Bangkok Global Law
540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

Thailand's Rules on Retirement and Severance Pay for Employees Over 60

As Thailand moves decisively into an aged society, retirement policy and labor protections for older workers have become increasingly significant. Recent public debate—including an October 2025 proposal to raise the retirement age for government officials to 65—has highlighted growing acceptance of extended working lives. Against this backdrop, understanding how retirement and severance pay operate under the Labor Protection Act B.E. 2541 (1998) (LPA) is essential for both employers and employees.

Under the LPA, retirement is treated as a termination of employment when it occurs pursuant to an agreement, employer work rules, or an employee's lawful declaration. In such cases, the employer must pay statutory severance. The Act further provides a default mechanism where no retirement age is specified, or where the prescribed retirement age exceeds 60: an employee aged 60 or older may declare retirement by giving 30 days' notice, triggering severance pay.

Complexities arise when employers maintain a retirement age of 60 but hire or rehire employees who are already over that age. Recent judgments of the Court of Appeal for Specialized Cases suggest that in such situations, the retirement rule may be deemed inapplicable, effectively leaving no statutory retirement mechanism in place. As a result, employees hired after 60 may be unable to invoke retirement as a basis for termination with severance, potentially weakening their bargaining position and creating uncertainty around exit arrangements.

The Supreme Court has clarified another important point: where an employee continues working beyond the retirement age without having received severance pay, the employment relationship is considered continuous. If termination occurs later, severance must be calculated based on the employee's entire length of service, using the final wage rate. This confirms that extended employment beyond retirement age can significantly increase severance exposure.

Where an employee retires, receives severance, and is subsequently rehired, the new engagement constitutes a separate employment relationship. If the post-retirement employment lasts at least 120 consecutive days, severance will again be payable upon termination, calculated based on the new contract. Fixed-term contracts do not automatically avoid severance unless they strictly meet the LPA's exemption criteria, which courts interpret narrowly.

Some employers opt to engage retirees as independent contractors. While genuine consultancy arrangements fall outside the LPA, Thai courts focus on the substance of the relationship, not its label. If control, supervision, and economic dependence resemble employment, the arrangement may be recharacterized, exposing the employer to severance and other statutory obligations.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com

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