

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.