Redundancy can be a stressful time. This seven step guide provides useful

Redundancy is when an employer reduces their workforce because a job or jobs are no longer needed. Redundancy payments are then provided to employees who are retrenched.

If you are offered redeployment or other job opportunities within the company and don't accept them, you need to check with your HR department to see if the money you receive will be a genuine redundancy payment. If not, there could be tax implications.

There are generally two types of redundancy offers:

1. **involuntary**, where you don't have a choice, and
2. **voluntary**, where you can choose to accept your employer's offer to leave the company.

Whichever type of redundancy you've been offered, it could help to have a clear picture of your options and what you might like to do.

Your redundancy package – What's included? How much money will you receive? Will you get support looking for a new role? How long until your last day?

Your job options – What kind of new role would you like to do? It may be easy to get a similar role in a new company. Or it may be that your industry or the work you do is becoming less relevant. Maybe think about retraining in another area.

Your lifestyle options – Can you afford not to work for a while? Do you have a partner who can support the family while you look for work? Or maybe you're thinking about retiring?

Your financial options – Now could be a good time to look at your outgoings and any debts, and see how long your redundancy payment will last.

Check your entitlements

A redundancy payment can include your employment termination payments (ETPs) and/or other employer redundancy payments.

ETPs are taxed depending on the amount and type of payment you receive, how your employment was terminated, and your age. ETPs can include:

- payments in lieu of notice
- golden handshake or severance payment
- unused sick leave
- unused rostered days off.

unused annual leave, long service leave, leave loading and wages owed to you.

It is a good idea to check your award or employment contract to determine your entitlements. Not all contracts are the same, so don't assume anything.

If your employer is bankrupt or in liquidation and you do not believe you have received all your entitlements, you may be able to get help under the Fair Entitlements Guarantee (FEG). For information on this scheme, call **1300 135 040** or go to ag.gov.au/feg

Decide what to do with the money

Your redundancy payment may be the largest lump sum payment you ever receive. It's a good idea to consider

1. **Park the money in cash while you look for a job** – the downside is that you may be tempted to spend the money. However, it means you'll have access to your money to meet your living costs and debt obligations while you're not earning an income.
2. **Reduce or repay debt** (like your mortgage, car loan or credit card) – this can be useful if you're paying high interest rates, but it does mean you will have less money available to meet your living costs.

Depending on your situation, you may wish to time your

your marginal rate of tax may be lower, or entitlements higher. This isn't always possible, but you may be able to use your long service leave or accumulated leave to delay your departure date. Keep in mind that delaying your departure date would mean you receive your lump sum later, and the cost of not paying off debts or earning interest on investments should be weighed against any tax savings you might make by delaying.

This is something you can discuss with your HR

advice so you can consider your options.

Assess your expenses and think about your budget

You may also want to review your budget and look at any discretionary expenses you can cut or reduce.

A budget helps you see where your money is going and if there are any areas where you could trim your spending.

Generally, paying off debt such as credit cards and personal loans is a good idea, particularly if you are paying high interest rates. See Step 2 for what to do with the rest of your money.

Check if you're eligible for Centrelink Income Support

You may be entitled to income support payments from Centrelink. These income payments are means tested, so use income and assets tests to determine if you're eligible. In most cases, if you're younger than the age

may consider applying for the JobSeeker Payment.

If you're eligible for JobSeeker, you may have to wait for a while to receive payments depending on how big

redundancy payment may mean you have to wait 10 weeks to receive JobSeeker payments. For more information go to

Decide what you'll do with your super account

You won't be receiving any super contributions while you're not working. If you decide to put some of your redundancy money into super, keep in mind that you generally won't be able to access it until you reach your preservation age and meet a condition of release.

This may be a good opportunity to review your super and make sure you're making the most of your money.

You could consider:

Consolidating your super

If you've changed jobs during your career you may have lost track of some super, or ended up with more than one super fund. To save paying fees on multiple accounts you might want to consolidate everything into one super account.

Making extra contributions

If you're close to retirement you may want to look at contributing some of your redundancy money to boost your super

determine if making extra contributions makes sense in your situation.

In limited circumstances, you may be able to access some of your super, although conditions do apply. For more information read *How to access to your super* available at