

## MANAGING REDUNDANCY

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# MANAGING REDUNDANCY

Whether you were expecting it or not, a redundancy can lead to a major crossroad in your life and it's likely some things are about to change – from your daily schedule to your financial situation.

In this LifeGuide you'll find resources about your rights and entitlements, as well as tips about how to cope with emotion and uncertainty.

## YOUR RIGHTS

If you've recently been made redundant, it can be hard to know what to do and how it will impact your future.

By definition, a genuine redundancy occurs when the job of an employee ceases to exist. This can occur only when the decision is made outside the normal turnover of labour and is not a result of any personal act or default, or personal or disciplinary action. Essentially, an employer can't just make you redundant because they want to.

### Redundancies do not occur when:

- An employee reaches retirement age
- An employee leaves voluntarily
- Someone of similar age or skills replaces an employee soon after
- An employee is dismissed for disciplinary reasons
- An employee is dismissed for inefficiency

Redundancies can happen on a voluntary basis if an employer needs to cut positions. In this situation, an employer may notify staff of their intention and allow you to volunteer.

However, it's important to note there are strict rules your employer must abide by when it comes to redundancies. And if you feel like these haven't been met, you may need to seek legal advice.

Such situations include:

### UNLAWFUL TERMINATION

Unlawful termination is when an employer has broken the law by dismissing someone for one of the reasons outlined by the [Fair Work Act 2009](#).

### UNFAIR DISMISSAL

Unfair dismissal is when an employee feels their dismissal was harsh or unreasonable. If this is you, seek guidance from:

#### Fair Work Australia

As the governing body for wages and workplace issues, [Fair Work Australia](#) can assist with any concerns or questions you may have about your redundancy, its legalities and your entitlements.

#### General Employee Entitlements and Redundancy Scheme (GEERS)

If you've been left jobless because your employer has gone into liquidation or declared bankruptcy, and are still owed some entitlements, you may be able to apply for compensation from the federal government. For more details, visit [www.ag.gov.au](http://www.ag.gov.au) or call the Fair Entitlements Guarantee (FEG) hotline on 1300 135 040.



## THE PAYOUT

Understanding how your payout works (and ensuring it's correct) can be complex and tricky, and varies from person to person. If you're feeling overwhelmed, you may want to ask a qualified accountant or tax advisor for help. An overview of some of the key elements that form a payout are below.

### TAX-FREE

In some cases, your payout might be tax free to a limit. This depends on the number of years you have worked for an employer. It's important to note this rate changes each year in July. For more information, visit the [ATO's redundancy payments page](#).

### ELIGIBLE TERMINATION PAYMENT (ETP)

An ETP is a one-off payment made as a result of the termination of a person's employment. Redundancy payments above the tax-free limit are treated as ETPs and may qualify for concessions. This can be influenced by the size of your payout, your age, how long you've been in your job and whether you plan to rollover your payment.



A typical redundancy payout will include several varying tax elements, some of which won't be included in your ETP and will be taxed at your normal rate.

### The Australian Taxation Office (ATO) lists the following as amounts to include in an ETP:

- payments for unused sick leave or unused rostered days off
- payments in lieu of notice
- a gratuity or 'golden handshake'
- an employee's invalidity payment (for permanent disability, other than compensation for personal injury)
- compensation for loss of job or wrongful dismissal
- [genuine redundancy payments](#)
- early retirement scheme payments that exceed the tax-free limit
- certain payments made after the death of an employee
- the market value of the transfer of property (less any consideration given for the transfer of this property).

*This information is current as of October 2022.*

### Payments that are not included in an ETP:

- lump sum payments for unused annual or long service leave
- the tax-free part of a genuine redundancy payment or an early retirement scheme payment
- superannuation benefits (for example, a lump sum or income stream from a super fund)
- foreign termination payments

*This information is current as of October 2022.*

### INSURANCE

It's also a good idea to check any insurance policies you have and see if there are any benefits you can claim after being made redundant, such as monthly benefit payments. This can help keep you financially supported while you adjust to the next stage of your life.



## NEXT STEPS

### TAKING A BREAK

For some people, being made redundant will afford them the time (and money) to take a break from work and reassess what they want to do next. After years of work, this can be a great way to recharge your battery and set yourself new goals for your future. It's important to ensure you are financially capable of taking a break from working before doing so, though.

### APPLYING FOR NEW JOBS

If it's been a while since you last had to apply for a job, chances are the process has changed a bit. For the most part, job advertisements and applications are online. There are several websites you can access to browse current jobs, salaries and requirements to get a feel for what's out there. The government's [Workforce Australia](#) website lets you search jobs in your local area.

### STUDY, SKILL DEVELOPMENT AND TRAINING

You might find that to get a new job in today's workforce, you need to upskill or go back to study. There are plenty of options for this, including microcredentials, short courses, TAFE and university studies. A good starting place is the federal government's [finding training](#) website.

### STARTING OR TAKING OVER A BUSINESS

Redundancies can often be the push people need to work for themselves and start or take over a business of their own. If this is something you've considered, good luck! But remember, starting (and running) a business is no easy feat. Before going out on your own, you should think about the reasons you're doing it and whether you can realistically make it work in the long run – financially, logistically, and emotionally. For more information, visit [ANZ's Financially Ready Business Hub](#).

### RETIREMENT

If you're made redundant but have reached retirement age, now might be a good time to consider your options and whether you want (or need) to go back to work. Before you jump in your caravan and head off into the sunset, it's a good idea to make a plan for the years ahead. This should include things like how you'll support yourself (and any dependants) going forward. You may want to get some financial advice, to ensure you're set up for the rest of your life.

For more information on retirement, see our LifeGuide [Plan to Live the Retirement you Deserve](#).

The government's [MoneySmart](#) website also has a raft of resources to help retirees manage money.

## FINANCIAL STABILITY

If you've been made redundant, you'll need to make sure you're on top of your money to ensure you look after your financial wellbeing over the next few months, or years. It might seem unimportant now, but trust us, you'll appreciate your own savviness later (and so will your bank account).

#### Some things you may need to consider include:

- Do you have anyone who depends on your income (e.g. children, a parent or partner)?
- How will you pay for everyday items, like groceries and bills?
- Are you planning to get another job?
- How long can you afford not to work for?
- Can you apply for any benefits, such as Centrelink?

It's also a great idea to make a budget so you know how much money you need to cover your regular expenses. If you need a hand doing this, ANZ's estimating tools are a great way to break down and categorise your spending.

#### These resources include:

- [Budget planner](#)
- [Savings goals calculator](#)
- [Home loan deposit calculator](#)
- [Borrowing calculator](#)



The government's [MoneySmart](#) resource has a dedicated budget planning section, too.

## THINGS YOU CAN DO TO HELP YOUR FINANCIAL SITUATION

### Manage debt

It might not be possible to pay off everything, but it's a good idea to have a clear pay-back plan and understand how long you will be in debt. If you have multiple debts, see if you can combine them under one personal loan and at a lower interest rate. You may be able to do this via your home loan.

### Refinance or lock in a good home loan interest rate

With Australia's housing market undergoing a major shift in recent years, locking in a good interest rate on your home loan can help save money.

### Put a limit on your credit cards

Don't fall into the trap of spending outside your means. Put a cap on your credit card limit (or cancel it, if you don't need it!)

### Stick to your budget

It may sound simple but sticking to your budget is one of the best things you can do to keep your finances on track.

## ACCOUNTANTS

An accountant is a registered tax agent and can help you with your yearly tax return, however they can't give you financial advice unless they're licensed by ASIC to do so. If you're in the market for an accountant, make sure you find someone who is reliable, trustworthy and accredited. Get a friend to recommend someone or try the industry bodies below:

### Institute of Chartered Accountants of Australia/New Zealand

[www.charteredaccountantsanz.com](http://www.charteredaccountantsanz.com)

1300 137 322

### Certified Practising Accountant (CPA) Australia

[www.cpaaustralia.com.au](http://www.cpaaustralia.com.au)

1300 737 373

### Institute of Public Accountants (IPA)

[www.publicaccountants.org.au](http://www.publicaccountants.org.au)

1800 625 625

You should also consider:

- Is the accountant registered with one of the professional bodies listed?
- What are the fees (and how will you be charged)?
- Does the accountant have experience with your specific needs?
- Will they give you a letter of engagement and provide any advice in writing?

## FINANCIAL PLANNERS

Figuring out your finances can be a big job, especially when you've just been made redundant. That's where engaging a financial planner could help. A financial planner is someone who's qualified to advise you on your money and what you should do with it. They'll take into account your income, goals, lifestyle and circumstances and help create a plan that works for you.

The Australian Securities and Investments Commission (ASIC)'s consumer website [MoneySMART](http://www.moneySMART.gov.au) is a great place to start if you're looking for a planner or other financial resources.

## ANZ FINANCIAL WELLBEING PROGRAM

If you're looking for some helpful insights, tips or tools then check out the ANZ Financial Wellbeing program – a free online resource designed to help you become better with your money. Complete modules at your own pace, regardless of who you bank with, or sign up for a 6-week challenge and receive helpful information straight to your inbox.

Read more about how we can help boost the power of your finances at [anz.com.au/financialwellbeing](http://anz.com.au/financialwellbeing)



## MORE HELP

Remember, there are lots of resources that can help you manage your redundancy - from your finances to your emotions. For more information, take a look at some of the options below.

### JOBS AND CAREER

**Australian Government: Department of Education, Skills and Employment**

A resource for recently unemployed people.  
[www.dese.gov.au/jobs-hub](http://www.dese.gov.au/jobs-hub)

**Services Australia: Job Hunting**

Includes state and territory-specific jobs resources.  
[www.servicesaustralia.gov.au/looking-for-work](http://www.servicesaustralia.gov.au/looking-for-work)

### YOUR RIGHTS

**Australian Government: Fair Work Ombudsman**

Helps employees understand their work entitlements.  
[www.fairwork.gov.au](http://www.fairwork.gov.au)

**Services Australia: Centrelink**

To apply for monetary assistance.  
[www.servicesaustralia.gov.au/centrelink](http://www.servicesaustralia.gov.au/centrelink)

### LEGAL

**Australian Government: Attorney-General's Department**

Includes state and territory-specific legal resources.  
[www.ag.gov.au/legal-system/legal-assistance-services](http://www.ag.gov.au/legal-system/legal-assistance-services)

### EMOTIONAL

**Relationships Australia**

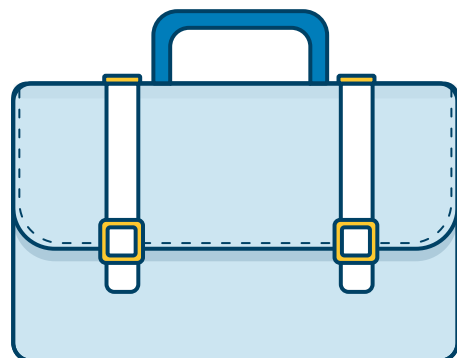
Helps individuals, families and communities with relationship matters. Call 1300 364 277.  
[relationships.org.au](http://relationships.org.au)

**Mensline**

Wellbeing for support for men. Call 1300 789 978.  
[mensline.org.au](http://mensline.org.au)

**Lifeline**

Supports people facing hardship and distress. Call 13 11 14.  
[www.lifeline.org.au](http://www.lifeline.org.au)





## ABOUT LIFEGUIDES

ANZ has a proud history of helping customers across Australia and New Zealand, especially in times of change. Through these LifeGuides, ANZ is furthering its commitment to the broader community by providing general resources and useful information about key life moments – helping make them a little easier on you.

Important Information: The information set out above is general in nature and has been prepared without taking into account your objectives, financial situation or needs. By providing this information ANZ does not intend to provide any advice about your employment rights, any financial advice or other advice or recommendations. You should seek independent employment, financial, legal, tax and other relevant advice having regard to your particular circumstances.



