



972 (2) 9910029

[info@labinsky.com](mailto:info@labinsky.com)

[www.labinsky.com](http://www.labinsky.com)

## The ABCs of *Aliyah* Financial Planning

Making *Aliyah* is the realization of a dream. The key is to turn that dream into a successful reality. And although the financial aspects of living in Israel are varied and complex, you can be sufficiently prepared with proper planning. This handout is a very brief but hopefully informative and helpful guide to the main financial points that will be relevant to your life in Israel.

Use this information to help set up your financial *Aliyah* plan. Consult with experts in the various fields, and let them clarify potentially complicated issues for you. Address the issues detailed here and you will be well on your way to a financially successful *Aliyah*. *Behatzlachah!*



## **Your Personal Plan – points to consider**

- Assess all the major areas of your life.
  - Tie up all the loose financial ends in your home country – consider if you will need to sell your home and/or business.
  - Check if your professional field will involve Israeli licensing or retraining.
  - Examine the education needs for yourself and/or your children.
  - Research your travel, shipping costs and housing requirements.
  - Evaluate the various options regarding residency issues in your home country.
  - Consider the ramifications of potential tax, estate and investment issues.

## **The First Five Years**

- Define your idea of a successful *Aliyah*.
- Consider your family commitments for the next five years.
  - Will you need to care for family abroad, either financially and/or physically?
  - Will you need to travel? How often?
  - Does your family have special medical or educational needs that might require extra attention in Israel?
- Ensure that you have 'emergency funds' – this should be 18 months' worth of living expenses.
- Ascertain that when in Israel you will be able to pay off any pre-existing debts.
- Research your employment prospects.

## **Housing**

### **Reasons to keep your home**

- Renting out your home will give you a continuing source of income.
- Your property remains a possible fallback option should you have to return.

### **Reasons to sell your home**

- Keeping your home can be time-consuming and stressful, and may involve management fees and other maintenance costs.
- Living in Israel while retaining your property abroad may raise residency issues in your home country (consult professionals to assess any potential impact).
- Your house will be a non-liquid asset, and you might need the money for a home in Israel.

## **Buying vs. renting**

- Research the Israeli mortgage market which is very different to that of North America.
- Don't be tempted to buy a house that you can't afford.
- Familiarize yourself with the various financing sources available in Israel.
- Renting gives you the option to 'try out' living in a potential area without making a long-term commitment.

## Life Insurance

- Consider if it is worth keeping your existing policies.
  - If yes, ensure that the policies will be valid when you are in Israel and that your financial plan includes all payments that will be due.
- If relevant, take out any new policies before *Aliyah*, as they are often only available to you while you are resident in your home country.
- Be aware of differences in the Israeli insurance system. E.g. many life insurance policies are built into retirement savings plans rather than standalone policies, and whole life policies are unavailable.
- There are far fewer insurance options, and prices can vary greatly and fluctuate over time.

## Tax Planning

- The tax laws for *olim* provide some great tax planning opportunities.
  - The 10-year tax "holiday" and "one year to decide" rule can create planning opportunities.
  - There is no universal reporting requirement in Israel.
  - There is a fixed tax percentage on all investment gains.
  - Re-evaluate wills and trusts, general inheritance and estate planning issues.
  - Consult a financial planner, accountant or tax lawyer if necessary.

## Employment Benefits

- Salaries in Israel incorporate long-term retirement savings plans which can add significantly to your bottom line.
- *Bituach menahalim*, *kranot pensia*, *kupot gemel* and *kranot hishtalmut* are different types of benefits that may be included in a monthly wage.
- Consider different employment structures - being an independent worker (*atzmaii*) can be complicated from a tax and financial planning perspective.

## Asset Management

- Your risk assessment plan must account for the need to diversify internationally.
- Consider diversifying into Israeli markets, which are internationally viewed as sound investments.
- Investments in the local currency of your future expenses reduce exchange rate costs and country risk.

## Retirement and Disaster Planning

- Your financial retirement plan must include any income from abroad and projected expenses.
- Consider other insurances (e.g. disability, health and long-term care).
- Ensure that your will takes into account regulations that apply in Israel.



972 (2) 9910029

[info@labinsky.com](mailto:info@labinsky.com)

[www.labinsky.com](http://www.labinsky.com)

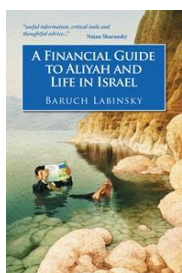
## About Us

Labinsky Financial has assisted hundreds of *olim* attain their goal of a financially successful life in Israel, both pre- and post-*Aliyah*. We help our clients understand the different financial situation in Israel, answer their questions, and guide them in the adjustments needed so that they can achieve financial stability in the short, medium and long term. We listen to our clients' needs and together build a financial plan that they can maintain.

At Labinsky Financial we work with our clients to develop the retirement plan that will meet their requirements in Israel when they are no longer working. Whether they are making *Aliyah* during retirement, just before retirement, or even early on in their working career, we help our clients so that their retirement savings will be sufficient to fund their golden age.

We also offer investment consultations and an investment management service, specializing, but not limited to, Israeli investments. There are unique investment challenges that face multi-nationals that need to be considered. This element forms a crucial part of our investment advice to all our clients, as we tailor-make their investment portfolio to suit their specific requirements in both Israel and their home country.

Visit our website [www.labinsky.com](http://www.labinsky.com) for more information and to read our informative blogs. Hear our podcasts on <http://labinsky.com/seminars/>.



Baruch Labinsky's acclaimed book 'A Financial Guide to *Aliyah* and Life in Israel' explains clearly, in layman's terms, the many financial issues and differences that *olim* encounter in Israel. This book has become the 'go to' resource used by potential and veteran *olim*.

As the review in Globes, Israel's business online newspaper, phrased it "... recommended for all English speaking *olim* ... It should convince *olim*, and potential *olim*, that money matters need not be a negative aspect of moving to Israel. Don't leave home without it." Buy your copy via <http://labinsky.com/book-store/>.



**Baruch (Brent) Labinsky**, MBA, TEP, is the founder of Labinsky Financial and an Independent Financial Planner and Investment Manager, licensed by the Israel Securities Authority. Baruch made *Aliyah* from Canada in 1993.

For the past 20 years he has worked almost exclusively with potential and veteran *olim*, helping them realize their dream of a financially secure life in Israel as they transition their finances to Israel. Baruch's services include pre- and post-*Aliyah* financial planning, retirement planning and investment management.