



REDUNDANCY

TIPS AND TRAPS

Delivering Certainty



Redundancy, whether it be voluntary or otherwise, can be a stressful and uncertain time for many people. Decisions need to be made, plans put in place, CV's refreshed — or if you've been in the job a long time, maybe drafted for the first time in decades. However...

It can also be a time of celebration where you've been pushed into a decision that you possibly should have taken years ago, given the opportunity to get out of the old and have a go at something new. After speaking to us and with a little planning, many of our clients have seen **redundancy as a “lotto win”** and this has provided a cash wind-fall enabling them to move forward into the next stage — be that early retirement or new employment opportunities.

Interestingly, many at the time of redundancy see it as a major catastrophe, however when surveyed after 12 months said it was actually a 'gift'. Knowing this before can certainly make it easier to deal with emotionally.



Below are tips that will help make financial and emotional matters easier to manage when it comes to redundancy.

FINANCIAL TIPS...

1.

Should I take a Voluntary Redundancy (VR)?

If the redundancy is voluntary then the big question is should you take it? Ideally you'll already have a budget in place... if not, act fast and put one together. It is essential to know how much it is costing for your current lifestyle so you can understand your worst-case-scenario. If you are going to retire you need to know how much income you need to live on. If you are searching for another job then you need to know how long you can live off your redundancy payout and your existing cash. This will help with your decision making.

If you are about to retire then a VR can be a significant retirement gift, boosting savings just the right time, and often it is best to take the VR and run with glee.

2.

Educate Yourself

Do some reading so you are familiar with the various terms that will become important in the breakdown of the redundancy benefits. Make sure you know how the calculations are made so that you are sure you are being offered all of your entitlements.

3.

Get Advice

It is essential that you understand what is being offered, how the taxation will effect you and how to maximise the use of the funds. Should you pay off debt, put the money into super, or simply deposit it in the bank as an emergency fund? This is a good time to seek expert help from a qualified and experienced financial planner as the right strategy is key. It is important so that you don't later regret the decision and find it can't be undone. See the checklist on the last page to help you through the steps.

4.

Understand Your Superannuation Options

For many in the Government super schemes, such as CSS or PSS, a pension is available prior to preservation age. Recently we had a client with a client who was 30 years old and a pension was available to him. Just because it is available doesn't mean you should automatically take it—it requires careful consideration, weighing up the Pros and Cons.

5.

Be Willing to Take Lower Pay - initially

If you desire to keep working, then don't be afraid to take on a lower paid job. This will provide a secure base to work from, and you can either build your way up within the organisation again or alternatively continue to apply for higher paying jobs. Often employers are more willing to take on a new employee who is currently employed than one who has been out of work a long time.

6.

Check Out Possible Entitlements

Make contact with Centrelink to see if and when you are eligible to claim benefits. There are several tests that you need to pass, including a waiting period of 3 months or more.

7.

Control Your Spending

Especially for those that are not about to retire, this is a time to cut back non-essential spending, as it might take longer to get another job than originally anticipated.

8.

Set The Funds Aside

Be careful to set the funds aside in a different account to the everyday expense account—otherwise the funds can 'disappear' into 'consolidated revenue'.





NON-FINANCIAL TIPS...

1.

Take Action

If you are wanting to return to the workforce then get the CV polished up and ready to go. Start sending it to everyone and anyone that might be able to help. Don't be too proud to seek help. It's amazing how many times we've seen clients secure employment through a friend or family member's recommendation.

2.

Don't take it personally

More likely than not, it is not a person's performance, or lack thereof, that brings on the redundancy. It is typically a business decision that is completely out of the control or influence of the one being made redundant. The faster you accept what's happened and move forward the better.

3.

Stay Positive

Being positive in interviews and when discussing work is important. People like working with positive people and you don't know who's watching... it just may be your next employer! There is a natural energy about being positive and this will be picked up in interviews, giving you more chance for success. If asked in the interview why you are seeking employment, just tell them you "took a package".

If you are in a relationship, keep communication levels high. Mourn the loss if needed and then take a team approach to moving on.

Be a little playful and ask yourself "what if". What if I was to apply for the job I've always wanted. What if I could turn my hobby into a business. Brainstorm and consider all the opportunities!

4.

Network

Get in contact with past colleagues, industry association contacts, Facebook and LinkedIn 'friends'. Let them know you are available.

5.

Get Help

If your employer is offering an education program or an assistance program then take it up. The outplacement service from Career Development Association of Australia www.cdaa.org.au can help you with tools in getting you another job.

6.

Talk it Out

Speak to those that love and care for you—trusted friends, your partner or adult kids. It is important to get advice and support from those that care for you enough to be honest with you about your options. However speaking to too many people will simply confuse you, so choose carefully.

7.

Skill Up

Consider up skilling yourself and opening up broader opportunities. If the payout is enough, it might be a great opportunity to become a part-time or full-time student. This is a good time for reflection about your past experience, qualifications, passions and hobbies to see how these might guide your next career.

8.

Be Persistent

Don't give up or get discouraged if you don't get an overwhelming amount of interviews or the first job you apply for. The key here is to persist, stay positive and apply for a broad range of opportunities. Don't be afraid to follow up after an interview. This shows you are enthusiastic and provides an opportunity to see timeframes for decisions and feedback on how the interview went.

9.

Don't Assume

If you submit your application and CV electronically, follow up to check that these were received correctly. It is very surprising how often emails get lost in cyberspace!





CHECKLIST OF FINANCIAL PLANNING CONSIDERATIONS

- ☐ Calculate what assets and liabilities you have.
- ☐ Assess the amount of income you need to maintain your lifestyle.
- ☐ Determine how you are going to provide this income.
- ☐ Consider paying off some or all of your debts.
- ☐ Ensure you have an Emergency Fund in case of unforeseen circumstances.
- ☐ Ensure the Emergency Fund is easy to access. An online savings account is perfect.
- ☐ Consider investing excess funds in longer term growth investments, as appropriate.
- ☐ Ensure your Will and other estate planning issues are up to date.

Milestone has been serving the Canberra community for over 25 years. Our team of advisers have helped countless people transition through this phase in their life successfully, minimising stress and maximising their resources.

For more information contact Milestone Financial Services on (02) 6102 4333, email us at enquiries@milestonefinancial.com.au or visit our website www.milestonefinancial.com.au.



Milestone Financial Services ABN 68 100 591 508 is an Authorised Representative of AMP Financial Planning Pty Limited, ABN 89 051 208 327 AFS Licence Number 232706, Level 8, 33 Alfred Street, Sydney NSW 2000, Australia.

Any information given is general only and has not taken into account your objectives, financial situation or needs. Because of this, before acting on any information, you should consult a financial planner to consider how appropriate the information is to your particular situation.

The calculations in this guide do not take into account any fees and charges, eg application fees. The results provided are an approximate guide only.



Accredited by
AMP Financial Planning | 