

HAS YOUR JOB BEEN MADE REDUNDANT?

If you're considering accepting a retrenchment or redundancy package, or your job has been made redundant, the following tips and information might help you make decisions about your package.

Step 1: Find out exactly what's on offer

Firstly, ask for a complete written estimate of the redundancy package offered (after-tax) including:

- your various leave entitlements;
- the gross redundancy payment; and
- the current value of your super – ensure all compulsory employer contributions and extra before-tax and after-tax contributions are included.

It's important to realise only a portion of your redundancy package is compensation for being made redundant. Remember, you were entitled to eventually receive your leave entitlements and super anyway – you've just received them earlier than expected.

Part of a bona-fide redundancy payment is tax-free. Any remainder is called an employment termination payment (ETP) and is taxed at concessional rates (depending on your age) up to the 'low rate cap amount'. Visit the ATO's website for the current cap amount, which is indexed each year. Any amount paid as an ETP above the cap is taxed at 45% plus the Medicare Levy.

Tax-free bona fide redundancy and ETP payments must be taken as a cash lump sum.

Step 2: Carefully consider how to use your redundancy payment

Redundancy payments provide income for a period of time after you leave work. Depending on your circumstances, you'll probably need to review your budget, regular payments and super.

Drawing up a budget

A budget can help you work out how much money you'll need to cover costs while you're going through financial difficulty or unemployment.

Contacting your bank

Most organisations have policies about assisting customers experiencing financial hardship. If you need to make changes to your loan repayments contact your bank as soon as you can.

Step 3: Work out where your next 'pay cheque' will come from

You need to make sure you plan for the 'worst case', usually being unable to find suitable work within a reasonable period. How will you cope financially? What government assistance could you claim? Here are some possible income sources.

Assistance from Centrelink

If you receive a redundancy payment, a waiting period may apply before you're eligible to receive assistance from Centrelink. Income and assets tests are applied to applicants for some Centrelink benefits, such as JobSeeker Payment.

Your super savings

If you're off work for an extended period, are experiencing hardship and meet the Government's criteria, you can apply to access some of your super under 'hardship' provisions. You need to apply to Mine Super and may need to pay tax on any withdrawals you make.

If you're close to retirement age you may want to consider early retirement if you have enough super saved. If you're 60 or over there's generally no tax payable on lump sums withdrawn from super once you've met a condition of release, such as leaving work. If you're under 60 you may need to pay tax on your withdrawal.

Advisers from Mine Super Financial Advice can help you work out what this means for your redundancy planning. Call us on 13 64 63 if you want us to put you in touch with a financial adviser.

Step 4: Make sure you retain adequate insurance

Total and Permanent Disablement

If you have Total and Permanent Disablement (TPD) Cover at Mine Super, this insurance will continue after you leave your job as long as your account remains active (or if your account becomes inactive, you have made an election to keep your insurance) and there's enough money in your super account to continue paying the premiums.

Please be aware that different TPD insurance criteria may apply in the event of a claim, depending on the period of time elapsed since you were last gainfully employed. If you're not working when you become disabled, you may still be covered if you meet the TPD definition set out in the relevant Insurance Guide, which you can find at mine.com.au/super-pds.

Death and Terminal Illness

If you have Mine Super's Death and Terminal Illness (DTI) Cover, this insurance will continue after you leave your job as long as your account remains active (or if your account becomes inactive, you have made an election to keep your insurance) and there's enough money in your super account to continue paying the premiums.

Income Protection

Redundancy is a good opportunity to review your Income Protection insurance as it may change your circumstances and your eligibility to claim benefits. For more information please refer to the Product Disclosure Statement and relevant Insurance Guide.

Step 5: Seek professional financial advice

As a Mine Super member, financial advisers from Mine Super Financial Advice can review your financial position and help you achieve your financial goals.

Financial advisers support you with objective advice and recommend what they think is best for you and your future. To make an appointment, call 13 64 63 or go to mine.com.au/advice to request an appointment online.

Do I need to notify Mine Super?

Generally, your employer will notify Mine Super when you stop working.

Does anything change with my membership?

No. Once you're a member of Mine Super you can stay for the rest of your life. Even if you leave the coal industry, you can have your future employer contributions paid to your Mine Super account.

Make sure you stay in touch with your super

Remember to tell us if you change your address or email. You can update your details by logging into your online account at mine.com.au/login or call us on 13 64 63 and do it over the phone.

It's also important to tell Mine Super your salary and occupation once you get a new job to make sure you've got the right amount of insurance to cover you. You can do this by calling 13 64 63 or by completing the relevant form on our website.

Who else can help?

Fair Entitlements Guarantee

If you're owed certain employee entitlements after losing your job, such as unpaid wages, annual leave or redundancy payments, because your employer went bankrupt or into liquidation, you may be able to get financial help from the government's Fair Entitlements Guarantee.

For more information call 1300 135 040.

JobSearch

Australian JobSearch at jobsearch.gov.au or call 13 62 68.

LIFELINE 13 11 14

24 hour crisis support, information and referral.

Mates in Mining

An industry suicide prevention organisation. Call 1300 642 111.

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