



State Comptroller  
of Israel

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# **The Arrangements for the Payment of Compensation for Reserve Service and Protection of the Employment Rights of Reservists**

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▪ November 2025 ▪



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## Abstract

### Background

Since Israel's establishment, the reserve forces have been a central component of the IDF's strength and of the State of Israel's resilience. From the outbreak of the Swords of Iron War in October 2023 until July 2024 – during the first ten months of the war – about 318,000 citizens were called up for reserve service, even before the intensification of the fighting in Lebanon in September 2024. The number of reservists called up and the amount of time they served were the highest in Israel in many years.

Reservists often disconnect from their everyday lives and dedicate themselves to military service. This can have a negative impact, among other things, on their employment and livelihood, as well as that of their family members. The arrangement for the payment of compensation for reserve service is set out in the National Insurance Law [consolidated version], 1995 (the NII Law), which stipulates that reservists are entitled to receive compensation for the days of their service (the Compensation) from the National Insurance Institute (NII) and the compensation is funded by the Ministry of Defense's budget.

Providing fair compensation for reserve service, in particular compensating for the loss of wages or income from a business, and ensuring that the employment rights of reservists are not impaired, are basic conditions for the continued existence of the reserve service model, especially given the expected need to increase the scope of reserve service in the coming years.

## Key Figures

**Only 11%**

of Israel's non-Arab residents ages 23–47 performed reserve service from the outbreak of the Swords of Iron War until July 2024

**NIS 20 billion**

Total reserve compensation that the NII paid from October 2023 to July 2024, compared to a total of approx. NIS 5.3 billion paid in total in the 3.75 years from the beginning of 2020 until September 2023

**110 days**

The average number of days that reservists served from the beginning of the Swords of Iron War until July 2024 – a ten-month period – in contrast with an average of 10 to 13 days from 2020 to 2023

**Approx. 318,000**

The number of citizens called up for reserve service between the beginning of the Swords of Iron War and July 2024 – a ten-month period – the highest in Israel in many years

**542 and 244**

The number of requests for dismissal and the number of permits given (respectively) by the Ministry of Defense's Employment Committee from October 2023 to May 2024, compared to 79 requests and 41 permits from January to September 2023 and a similar number in 2022 – almost seven times as many requests and six times as many permits given

**144**

The number of cases involving suspected violations of the employment rights of reservists that were handled by the Ministry of Defense, the Ministry of Labor, and the Equal Opportunities at Work Unit from October 2023 to May 2024 – about four times the average number of cases handled in 2021, 2022, and January–September 2023 (about 23 cases on average)


**57%**

The percentage of students who received the minimum compensation (approx. NIS 311 per day, which amounts to approx. NIS 9,300 per month) among all students who performed reserve service from October 2023 to July 2024

**18%**

The percentage of reservists from October 2023 to July 2024 who were students (approx. 60,000) – six times the percentage of students in the general population of Israel (approx. 3%)

## Audit Actions

 From December 2023 to August 2024, the Office of the State Comptroller examined the issue of compensation for reserve service and protection of the employment rights of reservists starting from the outbreak of the Swords of Iron War in October 2023. Regarding compensation for reserve service, the NII's actions were examined with respect to the payment of compensation, explanatory activities, information accessibility, and the full exercise of rights to receive compensation, as well as the normative arrangement for the payment of compensation. Regarding protecting the employment rights of reservists, the normative arrangement was examined, along with the actions surrounding the administration of this arrangement and the enforcement of labor laws by the Ministry of Labor (the Regulation and Enforcement Administration), the Ministry of Defense's actions, and the actions of the Equal Opportunities at work Unit in the Ministry of Economy and Industry (the Equal Opportunities Unit). Supplementary examinations were conducted at the Budgets Department and the Accountant General in the Ministry of Finance. Furthermore, in June 2024, the Office of the State Comptroller held a meeting with a focus group of reservists who agreed to share their experiences regarding the protection of employment rights.

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## Key Findings

**Characteristics of Reservists** – From the outbreak of the Swords of Iron War in October 2023 until July 2024 – a ten-month period – approx. 318,000 citizens were called up for reserve service. The percentage of Israel's non-Arab residents ages 23–47 who performed reserve service was only 11%, underscoring the need to expand the circles of those serving in the IDF. NII figures indicate the profile of the reservists – about half were 30 years old or younger, and almost a fifth were students, who served for extended periods, the longest seen in Israel in many years. The compensation paid to a third of the reservists was the minimum amount – approx. NIS 311 per day (which amounts to approx. NIS 9,300 per month), and approx. 30% of reservists who received the minimum compensation were students. The demographic profile of reservists indicates that over half of them – approx. 55% – were single, and the majority – approx. 63% – did not have children. The total number of children of reservists up to the age of 18 was approx. 290,000. In Israel's periphery (the Golan, Safed, Akko, Be'er Sheva, Kinneret, and Yizre'el districts) and in the Ramla, Hadera, and Judea and Samaria districts, the reserve service rate among ages 23 to 47 was approx. 12% to 28% – above the national rate of only 11%. Given the need to extend reserve service, the burden placed on this limited population group is expected to increase. Therefore, the provision of fair compensation for reserve service, in particular regarding compensation for the loss of wages or income from a business or for reservists whose wages are relatively low, and protecting the employment rights of reservists are a moral obligation of the state toward those bearing the burden of defense. These measures are also needed to ensure the continued existence of the reserve service model.





**Increasing the Minimum Compensation** – In 2023, until the outbreak of the Swords of Iron War, the legal minimum daily compensation was approx. NIS 215 per day (approx. NIS 6,450 for 30 days). After the outbreak of the war, in November 2023, in recognition of the significant contribution of reservists to the war effort, and because the minimum wage for a day of work was about 20% higher – approx. NIS 257 – the NII Law was amended to stipulate that for those called up for reserve service from October 7, 2023, until the end of 2023, the minimum daily compensation would increase from approx. NIS 215 to approx. NIS 300 (approx. NIS 9,000 for 30 days). In January 2024, the increase was extended through the end of 2024, and the minimum daily compensation was updated in line with changes in the consumer price index to approx. NIS 311 for 2024. In January 2025, after the end of the audit period, the increase was extended until the end of 2025. Therefore, according to the legal situation as of January 2025, the minimum daily compensation is expected to decrease by about 30% at the beginning of 2026. According to NII figures, about a third of reservists who served between October 2023 and July 2024 received the minimum daily amount (approx. NIS 311), which amounts to approx. NIS 9,300 per month.

**Reimbursement of Employers for the Payment of Social Security Contributions** – Before the war, employers were not entitled to be reimbursed by the NII for the social security contributions they paid during their employees' reserve service, so the employers bore these costs. Given the agreements reached with employers' organizations and workers in a February 2024 collective agreement that expanded the employment rights of reservists, new regulations were enacted in April 2024. According to these regulations, until the end of 2024, the NII would reimburse employers for the social security contributions for the period of service starting from the outbreak of the war at a rate of 20% of employees' daily income times the number of days of reserve service that they performed (the Employer Reimbursement Regulations). In January 2025, after the audit was completed, the Knesset's Labor and Welfare Committee approved extending the regulations to reimburse employers through the end of 2025. If the regulations are not extended beyond 2025, then starting in 2026, or when the emergency service ends or the special circumstances have ended, employers will once again bear the cost of the social security contributions for reservist employees. This cost is expected to be higher than before the outbreak of the war, given the anticipated increase in the average length of service in the coming years. This will further increase the economic disincentive for employers to hire reservists.

**Calculating Reserve Compensation** – In 2008, in the framework of passing the Reserve Service Law, 2008, the method of calculating reserve compensation was updated so that additional compensation would be given for the remaining days of service after dividing the period of service

into complete weeks (the Additional Period). For long periods of service, the rate of increase in compensation for the Additional Period decreases as the period of service increases, because the portion of the additional period out of the total period of service decreases. For example, when the reservist's salary is NIS 10,000 and the period of reserve service is 5 days, the Additional Period is 2 days and the compensation for the Additional Period (NIS 667) adds 40% to the compensation amount that would have been paid without the Additional Period (NIS 1,667); in contrast, when the service period is 124 days (17 weeks and 5 days), the Additional Period is also 2 days but the compensation for the additional period (NIS 667) only adds 1.6% to the compensation amount that would have been paid without the additional period (NIS 41,333). This means that the 2008 update to the calculation method is less effective for the long periods of service that have occurred during the war and are expected in 2026 and the following years.

 **Calculating Compensation for Self-Employed Reservists** – Because self-employed reservists performed a large number of days of reserve service during the Swords of Iron War, the income based on which the reserve compensation was paid was in many cases higher than the final tax assessments determined for that year, because due to the reserve service, there were months when the reservist's business did not fully operate. Consequently, these self-employed reservists incurred debts to the NII. Even though the NII raised the issue of self-employed reservists' debts with the Ministry of Finance in April 2024, only in December 2024 did the Ministry of Finance, in the explanatory memorandum to a draft bill, propose stipulating that in 2023 and 2024, self-employed reservists would be paid compensation based on the higher of the following: their income according to the final assessment for the year when they began their reserve service, or their expected income based on advance tax payments for the relevant tax year. Accordingly, debts incurred would be cancelled under the proposed amendment. Regarding 2025, the compensation will be based on the income according to which the reserve compensation was paid in 2024, as stated above, or on the final assessment for 2025 – the higher of the two. In January 2025, the NII Law was amended in accordance with the memorandum.

 **Oversight of Reserve Compensation** – Starting in 2008, following an amendment to the NII Law, reservists are entitled to continue to work during their service. Thus, a situation can arise in which reservists continue to work during their service and receive both full compensation and wages from their employer or income from their business. This arrangement allows reservists, where their military service permits it, to continue to maintain their work or business; reduces the impact on the employer; and contributes to the national economy, in part by increasing productivity and the state's tax income.

- It was found that because employers report the salary amount without separating wages for work from reserve compensation, the NII cannot determine how much of the reported salary is wages for work and how much is reserve compensation.
- An examination conducted by the NII regarding approx. 66,000 reservists who served for at least two periods from October 2023 to October 2024 and worked for the same employer in all of their service periods found that for about 20% (approx. 13,200 reservists), the compensation during the last service period was over 20% higher than the compensation during the first period. Accordingly, in January 2025, the NII Law was amended; the law set out a mechanism for NII oversight of reserve compensation payment in cases where the reservists' income that is relevant to the payment of compensation increased significantly over previous periods.

However, the NII and the IDF do not have a joint oversight mechanism that maximizes the information each possesses to ensure efficient utilization of public expenditure for reserve service. The IDF does not have information on reservists' additional income, and the NII does not have information on the periods of service in the IDF. It is important to note that the prolonged periods of reserve service and the high public spending on reserve compensation (approx. NIS 20 billion from October 2023 to July 2024) underscore the need to strengthen oversight of this spending through cooperation between the NII and the IDF.


### **The Scope of Protection of the Employment Rights of Reservists, Their Spouses, and the Other Parents of Their Children**

– After the outbreak of the war, the state expanded the protection of the employment rights of reservists, their spouses, and the other parents of their children, such as protection from dismissal, and protection of the work benefits granted to them, such as the ability to accumulate annual vacation days for the spouse or other parent.<sup>1</sup> As of August 2024, this was done in a series of measures throughout the period (November 2023, March 2024, and May 2024) – some in legislation without a time limit, some in legislation in force for a limited time, and some in the framework of an extension order [expanding provisions of a collective agreement to an entire sector] by the Minister of Labor based on a collective agreement that is also in force for a limited time. In addition, the conditions for the applicability of the worker protections and benefits vary from case to case; for example, the protection from dismissal of reservists for a period of up to 30 days after discharge is enshrined in law without a time limit, and authority for this is vested in the Ministry of Defense's Employment Committee. In contrast, protection from the 31<sup>st</sup> to the 60<sup>th</sup> day after discharge is set out in an extension order based on a collective agreement; it is in force until the end of 2025, after having been extended from time to time; its existence is contingent on the reservist being away from work due to reserve service for 60 days or more during the period when the collective agreement applies; and authority for this is vested in a supervisory committee of the

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<sup>1</sup> The definition of other parent here includes people who are separated or divorced, and common law partners.

Ministry of Labor. Moreover, regarding those injured during their reserve service, in December 2024 (after the end of the audit period), the government decided to list the minister of defense's announcement regarding his intention to examine the need to provide additional support measures for reservists injured in the Swords of Iron War, without explicitly mentioning the protection of employment rights in the decision. The above indicates that reservists, their spouses, the other parents, and their employers face uncertainty about the continued applicability of some of the former's employment rights and the latter's obligations. This uncertainty could disincentivize employers from hiring reservists, their spouses, and the other parents of their children, and could adversely affect their employment.

 **Information Accessibility and the Full Exercise of Rights Regarding Reservists, Their Spouses, and the Other Parents of Their Children** – Several agencies have the authority to handle cases of violations of employment rights (the Regulation and Enforcement Administration, the Ministry of Defense, and the Equal Opportunities Unit), and there can be cases in which various agencies have parallel authority, such as dismissal due to reserve service. In addition, each agency has acted independently to make information accessible and to ensure the full exercise of reservists' rights. In July 2024, on its website for reservists, the IDF published information on the full exercise of reservists' employment rights and the prohibition against the dismissal of the spouses of reservists, but it was found that no information was published on the rights of the other parents of the children of reservists who are not their spouses.



**The NII's Actions for the Payment of Reserve Compensation During Service and to Improve Public Information, Accessibility, and the Full Exercise of the Right to Compensation** – Starting from the outbreak of the war, the NII, in cooperation with the IDF and the Ministry of Finance, acted to pay reserve compensation during the reserve service and not only upon its completion, as previously; and to improve public information, accessibility, and the exercise of the right to compensation among reservists and their employers. The State Comptroller commends the NII for transitioning to monthly payment of reserve compensation and for the actions it took to publicize information and to ensure the full exercise of the rights of reservists and their employers regarding compensation for reserve service during the Swords of Iron War.

**The IDF's Actions to Make Information Accessible and for the Full Exercise of Rights** – In April 2024, the IDF established the National IDF Headquarters Center for Assistance and Support for Reservists and their Families (the General Staff Center). The website of the General Staff Center provides information on the protection of the employment rights of reservists, and the Center can be contacted via the website. As of July 2024, an attorney working on behalf of the General Staff Center is routing inquiries to the relevant agencies, such as the Enforcement Administration, and tracking their handling of the inquiries.

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## Key Recommendations



It is recommended that the Ministry of Finance, in cooperation with the Ministry of Defense, the NII, and the IDF, act to enact legislation that enshrines the increase in the minimum daily compensation without a time limit, to at least the level of the minimum wage for a day of work.



It is recommended that the Ministry of Finance, in cooperation with the Ministry of Defense, the NII, the IDF, and the relevant employers' and workers' organizations, advance an arrangement to reimburse employers for social security contributions for reservist employees beyond the end of 2025 that includes the conditions for providing reimbursements.



It is recommended that the Ministry of Finance, in cooperation with the Ministry of Defense, the NII, and the IDF, act to change how reserve compensation is calculated and reduce the erosion of the additional compensation as a percentage of the total compensation with increased lengths of service, given the expected increase in the average duration of service in the coming years.



It is recommended that the Ministry of Finance, in cooperation with the NII, the Ministry of Defense, and the IDF, consider regulating the payment of reserve compensation to self-employed reservists beyond 2025, so that their income is not adversely affected, in particular when serving for long periods. It is also recommended that the Ministry of Finance and the NII act in cooperation with the IDF toward the full exercise of the rights of self-employed reservists regarding their options for preventing or minimizing reductions in their income.



Given the expected increase in the scope of reserve service, it is recommended that the Ministry of Defense and the Ministry of Finance, in cooperation with the NII and the IDF, examine the arrangements for the payment of reserve compensation, the grants related to reservists, and the support measures that they provide to reservists and their employers, including taking into consideration the reservist's role in their service – while enshrining in legislation the distinction between reservists who are in the combat forces and those who are not, as expressed in the government's decisions on grants. It is also recommended that, as necessary, the Ministry of Defense and the Ministry of Finance, in cooperation with the NII and the IDF, advance legislative changes and adapt the way compensation is calculated to reflect the increased scope of reserve service.



Given the scope and nature of reserve service and the importance and financial scope of reserve compensation, it is recommended that the NII reassess the way employers report their employees' wages to it and advance the implementation of an obligation to report in a manner that enables distinguishing between the wages that an employee receives for their work and the salary that they receive for the

reserve compensation paid as part of the salary. It is also recommended that the NII and the IDF, in cooperation with the Accountant General in the Ministry of Finance, institute joint interfaces to oversee the payment of reserve compensation, using IDF data on service periods and NII data on reservist income, subject to the legal provisions governing information transfer between public agencies, in order to strengthen oversight of the high public spending on reserve compensation and bring about more efficient utilization of the resource of public spending on the reserves.



It is recommended that the Ministry of Labor – in cooperation with the Ministry of Justice, the Ministry of Finance, the Ministry of Economy and Industry, the Ministry of Defense, the IDF, and the relevant employers' and workers' organizations and additional entities as necessary – comprehensively examine the scope of the employment rights and protections that should be granted to reservists, their spouses, and the other parents of their children, as well as to those injured during their reserve service, discharged from service due to this to receive medical or rehabilitative treatment, and because of the injury are unable to return to work during this period. It is recommended that they make recommendations on this issue to the Minister of Labor in order to advance their regulation, if necessary, given the needs that have arisen on this issue during the Swords of Iron War and the expected increase in the number of reservists and the number of days that they serve in 2025 and 2026 and in the following years.

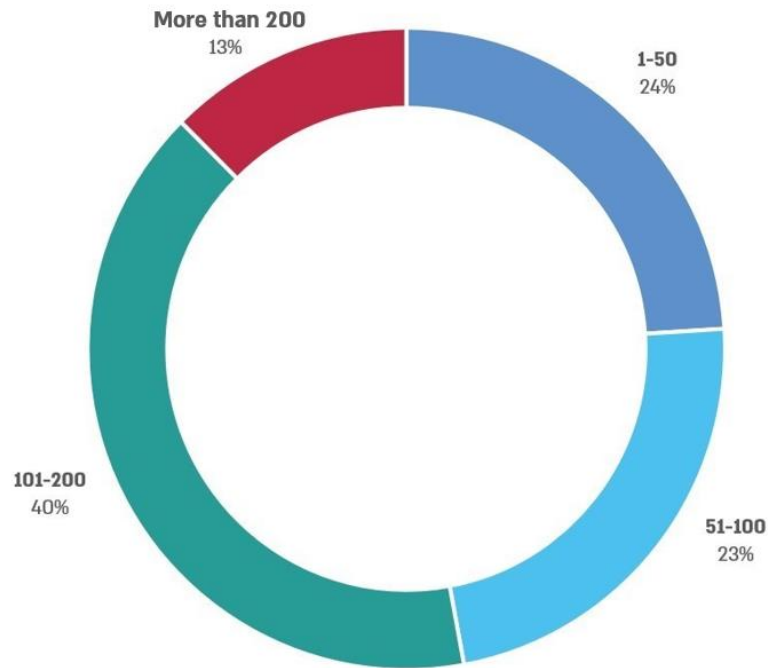


It is recommended that the Ministry of Defense, the Ministry of Labor, and the Equal Opportunities Unit continue to monitor suspected violations of the employment rights of reservists and that they determine ways to prevent violations and increase the exercise of their powers under the law to protect reservists, including working proactively with employers and reservists, representation, reaching out, and surveys of reservists to identify disparities from their perspective and the support measures they need.

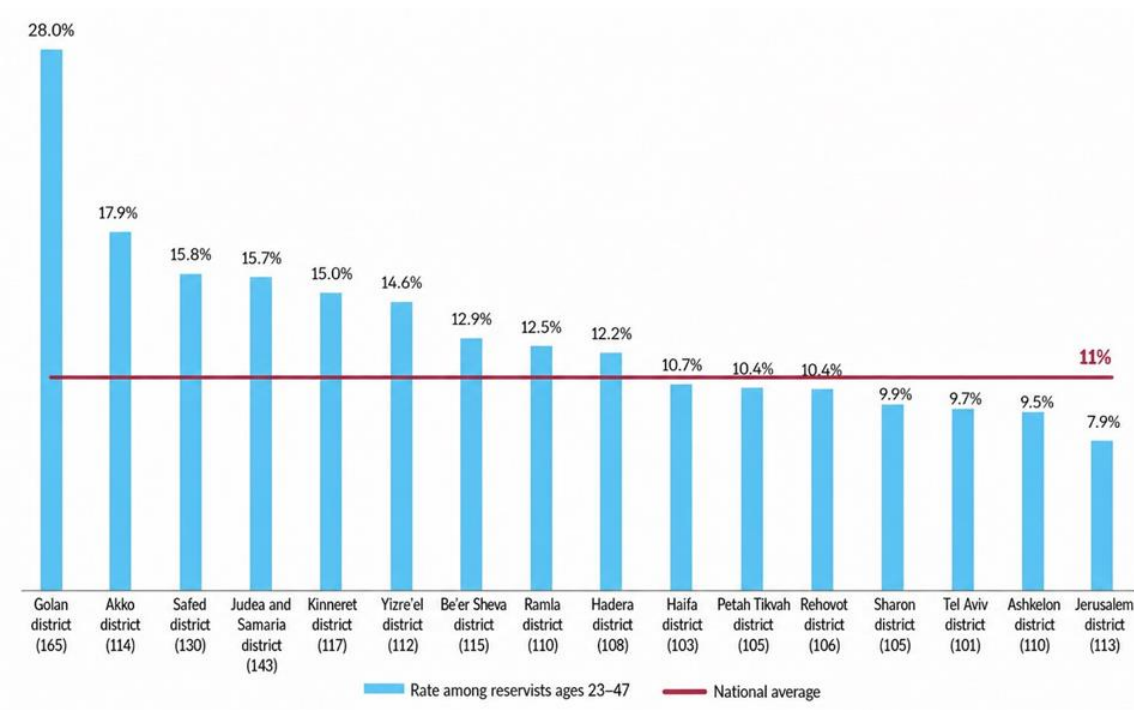


It is recommended that the IDF, in cooperation with the Ministry of Labor, the Ministry of Defense, and the Equal Opportunities Unit, continue to operate the IDF Headquarters Center for Assistance and Support General Staff Center to make information accessible, coordinate inquiries of reservists and their family members, and route them to the agencies authorized to handle them. In addition, it is recommended that these agencies collaborate to ensure that information on protecting employment rights is consistently accessible to this population.

**Distribution of Reservists by Number of Days of Service, October 2023 to July 2024**



**Percentage of Reservists among Ages 23–47 and Average Length of Service (in Days) by Geographical District\***



The number in parentheses in each district is the average number of days that reservists ages 23–47 in the district served.

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## Summary

The reserve forces are a central component of the IDF's strength and Israel's resilience. From the outbreak of the Swords of Iron War in October 2023 until July 2024, during the first ten months of the war, approx. 318,000 citizens were called up for reserve service – only 11% of Israel's non-Arab residents ages 23–47 – for long periods that have not been seen in many years. This low percentage underscores the need to expand the circles of those serving in the IDF. Most reservists served for many months during this period. Citizens serving in the reserves often disconnect from their everyday lives, dedicate themselves to military service, and sometimes risk their lives. Prolonged reserve service can have a negative impact, among other things, on the livelihood and employment of reservists and their families.

Since the outbreak of the Swords of Iron War, the NII, in cooperation with the IDF and the Ministry of Finance, acted to pay reserve compensation during the reserve service and to improve public information, accessibility, and the full exercise of the right to compensation, including streamlining and simplifying the bureaucratic procedure to receive it. However, the audit found that there are deficiencies in the normative arrangement of the payment of reserve compensation that have greater significance for prolonged periods of service, including with respect to the minimum compensation; reimbursing employers for the social expenses they have paid for their employees; and payment of compensation to self-employed reservists whose income was affected during their service. Regarding some deficiencies, legislative changes were made during the war, but only for a limited period of time, while others remained as they were prior to the war.

In addition, during the war, the state expanded the protection of the employment rights of reservists, their spouses, and the other parents of their children, and the workers' benefits granted to them. This was done in a series of measures throughout the period, some in legislation with no time limit, some in legislation in force for a limited time, and some in the framework of an extension order that is also in force for a limited time. This created uncertainty for reservists, their spouses, and the other parents, as well as for employers, regarding the continued applicability of some of the employment rights of the former and obligations of the latter. This uncertainty could disincentive employers from hiring reservists, their spouses, and the other parents, and could adversely affect their employment.

Given the anticipated expansion of reserve service in the coming years and the increasing burden on reservists, and in order to provide support to them and their family members, it is recommended that the Ministry of Defense and the Ministry of Finance, in cooperation with the NII and the IDF, examine the arrangements for the payment of reserve compensation, the grants related to reservists, and the support measures that they provide to reservists and their employers, including considering the reservists role in service, while enshrining in legislation the distinction between reservists in the fighting forces and those who are not, as expressed in the government decisions on grants. It is also recommended that as necessary, they advance legislative changes and adapt the way compensation is calculated to the increased scope of reserve service. Moreover, it is

recommended that the NII and the IDF, in cooperation with the Accountant General in the Ministry of Finance, institute joint interfaces to oversee the payment of reserve compensation, using IDF data on periods of service and NII data on reservists' income, given the prolonged periods of reserve service and the high public spending on reserve compensation (approx. NIS 20 billion from October 2023 to July 2024), which underscores the need to strengthen oversight of this spending through cooperation between the NII and the IDF.

It is also recommended that the Ministry of Labor, in cooperation with the Ministry of Justice, the Ministry of Finance, the Ministry of Economy and Industry, the Ministry of Defense, the IDF, the relevant employers' and workers' organizations, and other organizations as necessary, comprehensively examine the scope of the employment rights and protections that should be granted to reservists, their spouses, and the other parents of their children, as well as to those injured during their reserve service, discharged from service due to this to receive medical or rehabilitative treatment, and because of the injury are unable to return to work during this period, and make recommendations on this issue to the Minister of Labor in order to advance their regulation, if necessary, given the needs that have arisen during the Swords of Iron War and the expected increase in the number of reservists and the number of days that they serve in 2025 and 2026 and in the following years. It is also recommended that the IDF, in cooperation with the Ministry of Labor, the Ministry of Defense, and the Equal Opportunities Unit, continue to operate the General Staff Center, to make information accessible, to coordinate the inquiries of reservists and their family members, and to route them to the agencies authorized to handle them.

Provision of fair compensation for reserve service, especially when it involves compensation for the loss of wages or income from a business or regarding reservists whose salary is relatively low, and protecting the employment rights of reservists, their spouses, and the other parents of their children, are also the state's moral obligation toward this limited population group, which is bearing the burden of the state's defense; they are necessary to ensure the continued existence and proper functioning of the reserve service model, in particular given the expected increase in the average length of service in the coming years; and they benefit the economy in that they enable maximizing the earning potential of reservists.