

# Redundancy and your super

Leaving your job due to redundancy can be one of your working life's biggest challenges. You may be thinking about what it means for your finances, including your superannuation.

This factsheet provides you with helpful information if you have been made redundant or are thinking about accepting a redundancy package. It explains payments you may be entitled to, the options for your QSuper account/s, and where to go for more information.

## What payments will I receive?

When you receive a redundancy package you may be entitled to two main payments from your employer. These include:

1. Any accrued annual leave and long service leave
2. A redundancy benefit.

## What is a redundancy benefit?

When you receive your redundancy package, your employer should write to you to explain your entitlements including information about tax.

If you're eligible to receive a redundancy payout from your employer, it may be split into two parts:

1. The tax-free part of the genuine redundancy payment
2. The remainder of the genuine redundancy payment, which you may pay tax on.

As well as the redundancy payment, you may be offered a one-off incentive payment. If you want to know more about this, please contact your HR team.

For a payout to be considered a genuine redundancy payment, it must meet the criteria set out in the *Income Tax Assessment Act 1997*. Contact your HR team for help with this.

## What if I have a Defined Benefit account?

If you have a Defined Benefit account and receive a redundancy package from your defined benefit employer, this account will be closed and your benefit will be transferred to an Accumulation account. You'll need to send us a completed *Transfer Your Defined Benefit to an Accumulation Account* form. Read the *Defined Benefit Account Guide* available at [qsuper.qld.gov.au/guides](https://qsuper.qld.gov.au/guides) for more information, or call us and we'll send you a copy, free of charge.

## What are the tax implications?

The tax you'll pay on the different components of your payment depends on your circumstances. It's a good idea to speak to your accountant or financial adviser for more information. For general information about the tax implications of your payment, visit the ATO's website [ato.gov.au](https://ato.gov.au) or call them on **13 28 61**.

## What happens to my accrued leave?

When you leave your job, you'll receive a payment for any accrued leave you may have. This leave payment is included in your assessable income in the financial year it's paid to you. Depending on the circumstances of your redundancy, you may be entitled to a tax offset on some or all of your accrued annual leave payment. It's not part of the eligible redundancy payment. Your employer will send you a payment summary that explains the different amounts you need to include in your tax return. How much tax you pay depends on when you accrued the leave and how much income you earn in the financial year. Your accrued leave doesn't generally include sick leave.

You have the option to pay this money into your super after tax has been taken out, and it counts towards your non-concessional (after-tax) contributions cap. This money is kept in your super account until you meet a condition of release. Please read the *Accumulation Account Guide* on our website for more information about when you can access your super and contribution caps.

## What happens to my super?

If you receive a redundancy package and leave your job, you have a number of options:

### 1. Keep your super with QSuper

You can keep your super money in your existing QSuper Accumulation account and have any future employers pay your super into this account.

Having one super account can also make it easier to keep track of your super and save on paying multiple fees and insurance premiums.

### 2. Take some or all of the unrestricted non-preserved part of your super as cash

You can cash in any unrestricted non-preserved component of your super at anytime (this is the part of your super you can access without meeting one of the conditions of release). If you are receiving a genuine redundancy payment (we have explained what this is above), the restricted non-preserved part of your super (these are contributions made by you or your employer before 1 July 1999) becomes unrestricted and also available to withdraw as cash.

You can find your restricted non-preserved and unrestricted non-preserved components on your annual statement. You must leave the rest of your super (the preserved component) in an Accumulation account until you meet a condition of release.

### 3. Start a QSuper retirement income stream (if eligible)

We have retirement income solutions to suit your life stage and individual retirement goals. Keep in mind there are certain conditions of release that you must meet to be able to start a QSuper retirement income stream. Read the *QSuper Product Disclosure Statement for Income Account and Lifetime Pension* to see if you are eligible.

#### Retirement Income account

- A flexible, tax-effective way to receive regular payments from your super
- You control how much and how often you're paid and can withdraw extra money at any time<sup>1</sup>
- No tax on payments or withdrawals after you turn 60
- Tax-free investment returns
- Potential retirement bonus
- Needs a minimum account balance of \$30,000.

Find out more at [qsuper.qld.gov.au/incomeaccount](https://qsuper.qld.gov.au/incomeaccount)

#### Lifetime Pension

- Provides you (and your spouse, if you choose) with fortnightly, tax-free payments for the rest of your life (but no access to lump sums)
- Payments continue even after your initial purchase price has been exhausted

- Allows you to possibly receive higher Age Pension payments than you may have otherwise qualified for
- Potential retirement bonus
- Needs a minimum purchase price of \$10,000.

Find out more at [qsuper.qld.gov.au/lifetimepension](https://qsuper.qld.gov.au/lifetimepension)

Read more about our retirement income solutions in the *QSuper Product Disclosure Statement for Income Account and Lifetime Pension* available at [qsuper.qld.gov.au/pds](https://qsuper.qld.gov.au/pds)

## What happens to my insurance?

### Death and total permanent disability (TPD) cover

If you are an Accumulation account member and have units of death and TPD cover on the day you finish work, and you keep your super in a QSuper Accumulation account, your insurance will automatically continue.<sup>2</sup> This means you keep the same level of cover you had when you were employed and you can apply to increase or cancel your insurance at any time.

If you had a Defined Benefit account and are made redundant from your defined benefit employer, this account will be closed. You may receive death and TPD cover if you transfer your benefit to an Accumulation account. Refer to the *Defined Benefit Account Guide* for further information.

You'll find more information in the *Accumulation Account Insurance Guide*, which you can download from our website or call us and we'll send you a copy, free of charge.

### Income protection cover

If you are an Accumulation account member, your income protection cover will continue after you leave your job, as long as you are still eligible. However, if you have salary-based income protection cover, it will convert to units of cover and your waiting period and premium may also change. You'll find more information in the *Accumulation Account Insurance Guide*.

If you had a Defined Benefit account and are under 65, and are made redundant from your defined benefit employer, this account will be closed. We may give you unitised income protection cover if you transfer your benefit to an Accumulation account. Please refer to the *Defined Benefit Account Guide* for further information. You'll find information including details about premiums, benefit periods, and waiting periods in the *Accumulation Account Insurance Guide*.

Please note that an income protection benefit is not payable if you are unemployed at your date of disablement.

<sup>1</sup> Minimum annual payment amounts apply. Maximum annual payment amounts apply if you have a Transition to Retirement Income account (TTR). Refer to the *QSuper Product Disclosure Statement for Income Account and Lifetime Pension*. <sup>2</sup> Eligibility conditions apply.

## Keeping your insurance

It's important to note that your insurance cover will be cancelled if we do not receive any money into your Accumulation account for 13 continuous months or have insufficient funds to cover your premiums.<sup>1</sup> You can prevent this from happening by permanently opting in to cover or by having money added to your Accumulation account. You can permanently opt in to your insurance cover by logging in to Member Online and selecting 'I want to permanently opt in to cover' – [qsuper.qld.gov.au/optin](https://qsuper.qld.gov.au/optin) or send us a completed *Change of Insurance* form.

### For more information

We're here to help. Please call us on **1300 360 750**, or visit our website if you have any questions.

<sup>1</sup> There are various circumstances when cover will end, refer to the *Accumulation Account Insurance Guide*, available at [qsuper.qld.gov.au/pds](https://qsuper.qld.gov.au/pds).

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