

Redundancy and your super

Leaving your job due to redundancy can be stressful. You may be thinking about your financial future, including what to do with your super.

This factsheet provides you with helpful information if you have been made redundant or are considering 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 happens to my super?

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

1. Keep your super in an Accumulation account

Even if you leave your current employer, we're still with you. Because we're a profit-for-members fund, you can feel confident that we're working in your best interests, not someone else's.

Read the 'Changing jobs' section on our website for information on how to organise for your new employer to contribute to your QSuper account. You can complete the *Choose QSuper as Your Super Fund* form and give this to your new employer. Having just one super account makes it easier to keep track of your super, and you'll save on paying multiple account fees and insurance premiums.

2. Open an Income account, if you are eligible

An Income account is a flexible, tax-effective way of receiving regular payments from your super during retirement. If you have reached your preservation age and plan to keep working, you can also open an Income account using the transition to retirement option.

You are able to choose how much income you want to receive, and you might also be able to withdraw lump sums if you need extra cash for any reason.¹

Once you turn 60, you don't have to pay tax on any payments you receive, and even before age 60 you may be able to reduce the amount of tax you pay.

You will need to transfer at least \$30,000 from your Accumulation account to open an Income account. You will need to keep a minimum of \$10,000 in your Accumulation account if you are opening an Income account and want to retain an Accumulation account.

If you open a QSuper Retirement Income account with money from your Accumulation account, you could receive a payment called the QSuper Retirement Income Account Transfer Bonus. You can find out more information about this in our *Income Account Guide* on our website, or call us and we will send you a copy.

3. 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 (this is the part of your super you can access without meeting a condition of release). If you are receiving a genuine redundancy payment (we explain what this is below), 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.

4. Roll over all or part of your super to another super fund

You can roll over part or all of your super into another complying super fund – but first compare what other funds offer you, and check with your other super funds about loss of insurance or other benefits. With QSuper, you don't pay any fees to switch investments.

If you are transferring money to another super fund, but also want to keep your QSuper Accumulation account open, you will need to keep a minimum of \$6,000 in your QSuper Accumulation account.

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*. To find out more about this, get in touch with your HR team and they should be able to help you.

¹ Minimum annual payment amounts apply. Maximum annual payment amounts apply if you have a Transition to Retirement Income account (TTR). Refer to the *Income Account Guide*.

What if I have a Defined Benefit account?

If you have a Defined Benefit account and receive a redundancy package, you'll need to complete and send us a *Transfer your Defined Benefit to an Accumulation account* form. Read the *Defined Benefit Account Guide* on our website for more information or call us and we'll send you a copy.

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 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. 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 on conditions of release and current contribution caps.

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.¹ 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 you may receive death and TPD cover. 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.

Income protection cover

If you are an Accumulation account member, your income protection cover will continue after you leave your job, providing 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, we may give you unitised income protection cover. 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.

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.² 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 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.

As a QSuper member you also have access to personal advice from QInvest.³

¹ Eligibility conditions apply. ² There are various circumstances when cover will end, refer to the *Accumulation Account Insurance Guide*, available at qsuper.qld.gov.au/pds. ³ QInvest Limited (ABN 35 063 511 580, AFSL 238274) is a separate legal entity responsible for the financial services it provides. Advice fees apply. Refer to the *Financial Services Guide* for more information.

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