

GMS Flash Alert



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Turkey - Changes to Minimum Retirement Age Requirement

Turkey has enacted legislation that relaxes existing rules on retirement age, retirement eligibility requirements, and receipt of benefits.

Law No. 7438 dated 1 March 2023 on the Amendment of the Social Security and General Health Insurance Law and Decree Law No. 375, entered into force upon publication in the country's Official Gazette (*Resmî Gazete*) on 3 March 2023.¹

WHY THIS MATTERS

The rules changes enacted by the government will lead to a more relaxed and flexible retirement-eligibility situation. However, there could be some additional costs and administrative steps for employers given the rules around severance and notification obligations in terms of the Social Security Institution (*Sosyal Güvenlik Kurumu* (SGK)) in respect of retiring employees.

Background

The last major reform of Turkey's social security legislation occurred in 1999. On 8 September of that year, the then-government passed amendments to the country's social insurance law:

- Setting a minimum retirement age requirement (age 58 for women and age 60 for men) and,
- Increasing the minimum number of days an employee must pay premiums in order to qualify for retirement (from 5,000 days to 7,000 days), which essentially for men entails a minimum of 25 years of insured service, and for women, 20 years.

More Details

According to Law No. 7438, employees who were insured for the first time before 8 September 1999, will be eligible to retire regardless of their age if they meet other stipulated conditions. This law does not cover those who were insured for the first time after 8 September 1999.

According to the relevant regulation, if individuals fulfill the conditions to qualify for an old-age pension under this law, they must first terminate their employment contracts at the workplace where they work and apply to the SGK² after their employers submit their notice of termination of employment in order to be granted their pension.

Individuals who started to work as insured under the SGK before 8 September 1999, will be eligible for retirement without any age requirement, as opposed to the rules up to now, if they are working for a private employer, when they complete 20 years of insurance for women, and 25 years for men, and have 5,000 to 5,975 premium-paid days, which varies depending on the date of their employment.

After 8 September 1999, employees who were insured for the first time must meet the age requirement of 58 for women and 60 for men, along with other pension conditions determined according to the date of their first employment.

Severance

Employees who meet the relevant conditions will be entitled to receive severance payments from their employer due to the termination of their employment contract because of retirement. If the employee leaves because of retirement, he/she can claim severance pay and all unused annual leave rights. And after receiving severance pay by mutual agreement with the employer, the individual can continue to work with a new contract (e.g., be re-hired with a new contract).

Special Exemptions

Special pension conditions are separately defined for certain groups of individuals, such as:

- Disabled;
- Public employees;
- Military and police personnel;
- Miners.

KPMG INSIGHTS

Employers should keep abreast of the rules, especially as they are implemented. Employers may wish to evaluate the impact, both from a financial perspective as well as a human resource perspective, the new rules will have on their business.

As this situation is very fresh, should employers have questions or require assistance, they are advised to contact their qualified social security professional or a member of the Social Security team with KPMG in Turkey (see the Contacts section).

FOOTNOTES:

1 See *Kanun No. 7438* published on 3 March 2023 in *Resmî Gazete* (online) at: <https://www.resmigazete.gov.tr/eskiler/2023/03/20230303-8.htm> .

2 See the Social Security Institution (*Sosyal Güvenlik Kurumu*) website: <https://www.sgk.gov.tr/>.

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Turkey:



Erdem Erdem
Director

Tel. +90 (212) 316 60 00 Ext: 6230
erdemerdem@kpmg.com



Ebru Bişgin
Senior Manager

Tel. + 90 (212) 316 60 00 Ext: 6340
ebisgin@kpmg.com

The information contained in this newsletter was submitted by the KPMG International member firm in Turkey.

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