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Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

Private Bag X916, PRETORIA, 0001 Tel: (012) 336 1000, Fax: (012) 326 7802
Private Bag X9148, CAPE TOWN, 8000 Tel: (021) 467 5120, Fax: (021) 467 5484

Enquiries: Salome Motaung

Telephone: (012) 336 1072

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 GEPPF 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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| I. | Ms Nomsa Rilityane | Email: NomsaR@dpsa.gov.za | Tel: (012) 336 1285 |
| II. | Ms Motaung Salome | Email: Salomem@dpsa.gov.za | Tel: (012) 336 1072 |
| III. | Ms Mkhwanazi Gladys | Email: gladysn@dpsa.gov.za | Tel: (012) 336 1072 |



Mr. Willie Vukela

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

Date: 13/10/25