



## What to do next if you're facing redundancy

Uncertainty around COVID-19 might be increasing your stress levels about losing your job, but here are five ways to soften the financial blow.

In April, Australia hit its highest unemployment rate in five years, and with the Federal Treasurer expecting an unemployment rate of around 10% by the end of the year, many Aussies may be feeling a little uneasy about their future job prospects.

### WHICH SECTORS HAVE BEEN HARDEST HIT?

COVID-19 has affected all areas of the workforce, but analysis by AMP reveals recruitment, retail and hospitality make up almost half of all early super release withdrawals, suggesting people in these sectors may have been more greatly affected by job losses.

Uncertainty around the reopening of interstate and international borders makes any tourism rebound also hard to predict.

### HOW TO GET ON THE FRONT FOOT WITH YOUR SITUATION?

It's important to know that a genuine redundancy payment is made when you've been retrenched because there's no longer a need for the job that you're doing.

Here are some ways to help make sure you get what's yours if you're faced with a redundancy so you can be well prepared for the future.

#### 1. KNOW WHAT YOU'RE ENTITLED TO

What your employer is required to pay you will depend on your conditions of employment, so ask your boss or HR department (which might be easier if you're still working), or be sure to check your redundancy payment summary carefully to ensure you get what it is you're owed.

Fair Work's redundancy calculator ([www.calculate.fairwork.gov.au/endingemployment](http://www.calculate.fairwork.gov.au/endingemployment)) can help you find what redundancy pay and entitlements to expect. It's also a good place to find details of pay and conditions if you're covered by a registered agreement.

Meanwhile, keep in mind that apart from your actual redundancy payment, you may be eligible for things like payout of accrued annual leave and long service leave.

When the redundancy happens, if you're under your Centrelink Age Pension age (which will be between 65 and 67 depending on when you were born), special tax treatment is also given to genuine redundancy payouts, which means some

payments you receive will be tax free up to a certain limit based on your years of service.

## **2. SORT OUT YOUR MONEY SITUATION, INCLUDING BENEFITS AND SUPER**

The size of your payout may determine the time you can afford to be out of work, what you'll be able to live on from week to week, along with how you'll tackle financial responsibilities until you find another job. With that in mind you may want to:

### **Create a workable budget**

You can do this by writing down your daily living expenses, and what you estimate any upcoming bills and loan repayments will total. This way you'll be across all your outgoings, as well as where you may be able to make minimum repayments and cut back on other forms of spending.

### **Put your money somewhere useful**

It might be tempting to go on a holiday, undertake renovations or pay off all existing debts with your redundancy packet, but if you don't find work within a certain timeframe, you may leave yourself short.

Think about where you could put your money, still have access to it and potentially reap added benefits. Options may include high-interest savings accounts or a mortgage offset account that allows you to redraw funds while reducing what you pay in interest on your home loan.

### **Apply for financial hardship with your lenders**

If your redundancy payout starts to run out and you're struggling to make repayments, you may be able to seek assistance from your lenders by claiming financial hardship.

All providers must consider reasonable requests to change their terms in instances where you may be suffering genuine financial difficulties and feel help would enable you to meet your repayments, possibly over a longer period.

### **Find out if you're eligible for government assistance**

There's a range of Federal and State government assistance available related to COVID-19. Make sure you're across these and don't miss out on support you might be able to access straight away. These may change as the economy emerges from hibernation, so bookmark the pages relevant to you, in case you're out of work for longer than you anticipate.

Depending on your age, different benefits may be appropriate at different ages – for instance most workers may look to JobSeeker payments where they're out of work, while the Age Pension may be more appropriate for older Aussies.

Waiting periods may apply to some benefits, so keep that in mind when it comes to any payout you receive, as you may need it to cover your living expenses for a while.

Loss of a job and income in the family could also mean that you may qualify for Family Tax Benefits, or for a higher rate of payment.

### **Look into your super situation**

See how much money you have in super and think about the effect a break from work may have on your balance.

If you have insurance inside super and are paying premiums with your super money, consider how this may affect your retirement savings if the premiums aren't being offset by contributions.

You might also be considering early access to super during COVID-19, where the Federal Government is allowing eligible people affected by the outbreak to access up to \$10,000 of their super as a tax-free payout between 1 July and 31 December 2020.

There may be short-term advantages to this, but there may also be some disadvantages that you'll want to make sure you're across.

## **3. CREATE A PLAN FOR YOUR RETURN TO WORK**

You might have a bit of leeway to take some time off, but when you do look to join the workforce again, a good place to start will be your resume. Make sure your previous roles and responsibilities are up to date and that you've listed all your skills and achievements.

In the meantime, set up relevant online job searches, tidy up your LinkedIn profile, touch base with recruiters in your field and don't be afraid to target companies directly.

#### 4. CONTEMPLATE THE BENEFITS OF TRAINING

Depending on whether you want to remain in your industry or make a career change, further training could help you gain new qualifications, keeping in mind this can still cost time and money.

A new education assistance package has recently been made available to help displaced workers upskill and retrain during COVID-19. A number of free online courses are also available from TAFE, while Open University offers a range of short and longer education courses for all levels.

#### 5. SEEK FURTHER SUPPORT

There's a range of support and resources available.

Talk to your [financial adviser](#) as they may pick up on things that could otherwise be missed

Check out AMP's free webinar - [Managing through a redundancy](#)

Find a range of articles on AMP's [COVID-19 support hub](#)

Check out our [FAQs on ways AMP is helping clients experiencing financial hardship](#)

Seek free financial counselling from the [National Debt Helpline](#) on 1800 007 007

Take a look at the government's [Moneysmart website](#) for further financial education.

If you're finding it difficult to cope and need to speak to someone, there's a range of mental health and family support services available through:

[Beyond Blue](#) - 1300 22 4636

[1800 RESPECT](#) - 1800 737 732

[Lifeline](#) - 13 11 14

Source: AMP Insights

**We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.**



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