen

My name is Jay Hait. I'm an American Israeli lawyer and all of my employees and I practice family, estate, and elder law. We have offices in Tel Aviv, Haifa, Jerusalem, Modi'in, and Raanana, and most of the work in our family law based practice is to represent people in prenuptial agreements, divorces, Wills, estates, and other legal documents that can help families transitioning from one generation to the next like continuing powers of attorney.

I have written a number of books on family law both in Hebrew and in English in which I explain the divorce process in Israel, but in this book, my aim is different.

After my mother passed away and my father and my stepmother moved to Israel from the U.S., I found I had two great merits. Not only did my father live locally, something I hadn't had for many years, but I also got the opportunity to see Israel through a set of new eyes - the eyes of my retired father and stepmother. Through them, I started to understand the types of challenges people can have when they're making Aliyah (moving to Israel) at an older age. These challenges often occurred because of the differences in mentality, language, and quite frankly because they hadn't grown up here and raised their families here (although thank G-d most of their children did). They simply didn't have the same network that those of us who have raised our families here have.

Between my elder law practice which focuses on things like Wills and estates and continuing powers of attorneys, where I represent older people and I get to see the problems of aging and Israel through my clients' eyes, as well as the things that I have seen with my father and stepmother, I realized I have a lot of information that would really help benefit people who are moving to Israel or retiring to Israel or moving to Israel during retirement or shortly before retirement. This is the reason I decided to write this book. Essentially, what I'm trying to do is to explain and share some of the "basics" that everybody who's grown up in Israel knows and to give you (my reader) some starting tools to help you successfully and more comfortably maximize your senior citizenship in Israel - so you can enjoy your golden years in your ancestral homeland and surrounded by your coreligionists (and hopefully children and grandchildren!).

Of course if you ever have any questions feel free to send me an email or call and speak with somebody in my office.

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Planning For Retirement in Israel

I worked for Merrill Lynch in the early 90s, so I long viewed retirement planning as primarily a financial issue. While I still believe it's a major factor, my experience in elder law has shown me there are other important aspects to consider. In this chapter, I'll cover key things to think about for a successful retirement in Israel.

1. Find out exactly what rights you're going to have if you move to Israel in retirement. This applies to people who are living in Israel already as well. I recommend that you call Nefesh B Nefesh and see what they have to say. They have some helpful articles on their website.

1.Focus on what you can do now. Many people feel they haven't saved enough for retirement, which can lead to uncertainty. Start by gathering information on living costs in Israel. Ask friends, family, or attend retirement meetings. Understanding your future expenses is key to creating a realistic plan.

In the U.S., financial planners recommend having 70-80% of your working income for retirement. However, if you're retiring to Israel, the costs vary. While housing and imported goods are more expensive, rent and healthcare can be lower.

Create a financial plan in writing to feel more confident about your future.

2. Make sure that you have the legal framework in place to protect yourself and your loved ones. Whether it's life insurance. Whether it's health insurance. Whether you have an asset plan that takes care of your assets for you (i.e. is managed by others) or dissipates them during your lifetime or afterwards via Will or trust. Whether it's a continuing power of attorney (like an advanced health directive or living Will in other jurisdictions). The bottom line is that you should have all of these things planned out and prepared in advance.

3. You should keep an up to date list and current status of all of your retirement accounts and of your overall financial picture.

4. Maintain your health. How many times have we met people who reach retirement and all of a sudden have health problems? One of the most important things that you can do now (and it doesn't make a difference if you are a year away from retiring or 5 years or 10 years away from retiring) is to get as healthy as possible. Start exercising. Go to a dietitian if you have weight issues. Ask your doctor for advice on getting healthier and fitter. Then write down a plan and implement it. Remember - here in Israel we have one of the highest life expectancies. If you're going to live longer because you're here, take the steps that you can so you can enjoy your time.

5. Downsize your debt. If you can arrive into retirement with none, then you're going to be in a much better situation than that of people who have moved here and still have the to pay back debt in the United States or elsewhere.

When planning your retirement in Israel, it's important to first decide where you want to live. Even lifelong Israeli residents often move or downsize when they retire. Choose a community where you feel comfortable. Keep in mind that even Anglo communities like Raanana, Beit Shemesh, Modi'in, and Jerusalem have different vibes. Before moving, visit Israel and explore different areas to find the right fit—moving during retirement can be both costly and emotionally taxing.

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Keeping Busy

After retirement, it's essential to think about how you'll spend your days. Many couples find it challenging to adjust without their usual routines. Once your ulpan language classes (which last a year or two) are over, you'll need new activities to stay engaged. Consider volunteering, going back to school, learning part-time in a Kollel, babysitting grandchildren, or joining a local fitness center. The key is to plan how you'll stay active and mentally sharp, avoiding boredom or stagnation.

Throughout your adult life, you've likely been busy with work, whether outside the home or raising children. Now, for the first time, time isn't a luxury but a daily commodity. However, it's crucial not to let this time slip by without purpose. Many people dream of the day they no longer have to wake up early and race to work, but when that time comes, they're unsure how to fill it.

To ensure a fulfilling retirement, think ahead and make plans. Explore new activities, revisit hobbies, or try things you never had time for before. By actively shaping how you'll spend your days, you can make the most of your retirement and enjoy this new phase of life in Israel.

Here are some suggestions:

1. A lot of people from religious backgrounds have told me that they love the variety of English language shiurim (Torah classes) in Anglo communities.

2. Cinema City in Rishon L'Tzion and in Glilot is offering presentations on many topics during morning hours. There are lectures on science by which you can learn how the brain works, lectures on different religions and faiths throughout the world, lectures that focus on journeys to exotic places in the world, and lectures on regional politics. Also they sometimes have public sing-a-thons and short tours. People have told me that it is inspiring to get up in the morning, get dressed, to go and sit in the comfortable halls of the movie theaters, and to meet people and to continue to broaden your mind.

3. Social clubs for members of the "third age". Social clubs are some of the most convenient and pleasant places to spend time during the day. The clubs for thirdagers are subsidized by Bituach Leumi and local authorities. Most of the clubs operate from the morning until 13:30. In these clubs, one can get breakfast and lunch. They provide hobby groups for age-appropriate sports and for painting and ceramics and they give lectures. You can get there on your own or, if need be, there are options for transportation to and

from your house. One of the nice benefits of these clubs is to enable you to widen your circle of friends.

Tuesday in Suspenders. Most of you are aware that the Office of Social Equality in Israel understands the needs of those of the "third-age". As mentioned above, they initiated discounts for movie theaters and other activities on Tuesdays. Click here for more information.

4. Volunteering. It's true that you are no longer young and not at the prime of your strength, but being a third-ager along with the great amount of knowledge that you have accumulated over the years does have some strong advantages that you can share with others who need them.

There are many non-profit organizations that capitalize on the usefulness that is inherent in retirees along with their additional free time and enlist them for their goals. This may be to work in schools to help immigrant students read and write or to function as a chaperone or crossing guard (at the crosswalks near the elementary schools) or at hospitals to indulge those waiting for appointments with a hot cup of tea or coffee. Volunteer giving is an act that yields dividends for the giver and receiver alike. You can get some suggestions for volunteering here.

5. Adult studies. There are many institutions that offer study courses geared especially for retirees. Likewise, many other institutions have opened their doors to adult education in all types of fields. See here:

Also, with each year, the Open University counts more and more retirees who have returned to the "benches" of studies. See here.

So, the bottom line is: get dressed every morning and get out to a brand new day. There is a lot to do. Just choose and enjoy!

Learning Hebrew

When I'm advising people who are making Aliyah and who are of working age I always tell them that the most important thing to do for a successful Aliyah is to improve their Hebrew. Why Hebrew? Because the better your Hebrew the more of a chance that you're going to be able to find employment at a higher paying job and enter the workforce at a higher level position. That being said, I think that the situation is totally different for senior citizens.

I find that most senior citizens who moved to Israel over the age of their late 50s tend to move into Anglo-Saxon communities - where even though Hebrew is important they are able to manage even if they never become totally fluent in Hebrew. That being said, of course it's always an advantage to learn as much Hebrew as possible - after all you will be living in a Hebrew speaking country.

I am going to list some of the best ways that people have told me that they had been able to either learn Hebrew - or at least enjoy Hebrew when they moved here and their senior age.

1. Ulpan (intensive Hebrew language course). What I find interesting is that a lot of people don't get to the level of being totally conversationally proficient in Hebrew from their ulpans, but they do get a lot of Hebrew basics. Perhaps as or even more importantly, I hear time and again of people who make what become lifetime friends in the ulpan they are in. Also, remember that an ulpan is one of your rights - so you should definitely take advantage of this right and go to an ulpan where hopefully you'll both learn some Hebrew and make some new friends for life.

2. Make some Israeli friends. I find that most Israelis love meeting Anglo-Saxons (we are exotic in their environment!). So check out your apartment building and see if you can meet some of the natives - they'll want to improve their English while you'll want to improve your Hebrew. Again, you might make some friends and at the same time get a unique insight into how typical Israeli families live (even if it's only the typical Israeli family in your age group).

3. If you are lucky enough to have them - the same applies to your Israeli grandchildren. Use your Hebrew with them, or ask them to speak Hebrew with you. Either way - both you and they will benefit.

4. Watching TV. Even if you never make it to the point of just watching Israeli shows on the Isreli stations, you can still see lots of Israeli shows with English subtitles. Even on

Netflix there are a lot of Israeli series (try Fauda) that are now on TV and you can always learn some words that way.

5. Radio. How about listening to the radio? I find that since a lot of songs have both Hebrew and English words that people learn just by listening to the local radio.

6. Finally, the way that I personally learned Hebrew was through reading. In the beginning, what I used to do was to get the same article (usually from Ha'aretz - since their English and Hebrew versions at the time were identical) and read it first in English and then in Hebrew. Many times they're translated even if not word for word then concept by concept. After doing this for a while I found that I was able to start reading whole books… But again the important thing to know is that by no circumstances should the lack of Hebrew or your worrying about being able to learn Hebrew prevent you from having a successful retirement here in Israel.

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Overseas Children and Grandchildren

A lot of times people find that one of the hardest things about moving to Israel in retirement is having to leave behind children and grandchildren. Now sometimes this is offset by the fact that they have children and grandchildren in Israel that they can now see on a regular basis and can build stronger relationships than what they had in the past. But that still doesn't take away from the pain and feelings of missing out when people have children and grandchildren in foreign countries. So what are some of the types of things that you can do to maintain those relationships?

First of all, I suggest use video-calls. I would suggest you arrange for a regular time and day where you speak with your children and your grandchildren on a video-call with even multiple people at the same time.

Another thing that I've seen people do is to arrange (on an annual basis) for times that the children and grandchildren are going to be seeing their retired parents and grandparents. A lot of people do this by planning ahead and going back once a year or every other year to their home countries - even planning for a few years in advance when that time is going to be. In this manner they can also help children out - i.e. to watch grandchildren during the Christmas or spring break or for part of the summer. Another example of this is having grandchildren come to Israel during summer vacations or school holidays.

I think the most important thing is to acknowledge that there will be a void in your heart. Instead of letting it weigh heavily on you, you can plan in advance. Establish a regular schedule for staying connected with your children or grandchildren, and decide on the means of maintaining that connection, such as phone calls, scheduled visits, and virtual meetings.. From my experience working with senior clients, I have found that those people who have regular connectivity and on a scheduled basis end up having a lot less anxiety regarding their loved ones who have not yet made Aliyah.

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When Are You Considered a Senior Citizen In Israel?

The Senior Citizens Law or in Hebrew - Chok HaEzrachim HaVatikim defines that a senior citizen is any resident of Israel who has gotten to retirement age. Retirement age is defined as 67 years old for men and in between 62 and 65 for women, depending on their date of birth. Once people have become senior citizens they are eligible to get all of the senior citizen discounts and benefits. The way to do that is generally via the presentation of the senior citizen card or in Hebrew - kartis ezrach vatik. Once a person gets the card, it remains valid for the rest of their life.

You are able to get the senior citizen card from the Ministry for Social Equality - in Hebrew המשרד לשוויון חברתי (Hamisrad LeShivyon Chevrati) which can be reached either via telephone at 02-5560-5034 or *8840.

Alternatively you can start the process of having the card issued by sending an email to infovatikim@mse.gov.il

Special rights for senior citizens in Israel

In Israel there are certain discounts and rights that senior citizens get from the government, and in addition, there are certain discounts offered by non-governmental and/or totally private sources.

First I will address some of the discounts given by private entities - because I find that these are (which are not income related but solely age-related) more applicable to people who retire to Israel from Western countries.

Movies/Films

You are able to get a 50% off any Israeli movies. This is a great way to try out some of your Hebrew. Check with the cinema / movie theater you are going to visit.

Additionally (and frankly, the much better discount…) if you go to the movies on Tuesday, there is an initiative called Tuesday and suspenders - in Hebrew - shlishi b'shlaykes which is an initiative of the ministry for senior citizens. It entitles senior citizens to a special discount on Tuesdays at movie theaters throughout the country where any movie can be seen for a price of 10 NIS upon presentation of your senior citizenship card.

Banks

There are discounts and/or special benefits for people who have the senior citizenship card at banks. For example senior citizens can make four banking actions a month of either depositing checks or taking out to cash making a transfer via a banker or via telephone and will only be charged as if they had made an online transaction. However, the real bank saving is that every bank has to offer you an account for only ten shekels a month that lets you do up to ten banking transactions a month (without a teller). Things like online transfers, ATM withdrawals, sending money to somebody's telephone, etc. Again, to get these benefits you have to go to your local branch and show them the senior citizen card and ask them what you're entitled to at their particular bank.

Theater Tickets

Senior citizens get a 50% discount when purchasing theater tickets (with their senior citizenship card) at the following theaters: HaBima, HaCamry. Bet Lisin, Haifa Theater, Be'er Sheva Theatre, The Han (Jerusalem), YidishShpiel, and Gesher.

General Assistance for Senior Citizens

There are also all sorts of organizations that offer general assistance in all types of areas for senior citizens. I know it's in Hebrew but you can click here to view a list that I found that has list of all the organizations that help senior citizens.

There may be more private entities that give discounts to senior citizens that I don't know about. It is always worthwhile asking (I have even heard of people getting discounts on an ad hoc basis in some private businesses). In any case, if you find any business that has a policy for a senior citizen discount, please write to me about it at jay.hait@orcheidin.co.il and I will add it into this guide.

Next, let's take a look at some of the governmental or quasi-governmental organizations that give discounts to seniors.

Municipal Libraries

Seniors are entitled to a 50% discount on library fees.

Museums

Seniors can get a 50% discount on the entrances to a lot of museums. Some examples are: the Israel Museum, the Eretz Yisrael Museum, the Tel Aviv Museum and all of the Haifa museums. Again, ask or call at any museum to see what their discount policy is and present the senior citizen card when purchasing the tickets.

Public Transportation

Senior citizens are entitled to 50% discount on travel on public buses, trains, and the light rail. As a matter of fact, the discount on the light rail at least is supposed to start at an earlier age (60 for women and 65 for men). You get these discounts via the public transportation card - the Rav Kav in Hebrew. To get the discounts, you have to go to the place where they make the Rav Kav cards and show them your senior citizen card. Then every time you fill up the card and use it, the discount will be applied.

National Parks

Seniors are entitled to enter all national parks and archaeological sites in the country at a 50% discount by showing them the senior citizenship card.

Income-based discounts

Finally, let's look at some of the discounts that senior citizens are entitled to that are generally income based (i.e. if you have a good pension from a Western country you probably will not be entitled to these benefits - or at least not the full benefit - although it is always worthwhile to ask).

Purchase of Medicines

Senior citizens who are entitled to a monthly stipend accordance from the National Insurance Institute - in Hebrew - bituach leumi (BL from now on) can get a 50% discount off the price of any medicines (covered in the basket listed by the National Insurance Institute) whether they are purchased at a pharmacy or at the HMO (Health Maintenance Organizations, in Hebrew - Kupat Cholim.

Property Taxes

In Hebrew property taxes are called Arnona ארנונה, and are payable by anybody who lives in an apartment or house. The discounts that senior citizens are entitled to vary from area to area and town to town, but generally, and providing that your pension is less than one hundred percent of the average salary, or if you live with another senior citizen and together your pensions do not exceed one hundred and fifty percent of the average salary, you are entitled to around 30% off of the property taxes for an apartment up to a hundred meters in size. In order to get the discount you have to go to the collections division of your local city council. You may be able to download their forms on their local Internet site.

Further, even if you don't make the low income requirements, a few of the towns or cities will give you a 25% discount on the property taxes for an apartment of up to 100 meters just for being a senior citizen. Again, you can find out if this is offered in your city and how to get it by calling your local government and ask them for the forms to fill out to be able to get this discount if available. This is something not available in all cases but - with our high life expectancy meaning that most retirees have at least fifteen to twenty years left in their lives - it's always worth checking out.

Finally, senior citizens who get a disability stipend from the National Insurance Institute can request a discount on property taxes of up to 100%, and if they require assistance (i.e. a foreign worker) for their everyday living they can get up to 70% discount in property taxes (again for apartments up to 100 meters), and there's a special discount for people who are Holocaust Survivors which is 66% off on the property tax for an apartment up to 70 meters.

Handicapped Parking

In case of reduced mobility, a leg handicap, or usage of a wheelchair, you or the person caring for you are entitled to a Disabled Parking Badge. This can help relieve physical strain. Click here to apply for handicapped parking in Hebrew:

Click here for English.

Additionally, certain municipalities offer free parking to senior citizens. Check with your local municipality to see if you can benefit.

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Setting Up In Your New Home

Rental Agreement Check

Here are six important aspects to consider when you're about to sign a rental agreement;

1. Lease Duration and Renewal Terms

It's crucial to grasp the lease duration, which outlines how long you're committed to renting the property. This includes understanding if it's a one year lease, month to month arrangement or week to week in specific cases. Knowing the terms of the lease is vital as it impacts your ability to move out without facing financial penalties. Additionally, pay attention to the conditions for renewing the lease, such as potential rent hikes or changes in agreements.

2. Rent Specifics

Make sure you not only know how much rent you'll be paying but also understand the due date, acceptable payment methods and any repercussions for late payments. Also, check if there are provisions for increasing rent during your lease period. Some agreements may include clauses allowing landlords to raise rent under certain circumstances.

3. Security Deposits

When renting a place, it's common to provide a security deposit equal to one or two months' rent. This money is meant to cover any damages beyond normal wear and tear. It's important to know the exact amount of the deposit, the conditions for withholding it at the end of your lease and when you can expect it back after moving out.

4. Repairs and Maintenance

Understanding who is responsible for repairs and maintenance can help you avoid unexpected costs or disagreements. Typically, landlords are in charge of ensuring the property is livable, while tenants may handle minor repairs or upkeep tasks. The rental agreement should clearly state these responsibilities, including how to report problems and request repairs.

5. Subletting

If you're thinking of subletting your place or having roommates, make sure the rental agreement allows for this. Some landlords don't allow subletting or require permission for new roommates. Being aware of these rules can help you avoid breaking your lease terms.

6. Rules and Restrictions

Be mindful of any specific regulations concerning pets, noise levels, property alterations and guest rules.

Remember, a rental agreement isn't just paperwork. It serves as a protection for both tenants and landlords. By carefully reviewing these five key points before signing, you'll have a better understanding of what's expected from both sides, leading to a smoother tenancy experience.

If there's anything in the agreement that appears confusing or unjust, make sure to talk it over with your landlord or consider getting legal advice before putting pen to paper.

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Basic Services You Need to Take Care Of

Arnona: see above for relevant discounts.

Water: Pensioners who receive income supplements, or someone who has reached retirement age and receives קצבת שאירים (supplement to the widow/er of a Bituach Leumi -insured person) are entitled to receive an additional 3.5 cubic meters for a reduced fare). You can check to see if you're eligible with Bituach Leumi.

Electricity: Recipients of an old-age pension with an income supplement are entitled to a discount of 50% on the electricity bill for consumption of up to 400 kWh. For more information, you can visit the electric company's site here.

Phone service providers: Phone services are considerably cheaper in Israel than in places like the United States and Canada, and many times offer excessive amounts of calling minutes, texts, Data, and most offer International calling to a long list of countries. Being in touch with your loved ones abroad has never been easier. Some of the carriers are HotMobile, Cellcom, Bezeq, Golan Telecom, Partner and more. Most of these carriers also provide Wifi.

Financial Planning For Retirees

As we get older, our financial needs change, affecting various aspects of our lives. This change requires a different approach and strategy to that adopted for younger investors. Retirees or Pensioners are not looking to get rich from their investments. It is far more important for them to preserve the value of their wealth. They are at that stage of their lives where the prospect of generating income from work is gradually diminishing.

Which type of retired investor are you?

a) You're looking to supplement your living expenses from your current assets and your main concern is ensuring your income lasts for the rest of your life.

b) You've built up substantial wealth and are focused on preserving it for the next generation.

Whichever group you fall into, retirement often means having more time to think about your assets, which can sometimes lead to unnecessary worry. That's why it's essential to have a clear, simple financial plan that provides reassurance and peace of mind. Your financial planner should be empathetic, patient, and ready to offer personal attention whenever needed—more so than you might have expected during your working years.

Key Considerations for Retired Investors

Risk: Your investments will likely be more conservative, with a lower allocation to high-risk assets. Stocks will generally be from larger, more stable companies, and your bond portfolio will lean towards investment-grade government or corporate bonds rather than high-yield or emerging market bonds.

Time Horizon: Your investment time frame is shorter now—usually medium-term—even if you're saving for future generations.

Liquidity: It's important that your investments remain liquid, allowing for easy access if needed.

Simplicity: Keeping things simple is crucial. A straightforward investment plan makes it easier to manage and understand your financial picture.

Consolidation: Many retirees have assets spread across multiple accounts and managers, which can feel overwhelming. A good plan consolidates as many assets as possible, while still ensuring proper diversification. This will help you maintain control over your investments and give you a greater sense of security.

Planning for the Next Generation

To ensure a smooth transition of your wealth, you'll need a well-thought-out estate plan. It's important to list all your assets and make sure your heirs are aware of their existence and nature. If you don't already have a will, creating one is essential, and if you do have one, it's wise to review it regularly. If your will was drafted outside of Israel, make sure it's still valid here.

Without proper estate planning, you risk causing unnecessary stress for your loved ones and potentially sparking family conflicts. To avoid these issues, consult an expert to help with the planning process.

Common issues and solutions

- Lack of liquidity: Ensure that your assets are easily accessible.
- Legal complications: Regularly review the structure of your investments.
- Estate planning: Start early and review your plans regularly.

By organizing your investments and estate early, you can ensure a secure future for yourself and peace of mind for your family. Reach out to us at Hait Family Law if you want to discuss estate planning or need help updating your will.

Investment Challenges for US-Israeli Dual Citizens

If you're a dual citizen of the US and Israel, you might unknowingly be holding PFICs (Passive Foreign Investment Companies) in your portfolio. Unfortunately, these investments come with complicated and punitive US tax rules.

What are PFICs?

PFICs include foreign mutual funds, ETFs, closed-end funds, hedge funds, and certain insurance products registered outside the US. If you don't properly report them on your US tax return, the IRS could impose significant taxes, interest, and penalties.

Why should you be concerned?

Many US brokerage firms are now requiring non-resident clients to move their accounts or are limiting account management options. In Israel, some financial institutions may not fully understand these restrictions, assuming tax issues are your responsibility.

Some advisors suggest selling and repurchasing PFICs at the end of each year to avoid reporting them, but this leads to unnecessary taxes and could affect your long-term investment growth. Additionally, it leaves room for error if PFICs aren't sold on time.

Certain insurance agents may recommend products like Gemel 190 or Migvan as alternatives, but US CPAs typically consider these as PFICs, and they should be reported to the IRS. Even Keren Hishtalmut (קרן השתלמות), which is tax-free in Israel, must be reported to and taxed by the IRS.

What are your options?

1. Manage your existing IRA or investment portfolio through a US brokerage account from Israel.

2. Manage portfolios in USD through your Israeli bank.

3. Manage portfolios in Shekels through your local bank, but ensure no PFICs are included.

4. There are a few IRA-approved investment options in Israel, but they usually require high minimum investments.

5. You can keep your money in the US while receiving professional investment advice locally.

Make sure to get advice from professionals who understand both US and Israeli tax laws to avoid any costly mistakes.

These last two chapters were written using advice from by Steven Feigenbaum – a financial planner dealing with US/Israeli and other Anglo/Israeli clients for over 20 years. Steven works at Pioneer Wealth Management (with offices in Israel, the United States, Canada and South Africa) to offer solutions for the Anglo-Saxon Israeli investor.

He can be contacted by email stevenf@piowealth.com or telephone 054-5356590.

Returning To The Workforce?

The Ministry for Social Equality offers a program called "Vatikim Ba'avoda" free of charge to senior citizens from the age of 60 that helps to reintegrate them into the work force. The program includes professional training, guidance through the employment process, and makes connections between employers and senior citizens. Find out more information (in Hebrew) here:

תוכנית ההשמה לבני 60 ומעלה אגף בכיר אזרחים ותיקים – "ותיקים בעבודה" (www.gov.il).

Medical Insurance In Israel

All Israeli citizens are extremely privileged as they are immediately granted a high level of medical services from the day they arrive in Israel. Adults, children and the elderly benefit from lifelong medical care even when unemployed or retired.

Payment for your medical aid insurance is made directly by " Bituach Leumi" ביטוח לאומי - The National Institute of Insurance. This Government body allows you to choose the medical aid of your choice and transfers your monthly dues directly to the medical aid. If you are working, this amount will be deducted from your salary slip and transferred on your behalf. "Bituach Leumi" is also responsible for paying work related disability pensions and retirement pensions (Kitzvat Zikna קצבת זקנה) from the age of 70, regardless of income or gender.

In Israel there are 4 major medical aids offering the same basic medical services. The medical aids according to size are:

a. Clalit
b. Maccabi
c. Meuhedet
d. Leumit

All have English sites with valuable information regarding the different services offered.

In comparison to some Western world countries, the cost of medical services offered by the medical aids is incredibly affordable. The basic system works well and in recent surveys carried out, approximately 75% reported that they were satisfied with standard level of basic services provided. It is also important to note that approximately 75 % of the population carry some type of additional private insurance either through the medical providers themselves or alternatively through private insurance companies.

Up until 1995 the **Clalit Medical Aid** was the only medical aid that had to accept any request to join the fund, whilst other Medical Aids could "select" members based on their medical history and thereafter could reject a request or limit cover if they so determined. This brought the health system to a point where Clalit accepted and treated **all** the sick and elderly and Maccabi , Muehedet and Leumit accepted the young and healthy.

In 1995, the National Health Insurance law was passed, allowing citizens to choose the medical aid provider of their choice, receiving the same level or basket of services. From 1995, the budget was distributed between the medical aids according to the number of members - Clalit received the major part of the government budget.

Maccabi, Leumit and Meuhedet had to reduce the basket of services they had previously provided in order to be in line with requirements dictated by the new law. This change bought around a big improvement of services offered to Clalit members and saw a reduction in services offered by the other Medical Aids. The main problem today with the Medical Aids is the relatively long waiting periods for operations and diagnostic tests that are not considered life threatening.

The way the Medical Providers compete with one another is in the form of additional medical services they offer members. This is known as **"Sherutei Shaban" - Additional Medical Services**.

Additional medical Services:

Clalit – Mushlam Zahav and the top level known as Platinum.

Maccabi – Maccabi Zahav and top level known as Maccabi Sheli.

Meuhedet – Meuhedet Adif with top level known as Meuchedet adif Plus.

Leumit – Leumit Zahav.

Medical Aid internet sites provide explanations as to services offered, from private consultations with specialists and surgeons to level of coverage for diagnostic tests and private tests during pregnancy etc.

Links to the 4 Medical Aid sites:

www.clalit.co.il www.maccabi4u.co.il www.meuhedet.co.il www.leumit.co.il

The private insurance companies market a wide range of insurance products supplementing the shortfall or "holes" in the government systems. Today the cover offered by the private insurance market can be purchased as individual covers and not as whole packages as marketed in the past. This means you can assess exactly what your specific needs are and purchase the lacking cover accordingly.

Categories of Additional Insurance Coverage

You can divide the categories of additional insurance coverage available as follows:

1. Operations and alternative surgeries in Israel.
2. Operations and alternative surgeries abroad.
3. Medications not covered by the government basket. (The most important part of the policy).
4. Transplants in Israel and worldwide cover- unlimited.
5. Ambulatory cover- for diagnostic tests and private consultations in Israel.
6. Alternative treatments – i.e. acupuncture, chiropractors, osteopathy etc..
7. Doctor on-line direct medical services.
8. Long Term Nursing Care Insurance – only available at this point via your Medical Aid.

In More Detail

Operations and alternative surgeries in Israel. If purchased as additional cover this section would allow you to carry out an operation in Israel at a private medical hospital according to a list of Surgeons with no deductible or co-payment. Operations carried out through the "Shaban "– through the medical aid are subject to a co-payment/ deductible. The amount of the deductible if carried out through the Medical Aid through the "Shaban" will change according to the type of operation being performed. This section also covers cover for **alternative technologies** that are available in Israel but in many cases not granted through the Kupa. These technologies are widely available in the private market and can often replace complicated invasive surgery.

Operations and alternative surgeries abroad. Operations being performed through private insurance policies abroad can be done anywhere in the world and have no max limitations if covered under the terms and conditions of the policy abroad have no copayment or deductible. If the hospitalization abroad is 10 days or longer the insurance company will cover airline and hotel expenses for the insured and a family member. If the operation is required for a child under age of 18 then the insurance company will cover the accompanying costs for both parents.

Medications not covered by the government "basket" of drugs. This is in my opinion the most important part of any private medical policy. This cover **unfortunately** cannot be purchased at any level through any of the Government Medical Aids in Israel (Sherutei Shaban). This cover can only be purchased through the private insurance companies.

Once a year a government commission decides which drugs will be included and which will excluded in the coming year. Drugs that are in the government basket are included for specific illnesses only – For example certain drugs may be in the basket for Ovarian Cancer only but may possibly be very successful in treating a brain tumor. If such was the case and you required such a drug for a brain tumor you will not fit the criteria for eligibility for the drug. The premiums for this section may cost no more than 100 NIS for the whole family and from the 4th child onwards is free until age 21. This insurance also includes cover for new Biological drugs, Orphan drugs and drugs defined as "off Label"- medications not yet registered but proven successful in experimental stages. The policy also covers individually adjusted medications based on genetic testing. The cover under the medication section of the policy will be for a maximum of 2,000,000 NIS which will automatically refill itself if used every 2 years. The cover for individually adapted medications will be for a maximum amount of 50,000 NIS per month and a 800,000 NIS cap over the lifespan of the policy.

Transplants in Israel and worldwide. Israel has a great problem in the field of transplants as we have a lack of donors. The Medical aids have criteria that are almost impossible to fulfill in order to qualify for the budget allowed by the Kupa. Anyone with private transplant insurance will have a much greater chance of surviving if a transplant is required. The cost of this insurance is not high and I would recommend purchasing transplant cover together with medications as a level of catastrophic cover- the type of additional cover that every family should have as a minimum.

Ambulatory cover. This section of cover would allow you to carry out tests such as MRI, CT, Ultra sounds, without the need to stand in line that you probably would have to wait with some of the medical aids, depending on the urgency and type of complaint. An additional health policy with ambulatory coverage will enable you to make an appointment and shorten the waiting time for such tests.

In many cases early diagnosis due to early testing will allow early intervention and a better recovery rate in the event of a serious diagnosis. The ambulatory section has a pregnancy package, also covering additional tests to those covered by the medical aids.

Note: Pregnancy tests covered by a private policy will only be valid if taken out 12 months before the pregnancy.

This section of the policy carries a 20% deductible.

Alternative treatments. Coverage of up to 23 alternative treatments. i.e. Acupuncture, Chiropractor etc.

On-line video consultations with specialists and family doctors. This allows you to consult with a doctor on a video conferencing call within 12 hours.

Long-term nursing care. The National Health Insurance Law does not include any type of 'Long Term Nursing Care Insurance' (Tipul Sioudi טיפול סיעודי).

As of December 2019, Israeli insurance companies can no longer sell private long-term nursing care policies. Frail care long-term insurance is now only marketed by the medical aids as a separate insurance policy.

In the event of severe illness this policy will pay a monthly disability pension for a maximum period **of 5 years**. The level of disability is determined by the number of the ADL's (Activities of Daily Living) that the individual can do without assistance.

My recommendation to all new immigrants would be to hold on to existing policies from abroad and make sure that these policies will payout anywhere in the world. In addition, I would also recommend taking out the 5 year cover through your Israeli medical aid. All the medical aids- (Clalit, Maccabi, Meuhedet and Leumit) offer the same level of Sioudi cover today. They do differ slightly on premiums but levels of cover are identical.

There are two levels of coverage: At home or in a Long-term Nursing Care Facility.

There is a lot of information available with regards the different Health Insurance products in Israel. It is most important to do a personal assessment of your health insurance needs and based on these facts to make your educated decision on which products suit your needs.

I would highly recommend that you consult with a registered insurance broker, and make sure that they specialize in the private health insurance market. Also make sure they are familiar with the products of different companies to allow for a proper comparison between the different products.

This chapter was written with advice from by Mark Joffe – an Israeli Insurance Broker for over 28 years and the founder if one of the most experienced English Speaking Insurance Agencies in Israel servicing clients countrywide. He can be contacted by email and is always willing to help new immigrants with insurance related issues. mark@joffeins.co.il

Questions About Foreign Workers

Unfortunately, even though our length of life is continually improving, sometimes our quality of life degrades as we get older. We see this most when people get to the stage where they are required to think about going to an assisted living facility or alternatively hiring somebody (generally foreign workers) to be with them for most of the time and to tend to their needs.

I write this chapter based upon my office's experience with clients who have elected to hire a foreign worker.

Some Basic Information

1. The criteria for getting approval to employ a foreign worker is as follows:
   - One who has reached retirement age and who lives in a house or a protected dwelling that has no assisted living services.
   - Someone who took an ADL (Activities of Daily Living) evaluation and received a dependency score of 4.5. If the person is a retiree who lives alone or past the age of 90, the evaluation only requires a dependency score of 4.0.

One must obtain a permit from the Population and Immigration Authority subject to being eligible to employ a foreign worker. This process can be initiated by calling *3450 or by clicking here.
With regard to paying the foreign worker, the employer is responsible for the worker's pay. One can arrange allowances for elderly care from Bituach Leumi to be paid directly to the worker and there are options to work with the caregiver providers that you have been using until now. Those are the companies that employed the workers that have been coming to your house for several hours a day.

The payment to the worker is subject to the labor laws and, as such, you are obligated to pay his salary and the social benefits that he/she is entitled to. Failure to pay a foreign worker his/her salary and benefits is an offense of withholding pay. The labor laws in Israel apply to a foreign caregiver exactly as they apply to an Israeli worker. Therefore, when you are employing a foreign caregiver, you must comply with all of the labor laws of the State of Israel.

The worker is entitled to the same working conditions as all workers including a yearly vacation, holidays off and sick days.

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2. In the event that the foreign worker and the employer mutually agree that he/she should work on vacation days, his/her salary for each such day is 150% of the regular salary.

3. A foreign worker who is employed as a caregiver for the infirm is entitled to a 25 hour rest period at a pre-agreed time over the weekend days of Friday, Saturday or Sunday.

4. A foreign worker is entitled to 9 paid vacation days as well as the holidays that apply to his or her faith.

As you can imagine, navigating the bureaucracy can be complex, which is why it's crucial to have a written work contract with the caregiver. It's worth considering whether handling the process alone is manageable or if you'd benefit from professional help. Reach out to companies that specialize in this area, and invite candidates to your home. Be sure to explore options from multiple companies to find the right fit. Some of these companies even take on the role of the caregiver's employer, easing your burden and providing support throughout the entire employment period.

Foreign Worker or an Assisted Living Facility?

When the time comes that either you or your spouse needs daily assistance, whether from a live-in caregiver or by moving to an assisted living or nursing facility, there are several important factors to consider. Here are some key points that can help guide you through this significant life decision.

Home vs. Assisted Living Facility

Many people prefer to remain in the comfort of their own home, as it offers familiarity and security. However, as health or mobility issues worsen, staying at home might not always be practical. Assisted living or nursing facilities offer professional care, a social environment, and round-the-clock medical assistance, which may improve the quality of life, especially for those with more severe conditions.

Financial Considerations

Moving to a high-quality assisted living facility can be very expensive, sometimes upwards of 30,000 shekels per month. While financial assistance and insurance may cover part of these costs, it's often more affordable to hire a live-in caregiver. It's important to assess whether you're willing to spend your savings or rely on family members to afford such a facility.

Personalized Care

A live-in caregiver provides one-on-one attention, addressing your personal needs in real time. In a facility, care is shared among multiple residents, but there is often qualified medical staff available in case of emergencies.

Managing Care

If you hire a live-in caregiver, you or a family member will need to manage household expenses and oversee the caregiver's work, from ensuring proper care to handling their salary and benefits. In a facility, these responsibilities fall on the facility's management, allowing family members to focus more on visiting and emotional support.

Unexpected Challenges

With a live-in caregiver, you may face logistical hurdles like finding replacements during holidays, sick days, or maternity leave. In a facility, these staffing issues are handled by the management, offering greater consistency in care.

Health Requirements

If your health or your spouse's health becomes too complex for a caregiver to handle—such as nighttime care or aggressive behavior due to dementia—this may lead to frequent caregiver turnover. In such cases, transitioning to a professional care facility might be more suitable.

Monitoring Care Quality

Assisted living facilities are overseen by the Ministry of Health, but that doesn't guarantee flawless care. There have been reports of substandard service in some facilities. On the other hand, while live-in caregivers are theoretically supervised by agencies, there's less structure in a home environment. Facilities also have the added benefit of multiple families keeping an eye on the quality of care being provided.

Social Environment

In an assisted living or nursing facility, residents have the opportunity to participate in social, religious, and community activities. The presence of other residents and their families creates a more dynamic environment. However, staying at home with a caregiver may lead to social isolation, with only the caregiver for company.

Ultimately, the decision of whether to stay at home with a live-in caregiver or move into an assisted living facility is deeply personal and depends on your health, finances, and social needs. Consulting with professionals, such as geriatric doctors or social workers, can provide valuable guidance. Family support is also essential to ensuring that the plan you choose provides not only the right level of care but also a sense of community and connection.

Remember, there is no one-size-fits-all solution. Take the time to evaluate your personal needs and consider how you want to live in your later years to ensure the best quality of life for yourself or your spouse.

Wills

People always ask me about Wills in Israel. In this chapter, I am going to try to answer most of the commonly asked questions that I am asked by retirees that work with my office.

In Israel, there are various types of Wills, some of which have specific goals. Whether you have already made your Will(s) and estate plan(s) or not, it's always worthwhile to get a broad understanding of what works and what doesn't with regards to Wills – especially if you have moved to Israel from another jurisdiction where the laws may be different. The way to choose which type of Will is best for us is to examine the Will's objective:

Primary Goals for Making a Will

Before you meet with an attorney to prepare a Will, it is important to carefully think over what are your primary goals.

- Do you want to protect the financial strength of your spouse?
- Do you want to provide for your children?
- Do you want to help a weaker child or a specific grandchild that you are more attached to?
- Is the Will only for your welfare?

Perhaps you want to give special recognition to a close relative or friend who looked after you with a lot of devotion and loyalty and this is a way to repay them? Is the Will meant to be a parting message to your dear ones?

Regardless, there is a lot to take into consideration when preparing a Will.

The Will may be part of a larger estate plan and can be bundled with a Continued Power of Attorney (similar to a Living Will or Advanced Health Directive), wherein the appointer, the one who writes the agreement, is seeking to maintain control over his/her end of life decisions, such as: the manner of caring for his/her needs; the type of facility for caring for their needs; where shall the caretaker be living; which child (or other person) will make decisions for them when they are no longer mentally competent over both health and economic issues, etc..

The Will gives a person the ability to decide and convey his or her wishes regarding the manner and method of disbursing the money he or she acquired throughout his or her life, the way it is to be (or not to be) divided among those that he/she chooses to receive his/her money after their death. Once you have determined its ultimate objective[s], now is the time to decide which type of Will is the best one to allow you to achieve this objective.

Types of Wills

In Israel, there are four types of Wills which are legally valid. These are:

1. Handwritten Will – A handwritten Will is exactly as it sounds. The testator (the person making the Will) hand writes the Will without any assistance. He/she handwrites the date at the top of the Will and signs it by hand. Such a Will is generally honored if it is totally handwritten by the testator.

2. Dictated Will – A dictated Will is used when the testator is in one of the following conditions:

3. On deathbed – The situation where a person is terminally ill. Usually, he or she is confined to a hospital or hospice and the assessment of the medical caretakers is that they are not expected to live much longer.

4. In the wake of a life-threatening event – A second situation is one of a person facing a life-threatening event such as a soldier being deployed into battle or one who is undergoing emergency life-threatening surgery.

In accordance with the laws of inheritance, a person in such a position can orally dictate his/her wishes to two witnesses who are fluent in the language of the testator.

In most other cases, people who will benefit from the Will, i.e., the heirs themselves, cannot serve as witnesses to a Will, and it is even preferable they are not physically present in the room when the Will is made. Nevertheless, for this type of a Will regarding the two types of situations mentioned above, the witnesses may indeed also be named as heirs in the Will. This is in view of the fact that the purpose of writing this impromptu Will is because the testator is laying on their death bed or is on the threshold of a life-threatening situation, it is self-evident that those who are currently physically near them are the closest to them and those who are most likely to be named as beneficiaries.

Will validation

It is important to know that validating a dictated Will is not a simple matter and is and is quite susceptible to being contested after death.

1. A Will prepared before a legal authority

This type of Will is prepared by a testator who expresses his wishes before a legal authority (judge, court registrar, registrar for inheritance issues, or a member of a religious court) either verbally or in writing. The agent of the legal authority records the wording of the Will and reads it back to the testator. If the testator confirms that these are his wishes as he wants it to be drafted, the testator and the legal agent sign the Will and it is confirmed by the legal authority on that day. One of the reasons to draft the Will in front of a legal authority is where one wants to prepare the Will surreptitiously and/or without the involvement of additional witnesses.

2. A Will in front of witnesses.

This is a Will where the testator writes the date and signs it in his handwriting in front of at least two witnesses and then the witnesses validate it with their own signatures. In such cases, the witnesses may not be beneficiaries to the inheritance. This is generally the type of Will you get when you have a Will prepared by an attorney.

A Will that is prepared by an attorney who has expertise in inheritance law is one where the testator meets with his/her attorney and dictates his wishes to him. A good attorney will meet with the client or guise them in a video call or phone call and fill out a questionnaire with him/her.

In this case where the one for whom the Will is being written, the testator is not himself a lawyer, it is logical to assume that during the meeting he or she will be emotionally moved by the lawyer's inquisitive questions, the lawyer can guide the testator on what issues to think about, what to specify and how, so that the Will is one that cannot be easily contested.

After the lawyer prints out the Will, he will read it back to the testator and ensure that the testator understands everything that is written in it. Then they will have the Will signed by two witnesses who are not beneficiaries in the Will.

If a doctor confirms that the testator is of sound and clear mind and in proper mental health at the time the Will was signed, this helps prevent Wills from being litigated or contested after the death of the testator. There should be no embarrassment in carrying out this request, and your regular family doctor should usually fill out a form in a regular examination. It does not say anything detrimental about the testator. To the contrary, fulfilling this request serves to strengthen the validity of the Will for the client so that no one should attempt to contest the Will by claiming that the testator was not of sound mind at the time of the signing.

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Finally, you can deposit your Will with the Registrar of Wills after it has been executed, and then you don't have to worry about where the original copy of your Will is going to be stored.

Reciprocal Wills

A lot of times, people ask me about **reciprocal Wills**. This refers to Wills which are contingent one upon the other. For example:

A person can bequeath all of his estate to his spouse upon his or her death with the understanding that his or her spouse has prepared a Will wherein the spouse bequeaths all of their estate to him or her after the spouse's death.

In addition, couples can determine that only when the second one dies does any of their estate pass over to the offspring. In cases such as these, a "reciprocal Will" can prevent a situation where a surviving spouse may need to vacate their residence because the other heirs wish to sell the property to collect their share. The spouses can determine that a surviving spouse can do with the assets as they see fit or they may restrict the surviving spouse from doing specific dealings with the estate.

A reciprocal Will may be produced in two separate documents or as one collaborative document. The procedure for submitting a reciprocal Will to the Registrar (again – although not required in order to be legally binding) is identical to that of submitting any other Will to the Registrar of Wills in the Justice Department, and it requires the personal appearance of both parties with proper identification papers.

Nullification of a Reciprocal Will

If not stated otherwise in the Will, a reciprocal Will can be nullified only under the following conditions:

- If both parties are currently alive, it is sufficient for one spouse to send a notification to the other spouse of their intention to nullify the Will. Thereupon, both Wills are nullified.
- In the event that one of the parties is deceased – if the estate has not yet been dispensed, the surviving spouse needs to waive their share of the estate in order to nullify the reciprocal Will. If the estate was already dispensed, the surviving spouse must restore the portion of the estate that was inherited from the deceased spouse back to the estate.

It is possible to provide alternative options to nullify the reciprocal Will in the Will itself in accordance to the wishes of the couple, however, it cannot call for either side to waive their right to nullify the reciprocal Will at any time while both spouses are alive.

In Summary, some important details about reciprocal Wills that are worth knowing:

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• A reciprocal Will can be drafted as a single document or as two separate documents, provided that both documents were prepared at the same time.

• The principle of mutual contingency in reciprocal Wills is super important. As such, the method of nullifying them was set in a clear and detailed manner, so it should not transpire that one spouse should expire and his/her Will won't be carried out!

• It is important to know that even if you drafted a reciprocal Will and you decide to cancel or modify it – this may be done! The law allows couples who drafted a reciprocal Will to nullify their Wills, both while the spouses are alive and even if one has deceased.

• The law stipulates cancelling a reciprocal Will on specific conditions which will invalidate it. A spouse that wants to nullify his reciprocal Will while the other spouse is still living must, as a condition for this action, among other things, submit a written notice to the other testator.

• The cancellation of the reciprocal will by one spouse automatically cancels the will of the second spouse.

• If a surviving spouse wants to cancel the reciprocal Will before the estate is dispensed – he/she is obligated to abstain from any share of the estate that would be received due to the reciprocal Will of the deceased testator.

• If one spouse wishes to nullify his/her reciprocal Will after the estate was dispensed – he/she is obligated to restore the entire portion that was inherited based on the reciprocal Will. In the event that it is impossible or impractical to restore the exact assets, the spouse is obligated to return the value of the gift or portion of the estate that he/she inherited.

• The methods of nullification are designed to ensure that for the spouse who is no longer living – his/her wishes should still be carried out.

• Generally, when a couple drafts a reciprocal Will, not only does it not happen that the Wills are cancelled or nullified, but the reciprocal Wills provide two-fold protection!! It protects a surviving spouse from unfounded claims from other potential heirs, and it protects the deceased spouse to ensure that his/her wishes in accordance to the Will are preserved, protected and carried out even after they have left this world.

Intestacy – what happens if you die without making a will?

In a situation where a person passes away without leaving a Will, his estate will be disbursed via Israel's intestacy laws as follows:

The current spouse or common-law partner of the deceased will receive the family vehicle and half of the properties and the children of the deceased (including children from outside of the marriage) will divide the remainder equally. In the event that the partners were not legally married but had common-law status and neither one is married to a different person, their rights are the same as for one who was legally married to the benefactor.

In recent years there are more and more Wills that are being contested and looking for a snag with which to "pull the rug from under their feet" and to nullify the wishes of the testator. Hence, if you do make a Will, it is very important that the Will be prepared by a lawyer who is qualified in the area of inheritance and who knows how to express the wishes of the testator in a manner that will yield the desired outcome.

Registering Wills in Israel

Information about registering Wills in Israel can be found on the website of the Ministry of Justice, specifically under the Guardian General and Director of Inheritance Affairs. Please note that this information is available in Hebrew only and not in English.

Here is the link with information in Hebrew: https://www.gov.il/he/service/will_deposit

Continuing Powers of Attorney

All of your life you have been independent. You have had the privilege to decide for yourself where you will live and where you will work, what you will do with your money, which doctors to see, when to take a vacation and with whom. You could decide what to eat and how much of it, which region to live in, to whom to give a gift (and to whom not to).

You were independent. You made choices.

And there is no reason why this should ever change. Nobody else should be the one to decide: Should you continue to live at your house? Do you need someone to assist you? Do you want the one who assists you to be a foreign worker or your wife? Would you like to be in a home for the elderly? Would you prefer to move to a nursing home if you require nursing care? What type of treatments do you want? And, no less important, what type of treatments do you not want? Do you want another person to manage your finances and to make financial decisions? And, if so, do you want this to be a financial maven that you rely on or someone that the government decides to appoint for you?

Are you aware that the courts in Israel are inclined to appoint to choose an external custodian who will determine what is to be done with your money, where you will be housed and under what conditions?

Are you aware that if you do not leave clear instructions, your loved ones will need to come to court and to contend with the bureaucracy, paperwork, arguments with each other, and approvals from doctors in order to be able to make decisions on your behalf?

Well, there is another course of action.

In 2016 the law of legal fitness was amended (Chok haKashrut haMishpatit vehaApotropsut חוק הכשרות המשפטית והאפוטרופסות). This amendment adds a legal tool that respects any person's decision to make decisions for himself as long as he is mentally fit to do so and to empower decisions that are made on his behalf by people that he chose to do so at times when the ability to decide and/or carry them out is difficult for him. This can be accomplished by meeting with a lawyer who underwent training for establishing a Continuous Power of Attorney Agreement under the Justice Department and General Custodian.

In our office, aside from being attorneys with training to write up continuing power of attorney agreements, we are also the children of aging parents. Some of us have previously accompanied our parents to emergency rooms, inpatient facilities, and bank meetings and we have seen how the work stress and shortage of manpower among the doctors and nurses wears out their time and patience to truly understand the needs of our parents.

Through cooperative thinking, we have constructed a detailed questionnaire which comprises most of the questions and points which are important to think about and to convey our standpoints while our faculties are still in our control. This questionnaire helps people arrive at decisions now in regard to how they see their lives as they advance in years.

Where do they want to age, at their own home or at a home for the elderly; and, if the latter, which such facility? Who will manage their finances, their spouse or their child[ren]? What do they want to be done with their money? Should it go to pay for an old age home or for a caregiver?

A Continuing Power of Attorney is the wisest tool for preserving, deciding, and assuring how your lives will look in the future. The decisions are yours.

Control Your Assets with a Continuing Power of Attorney

How can you use the continuing power of attorney as a tool to ensure family members don't get control of your assets?

In Israel we have a problem. In a country with 1/8 of the population of Great Britain we have about the same number of open cases with the General Guardian (in Hebrew, the Aptropos HaClali) as Great Britain has. What are the cases before the General Guardian? These are cases where there is disagreement regarding the care of somebody and where somebody requests to be appointed as the guardian in body and or the guardian over financial issues for a particular individual.

Usually this happens either when a person becomes mentally deficient and the family members don't agree on the course of care, or family members disagree with the doctors, or the doctors themselves don't agree on the course of care. These are the typical types of problems which are addressed in the continuing power of attorney in the previous chapter.

However, many times we have been involved in litigation where children or a spouse feels that someone is unable to manage their financial affairs - i.e. because they see them spending money in ways they didn't usually do in the past, and they go to the court to ask to be appointed as a guardian for that person and to manage their money.

Sometimes, the court will appoint the person who has made the application, but most of the time - at least if there disagreement within the family - the court will appoint a third party. By the way, this third party gets paid from the financial assets accumulated during their lifetime assets of the person they are appointed to take care of.

Although this isn't what it was originally intended for, one of the things that I recommend people do is to utilize this continuing power of attorney to help ensure that their family isn't able to gain control over them and make decisions in a manner which they wouldn't want. That is, if you have a continuing power of attorney in place, and you state that in the event that you are mentally infirm that, for example, your financial planner will make the appropriate decisions, then if a family member attempts to get control over your assets the default is that everything will go in accordance with your continuing power of attorney.

This isn't necessarily foolproof because there are legal limitations on the continuing power of attorney (e.g. certain real estate transactions), however and this is what's really important - even if the issues that someone is trying to get control over are not legally allowed to be covered by the continuing power of attorney, the document will be admissible as evidence showing what you would want to have done. In many cases that should help to ensure that what you wanted to be done is what gets done at the end of the day.

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Gifting Your Children in Israel

So many times we read or hear about people who gave money or a house or other big assets to their children, and then when their children got divorced their spouse (i.e. the gift giver's daughter-in-law or son-in-law) ended up walking away with half of the gift that the parents have given. So in Israel how do you make sure that this doesn't happen? This is especially relevant when people reach retirement age - because in point of fact whether it's because of tax planning or because people are in a more liquid position (i.e. fixed incomes and lower expenses than they used to have) a lot of people tend, at this point in life, to give gifts to their children. This applies even to people who have been solidly in the middle class for their whole lives.

Considering that more than one in three marriages end in divorce, if you fall into this category, you should take the necessary steps to ensure that if your child gets divorced, the gift that you have given him or her remains his or hers.

So… what happens to gifts that you gave to one of your children and the time comes when they are getting a divorce? First, we should look at the general rule regarding the division of assets in case of divorce.

That rule dictates that, absent a pre-nuptial or other legally binding agreement, assets that were accumulated during the course of a marriage (as well as debts) are to be split equally. What that means is, if for example, you gave one of your children 500,000 NIS to purchase an apartment together with his or her spouse, that when they get divorced your son or daughter will not get a credit for that 500,000 NIS, but rather each of the spouses will get the benefit of that gift. You may feel that this is your intent when you made the gift – but would that feeling change if divorce came only one or two years after the gift was made? If so you may wish to "undo" the gift – but you can't.

The problem is that once the gift is made it is legally complex (and usually impossible) to undo. Therefore, you have to take the proper steps when giving the gift to ensure that in case of divorce that your child gets the monetary credit for the gift that you made. There are a number of ways that this can be achieved:

A Monetary Agreement

The first way is for your child and his or her spouse to enter into a monetary agreement. In this scenario, your son and his or her spouse would enter into a monetary agreement, that has to be affirmed by a judge in order to be valid, that would state the terms upon which the gift (and/or the increase in equity of the asset purchased with the gift…) gets returned to your child upon divorce. The problem with this method is that monetary agreements can always be amended – so that if your child in the future wants to change the agreement (i.e. prior to divorce) he or she can, and they may give up the rights that you intended for them to have via the monetary agreement.

Becoming an Owner

Another way is for you as the person giving the gift to be the owner of part of what the gift is being used for. In other words, let's say that your son and his wife are purchasing an apartment for 1,500,000 NIS and you are giving the same 500,000 NIS gift. You may want to be registered as the owner of one third of the apartment and then in case of divorce you would get one third of the proceeds.

Loan

Another way is to structure the gift as a loan. If you do this, then both your child and his or her spouse have to sign on a formal loan agreement, and register a notification against the deed in the land registry regarding the loan and its terms.

All of these are different manners by which you can protect gifts made to your children. While none of them are one hundred percent iron clad and non-challengeable in every case, by getting proper legal advice and having the proper documentation drawn up, you will vastly increase the chances that in case of divorce, your hard-earned money goes to the hands of the person you intended.

Again – by taking the proper actions in advance you may be able to help your children avoid getting into loops of non-conclusive outcomes.

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Common Problems and Interesting Solutions

In my job I get to talk to a lot of people about a lot of different problems. The truth is that it's one of the things that I like the most about my job. I like to be able to help people. To be honest with you, I also like that a good percentage of these people end up becoming clients. But what I'd like to look at in this chapter are some of the problems that people have spoken about with me, and some of the solutions that either they found by themselves or that we have found together.

1. The lack of somebody who they trust to make decisions in the event that they are mentally incapacitated. In other words, most people want their spouse to make decisions for them when they are mentally incapacitated - but what happens when their spouse pre-deceases or has dementia? Usually their kids make the decisions then in accordance with a continuing power of attorney - which covers three areas - health issues, financial issues, and personal issues. But what happens when you don't have children who live nearby who can make a decision? What happens if you have a health emergency and they can't reach your child because they live in Hawaii - I use that as an example because it really did happen in a case we had. For those types of situations, we found we are able to customize the powers of attorney so that we have local people in Israel who are able to make decisions in accordance with directives that our elder law clients had given when they were healthy, and these local people answer to the children overseas.

No, this isn't ideal. However, it's a tool that solves a real problem for certain situations.

2. Another issue that we've seen come up with a number of times is undercapitalization for retirement. In other words, people who retired and thought they'd have enough money, but they didn't really plan well enough. Suddenly they find they're not going to have enough money to live out the rest of their lives. One of the neat tools that we recently learned is reverse mortgages (a relatively new thing in Israel). Via the reverse mortgage people have been able to tap into their home equity and get a monthly amount to cover whatever the financial shortfall was. Of course that amount gets added on to the mortgage every month and after the owners pass away when the property is going to be distributed to inheritors it only gets done after the mortgage has been paid back. Again it's not ideal but it's a tool that enables people to continue with their lives in retirement in Israel.

3. Some other issues we found people contending with are problems that have technological solutions. What are some of the examples of this? The first one I can think of is medical care. People (especially recently) are using the telephone to get first opinion medical care from their HMOs here in Israel via video conference on their smartphones. For issues of loneliness we've seen people using the computer to help them have virtual meetings. We have also seen people using automatic typing programs to type documents

and emails. Finally, we've seen people use the computer to purchase their groceries online, purchase medicines online, get the products that they used to love from back home in their home countries, etc. For those people who feel they aren't technologically savvy, we've seen both some small businesses that help the elderly with tech and we've also seen some local programs in schools where they try to match kids in high schools or college with the elderly to help them.

Again the point of this chapter isn't to answer all of the potential pitfalls you may have as a retiree in Israel. I just want to discuss some of the common problems that clients who have come to us have had, and some of the solutions that they found to show you that these types of issues shouldn't prevent you from living in Israel in your retirement years.

Thank you for taking the time to read this book. I hope you found it informative and helpful. If I or my office can be of help, please feel free to contact us at:

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You can also schedule an appointment with us in one of our offices in Tel Aviv, Jerusalem, Haifa, Modiin, or Raanana.

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