

## Client Alert

Turkey | 3 March 2023

### **Renowned retirement law has entered into force today**

Today, the Law Proposal on Amending the Social Security and General Health Insurance Law and the Legislative Decree Numbered 375 (the "**Retirement Regulation**") has entered into force. The Retirement Regulation enables people enrolled in the social security system on 8 September 1999 and before, to benefit from monthly retirement pension regardless of age restriction.

#### **What does the Retirement Regulation introduce?**

As per the legislation, for the employees enrolled in the Social Security Institution (the "**SSI**") to retire by being entitled to monthly retirement pension, they must fulfill the conditions of benefitting from social security insurance for a certain term, having paid certain days' worth social security premiums and reaching a certain age, which differ depending on the date the relevant person is enrolled in the social security system. Employees who meet the term and the social security premium day conditions cannot be entitled to monthly retirement pension unless they also meet the age condition. The Retirement Regulation enables employees who were registered with the SSI on 8 September 1999 and before to be entitled to monthly retirement pension without fulfilling the age condition.

#### **What is the Retirement Regulation's effect on employers?**

The applicable legislation already provides that employees who fulfill the term and the social security premium day conditions can terminate their employment contracts by being entitled to severance pay, without fulfilling the age condition. While they can terminate their employment contracts by such means, they cannot be entitled to monthly retirement pension. The fact that they would not be receiving a monthly retirement pension decreases their motivation to terminate their employment contracts. With the Retirement Regulation, employees who were registered with the SSI on 8 September 1999 and before can terminate their employment contracts by being entitled to severance pay and also receive monthly retirement pension. Therefore, these employees will have more motivation to terminate their employment contracts. As a result, a significant number of employees are expected to terminate their employment contracts due to retirement in the upcoming days.

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## **Can retiring employees work again at the same workplace?**

It is possible for the employees, who terminate their employment contracts due to retirement, to work at the same workplace. However, employers are not obligated to employ them. The Retirement Regulation provides a social security premium advantage in favor of employers that employ the employees who have terminated their employment contracts due to retirement and restart working at their previous workplace within 30 days.

Please contact us if you need further information on this matter.