

Redundancy: a taxing time

Redundancy can occur for any number of reasons. You may decide to leave your employer by accepting a voluntary redundancy, or you may be made redundant due to forces that are beyond your control.

The unexpected termination of your employment may lead to feelings of grief and despair. If this is the case, it's important to understand that these emotions are natural and, in time, will pass. Whether you are consciously aware of it or not, you may be grieving the loss of a network of friends, social status, a comfortable lifestyle, a comfort zone, peace of mind, an appreciation of self-worth, or even your dreams and ambitions.

However, redundancy can also be an opportunity to reflect upon your achievements, take a break, re-evaluate your goals and career aspirations, and to plan a new path forward for the future.

Regardless of your situation and future intentions, you will need to understand and make some important decisions about your finances. This includes understanding any redundancy or employee termination payments that you may be entitled to and the tax you may be liable for.

Taxation of redundancy payments

If you leave your employer, the payments you receive depend on the circumstances surrounding your departure and your employment agreement.

If you've been made redundant because your employer no longer requires the job you were doing as part of their business, you are considered to receive a 'genuine redundancy' payment. Genuine redundancy payments are tax-free up to a certain amount.

The payments you could receive are either considered Eligible Termination Payments (ETPs) or not ETPs

These payments are ETPs	These payments are not ETPs
Genuine Redundancy and Early Retirement Scheme payments in excess of the tax-free amount	Genuine Redundancy and Early Retirement Scheme payments within the tax-free amount
A gratuity or golden handshake	Unused annual leave
Payments in lieu of notice	Unused long service leave
Unused sick leave	

Calculating the tax-free portion of your redundancy payment

To calculate the tax-free portion of your redundancy payment:

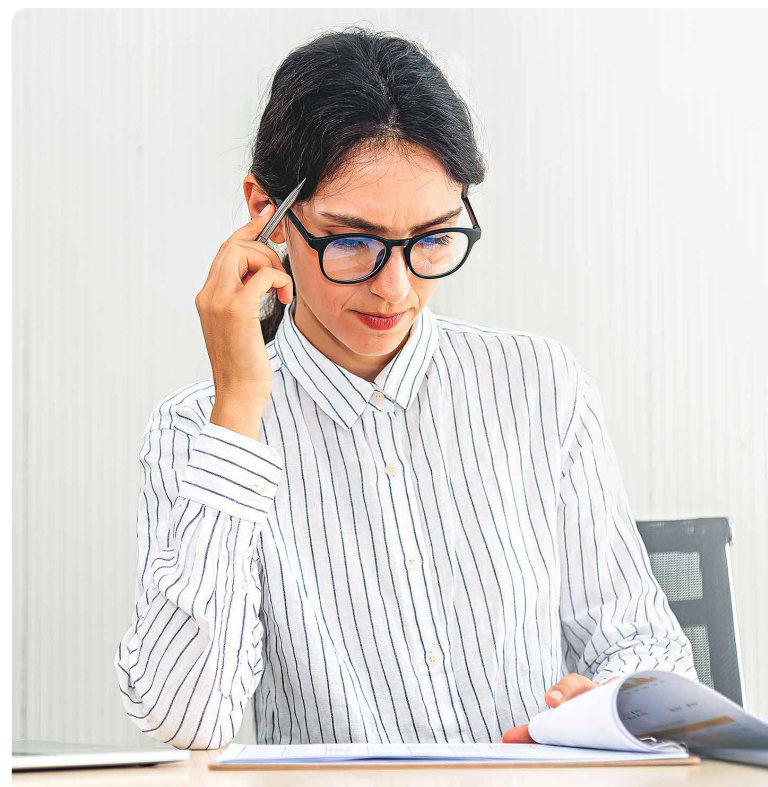
Take the figure of \$10,989 and add \$5,496 for each completed year of service with your employer.¹

For example

If you have been employed for 5 years, you are entitled to receive a maximum tax-free redundancy payment of:

\$38,469 – that is, \$10,989 + (\$5,496 x 5 years).

In this situation, if your genuine redundancy payment totalled \$50,000, then only \$11,531 (\$50,000 – \$38,469) would be taxed as an ETP.



Annual and long service leave taxation

Any unused annual leave and long service leave will also be paid to you along with your redundancy payment. Your employer will withhold a certain amount to pass onto the ATO for tax purposes. When you complete your tax return, depending on your final tax liability, the ATO will either refund you, request an additional payment from you or accept the amount of tax the employer has provided as correct.

Other types of payments you may receive when you leave your employer include unused rostered days off, unused sick leave and gratuity payments. These are classified as ETPs and are taxed concessional but not as much as payments that are redundancy related, non-ETPs.

¹ These amounts are used to calculate the tax-free portion of a redundancy payment received in the 2020/21 financial year and may be different in previous or future financial years.

Extension to the agelimit for genuine redundancy payments

The government has extended the age at which you can access the concessional tax treatment for genuine redundancy payments. This has been increased from the age-based limit of 65 years of age, to age-pension age which is based on your date of birth.

Making the right decisions

Job loss can be a very stressful experience. Friends and family may be able to offer emotional and financial support while you assess your situation and options, and professional counselling may also be beneficial should you feel overwhelmed by your predicament.

Managing the reality of a redundancy involves many important financial decisions that can only be made with consideration given to your personal circumstances.

This may involve:

- assessing your financial position and your ability to meet your financial commitments
- identifying and securing any employer payments that you may be entitled to
- identifying any Government assistance you may be entitled to
- understanding/assessing your personal insurance.

Did you know?

The Government is extending the following Coronavirus initiatives:

JobKeeper payments extended to 28 March 2021 (from 27 September 2020).

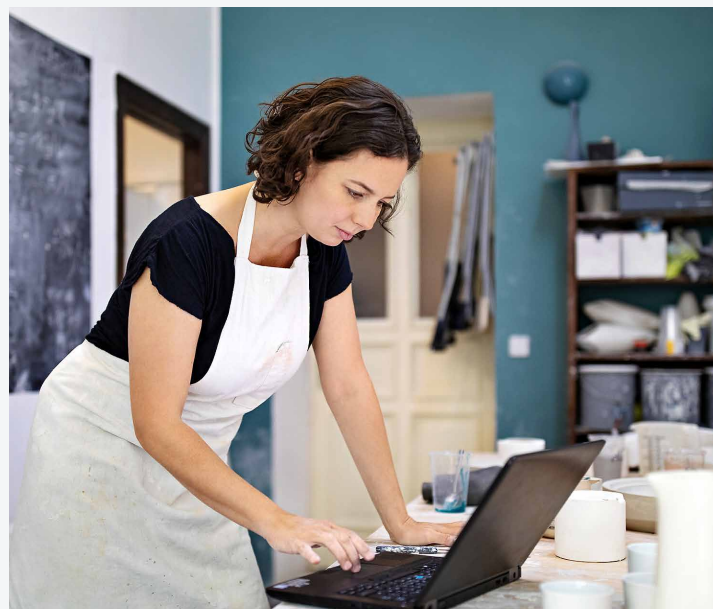
The Government will provide \$1,500 per fortnight per eligible employee for up to six months, to 27 September 2020, to eligible businesses. Then, the JobKeeper payment is proposed to reduce to \$1,200 per fortnight after 27 September 2020 for full-time workers and \$750 per fortnight for part-time workers. A further reduction is likely to be made after 4 January 2021.

Coronavirus Supplement extended to 31 December 2020.

The Coronavirus Supplement is a taxable \$550 fortnightly payment to JobSeeker recipients until 25 September 2020. This reduces to a \$250 fortnightly payment from 25 September 2020 until 31 December 2020.

Early access to super available to 31 December 2020 (extended from 24 September 2020).

This extended timeframe to apply to access your super means you can delay your application if you do not want to withdraw your money unnecessarily, for example, if your circumstances change or you find employment or start a new business later in the year.



If you are receiving or are expecting to receive a redundancy payment please contact us and we can help you understand your personal and financial situation and help you make the most of your payment.



The fine art of the 'staycation'

With 2020 travel plans seriously curtailed, it's become increasingly important to find new and interesting activities to do from the comfort of your own home – especially when you need a stay at home vacation i.e. a 'staycation'. From exercise classes to Broadway musicals, there's a whole host of things you can bring into your lounge room – whether you want to break the monotony or are creating a fully-fledged staycation. And, aside from entertainment, there's other very important reasons to do so, too.

According to The Black Dog Institute, common consequences of pandemics include anxiety and panic, depression, anger, confusion, uncertainty and financial stress.¹ Maintaining a sense of belonging and connection with your family, friends and colleagues has never been more crucial. After all, social belonging is so important, it's recognised as a basic human need, along with food, water and shelter.

So, we've put together a list of things to do at home to keep a sense of social activity during the Coronavirus pandemic.

The virtual cellar door tour

Great friends, fine wine and plenty of conversation makes for the perfect staycation activity. That's what a range of virtual cellar door tours are offering in the time of COVID-19. Depending on your favourite drink, boxes of sample wines, gins, whiskys or beers are delivered to your doorstep, along with a link to a virtual tour. Log on with your nearest and dearest and you'll be guided through the production process, tasting notes and suggested garnishes.

¹ Black Dog Institute, 'Coronavirus mental health, evidence, policy, collaboration.' 2020 <https://www.blackdoginstitute.org.au/resources-support/coronavirus-resources-for-anxiety-stress/coronavirus-mental-health-evidence-policy-collaboration/>

Culture at your coffee table

Looking for a little culture during your staycation? Monash University is live-streaming recitals from its David Li Sound Gallery every Wednesday evening, while comedian Adam Hills hosts a Zoom stand-up comedy night every Thursday. If the theatre is more your thing, the Queensland Theatre's monthly Play Club's artistic director Lee Lewis has presented live-streamed readings via Zoom webinar, while Brisbane's Institute of Modern Art has commissioned 40 artists to create new works in response to COVID-19's impact on the arts, the first few can be viewed on their website.

Fine dining, home style

Even for those of us who can leave home right now, dining out with COVID-19 restrictions in place lacks a certain carefree vibe. That's why Australian bars, cafes and restaurants are not only upping their delivery options, but, have also created special meal packages so you can cook up a storm in the comfort of your own home. Melbourne's 'Atlas' restaurant has boxed up their best ingredients and recipe cards so you can recreate your favourite meal in 15 minutes, while Dan Hong (of Mr Wong's fame) is hosting cooking videos on Instagram for his 82,000 followers. Nic Wong, Head Chef at CicciasBella in Bondi has also taken to creating step-by-step tutorials to help people cook like a professional. Perfect as a special staycation night-in or a surprise for a loved one's birthday or celebration.

Get active

A regular hit of feel-good endorphins is crucial right now. Get active by joining in one of the many live-streamed fitness classes currently available. Sydney's Flow Athletic is breaking new ground with their Facebook-based online training program, while Barry's Bootcamp at Martin Place has turned to Instagram Live to stream their daily workouts. To stretch your stress away, try One Hot Yoga's online classes via Zoom for \$10 a session, or for an on-demand workout look no further than Barre Body Online – the pilates studio is currently serving up workouts from instructors' lounge rooms and kitchens. Since regular exercise has been proven to alleviate symptoms of stress, anxiety and depression, your staycation may be a good time to try something new and get moving.

Take a trip to Broadway

Ah Netflix, an obvious hero in the staycation survival kit. But while rom-coms and murder mysteries are likely to be at the top of your 'last viewed' history, have you considered taking a stroll down Broadway? Classics like 'Sweeney Todd: The Demon Barber of Fleet Street' and 'Fiddler on the Roof' are just a click of the remote away. Need something a bit more kid-friendly? Try 'Shrek The Musical', or for a rock 'n' roll hit, you can't go past 'Springsteen on Broadway'. Disney Plus is also great for family favourites and the Broadway musical 'Hamilton' is a must-see for your next staycation night in.

How to host the perfect Zoom party

You've probably used a variety of video chat platforms for meetings and interviews in this new world of work, but they're also a great tool to bring friends and family together.

Here are our four top tips to get the party started

1 Check that everyone you've invited knows how to use Zoom

They don't have to have a Zoom account to join in on the fun (that's your role as host), but they do need to know how to access the 'meeting'. Sharing the URL via email or text is usually the easiest way to get everyone on board.

2 Limit the number of people

Since this 'party' needs to squeeze onto the size of your computer screen, we recommend limiting your numbers. While your standard house party might call for an invitation list of 20 or more, eight guests is a good number for a virtual catch-up.

3 Stagger the time that people 'arrive'

Staggering the time of the invitations is one way to ensure people don't all join the call at once – after all, not everyone arrives at your house party at exactly the same time right? This way you can gradually get the party started, introduce anyone who hasn't met before and welcome new arrivals one at a time.

4 Get the conversation started

Getting the conversation started can be tricky with seven faces staring back at you on a screen. At a normal party people can splinter off, so several different conversations are happening at once. That's not an option with Zoom, so try to be mindful of including everyone and consider nominating a dress code, using music, filters, emojis or custom backgrounds as group conversation starters. Another option is to host a trivia event through an online platform such as 'Kahoot!'. It's a fantastic conversation starter and tests you and your guests' general knowledge.



Your TFLG Financial adviser is:

If you are feeling financially stressed or otherwise affected by the Coronavirus crisis, please contact us to see how we can help.

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