

## Surviving a redundancy

Redundancy occurs when you're no longer required to work in the job you are doing. If you lose your employment as a result of a redundancy this is called retrenchment. Being retrenched can happen to anyone and it's worrying if it does. But there are steps you can take to make riding-out a redundancy a bit more comfortable. Before making any major financial decisions, take time to understand the issues and consider all your options. Here are our tips:

### Understand your entitlements

Most people who are made redundant will get a payout from their employer. This can be made up of different parts, however most will be unused leave and severance pay. In most situations, redundancy payments must be taken as a cash payment. Generally tax is deducted from the payment. For many, a large part, or perhaps all of the payment could be tax-free. The amount of tax charged will be influenced by the years you've spent with the firm and the value of the pay-out. In some cases, special rules may allow you to roll-over a payment into your super fund, which means you could pay less, or even no tax. Your employer will inform you if this is the case.

Getting advice about the tax treatment of your redundancy package could make a big difference to the amount you end up with. Our qualified financial planners<sup>1</sup> in our Member Advice Centre (MAC) can help. Just call 13 11 84. This service is free for Sunsuper members.

### Managing your financial situation

Being made redundant can be unsettling, but there are ways you can make dealing with the situation just that little bit easier. Consider the best way to use any lump sum you receive to cover your money needs now and in the future. Seek advice if you need it - again, our financial planners in the MAC can help. You might also think about:

- contacting your bank to re-organise your loan repayments,
- seeking assistance from Centrelink. Newstart Allowance is a benefit for unemployed people looking for a job. An income and assets test is applied. Your redundancy payment will generally be assessed as an asset when applying for Centrelink benefits, even if some of it has been spent. You may have to wait several weeks before any Newstart benefit is paid, so think carefully before using your payout,
- checking with your loan provider to see whether you have consumer credit insurance that may cover some payments for your mortgage, personal loan and credit cards,
- preparing a budget, to determine how you are going to manage to pay the bills and meet living expenses.

<sup>1</sup>The financial planners in the Member Advice Centre provide financial advice about your Sunsuper accounts at no charge. More complex financial planning services are provided on

a fee for service basis. All advice is provided by representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818, AFSL No. 227867), a wholly owned subsidiary of Sunsuper.

### **Managing your super**

Super is one thing you don't have to worry about. It's easy to stay with Sunsuper. If you are a Sunsuper *Solutions* member, your account will be stay open and your member number and

Member Online PIN stay the same. When you find a new job, just give your new employer your Sunsuper member details to pay super straight into your account. You can use the *Selecting Sunsuper* form on our website to give your details to your new employer.

Your existing death and total and permanent disability (TPD) insurance cover will continue automatically under the same arrangements as long as your premiums continue to be paid. (Please note the definition for TPD may change depending on your employment status at the time of making a claim.)

If you had income protection insurance with your old employer this will stop when you finish work, but may be reinstated if you find a new job and provide the details of your new arrangements to us within 60 days. If not, you can reapply for income protection when you do find a job. In this case, evidence of health will be required. It's important to know if you leave Sunsuper, your Death, TPD and income protection cover will stop.

If you are currently in a Sunsuper Corporate Plan, we'll automatically move your super into a Solutions account with no change to your investments and at no cost to you. Just note there may be a change to your insurance premium or current terms and conditions of your insurance when you switch from a Corporate Plan.

### **Claiming under 'severe financial hardship'**

If you have been unemployed for an extended period of time, you may be eligible to access an amount of your super on the grounds of 'financial hardship'. To claim an early release of your super you need to have been receiving Centrelink benefits continuously for 26 weeks and prove that you are unable to meet your immediate living expenses with your current income. A *Benefit payment- severe financial hardship* form can be downloaded from our website if you wish to make a claim.

### **Transitioning to retirement**

If you are nearing retirement, now might be a good time to consider a transition to retirement strategy. If you are aged 55 or over, you can choose to receive some or all of your super benefits as an income stream from a pension, even while you are working. For more information, refer to our *Transition to retirement - super will you work* fact sheet.

Alternatively, you may decide to retire completely. This will mean another set of questions and considerations. Our fact sheet *Accessing your super in retirement - is a pension right for you?* will get you thinking about some of the issues. You may want to talk to one of our financial planners to help you work through your options.

**It's not just about the money**

There are a range of support services available to help you and your family:

- Australian Industrial Relations Commission - 1300 799 675
- Centrelink Social Workers - 131 201 (or 131 202 for languages other than English)
- Beyond Blue - 1300 224 636 [www.beyondblue.org.au](http://www.beyondblue.org.au)
- Relationships Australia - 1300 364 277 [www.relationships.com.au](http://www.relationships.com.au)
- Lifeline - 13 11 44