



NAPTOSA Mpumalanga



VISIT OUR WEBSITE www.naptosa.org.za (Go to "Provincial" then "Mpumalanga")
Tel: 013 690 3008/9 Fax 013 690 3663 e-mail stevek@naptosa.org.za
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NEWS FLASH

TO THE NAPTOSA MPUMALANGA UNION REPRESENTATIVE
Please make this communication available to ALL NAPTOSA members at your school/college/office.

EARLY RETIREMENT FROM THE PUBLIC SERVICE

The DPSA has released more information on the announcement by the Minister of Finance that, in order to reduce the wage bill of the public service, public servants between the ages of 55 and 60 years could apply for early retirement without the imposition of the normal pension penalties.

What is most important for members to understand is that this does not create a right for those in the cohort- in other words don't accept that your early retirement application will be granted, merely because you applied. A number of hurdles have to be traversed.

First of all there will be a cap on the number of approvals per department, dictated by the supplementary funding that National Treasury will make available to each department to cover the cost of the additional financial burden on the GEPF.

Secondly, approval of early retirement applications will be at the discretion of each executive authority (Minister/ MEC) based on reasonable criteria set by him/her. In the case of education where the Minister of Basic Education has the statutory authority to determine the conditions of service of educators, the Minister is authorised to set further contextual conditions.

Thirdly it is prescribed that in considering applications, a department must *inter alia* ensure that-

- ✓ there shall be no negative impact on its service delivery mandate;
- ✓ there shall be no skills deficit created;
- ✓ future fiscal savings will be realised;
- ✓ consideration be given to functions which are not aligned to the department's mandate (core function), structure and post provisioning norms.

Employees wishing to apply for early retirement will have to –

- ✓ apply in writing on an official application form (generic template still to be provided to departments by the DPSA);
- ✓ apply within timeframes to be determined by the relevant executive authority (within the overall window period of 1 April to 30 September 2019);
- ✓ fully motivate the application in terms of the above-mentioned criteria and the supplementary criteria set by the relevant executive authority and /or the Minister of Basic Education (in the case of educators);
- ✓ submit obligatory documentation, when required (e.g. SARS forms , withdrawal from the GEPF forms).

It must also be taken into account that qualifying employees with less than 10 years' service will only receive a gratuity (lump sum).

Those with more than 10 years' service will receive a gratuity and then a monthly pension (annuity) – not a case of receiving all the pension money once-off.

Of equal importance is that employees with less than fifteen years' actual service **do not** qualify for continued post-medical assistance.

Employees who believe that they can opt for early retirement only to apply for re-appointment will be disappointed to learn that should such re-appointment ever be approved it will be on a contract basis and only after the effluxion of the period for which the state paid the pension penalty (e.g. only after 5 years for an employee who took early retirement at 55 years).

A shorter period for re-appointment will only be allowed if the employee pays back all the accrued benefits from the early retirement to the fiscus.

To NAPTOSA's knowledge the Minister of Basic Education has not as yet formulated the contextual criteria to be taken into account when applications are to be considered. It is also not clear whether application forms have been developed. Individual Education Departments will have to be approached in this regard.

The message to members is "Take all the above-mentioned issues into consideration, obtain proper financial advice and consult your provincial NAPTOSA office / the HR department of your provincial department / the GEPF before deciding to apply for early retirement."

SM KUNENE

CEO: Mpumalanga