

Full marks for pensions from Germany

IN THE SUMMER of 1983, the West-German pension scheme burst upon the Israeli scene with a series of splashy full-page ads by an aggressive but hitherto unknown organization.

About 30,000 citizens rushed to temporary offices set up in hotels to register their names and assure their eligibility before an approaching deadline. The attraction of European-standard, old-age insurance backed by the government of prosperous West Germany and paid in its currency seemed irresistible.

How does the scheme look today, six years later?

To find out, I went to the offices of the Organization for the Implementation of the Social Security Agreement (Israel-West Germany) in Tel Aviv. They are no longer in temporary quarters but occupy spacious premises at the prestigious Europe House on Sderot Shaul Hamelech. Information was readily available from co-founder and board chairman, Advocate Yisrael Perry and members of his staff.

The figures they quoted are impressive. Of the people who originally registered, about half eventually followed through their applications. Of these, some 1,200 now receive pensions. The cases of others are still pending, or they have not yet reached the age of 60 for women or 65 for men.

Some 500 pensioners receive their monthly cheques without having invested much, or any, of their own money. This they were able to do thanks to a unique scheme devised by Perry, whereby foreign investors advance part or all of the premium demanded by the Germans and then take repayment out of the monthly pension cheques as they come in. This, of course, works only for persons already close to pensionable age.

THE ORGANIZATION has a staff of more than 30, including lawyers, advisers

and registrars. Staffers speak German, Romanian, Yiddish, Russian and Polish to accommodate elderly clients whose Hebrew is sometimes less than adequate.

To give an idea of the size of the German organization Perry works with – the BFA or *Bundesversicherungsanstalt fuer Angestellte* (Federal Insurance Institute for Employees) – it is worth noting that it has a staff of more than 14,000. With the influx of applications from Israel it found it necessary to set up a special section with eight clerks at its Berlin headquarters.

In addition to those who registered with Perry's organization, 8,000 registered with smaller organizations or through individual lawyers. "Some of these rivals copied our registration forms – including the printing errors," Perry says. The kibbutzim also have their own organization. At Kibbutz Dovrat, for instance, 60 members already receive their German pension.

A large group of those originally registered were subsequently disqualified by the Germans because they were late in submitting certain documents, such as proof of citizenship. Perry did not accept this decision and an appeal lodged by the organization's German lawyer, Frank Reppenhagen, was successful. As a result, the organization is now processing the applications of about 8,000 persons whose rights had earlier been in jeopardy.

THE RIGHT OF Israelis to register for the German pension has nothing to do with WWII-based restitution. The regulations are based on reciprocity and apply likewise to citizens of many other nations. In theory, a German citizen can also apply for Israeli National Insurance coverage, although no such case is on record. As far back as 1973 the Germans decided to open their insurance retroactively to all. Part of the motivation was to cover housewives and guest

workers, lest they eventually become public burdens.

The Israeli response to the German scheme is unique and far exceeds that of any other country. I asked Perry whether the Germans resent this. "I don't suppose they are happy about it," he replied. In the final reckoning, he added, more money may eventually flow out of Germany than comes in. "But all this is small fry for the Germans. Besides, for them rules are rules, and their insurance law permits the Israeli arrangement."

Ernie Meyer

It was in the early 1980s that Berlin lawyer Reppenhagen, who had until then specialized in restitution matters, sent circulars about the pension to colleagues in Israel. Perry (and others) became interested and he asked Yitzhak Blass, the former chief actuary of the Histadrut pension funds, to check out the matter.

Blass found that the German scheme offered higher yields than Israeli plans. He has been working for the organization ever since. One of the advantages of the German scheme, he says, is that without increasing premiums it pays additional benefits for people with higher education who also suffered Nazi persecution.

Perry explained how the idea of foreign loans to finance the large retroactive German premiums came to him. "It was forced on me by the Israeli Finance Ministry. Officials there were stunned by the number of citizens registering for the scheme. They feared that the large sums exported to pay for premiums would upset the foreign exchange situation." As a result, Perry said,

he conceived the idea of arranging for foreign loans to pay for premiums.

It took him from 1984 to 1986 to finalize arrangements with two German banks and an old-established Canadian investment company. "I had tried to deal with Israeli banks, but was unsuccessful. Under the present arrangements, no Jewish money is involved."

An additional problem was life insurance to protect the loans made largely to ageing applicants. Israel's Shimshon Co. finally agreed; and now gives coverage to all but about 10 per cent of the applicants, who fail to meet minimum health requirements.

MOST OF THE LOANS to pay for the German premiums are for between DM 40,000-100,000. They carry 10 per cent interest and, together with the life insurance premium, usually run for 20 years. They are not "open" for early repayment, in case an insured person comes into money at a later date.

Fees for the organization are equal to 12 monthly insurance payments. At the insistence of the Germans, however, not all the insurance payouts may be applied to loan repayment, and between DM 100 and DM 150 a month are paid to the insured, even though he has invested no money of his own. In many cases, those insured have enough money to pay for part of the premium, but require a loan for the rest.

"We are the only ones who can offer this loan arrangement. Imitators have tried to duplicate it, but failed," Perry said proudly. He added that his business is now at the stage where it covers expenses, but that there are no profits yet. "We invest a lot of work in each file, although there is no assurance that the Germans will ultimately approve it." He stressed the business nature of his organization, despite the benefits it offers to clients.

He cited the case of a man who died soon

after completing his insurance, using the loan arrangement. His life insurance paid off the loan and his widow now gets 60 per cent of his full pension (in this case DM 860), rather than only of the DM 100 payment a month he got while alive. The widow will receive this percentage until her death. If she remarries she gets a grant equal to three years of pension cheques. These arrangements are not exclusive to the German scheme but, with variations, are also offered by other plans.

Some people approaching or past retirement age are more interested in this aspect of the plan than in the actual monthly payments, which in the case of a loan are small. There is no income tax on the German cheques, but payouts are made only in Israel; that is, they cannot be directed to a Swiss bank account, for instance.

In reply to my question, Perry said that some Israeli Arabs originally registered for the pension, but he was unable to say off-hand whether they followed through with their application.

PERRY WAS born in German-occupied Cracow in 1943. His family fled to Hungary and eventually reached Israel in 1950, where he later studied law. He stressed that the firm he heads is private and not limited. "My company is responsible for its debts. I wanted it that way to counter any suspicion of unreliability," he said.

The organization's work for the next five years at least seems assured, because it often takes years to push an application through the meticulous German bureaucracy. Its persistent circularizing of people who had registered but seemed reluctant to follow through on their applications seems to indicate that the company is keen on business and that profits are high. This seems fair enough, however, as long as clients vote with their feet and continue to crowd the organization's waiting room.

Hollywood attractions

VALPACOS, Portugal – The seemingly harmless eucalyptus tree has become the unlikely focus of a vio-

The eucalyptus war

some distant pulp mill," he said. Sousa and other farmers said they were ready to face the onlice again

