

RESOLUTION NO _____ OF 2025

**AGREEMENT ON INCENTIVES FOR EARLY RETIREMENT FOR
ELIGIBLE EMPLOYEES IN THE PUBLIC SERVICE**

1. SCOPE

This Agreement binds:

1.1 The Employer;

1.2 The Employees of the Employer who are members of the trade union parties to this Agreement; and

1.3 The Employees of the Employer who are not members of any trade union parties to this Agreement, but who fall within the registered scope of Council.

2. OBJECTIVES

2.1. To provide, in addition to other measures introduced by the government, the larger goal of professionalising the public service and manage the cost of public administration, for a dispensation that will enable the employer to effectively and efficiently manage the risks associated with the ageing public service and compensation pressures experienced by fiscus.

2.2. To allow the Minister for the Public Service and Administration (MPSA) to, from time to time determine and provide incentives to encourage the take up of early retirement, informed by prevailing social and economic conditions warranting such interventions.

2.3. To provide an incentivised exit mechanism for qualifying employees aged 55 to 63 to exit the public service with full pension benefits, subject to the

predetermined criteria set by the MPSA.

3. NOTING

Noting that:

- 3.1. There is persistent increase in the number of public servants from the ages of 55 and above since 2004, signifying that the country is faced with the risks of ageing public service.
- 3.2. South Africa faces persistent imbalance between economic growth and fiscal outlook, which puts pressure on choices for government spending in all areas including the wage bill.
- 3.3. In terms of section 16 of the Public Service Act, public servants may apply for early retirement with or without penalisation of pension benefits. However, in terms of section 16(6) of the PSA, Executive Authorities may approve early retirement without penalties.
- 3.4. Public servants who consider early retirement often find the dispensation prohibitive and financially unattractive.

4. AGREEMENT

Therefore, parties agree to the following:

- 4.1. The MPSA may, from time to time determine and provide incentives to encourage the take up of early retirement informed by prevailing social and economic conditions warranting such interventions. Such incentives shall be subject to the provisions as set out in section 3(5)(b) and 5(6)(b) of the Public Service Act.

- 4.2. That the employer shall incentivize eligible public servants to apply for early retirement in terms of the applicable public service prescripts, subject to the predetermined criteria set by the MPSA.
- 4.3. To facilitate a smooth early exit process for qualifying employees whose applications have been approved based on the pre-determined criteria set by the MPSA, the employer shall waive the pension penalties accrued from the approved early retirement.
- 4.4. Subject to the determination or directive issued by the MPSA as contemplated in clauses 4.1 to 4.3 above, the employer may, in terms of this agreement, pay employees eligible for early retirement without penalisation of pension benefits as follows:
 - 4.4.1. for employees aged 55 to 59 years, an additional incentive of two (2) weeks' financial incentive, calculated on the basic salary for each completed year of service, for the first twenty (20) years of pensionable service; and one (1) week's financial incentive, calculated on the basic salary for each completed year of pensionable service thereafter.
 - 4.4.2. for employees aged 60 to 63 years, calculated at two (2) weeks' financial incentive, calculated on the basic salary for each completed year of service, for the first ten (10) years of pensionable service; and one (1) week's financial incentive, calculated on the basic salary, for each completed year of pensionable service thereafter.
- 4.5. Qualifying employees whose early exit applications have been approved will also receive any other benefits payable in terms of the applicable prescripts, such as, but not limited to, leave credits and post-retirement medical assistance.

5. IMPLEMENTATION OF AGREEMENT

5.1. The employer duly represented by the Department of Public Service and Administration warrants that it has the requisite authority and approval of National Treasury to conclude this agreement. In particular, the employer warrants that, in concluding this agreement, it has complied with:

5.1.1 The Public Service Act 103 of 1994 (as amended); and

5.1.2 Regulations 78 and 79 of the Public Service Regulations, 2016.

5.2. This agreement shall come into effect on the date it enjoys majority support and shall remain in force unless terminated or amended by a written agreement between the parties;

5.3. In the interpretation and application of this agreement, words used in the agreement and defined within the constitution of Council will have the same meaning as defined in the constitution;

5.4. In the event of any conflict between a provision of this agreement and any other agreement of the Council, the provision of this agreement, takes precedence; and

5.5. The Council shall monitor the implementation of this agreement.

6. DISPUTE RESOLUTION

6.1. If there is a dispute about the interpretation or application of this agreement, any party may refer the matter to the Council for resolution in terms of the dispute resolution procedure of the Council.

THIS DONE AND SIGNED AT _____ OF THIS _____ DAY OF 2025

ON BEHALF OF THE EMPLOYER

	Name	Signature	Date
State as Employer			

ON BEHALF OF TRADE UNION PARTIES

Trade Union	Name	Signature	Date
DENOSA			
HOSPERSA			
NAPTOSA			
NEHAWU			
POPCRU			

PSA			
SADTU			
SAPU			

DRAFT