



GLOBEX UPDATE

HEALTH & BENEFITS

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Events, developments, and opportunities in the international marketplace

ISRAEL LOOKS TO MAKE CHANGES TO RETIREMENT PLANS AND MINIMUM PAID LEAVE BENEFITS

Effective July 1, 2016, the minimum mandatory contribution rate was increased by the Israeli government for defined contribution pension arrangements. As of July 1st, employers will have to contribute a minimum of 6.25% (previously 6%) and employees will have to contribute a minimum of 5.75% (up from 5.5%) and effective January 1st 2017, there will be a second increase to 6.5% for employers and 6% for employees. Also taking effect on January 1, 2017, the minimum paid annual leave benefit for working a 5 day work-week will increase to 14 days during the first 4 years of employment and then to 24 days after 14 years of employment. Currently, the minimum is 10 days during the first four years, rising to 20 days after 12 years. According to a 2015 survey, employers tend to observe a five-day work week while providing annual leave based on the minimum entitlement for a six-day work week (14 days to start, increasing to 24 days after 10 years of service).

MEXICO SEES GROWING MARKET FOR PRIVATE DISABILITY INSURANCE

According to a recent study by a leading insurer, there is a growing market for private disability insurance in Mexico. Even though Mexico has a state system that provides disability coverage, a large percentage of Mexican employees still consider purchasing a private policy. One of the main factors behind the increase are growing concerns among local employees in the informal sector that regarding limited social protection and uncertain working conditions. These factors have risen awareness for the need for income protection. The study reported that almost 80 percent of Mexican respondents indicated that they would accept a lower salary in exchange for disability benefits. Employees within the formal sector have their disability benefits covered through the IMSS (Mexican Social Security Institute). A worker on disability will receive 100 percent of his or her salary for up to two years, though this amount is capped at 25 times the minimum wage, which is currently about \$4.00 a day. Even with these benefits, more than half of those surveyed that lost income due to a disability said they had to use savings to cover the earnings shortfall which is now cultivating a private market for disability insurance. Currently, private disability insurance is usually bundled with private medical insurance which are usually reserved for mid-level executives or higher.

Success Stories

- Helped multinational technology company establish new employee benefits and pension program for start-up office in London.
- Implemented local benefits package for international law firm in Mexico.
- Conducted expat remarketing exercise for large IT firm.

EMPLOYERS IN ASIA-PACIFIC REGION PLANNING TO SPEND MORE ON MEDICAL BENEFITS

With the cost of medical benefits rising in the Asia-Pacific region, employers are preparing to increase budget spending for medical benefits in the coming years. In 2016, healthcare benefits were projected to rise by 8% and that trend is expected to grow over the next three years. A recent survey of medical insurers cite a number of factors for the increase which include overuse of care (medical practitioners recommending too many services), underuse of preventive services, new medical technologies and changes in workforce demographics. In order to reduce healthcare spending employers are encouraging employees to lead healthier lifestyles, improve their health literacy and be better consumers of healthcare in order to prevent unnecessary usage.

Recruiting and retaining key talent around the world remains a formidable challenge for HR management. More and more, a company's success depends on the ability to offer a competitive benefits package while remaining within budget. Globex Partner Brokers can offer their clients access to a range of products, capabilities and resources custom-tailored to helping multinationals optimize their employee benefits around the world. Contact any member of the Globex Health & Benefits Team to learn more.

PLEASE NOTE OUR NEW TELEPHONE AND FAX NUMBERS



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