



Your super and redundancy

Fact sheet

A redundancy can represent a significant change in your life. It's important to understand the options available so you can make a decision that's right for you.

Things to think about

You'll need to consider a number of issues, including:

- what to do next – will you find a new job or is retirement an option?
- receiving a redundancy payment – what is your payment made up of and how is it taxed?
- what to do with the redundancy payment – money to live on, pay off debts or contribute towards retirement?
- entitlement to Centrelink benefits – are you eligible and do any waiting periods apply?
- if you need help – you might like to have a chat with a financial adviser or tax specialist to understand how redundancy affects you and the strategy opportunities available.



Has your job been impacted by the coronavirus?

If you're an **eligible individual** who has been financially impacted by the coronavirus you can apply to withdraw up to \$10,000 from your super during the 2019-20 financial year, and a further \$10,000 during the 2020-21 financial year (from 1 July 2020 to 31 December 2020). You'll be able to apply for this from 20 April 2020.

You'll need to apply to the ATO – you can't apply for this through Rest. To learn more about eligibility and how to apply, visit ato.gov.au
You can also find more information at rest.com.au/coronavirus

Understanding your redundancy payment

Your total redundancy payment can consist of more than one component and may be subject to concessional tax treatment.

Redundancy payment

If your termination payment is a genuine redundancy (generally where you are under Age Pension age when your employment ends), some or all of the payment will be tax free. For the 2019-20 financial year, the tax-free limit for a genuine redundancy is \$10,638 (base limit) plus \$5,320 for each completed year of service.

Employer termination payments (ETPs)

Genuine redundancy amounts exceeding the tax-free limit are known as employer termination payments (ETPs).

The tax treatment of ETPs is subject to your age, the type of payment and how your employment was terminated.

A portion of your ETP may be tax-free where you have your pre-1 July 1983 service or an invalidity component arising from ill-health.

Maximum tax including Medicare levy

Preservation age and over	Up to the ETP cap of \$210,000	17%
	ETP over \$210,000	47%
Under preservation age	Up to the ETP cap of \$210,000	32%
	ETP over \$210,000	47%

The tax treatment of the taxable portion depends on whether you have reached preservation age at the time of dismissal and whether the payment exceeds the ETP cap (\$210,000 in 2019-20) as shown in the table.

Different tax treatment for ETPs may arise where the redundancy includes 'excluded payments' such as golden handshakes and gratuities. These payments will be subject to the \$180,000 whole of income cap, which is reduced by other taxable payments other than the ETP.

Leave payments

Payments made for unused long service leave and annual leave as a result of termination because of genuine redundancy are generally taxed at 32% including Medicare Levy. It's important to remember the tax treatment may differ depending on service period and age when your employment finished.



Our calculators help you explore your options for your retirement savings.

- Super and retirement - see how much super you could have to spend in retirement
- Retirement budget calculator - helps you understand your spending so you can be retirement-ready

Visit rest.com.au/calculators to see all our calculators.

What happens to your super?

You can retain your super with Rest if you leave your employer, however your insurance cover may change. To get a better understanding of how redundancy may affect your Rest super and insurance cover, contact Rest Advice.



Advice when you need it

Rest Advice is all about helping you make good decisions with your super and money. Whether you have simple general questions, you're looking for calculators to help you plan, or you're interested in more complex subjects, we can help you confidently look forward to a brighter tomorrow.

For more information visit rest.com.au/advice or call us on **1300 183 361**.

If there's anything we can do

 rest.com.au

 **Live Chat at rest.com.au**
Monday to Friday 8am - 10pm, Saturday 9am - 6pm
and Sunday 10am - 6pm AEST

 **1300 300 778**
Monday to Friday 8am - 10pm AEST

 **Download the Rest App**

Rest
Industry Super