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CIRCULAR NR 38 OF 2025

TO: ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

SUBJECT: INCENTIVISED EARLY RETIREMENT PROGRAMME WITHOUT PENALISATION OF PENSION BENEFITS IN TERMS OF SECTION 16(6) OF THE PUBLIC SERVICE ACT, 1994, AND THE VOLUNTARY EXIT PROGRAMME FOR EMPLOYEES IN THE PUBLIC SERVICE

INTRODUCTION AND BACKGROUND

1. A special cabinet meeting held on 10 April 2024 approved the introduction of early retirement without penalisation of pension benefits in terms of Section 16(6) of the Public Service Act 1994, as amended, and the voluntary exit programme for employees in the public service.
2. The approval by Cabinet includes an additional financial incentive for employees aged 55 to 59 years calculated at two (2) weeks' of basic salary per year for the first twenty (20) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.
3. In addition, Cabinet approved a financial incentive for employees aged 60 to 63 years calculated at two (2) weeks' of basic salary per year for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.
4. Various options within the existing legal framework for human resources and finance were explored to maintain stability and to bring about future efficiency and productivity gains in all areas within the Public Service. All prescripts with respect to early retirement were considered based on the ongoing requests and queries from employees in the public service to exit without pension penalties.
5. It must be noted that the authority to grant early retirement (ER) without pension penalties, is vested within the relevant line department Executive Authority (EA) in terms of Section 16(6) of the Public Service Act (PSA), 1994, as amended or other sector legislation. This means that every EA has the discretion to approve or decline ERP requests for employees from the age of 55 to 59 years without pension penalties and VEP for employees aged 60 to 63, which are based on reasonable criteria set by the department.

6. Employees from the age of 55 to 59 years, employed in terms of the Public Service Act, Correctional Services Act, Defence Act, South African Police Service Act, Employment of Educators Act and the Intelligence Services Act shall, subject to other contextual conditions set by the Ministers responsible for the Services, Educators and the Intelligence Services, be eligible to apply for the Early Retirement Programme (ERP). These ERP provisions apply to members of the Services, Educators, or members of the Intelligence Services in so far as they are not contrary to the laws governing their specific employment.
7. Employees with less than ten (10) years of pensionable service are not eligible to apply for the ERP. Qualifying employees will be paid pension benefits in terms of the Government Employees Pension Fund formula. Employees appointed on contract or temporarily employed are not eligible to apply for the ERP. However, employees on contract such as Head of Departments (HODs) and Directors - General (DGs) are eligible to apply for the programme.
8. This Determination and Directive is made by the Minister for the Public Service and Administration in terms of section 5(5) of the Public Service Act, 1994, as amended.
9. National Treasury (NT) will provide additional funding to departments and government components, both nationally and provincially, who wish to utilise Section 16(6) of the PSA, 1994, (as amended) or applicable sector legislation. Conditions apply and departments are referred to the NT Funding Guideline.
10. The NT funding guideline sets the criteria for early retirement funding to support ER payments and determines the timelines for departments to apply for the funding. Employees are advised to liaise with the HR departments to determine their estimated pension benefits before making personal decisions to apply. The calculator available on the GEPF website (www.gepf.gov.za) can also be used to assist employees in calculating their estimated benefits.
11. The application process and NT funding support for the financial year 2025/2026 will be open for applications as of 15 October 2025. The closing date is 30 November 2025.

The following officials responsible for ERP at the DPSA may be contacted:

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Mr. Willie Vukela

Director-General (Acting): Department of Public Service and Administration

Date: 13/10/25



**DETERMINATION AND DIRECTIVE ON
INCENTIVISED EARLY RETIREMENT
PROGRAMME (WITHOUT PENSION
PENALTIES) AND VOLUNTARY EXIT
PROGRAMME FOR EMPLOYEES IN THE
PUBLIC SERVICE**

OCTOBER 2025

**MADE BY THE
MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION**

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1. INTRODUCTION

- 1.1 Section 16(6) (a) of the Public Service Act, 1994 (Proclamation 103 of 1994) (“the PSA”), provides that an executive authority may at the request of an employee allows him or her to retire from the public service before reaching the age of 60 years, notwithstanding the absence of any reason for dismissal in terms of section 17(2), if sufficient reasons exists for the retirement.
- 1.2 Section 16(6) (b) of the PSA provides that ‘if an employee is allowed to so retire, he or she shall, notwithstanding anything to the contrary contained in subsection (4) be deemed to have retired in terms of that subsection, and he or she shall be entitled to such pension as he or she would have been entitled to if he or she would have retired from the public service in terms of that subsection.
- 1.3 This Determination and Directive on incentivised Early Retirement Programme (ERP) and Voluntary Exit Programme (VEP) in the Public Service, hereinafter, referred to as the Determination and Directive, apply to early retirement (ER) approval in terms of section 16(6) of the PSA, without penalisation of pension benefits (i.e. ERP) and employees who want to retire at ages 60 to 63 years (i.e. VEP). In such instances, central funding will be approved by the National Treasury in terms of this Determination and Directive based on certain criteria being met.
- 1.4 Following a Cabinet decision on 10 April 2024 and subsequent negotiations in the Public Service Coordinating Bargaining Council, a special dispensation was approved in terms of section 5(5)(b) of the PSA for the implementation of early retirement without pension penalties in terms of section 16(6) of PSA for employees aged 55 to 59 and normal retirement with added financial incentives for employees aged 60 to 63.
- 1.5 The approved special dispensation provides for-
 - 1.5.1 a financial incentive for employees retiring early at aged 55 to 59 years calculated at two (2) weeks’ of basic salary per year for the first twenty (20) years of pensionable service and one (1) week’s financial incentive for each completed year of pensionable service thereafter; and
 - 1.5.2 financial incentive for employees retiring at ages 60 to 63 years calculated at two (2) weeks’ of basic salary per year for the first ten (10) years of pensionable service and one (1) week’s financial incentive for each completed year of pensionable service thereafter.
- 1.6 In terms of section 16(6)(a) of the PSA, “An executive authority may, at the request of an employee, allow him or her to retire from the public service before reaching the age of 60 years, notwithstanding the absence of any reason for dismissal in terms of section 17(2), if sufficient reason exists for the retirement”.

- 1.7 It must be noted that the authority to grant early retirement (ER) without pension penalties vests in the relevant Executive Authority (EA) in terms of section 16(6)(a) of the PSA or other sector legislation. This means that every EA has the discretion to approve ER requests for employees from the age of 55 to 59 years without pension penalties, if sufficient reason exists for the retirement.
- 1.8 Employees from the age of 55 to 59 years, employed in terms of the PSA, members of Correctional Services, South African National Defence Force (SANDF), South African Police Service (SAPS), Educators and members of the Intelligence Services shall, subject to other contextual conditions set by the Ministers responsible for the Services, Educators and the Intelligence Services, be eligible to apply for the ERP. These ERP provisions apply to members of the Services (Police, Correctional Services and SANDF) Educators, or members of the Intelligence Services in so far as they are not contrary to the laws governing their employment.
- 1.9 When an employee retires, his or her pension benefits are among others determined by the number of years of pensionable service and salary related factors.
- 1.10 National Treasury (NT) will approve the allocation of funding from the budgeted provisional allocations to qualifying departments, both nationally and provincially, who wish to utilise section 16(6) of the PSA, or applicable sector legislation.

2 PURPOSE

- 2.1 This Determination and Directive is issued to support the ERP without penalisation of pension benefits and the VEP with added financial incentive to eligible employees.
- 2.2 The ERP allows employees **aged 55 to 59 years** who wish to exit the public service to apply for early retirement without penalisation of pension benefits in terms of section 16(6) of the PSA.
- 2.3 The ERP provides for an additional financial incentive calculated at two (2) weeks' of basic salary per year for the first twenty (20) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.
- 2.4 The VEP allows employees **aged 60 to 63 years** who wish to exit the public service through normal retirement to receive a financial incentive calculated two (2) weeks' of basic salary per year for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.

3 LEGAL PROVISIONS

- 3.1 In terms of section 16(6) of the PSA, provision is made for employees to retire before the age of 60 years, subject to the approval of the EA.
- 3.2 The PSA defines the word “employees” as persons as contemplated in section 8 of the PSA, but excludes a person appointed in terms of section 12A”. However, section 2(2) of the PSA provides for its provisions to only apply to members of the Services (Police, Correctional Services and SANDF), Educators or members of the Intelligence Services in so far as they are not excluded from the provisions of the PSA or the provisions of the PSA are not contrary to the laws governing their employment. For purposes of section 2(2) of the PSA -
- 3.2.1 Members of the Services are -
- 3.2.1.1 The Regular Force of the SANDF Force appointed, or deemed to have been appointed, in terms of the Defence Act, 2002 (Act No. 42 of 2002); The SANDF has its own exit mechanism called the “Mobility Exit Mechanism” for the 2023/2024 financial year.
- 3.2.1.2 The South African Police Service (SAPS) appointed, or deemed to have been appointed, in terms of the South African Police Service Act, 1995 (Act No. 68 of 1995).
- 3.2.1.3 In the Department of Correctional Services (DCS) appointed, or deemed to have been appointed, in terms of the Correctional Services Act, 1998 (Act No. 111 of 1998).
- 3.2.2 Educator means any person who teaches educate or trains other persons or who provides professional educational services, including professional 10 therapy and education psychological services at any public school, further education and training institution, departmental office or adult basic education centre and who is appointed in a post on any educator establishment under this Act’ as defined in section 1(v) of the Employment of Educators Act, 1998 (Act No. 76 of 1998); and
- 3.3 Section 17(4) of the Government Employees Pension Law, 1996 (Proclamation 21 of 1996) provides that:
- “If any action taken by the employer or if any legislation adopted by Parliament places any additional financial obligation on the Fund, the employer or the Government or the employer and the Government, as the case may be, shall pay to the Fund an amount which is required to meet such obligation.”
- 3.4 Section 17(4) of the Government Employees Pension Law must be read together with the Rules of the Government Employees Pension Fund (GEPF).

3.5 Regulation 25 of the Public Service Regulations, 2016 (PSR) provides as follows:

- (1) An Executive Authority shall prepare a strategic plan for his or her department that –
 - (a) states the department's core objectives based on constitutional and other legislative or functional mandates;
 - (b) describes the core and support activities necessary to achieve the core objectives, avoiding duplication of functions;
 - (c) describes the targets to be attained in the medium term.
 - (d) sets out a programme for attaining those targets;
 - (e) specifies information systems that—
 - (i) enable the executive authority to monitor the progress made towards achieving those targets and core objectives;
 - (ii) support compliance with the reporting requirements in regulation 31 and the information requirements, referred to in regulation 70; and
 - (iii) enable service delivery through the use of information and communication technology; and
 - (f) complies with the requirements in regulations 5.1 and 5.2 of the Treasury Regulations.
- (2) Based on the strategic plan of the department, an executive authority shall:
 - (a) determine the department's organisational structure in terms of its core mandate and support functions—
 - (i) in the case of a national department or national government component, after consultation with the Minister and National Treasury; and
 - (ii) in the case of a provincial department or provincial government component, after consultation with the relevant Premier, the Minister and the relevant provincial treasury.
 - (b) define and create the posts necessary to perform the relevant functions of the department while remaining within —
 - (i) the current budget;
 - (ii) the Medium-Term Expenditure Determination and Directive of the department; and
 - (iii) the norms and standards determined by the Minister for post provisioning for occupants or categories of employees; and the posts so defined and created shall constitute the department's approved establishment.
 - (c) grade proposed new jobs according to the job evaluation and job grading systems referred to in regulation 41(1), except where the grade of a job has been determined in terms of an OSD or directed by the Minister in terms of regulation 41(2)(d); and
 - (d) engage in human resource planning in accordance with regulation 26 to meet the resulting human resource needs.

- (3) In implementing the strategic plan, a head of department shall:
 - (a) promote the efficient, economic and effective use of resources so as to improve the functioning of the department; and
 - (b) to that end, apply working methods such as the re-allocation, simplification and co-ordination of work, and eliminate unnecessary functions and systems.

3.6 Regulation 26 of the PSR provides as follows:

- (1) An executive authority shall prepare and implement a human resource plan for his or her department.
- (2) When preparing a human resource plan for his or her department an executive authority shall—
 - (a) assess the human resources necessary to perform his or her department's functions;
 - (b) assess existing human resources by race, gender, disability, age and any other relevant criteria;
 - (c) identify gaps between what is required under sub regulation (2)(a) and what exists under sub regulation (2)(b) and prioritise interventions to address the identified gaps.
 - (d) consider the employment equity plan as contemplated in regulation 27; and
 - (e) consider the available budgeted funds, including funds for the remaining period of the relevant medium-term expenditure framework, for the recruitment, retention, utilisation and development of human resources according to the department's requirements; and
 - (f) take into account any other requirements as may be directed by the Minister.

4 SCOPE AND APPLICATION

4.1 This Determination and Directive applies to:

- 4.1.1 employees from the age of 55 to 59 years, employed in terms of the PSA, educators, members of the services (Police, Correctional Services and SANDF) or members of the Intelligence Services, shall, subject to the other contextual conditions set by the Ministers responsible for Educators, Services, and the Intelligence Services, be eligible to apply for the Early Retirement Programme (ERP) of which identified costs will be covered in terms of the funding model set by National Treasury.; and
- 4.1.2 Employees aged 60 to 63 do not qualify for the ER in terms of section 16(6) of the PSA but are invited to apply for a 'voluntary earlier exit', i.e. VEP in return for a financial incentive calculated at two (2) weeks' of basic salary per year for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter, which

National Treasury will approve from centrally budgeted funding.

- 4.2 Employees who are appointed on a contract basis and those appointed on a temporary basis are **excluded** from applying for the ERP and VEP, as well as those who have or will have less than ten years' pensionable service at the time of exit.

5 AUTHORISATION

- 5.1 This Determination and Directive is made by the Minister for the Public Service and Administration in terms of section 3(5)(a) of the Public Service Act, 1994, with the concurrence of the Minister of Finance and in terms of section 5(5) of the said act.

6 IMPLEMENTATION PERIOD

- 6.1 The implementation period of the incentivised ERP and VEP will be effective from 1 October 2025 to 31 March 2027.

7 ELIGIBILITY CRITERIA AND FUNDING OF OTHER BENEFITS

- 7.1. The following items relevant to early retirement of employees aged 55 to 59 and employees aged 60 to 63 are to be funded by departments from within their baseline budgets:

7.1.1 Pro-rata service bonus pay;

7.1.2 Balance of the capped leave;

7.1.3 Unused current annual leave; and

7.1.4 Resettlement costs, where applicable, in line with the applicable departmental policy.

- 7.2. The following items relevant to early retirement of employees aged 55 to 59 and employees aged 60 to 63 are to be funded centrally from the budgeted provisional allocations upon approval by the NT:

7.2.1 Cost of the pension penalty waiver (no scaling down); and

7.2.2 Cost associated with additional financial incentive for employees aged 55 to 59 years calculated at two (2) weeks' of basic salary per year for the first twenty (20) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.

7.2.3 Cost associated with additional financial incentive calculated for employees aged 60 to 63 years calculated at two (2) weeks' of basic salary per year for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.

- 7.3. Compensation for medical assistance, as per the Determination and Directive on Medical Assistance in the Public Service, available on the DPSA website (www.dpsa.gov.za), stipulates that: - Compensation for post-retirement medical assistance and once-off payments for employees not eligible for post-retirement medical subsidy would be paid by the National Treasury through the Government Pensions Administration Agency (GPAA).

8 PERIOD OF APPLICABILITY OF FINANCIAL SUPPORT

- 8.1. The provision for applications for the ERP and VEP, where National Treasury approves central funding support to qualifying departments, is applicable for the financial years 2025/2026 and 2026/2027. Thereafter an evaluation will be done to determine whether a further need exists for the extension of this programme in its current form beyond 2026/27. However, where departments have available funding within their baseline budgets, they have the discretion on an ongoing basis to approve incentivised ER in terms of section 16(6) of the PSA in line with their HR Plans in terms of regulation 26 of the PSR. The same applies for VEP with the added financial incentives.
- 8.2. The first phase of the ERP and VEP will target exits over the period from October 2025 to 31 March 2026. Priority will be given to applications from departments that are experiencing significant compensation spending pressures and thus struggling to realign their human resource plans with their allocated budgets.
- 8.3. The second phase (1 April 2026 to 31 March 2027) will aim to facilitate further exits, building on the outcomes of the first phase to further support departments in managing their workforce and addressing compensation budgetary constraints effectively.

NOTE: The employer may decline ERP or VEP application if approval of such applications may adversely affect service delivery. The State may terminate the ERP and VEP if it has been oversubscribed.

9 PROCEDURE AND CONDITIONS

- 9.1. The financial incentive will be calculated using the date and age when the employee exits the Public Service.
- 9.2. In terms of section 16(6) of the PSA, the relevant EA or his/her delegated authority, is empowered to, upon receipt of a request from such employees, approve ER applications without pension penalties, if sufficient reason exists for the retirement based on the applicable criteria.
- 9.3. The approval of any ERP application without pension penalties, in respect of employees from the ages of 55 to 59 years, shall be subject to the pension laws, applicable criteria and conditions determined by the employer and the availability of funding. Similarly, the approval of any VEP application, in respect of employees from the ages of 60 to 63, shall be subject to

applicable criteria and conditions determined by the employer and the availability of funding.

- 9.4. For approved applications by National Treasury for the ERP, the costs incurred by waiving pension penalties for eligible employees will be centrally funded. The National Treasury will pay such amounts directly to the GEPF on behalf of departments. Similarly, for approved applications by National Treasury for both the ERP and VEP, the costs associated with the financial incentives will be allocated as additional funding to qualifying departments.
- 9.5. Where accrued capped leave and pro rata service bonus payments are applicable, the costs thereof will be paid by the respective departments.
- 9.6. Employees from the age of 55 to 59 years, who wish to apply for the ERP without the pension penalties, within the financial years specified by this Determination and Directive, are requested to submit their applications to their respective Human Resources (HR) offices, which shall be considered based on criteria set by relevant national and provincial departments and aligned with the funding conditions as determined by National Treasury. The management plans may differ logistically between departments due to differing contextual factors.
- 9.7. Employees from the age of 60 to 63 years, who wish to apply for retirement with the financial incentives, within the financial years specified by this Determination and Directive, are requested to submit their applications to their respective HR offices, which shall be considered based on criteria set by relevant national and provincial departments and aligned with the funding conditions as determined by National Treasury. The management plans may differ logistically between departments due to differing contextual factors.
- 9.8. Employees are advised to approach their internal HR Sections for assistance with the calculation of their estimated pension benefits.
- 9.9. The applications for ERP without penalisation of pension benefits and the financial incentive calculated at two (2) weeks' of basic salary per year for the first twenty (20) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service, thereafter, are subject to the approval by the EA or delegated authority terms of Section 16(6) of the PSA.

10 PROHIBITION

- 10.1 Employees with less than 10 years pensionable service are not eligible to apply for the ERP or VEP.
- 10.2 Employees who are appointed on a contract or temporary basis are not eligible to apply for ERP or VEP.
- 10.3 Acceptance by an employee of the financial incentives offered under this ERP or the incentivised VEP, shall preclude him or her from any subsequent re-employment into the public service.

DETERMINATION AND DIRECTIVE ON INCENTIVISED EARLY RETIREMENT PROGRAMME WITHOUT PENSION PENALTIES AND VOLUNTARY EXIT PROGRAMME FOR EMPLOYEES IN THE PUBLIC SERVICE

11 PROFESSIONALISATION OF THE PUBLIC SERVICE

- 11.1. Departments are encouraged to plan and implement youth employment interventions within the ensuing HR Plans and any other organisational developmental plans, and policies as maybe envisaged within this Determination and Directive.
- 11.2. As part of the initiatives to support the ideals of the National Development Plan (NDP) as well as the larger goal of professionalising the Public Service to be a career of choice for young people, departments are urged to utilise the ER mechanism in line with their HR plans and the criteria set out by the EA.

12 PRODUCTIVITY AND STABILITY

- 12.1 Implementation of these measures must not be detrimental to service delivery access and improvement that meets the needs and expectations of citizens.
- 12.2 It is pivotal to utilise these measures to maintain stability and to bring about future efficiency and productivity gains in all areas within the Public Service, through amongst other areas, training and developing employees for a skilled workforce, facilitating staff mobility for capacity building and skill deployment.

13 APPLICATION PROCESS AND APPROVAL OF THE EARLY RETIREMENT PROGRAMME (ERP)

- 13.1 Approval of Early Retirement (ER) applications are **not automatic**, as each application must be considered on its own merit as well as contextual factors considered by each EA and availability of funding.
- 13.2 It is imperative that departments adhere to specified timeframes as failing to do so, will result in forfeiture of central funding.
- 13.3 **Applications for financial year 2025/2026:** - A qualifying employee, who wishes to participate in the ERP or VEP, must apply in writing to the relevant EA or delegated authority. Employees between the age of 55 to 59 and 60 to 63 from 1 April 2025 - 31 March 2026 can apply as follows: -
 - 13.3.1 Employees to submit applications to their HR from a date to be communicated to departments through a circular by the DPSA Director-General for processing using the attached application form (Annexure A) and processes as determined by the respective department's management plan.
 - 13.3.2 Departments submit names of approved cases by the executive authority to the NT from 1 December 2025 via the attached spreadsheet (Annexure B)

- 13.4 **Applications for financial year 2026/2027:** - A qualifying employee, who wishes to participate in the ERP and VEP, must apply in writing to the relevant EA or delegated authority. Employees between the age of 55 to 59 and 60 to 63 from 1 April 2026 - 31 March 2027 can apply as follows: -
- 13.4.1 Employees submit their application to HR from 1 April 2026 – 31 September 2026 to process using the attached application form (Annexure A) and processes as determined by the respective department's management plan.
- 13.4.2 Department submit names of approved cases by the executing authority to the NT after the closure of the application process 01 October 2026 via the attached spreadsheet (Annexure B).
- 13.5 Each application must be fully motivated in terms of the criteria in this Determination and Directive and the supplementary criteria set by the relevant EA. It must be noted that each department or provincial administration's management plan and processes may contextually differ due to differing reporting and HR approval arrangements. However, the National Treasury funding criteria, for the financial year window period, remain standard and consistent for all departments seeking central funding support for ERP and VEP applications.
- 13.6 The following forms are compulsory and must be completed by applicants: South African Revenue Service (SARS). All tax related matters of the employee must be in order with SARS, if not, it may delay the processing of pension pay-outs.
- 13.6.1 The **Z102** (through PCM or manually) and related forms, must be completed by the employer for the withdrawal of an employee from the GEPP.
- 13.6.2 The **Z894** and all other related documents, which must be completed by the employee.
- 13.7 These forms will be discussed during consultations. Departments are encouraged to ensure that they have sufficient application forms available or ensure that employees can access such forms from the DPSSA website.

14 CRITERIA TO BE CONSIDERED

- 14.1 In determining the criteria for the ERP and VEP applications within their respective departments, an EA must ensure that-
- 14.1.1 The applicant is aged from **55 to 59 years** for ERP.
- 14.1.2 The applicant is aged from **60 to 63** for VEP;
- 14.1.3 There shall be no **negative impact on the delivery of services** by the department;

- 14.1.4 There shall be **no skills deficit created** within the department;
- 14.1.5 The **HR Planning needs** were considered;
- 14.2 In determining the criteria for the ERP applications within the respective departments, an EA may also consider: -
 - 14.2.1 The personal circumstances and future life career choices of an employee; and
 - 14.2.2 The years of pensionable service of an employee.

APPLICATION FOR:

- I) **EARLY RETIREMENT WITHOUT PENALISATION OF PENSION BENEFITS IN TERMS OF SECTION 16(6) OF THE PUBLIC SERVICE ACT, 1994, FOR EMPLOYEES AGED 55 TO 59 WITH AN ADDITIONAL FINANCIAL INCENTIVE CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TWENTY (20) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.**
- II) **NORMAL RETIREMENT FINANCIAL INCENTIVE FOR EMPLOYEES AGED 60 TO 63 YEARS CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TEN (10) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.**

Approval of Early Retirement (ER) applications are not automatic, as each application must be considered on its own merit as well as contextual factors considered by each EA and availability of funding by National Treasury.

IN THE FINANCIAL YEAR 2025/2026**WHAT IS THE PURPOSE OF THIS FORM**

NB: *This form must be completed after reading the **DETERMINATION AND DIRECTIVE ON EARLY RETIREMENT WITHOUT PENALISATION OF PENSION BENEFITS; AND WITH FINANCIAL INCENTIVE FOR EMPLOYEES IN THE PUBLIC SERVICE***

To apply for early retirement without penalisation of pension benefits in terms of section 16(6) of the Public Service Act, 1994, for employees aged 55 to 59 with an additional financial incentive calculated at two (2) weeks' of basic salary per year for the first twenty (20) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter. If you are between the age of 55 to 59 from 1 April 2025 - 31 March 2026.

Employees aged 60 to 63 do not qualify for Early Retirement in terms of Section 16(6) of the PSA but are encouraged to apply for a 'voluntary earlier exit' (normal retirement) in return for a financial incentive calculated at two (2) weeks' basic salary per year for the first ten (10) years of pensionable service and one week's financial incentive for each completed year of pensionable service thereafter. If you are between the age of 60 to 63 from 1 April 2025 - 31 March 2026.

This form must be used to apply for this dispensation by eligible employees. Only eligible employees who will fall within the qualifying age group during the qualifying period (1 April 2025 - 31 March 2026) may apply.

Please fill in all field in this form to assist with the approval process.

WHO SHOULD COMPLETE THIS FORM

Employees who qualify are those between the ages of 55- 59 years from 1 April 2025 - 31 March 2026 and wishing to voluntarily apply for Early Retirement Programme (ERP) without penalisation of pension benefits in terms of section 16(6) of the Public Service Act, 1994, and a financial incentive calculated at two (2) weeks' basic salary per year for the first twenty (20) years of pensionable service and one (1) week's financial incentive for each completed year of pensionable service thereafter.

Employees who qualify are between the aged 60 to 63 years from 1 April 2025 - 31 March 2026 do not qualify for ERP in terms of Section 16(6) of the PSA but are encouraged to apply for a 'voluntary earlier exit' in return for a financial incentive calculated at two (2) weeks' basic salary per year for the first ten (10) years of pensionable service and one (1) week's financial incentive for each completed year of pensionable service thereafter.

ADDITIONAL INFORMATION

This form requires basic information. You are requested to furnish additional certified information to the GEPP on separate forms that are required once approval is granted.

SPECIAL NOTES

All information is required for decision making in terms of Public Service Regulation, 2016.
HR officers must provide applicants with ALL the necessary information to support applicants to make informed post-retirement decisions..

EARLY RETIREMENT WITHOUT PENALISATION OF PENSION BENEFITS IN TERMS OF SECTION 16(6) OF THE PUBLIC SERVICE ACT, 1994, FOR EMPLOYEES AGED 55 TO 59 WITH AN ADDITIONAL FINANCIAL INCENTIVE CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TWENTY (20) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.

NORMAL RETIREMENT FINANCIAL INCENTIVE FOR EMPLOYEES AGED 60 TO 63 YEARS CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TEN (10) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.

SECTION A: PERSONAL INFORMATION

PERSAL Number									Title						
Surname									Initials						
ID Number															
Race (X)	African				Coloured				Indian				White		
Gender (X)	Male				Female				Disability?	No			Yes		
Rank									Post Level						
Job Title									Salary Notch						

SECTION B: CONTACT DETAILS OF APPLICANT

Mobile											
Telephone (W)	Code	Telephone				Cell phone number					
Email											

SECTION C: PHYSICAL WORKSTATION LOCATION OF APPLICANT FOR EARLY RETIREMENT

Name of Department		National Department	Provincial Department
Name of Province (if applicable)	Name of Region (if applicable)	Name of District (if applicable)	
Name of physical workstation: Institution/ office/unit			

EARLY RETIREMENT WITHOUT PENALISATION OF PENSION BENEFITS IN TERMS OF SECTION 16(6) OF THE PUBLIC SERVICE ACT, 1994, FOR EMPLOYEES AGED 55 TO 59 WITH AN ADDITIONAL FINANCIAL INCENTIVE CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TWENTY (20) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.

NORMAL RETIREMENT FINANCIAL INCENTIVE FOR EMPLOYEES AGED 60 TO 63 YEARS CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TEN (10) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.

SECTION D:

ELIGIBILITY CRITERIA FROM 55 – 59 YEARS (1 April 2025– 31 March 2026)

Date of preferred exit by applicant- qualifying age consideration	D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---

ELIGIBILITY CRITERIA FROM 60 – 63 YEARS (1 April 2025– 31 March 2026)

Date of preferred exit by applicant – qualifying age consideration	D	D	M	M	Y	Y	Y	Y
--	---	---	---	---	---	---	---	---

SECTION E: INFORMATION FOR CONSIDERATION OF APPLICATION

Employee age as at preferred date of exit from the Public Service				Y	Y	M	M	Service delivery needs taken into consideration (x)	Yes	No
Number of years of pensionable service at date of proposed exit		Y	Y	M	M	Do you have 15 years of actual service by the proposed date of exit? (For purpose of the post-retirement medical assistance (PRMA)) (X)			Yes	No
Have you simultaneously applied for ill health retirement (X)								Yes	No	

SECTION F: EMPLOYEE MOTIVATION FOR CONSIDERATION (as per s16(6) provisions)

[illegible]

DECLARATION BY APPLICANT

1. I _____ (full names) hereby apply for (please tick box a or b)

☐ a Early Retirement Programme without penalisation and an incentive calculated at two (2) weeks' financial incentive for first (20) years of pensionable service; and one week's financial incentive for each completed year of pensionable service thereafter as **I am between the age of 55 to 59 from 1 April 2025 - 31 March 2026**

OR

☐ b A 'voluntary earlier exit' in return for an incentive calculated at two (2) weeks' financial incentive for the first ten (10) years of pensionable service and one week's financial incentive for each completed year of pensionable service thereafter as **I am between the age of 60 to 63 (not yet 64) in the period 1 April 2025 - 31 March 2026**

2. I understand that any incorrect or incomplete information supplied could lead to my application not being considered for approval.
3. The financial implications of my application were discussed with me by my HR/Finance section, and I understand the implications.
4. I understand Employees who have exited the service through the ERP are prohibited from re-employment in the public service in any capacity or level. Departments may however consider such applications for employment when the employee has served a minimum period of five (5) years after exiting the public service.
5. I understand that once my application has been approved by the final approval authority, I cannot retract my application.
6. I acknowledge that my application is subject to approval by the executive authority or his/her delegate and should my application be approved, I must exit from the public service as agreed

I declare that all the information provided (including any attachments) is complete and correct to the best of my knowledge and that I am eligible to apply for this provision.

Signature of applicant		Date	D	D	M	M	Y	Y	Y	Y
------------------------	--	------	---	---	---	---	---	---	---	---

SECTION G: CONTACT DETAILS OF DIRECT LINE MANAGER/SUPERVISOR WHO IS DELEGATED TO SUPPORT THIS APPLICATION

Surname		Name		Initials		
Job Title				Rank		
Mobile						
Email						
Recommended				Not Recommended		
Signature				Date		

SECTION H: CONTACT DETAILS OF LINE MANAGER WHO IS DELEGATED TO RECOMMEND THIS APPLICATION

Surname		Name		Initials		
Job Title	Rank					
Mobile						
Email						
Supported				Not Supported		
Signature	Date					

SECTION I: CONTACT DETAILS OF DELEGATED AUTHORITY (eg HOD OR EA) WHO IS DELEGATED TO APPROVE THIS APPLICATION

Surname		Name		Initials		
Job Title	Rank					
Mobile						
Email						
Approved				Not Approved		
Signature	Date					

EARLY RETIREMENT WITHOUT PENALISATION OF PENSION BENEFITS IN TERMS OF SECTION 16(6) OF THE PUBLIC SERVICE ACT, 1994, FOR EMPLOYEES AGED 55 TO 59 WITH AN ADDITIONAL FINANCIAL INCENTIVE CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TWENTY (20) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.

NORMAL RETIREMENT FINANCIAL INCENTIVE FOR EMPLOYEES AGED 60 TO 63 YEARS CALCULATED AT TWO (2) WEEKS' OF BASIC SALARY PER YEAR FOR THE FIRST TEN (10) YEARS OF PENSIONABLE SERVICE; AND ONE (1) WEEK'S FINANCIAL INCENTIVE FOR EACH COMPLETED YEAR OF PENSIONABLE SERVICE THEREAFTER.

ANNEXURE B

EARLY RETIRMENT APPLICATION APPROVED BY THE EXECURING AUTHORITY OR DELEGATED

Department: _____

	Name and Surname of employee	Persal number	Salary level	Years of service	Date of exit
1					
2					
3					
4					
5					

Approved by National Treasury

Date _____

Contact detail of person in HR to whom the signed document must be forwarded:

Name and Surname: _____

Email address: _____

Contact number: _____

Annexure C:

GUIDELINES FOR THE 2025 MTEF PERIOD CRITERIA FOR FUNDING AND PROCESSING OF APPLICATIONS FOR EARLY RETIREMENT PROGRAMME

[Early retirement in terms of PSA s16(6) or sector legislation]

Early retirement without penalisation of pension benefits in terms of section 16(6) of the public service act, 1994 with an additional incentive calculated at two weeks basic salary for every full year of the qualifying period of service.

Normal retirement incentive for employees at aged 60 to 63 years calculated at two weeks basic salary for every full year of the qualifying period of service.

Issued by National Treasury

Funding Guideline 2025

1 PREAMBLE

- 1.1 The recently tabled Budget 2025 reflects an economy that is currently operating under significant fiscal constraints. The imperative to manage public spending, particularly the compensation of employees, requires strategic interventions that support long-term fiscal sustainability while maintaining the capacity of the state.
- 1.2 The incentivised Early Retirement Programme (ERP) and incentivised Voluntary Exit Programme for eligible employees is introduced as key measures to manage the public service wage bill, create efficiencies, and enable the realignment of departmental structures to better meet service delivery mandates. These programmes are designed to provide an attractive, voluntary exit path for long-serving public servants while creating opportunities for savings and the renewal of the public service workforce.
- 1.3 These guidelines establish the funding framework model, and conditions for the incentivised ERP and incentivised voluntary exit programme to ensure their implementation is fair, transparent, and aligned with national fiscal objectives.

2 PURPOSE

- 2.1 This Annexure provides guidelines for national and provincial departments on the funding and implementation of the incentivised ERP as well as those who aged 60 to 63 who wish to exit the public service for the 2025/26 and 2026/27 financial years.
- 2.2 The main purpose of this document is to:
 - Outline the criteria for accessing central funding from the National Treasury (NT) for costs associated with the incentivised ERP and incentivised voluntary exit programmes for those aged 60 to 63.
 - Detail the new financial incentives available to eligible employees.
 - Define the processes departments must follow when applying for funding and implementing these programmes.
 - Establish the conditions attached to the funding to ensure it assists departments in managing compensation budgets effectively.

3 INTRODUCTION AND BACKGROUND

- 3.1 The Minister of Finance has reiterated the measures that government needs to put in place to assist with the growing budget deficit, which has accrued due to the increase in government expenditure. The Minister has further indicated at the conclusion of the 2023 Wage Agreement (*Resolution 1 of 2025*) that significant trade-offs in government spending over the short-term and medium-term period will be required. This includes better headcount management through various measures such as PERSAL control and other exit mechanisms.
- 3.2 Various options within the existing legal framework for human resources and finances, were explored by officials from NT and the Department of the Public Service and Administration (DPSA) to maintain stability and to bring about future efficiency and productivity gains in all areas within the public service. The incentivised ERP and incentivised voluntary exit programme for employees aged 60 to 63, are such key initiatives identified to create efficiencies and support human resource realignment.

- 3.3 It must be noted that the ERP is also in response to a need identified by employees, who wish to exit the public service before the official retirement age, but where departments do not have funds set aside within budgets to consider such personal requests.
- 3.4 It must be noted that the authority to grant early retirement without pension penalties, in terms of section 16(6) of the PSA or other sector legislation, is vested within the relevant executive authority (EA).
- 3.5 NT will be assisting in providing some additional funding to qualifying departments and government components, both nationally and provincially, who wish to utilise section 16(6) of the PSA or applicable sector legislation.

4 EARLY RETIREMENT PROGRAMME (ERP) – CALCULATION OF COST COMPONENTS

- 4.1 Cost components associated with the ERP are hinged on key provisions that have immediate budget implications, excluding funded pension obligations. These include (i) pension penalty, (ii) financial incentive, (iii) pro rata service bonus, (iv) payment for unused annual leave, (v) compensation for medical assistance in relation to prescripts, (vi) housing allowance, and (vii) resettlement costs in relation to policy.
- 4.2 Government has evaluated the potential efficiency benefits associated with assisting departments by funding identified costs, for cases which meet the criteria as set out in NT assessment processes as follows:

4.2.1 PENSION PENALTY

Section 16(6) of the Public Service Act allows for early exits for those employees aged 55 to 59, through the ERP. Ordinarily, early retirement pension benefits are reduced by **0.333 per cent** per for each complete month between the member's actual date of retirement and his or her pension-retirement date as provided for under rule 14.3.3(b) of the GEPP rules. The reduction of benefits is applicable to both the gratuity, as well as the annuity.

4.2.2 PRO-RATA SERVICE BONUS

Pro-rata Service bonus is calculated by simply dividing the *basic annual salary* by 12 months to arrive at an estimate of one month's salary earnings depending on your choice option in the case of total cost to employer. This amount is then adjusted downwards for the number of unexpired months to the end of the financial year. (NB: Each HR department can assist with such calculation based on the option chosen by an employee).

4.2.3 UNUSED ANNUAL/VACATION LEAVE

Payment for unused annual/vacation leave credits, is based on the number of unused leave days for the current and previous leave cycles, plus any accrued capped leave days (where applicable). Noting that the methodology to compute a leave payout is determined in the **Determination and Directive on Leave of Absence** (DPSA), the sum of these days is divided by **260.714** to his/her credit at termination of service. The total number of unused annual leave days from the current/previous leave cycle is multiplied by the employee's basic salary plus 37 per cent (Levels 1-10) or the employee's inclusive remuneration package (Levels 11-16) on the last day of duty. Departments must consult the *Determination and Directive on Leave of Absence* available on the DPSA website (www.dpsa.gov.za).

4.2.4 COMPENSATION FOR MEDICAL ASSISTANCE

Compensation for medical assistance is based on the number of pensionable service years and membership of registered medical aid schemes. This requirement applies to both SMS and non-SMS members and different compensation amounts apply depending on the number of years of service (i.e. whether more than 15 years of service or less than 15 years). Departments are to refer to the *Determination on Medical Assistance* available on the DPSA website (www.dpsa.gov.za).

4.2.5 HOUSING ALLOWANCE

Housing allowance is paid in terms of the *Determination and Directive on Housing* and applicable PSCBC agreements, available on the DPSA website (www.dpsa.gov.za). Employees enrolled to the Government Employees Housing Scheme (GEHS) Individual-Linked Savings Facility (ILSF), should be paid out their accumulated savings.

4.2.6 RESETTLEMENT COSTS

Resettlement costs are applicable to employees going on retirement. Departments should consider the applications as and when they arise in line with the applicable policies. Where a departmental policy does not exist then the applicable PSCBC resolution applies.

5 ELIGIBILITY AND FUNDING RESPONSIBILITY

5.1 The following items relevant to the incentivised ERP for employees aged 55 to 59; and employees aged 60 to 63 are to be funded by affected departments from within their baseline budgets:

- Pro-rata Service Bonus.
- Balance of the Capped leave.
- Unused current annual/vacation leave.
- Resettlement Costs, where applicable, in line with applicable departmental policy; and
- Any other ERP associated costs other than those mentioned in paragraph 5.2.

5.2 The following items are to be funded centrally by the NT:

- Cost of the pension penalty waiver (no scaling down); and
- Cost associated of the additional incentive calculated at two week's basic salary for first complete twenty years of pensionable service; and one week's basic salary for each full completed year of pensionable service thereafter.

5.3 Compensation for Medical Assistance, as per *Determination on Medical Assistance* available on the DPSA website (www.dpsa.gov.za)

5.4 Compensation for post-retirement medical assistance; and once-off payments for employees not eligible for continuation medical benefits, would be paid by the NT through the Government Pensions Administration Agency (GPAA).

5.5 For all costs related to Provincial Departments, allocations will be addressed through the division of revenue process.

5.6 Government will be providing mechanisms to assist departments and government components, both nationally and provincially, who wish to utilise section 16(6) of the PSA or applicable sector legislation.

Departments and government components will not be expected to surrender any savings realised from the ERP process back to the National Revenue Fund.

6 SCOPE OF FUNDING PROVISION BY NATIONAL TREASURY

6.1 The following two distinct options are available for eligible employees:

6.1.1 Incentivised ERP (Ages 55 to 59)

- Employees aged 55 to 59 who are employed in the public service.
- Approved applicants will have their pension benefits paid without the standard penalty for early retirement.
- An additional financial incentive will be paid, calculated as follows:
 - **Two weeks' basic salary** for each of the first twenty completed years of pensionable service; plus
 - **One week's basic salary** for each completed year of pensionable service thereafter.

6.1.2 Voluntary Exit Incentive (Ages 60 to 63)

- Employees aged 60 to 63 are eligible to apply for a voluntary early exit. As they are past the minimum retirement age, their pensions are not subject to penalty.
- To encourage participation, a financial incentive is offered, calculated as follows:
 - **Two weeks' basic salary** for each of the first ten completed years of pensionable service; plus
 - **One week's basic salary** for each completed year of pensionable service thereafter.

6.2 The provision for funding for applications for the above incentivised options is applicable for the 2025/26 and 2026/27 financial years or as announced by the Minister of Finance.

6.3 NT will be assisting in providing additional funding to qualifying departments and government components, both nationally and provincially, who wish to utilise section 16(6) of the PSA or applicable sector legislation. However, it should be noted that priority will be given to those departments that are experiencing significant pressures within their compensation budgets in 2025/26 and 2026/27.

7 FUNDING CRITERIA

7.1 Government will be providing mechanisms to assist departments and government components, both nationally and provincially, who wish to utilise section 16(6) of the PSA or applicable sector legislation. Departments and government components will not be expected to surrender any savings realised from the ERP process back to the National Revenue Fund.

7.2 Since savings are expected to remain within the departmental baselines, NT funding will be provided on condition that such savings from the ERP are utilised for the realignment of the human resource planning with available budget considering the existing compensation of employees spending pressures. The aim of this condition is to assist departments to remain within their budget allocations, over the relevant MTEF period.

7.3 Departments who are interested in participating in the programme are required to submit the ERP plan which should demonstrate the following among others:

- The number of employees eligible for participation and their current remuneration levels and cost.
- Estimated savings from the ERP process and planned utilisation including any plans for replacements or re-organisation.

- 7.4 Funding approval will be granted once NT has satisfied itself that consideration has been made to deal with existing spending pressures on compensation of employees over the relevant MTEF period.
- 7.5 In the event where replacements are necessary to avoid negative impact on service delivery, departments are then urged, to give priority to qualifying employees who are remunerated at the top-end scales of salary notches or personal notches falling within the identified category to realise the needed savings. In this regard, qualifying employees who are at least on salary notch level 8 and above should be given priority. This is subject to the provisions outlined in the relevant legislation/circulars/determination governing recruitment matters.
- 7.6 Departments are further advised to make new appointments on first salary notches when recruiting and filling vacancies emanating from the early exit exercise, subject to the provisions outlined in the relevant legislation.
- 7.7 For departments that receive funding based on approved applications but fail to utilise savings realised to deal with the spending pressures, NT shall institute the necessary steps to recover the funds allocated from the MTEF baselines of the affected departments and government components through the budget process.
- 7.8 **Departments and government components that may not wish to comply with the funding conditions as outlined by NT, may implement the ERP without penalties and the incentive calculated at two weeks basic salary for every full year of the qualifying period of service by bearing all the associated costs from their own baselines.**

8 ASSESSMENT PROCEDURE FOR ERP APPLICATIONS

- 8.1 The application process will be decentralised to the departments and provinces. Departments will be expected to set up own committees based on departmental operations and processes that would make recommendations to the EA's. This will allow the relevant EAs to make informed decisions in respect of the approvals. It is expected of the departments to make reasonable assessment based on the set criteria.
- 8.2 The processing of all ERP applications must be managed centrally at each department HR office/ Head office. Department may establish internal processes to consider applications before a final decision is made. The process may officials responsible for HR functions as well as those responsible for the Financial Function or an accountable structure the department may deem suitable. Different processes may be institutionalised in instances where HR operates at Districts/Reginal/ Head office levels.
- 8.3 The EA will have the discretion to approve early retirement requests for employees aged 55 to 59 years, without pension penalties, based on reasonable set criteria. Generally, applicable guidelines provided by both the Minister for the Public Service and Administration (MPSA), as well as the Minister of Finance are provided to support the decision-making process, to ensure continued service delivery to citizens and retention of critical skills where needed.
- 8.4 A **cost-benefit analysis** is to be conducted for each case indicating total earnings per case, the estimated costs of the ERP, and estimated savings to be realised per year over the relevant MTEF.

The assessment process should also detail whether the relevant post will be filled or abolished, the occupations affected, relevant salary grade/levels, and implications of not filling associated posts for direct service delivery.

- 8.5 Departments are required to conduct specific costing exercises for each of the early retirement cases identified and submit a comprehensive motivation to the NT for assessments and approval for funding.
- 8.6 The comprehensive motivations should outline costs associated with each of the cost elements to be funded relevant to early retirement exits for which a funding request is being made.
- 8.7 Central funding from the NT for identified and approved early retirement cases will be based on the funding criteria outline in paragraph 7.
- 8.8 To assist the NT in making an informed assessment of the funding request, departments are expected to provide the following information:
- A list of posts per salary level and occupation that exited, categorised by exit mode, along with the associated average earnings for each of the financial years for the relevant MTEF.
 - A list of relevant vacant posts per salary level and occupation that are filled, categorised by the nature of appointment, as well as the associated average earnings for each of the financial years for the relevant MTEF.
 - An assessment of net savings associated with average unit cost management activities related to the points above

9 MONITORING AND REPORTING PROCEDURES

- 9.1 ERP implementation is to be decentralised to departments. Departments at both national and provincial spheres of government are to ensure that each ERP case is viable before it is approved, based on the DPSA criteria.
- 9.2 Provincial Treasuries must submit consolidated approved cases to the NT's Intergovernmental Relations (IGR) provincial representative for further processing and monitoring by NT.
- 9.3 All funds approved on behalf of provinces, will be allocated as a ring-fenced conditional grant with specific conditions attached to ensure that they are used for their intended purposes.
- 9.4 Departments are expected to provide frequent updates with implementation of the programme **to the relevant Treasury Budget Analyst linked to the department**. A full progress report must be submitted to the NT on a quarterly basis. The report should detail the following information:
- A list of posts per salary level or grade per occupation where ERs were granted, as well as the associated average earnings for each ER case for the financial years for the relevant MTEF.
 - A list of relevant vacant posts per salary level or grade per occupation that are filled including the nature of appointment, as well as the associated average earnings for each ER case for the financial years for the relevant MTEF.

END

ANNEXURE D



FREQUENTLY ASKED QUESTIONS ON THE INCENTIVISED EARLY RETIREMENT PROGRAMME (ERP) WITHOUT PENALISATION OF PENSION BENEFITS AND THE VOLUNTARY EXIT PROGRAMME (VEP) FOR EMPLOYEES IN THE PUBLIC SERVICE

Who qualifies for the Early Retirement Programme without penalisation of pension benefits

Employees aged 55 to 59 who have not yet reached the age of 60 and who wish to retire may apply for early retirement without penalisation of pension benefits.

What is the associated financial incentive for Employees aged 55-59

The ERP provides an additional financial incentive calculated at two (2) weeks of basic salary per year for the first twenty (20) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.

Educators and the Members of the Services (Police, Defence, Correctional and Intelligence Services) also qualify in terms of their own legislation.

Any employee who meets the criteria of age and criteria as set by each sector department, may apply for consideration via a departmental process.

What are the Financial Incentives for Employees aged 60 to 63 to benefit from this Programme

Employees aged 60 to 63 are invited to apply for 'voluntary exit' (normal retirement) to receive a financial incentive calculated at two (2) weeks' of basic salary per year for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.

When is the commencement date of the Early Retirement Programme and the Voluntary Exit Programme

The ERP and the VEP will run from **1 October 2025 with an expected exit of 31 March 2026** for exit in the financial year (2025/26). You must exit the Public Service during the financial ending 31 March 2026 and within the qualifying age group within that period.

Which Employees are eligible for Early Retirement Programme without penalization of pension benefits and the Voluntary Exit Programme

Those identified in terms of the Determination and Directive on Early Retirement without penalisation of pension benefits in terms of section 16(6) of the Public Service Act, 1994, for employees aged 55-59 and the 60-63 group;

Employees who are permanently employed between the age group mentioned above by 31 March 2026;

Those employees on contract or temporarily employed, are **excluded**, from applying, as well as those who do not fall within this age group during the mentioned period;

Employees on contract such as Head of Departments (HODs) and Directors -General (DGs) are eligible to apply for the ERP or VEP

Employees of government departments (including Defence, Education, Police, and National Intelligence) and components at both national and provincial spheres of government, **excluding** public entities and municipalities. It is to be done in line with functional requirements from individual Departments' legislations.

Which costs will be financed by the National Treasury

- **Early retirement pension penalty reduction** applicable to early retirement
- **Financial incentive for employees aged 55 to 59 years** calculated at an incentive calculated at two (2) weeks of basic salary per year for the first twenty (20) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.
- **Financial incentive for employees aged 60 to 63 years** calculated at two (2) weeks' of basic salary per year for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter; and
- **NB Compensation for medical assistance**, as per the latest Determination and Directive on Medical Assistance for employees in the Public Service available on the DPSA website (www.dpsa.gov.za). Applications for Medical assistance will be processed via GPAA (Government Pensions Administration Agency).

What costs will be financed by departments

- Service bonus/ pro-rata;
- Balance of the capped leave;
- Unused current annual leave; and
- Resettlement costs, where applicable, in line with the applicable departmental policy.

How will my pension benefits be calculated

National Treasury will pay the cost of waiving the early retirement reduction applicable to early retirement to the Government Employees Pension Fund (GEPF). The amount of pension benefits payable to the employee will be calculated at the time of retirement of the employee and will be paid by GEPF as pension.

Benefits are calculated and payable based on the applicable retirement formula at the date of exit.

Will I pay tax on early retirement

YES. The applicable SARS individual tax deduction tables tax regime will apply.

What is the duration of the Early Retirement Programme and the Voluntary Exit Programme

Funding for the first phase of the ERP will be made available for the financial year 1 April 2025 to 31 March 2026. Applications are however opened from 1 October 2025 to 30 November 2025. This is to allow the legal requirement to serve the 3 months' notice after the funding approval by National Treasury.

When does the 3 months' notice period start

Under normal circumstances in terms of section 16 (b)(iv) of the Public Service Act 1994, it starts 3 months before the employee turns 55. Since the National Treasury (NT) must approve funding of ERP without penalisation of pension benefits, the 3 months' notice period will start after funding approval by NT.

What dispute process should be used regarding the Early Retirement Programme and the Voluntary Exit Programme

The normal dispute process will be applicable.

When will the applicant leave the public service

After the ERP or VEP application has been approved by the Executive Authority (EA), funding was approved by National Treasury and the employee has served the 3 months' notice. If the application is approved in the middle of the month, the employee's notice period will start on the first day of the following month.

If I had applied for Early Retirement in terms of Section 16 (6) of the PSA before and not yet approved, can I reapply for this current programme

You can withdraw your early application on condition that it has not yet been approved by the Executive Authority and re-apply for the current ERP as outlined in the Determination will then be followed.

When can I cancel or withdraw my Early Retirement Programme (ERP) or Voluntary Exit Programme (VEP) application

You can only withdraw or cancel your ERP or VEP application any time after application, but before approval by the Executive Authority. Once an Executive Authority has approved your application, you cannot withdraw or cancel your application thereafter.

Was the Government Pensions Administration Agency (GPAA) consulted in terms of capacity to process the applications

The GPAA has been consulted on the possible scale of work and has started putting processes in place to deal with potential workload of processing the GEPF pension claims; and applications for post-retirement medical continuation.

Where do I submit my application for the Early Retirement Programme (ERP) or the Voluntary Exit Programme (VEP)

Applicants should submit their application forms to their HR. Departments must submit the names of approved applications directly to the National Treasury through the respective Budget Analysts.

What documents are departments required to submit to the NT budget analysts as part of application for funding

Please refer to Annexure C of the Determination and Directive on Incentivised Early Retirement Programme without penalization of pension benefits for employees in the Public Service.

Can I apply for re-appointment in the Public Service after exiting through this programme

Acceptance by an employee of the financial incentives offered under this ERP or the incentivised VEP, shall preclude him or her from any subsequent re-employment into the public service.

What is the impact of divorce on my early retirement benefits

If a member divorces and the court orders a split of pension assets as part of the divorce settlement, a payment will be made to the ex-spouse from your pension benefits in accordance with the agreed split. This payment is treated as a utilisation of an earned benefit, which results in an adjustment to your pensionable service to reflect the reduced benefit available after the payout. As such, a divorce can lead to lower pensionable service. Your early retirement benefits are calculated based on your pensionable service. At the point of retirement, the benefit structure will be determined by your actual service, but the benefits themselves will be computed using the adjusted (lower) service period. For example, if you have worked for 16 years but your pensionable service is reduced to 8 years due to the divorce payout, you will still be entitled to a pension and gratuity even if the adjusted service is less than 10 years. However, both the gratuity and pension will be calculated using the 8 years of pensionable service. Any applicable early retirement penalties will then be applied to these pension and gratuity payments.

What is the impact of savings component withdrawals on my early retirement benefit?

Any withdrawals you make from your Savings Component will reduce your savings service. Your savings service is a key factor used to calculate the gratuity you receive upon retirement. Therefore, withdrawals made now will directly decrease the gratuity amount you are entitled to when you retire.



the dpsa

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

ANNEXURE E

FLOWCHART FOR THE INCENTIVISED EARLY RETIREMENT WITHOUT PENSION PENALTIES AND VOLUNTARY EXIT PROGRAMME FOR EMPLOYEES IN THE PUBLIC SERVICE: 2025/26 - 2026-2027

APPLICATION PERIOD OCTOBER – 30 NOVEMBER 2025

- 1) EMPLOYEE SUBMITS APPLICATION BETWEEN OCTOBER – 30 NOVEMBER 2025**
- 2) LINE MANAGER AND SUPERVISOR**
3 working days
- 3) HR SUBMIT APPLICATION TO EXECUTIVE AUTHORITY/ DELEGATED OFFICIAL**
10 working days
- 4) HR SUBMIT INFORMATION OF APPROVED APPLICATIONS TO BUDGET ANALYSTS OF
THE NATIONAL TREASURY MONTHLY**
2 working days
- 5) NATIONAL TREASURY APPROVE FUNDING APPLICATION**
3 weeks
- 6) NATIONAL TREASURY LIAISE WITH HR MANAGER OF RELEVANT DEPARTMENTS AS
WELL AS GPAA REGARDING APPROVED APPLICATIONS**
1 week
- 7) DEPARTMENT TO INFORM EMPLOYEE WHOSE APPLICATION HAS BEEN APPROVED**
4 working days
- 8) EMPLOYEE'S THREE MONTHS NOTICE START AFTER NATIONAL TREASURY FUNDING
IS APPROVED**

If the funding application is approved in the middle of the month, the employee's 3 months' notice period will start on the first of the following month.

EXAMPLES: - Financial Incentive Illustrations

Salary Level	Notch	Pensionable years	Total incentive payable	Pensionable salary %
R617 622, Level 10 Basic salary (based on a two week's salary)	12	10	R237 546.92	100%
		20	R475 093.85	
R1 125 825, level 12 Total cost to company (TCTC) (based on a two week's salary)	12	10	R433 009.62	70%
		20	R866 019.23	
R1 365 411, Level 13 TCTC (based on a two week's salary)	12	10	R525 158.08	70%
		20	R1 050 316.15	

Salary Level	Notch	Pensionable years	Total incentive payable	Pensionable salary %
R617 622, Level 10 Basic salary (based on one week's salary)	12	10	R118 773.46	100%
R1 125 825, level 12 TCTC (based on one week's salary)	12	10	R216 504.81	70%
R1 365 411, Level 13 TCTC (based on one week's salary)	12	10	R262 579.04	70%

2 weeks' pay	1 weeks' pay
If we take notch 12 of salary level 10, which is currently R617 622, and 10 years of pensionable service, the calculation will yield the following results: $\frac{R617\,622 \times 10 \text{ years}}{26}$ = R237 546.92 (once-off)	If we take notch 12 of salary level 10, which is currently R617 622, and 10 years of pensionable service, the calculation will yield the following results: $\frac{R617\,622 \times 10 \text{ years}}{52}$ = R118 773.46 (once off) `

Person A

55 years of age – 15 years pensionable service

Pensionable salary - R617 622 (level 10)

Two weeks salary - $(R617\ 622 \times 15)/26 =$ **R356 320.38**

Financial Incentive for the first 20 years - **R356 320.38**

NB. The person has 15 years of pensionable service.

Person B

55 years of age – 30 years pensionable service

Pensionable salary - R617 622 (level 10)

Financial Incentive for the first 20 years - $(R617\ 622 \times 20)/26 =$ **R475 093.85**

Financial incentive for the remaining 10 years - $(R617\ 622 \times 10)/52 =$ **R118 773.46**

The total incentive payable = $R475\ 093.85 + R118\ 773.46 =$ **R593 867.31**

Person C

60-63 years of age – 20 years pensionable service

Pensionable salary - R617 622 (level 10)

Financial Incentive for the first 20 years - $(R617\ 622 \times 10)/26 =$ **R237 546.92**

Financial Incentive for the first 20 years - $(R617\ 622 \times 10)/52 =$ **R118 773.48**

The total financial incentive **R237 54. 92 + 118 773.48 = R356 320.40**

NB.

- normal retirement incentive for employees aged 60 to 63 years calculated at two (2) weeks' financial incentive for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.
- For the MMS and SMS members who are on a cost to company packages, the financial incentive will be calculated based on the **Pensionable Salary**, for instance 60%, 70% or 75% of your total package that represents your pensionable salary portion.