

# Fact Sheet: Redundancy and your super



Redundancy can happen to anyone, at any time. If you're facing redundancy, you'll have some important financial and lifestyle decisions to make. Here we outline what you should think about with regards to your superannuation.

## Understand your redundancy payment

If your role is made redundant, you may be eligible to receive a financial redundancy payment. This is usually based on your salary at the time and how long you've worked for the employer.

You may receive different types of payouts including Employment Termination Payments (ETPs) and things like unused annual leave or long service leave, which have different tax implications. It's a good idea to make sure you know what you're receiving and ask for help if you're unsure.

You'll need to decide what to do with any payment you receive. Under current legislation, you are unable to roll redundancy payments into your super. Subject to the standard eligibility and contribution limit rules, you can however contribute some of your redundancy payment into super as a personal after-tax contribution, if you have enough for your short-term living expenses and don't have debts you want to pay off.

## Government support may be available

Contact Centrelink as soon as possible to find out what government allowances might be available to you, noting that there can be a waiting period before payments start. Call Centrelink<sup>1</sup> or visit your nearest Centrelink office to get started.

You may be eligible for the following:

- **JobSeeker (formerly known as Newstart):** Financial help while you're looking for a new job, or undertaking training or other activities to help you find a job.
- **Health Care Card:** Provides access to cheaper health care services and medicines, and is available if you

qualify for JobSeeker or some other Centrelink payments.

- **Age Pension:** Government payments available for those who have reached Centrelink Age Pension age and meet other eligibility criteria.

## Accessing super

Super is designed to help you fund your retirement, so you generally have to wait until you retire or reach your 'preservation age' before you can access it.

However, there are a few exceptions for members who qualify under other circumstances, including some short-term changes the government has made in response to the COVID-19 crisis:

- **Early access to super – COVID-19 response:** You may temporarily be able to access up to \$10,000 of your super savings. Please note, applications will close on 31 December 2020. Visit [russellinvestments.com.au](https://russellinvestments.com.au) for the latest information on whether you're eligible and how to apply.
- **Severe financial hardship and compassionate grounds:** If you're unable to meet immediate living expenses for you and your dependents, including medical expenses, you may be able to access some or all your super before your preservation age. Please read our When You Can Access Your Super Fact Sheet for more details.
- **Terminal illness or permanent incapacity:** If you are diagnosed with a terminal illness, or have physical or mental health issues that are likely to stop you from working again, you may be able to claim some or all your super. Please read our When You Can Access Your Super Fact Sheet for more details.

## Connecting you with the right advice

From phone-based to face-to-face options, our advice offer is designed to help you maximise your financial position.

We offer expert, phone-based advice on a single super-related issue, as well as Retire Ready meetings for those looking to retire in the next five years—both at no cost to you.

If you want advice on your full financial picture, including investments outside super, we offer personal financial planning. We've partnered with senior financial advisers who are committed to helping you meet your goals. Your first meeting is free.

If you need more information, please visit [russellinvestments.com.au/advice](https://russellinvestments.com.au/advice)

## We're here to help

**iQ Super by Russell Investments**

**Call:** 1800 555 667

**For international:**  
+612 8571 5588

**Email:**  
[iq@russellinvestments.com.au](mailto:iq@russellinvestments.com.au)

**Website:**  
[russellinvestments.com.au/super](https://russellinvestments.com.au/super)

<sup>1</sup> Find the best number to call at [servicesaustralia.gov.au/individuals/contact-us/phone-us](https://servicesaustralia.gov.au/individuals/contact-us/phone-us)

- **Permanently leaving Australia:** If you're a temporary resident who has earned super while working and living in Australia, you can apply to have your super paid to you. Please read our Departing Australia Superannuation Payment Fact Sheet for more details.

Given the potential longer-term impacts to your retirement savings, you should consider other types of financial assistance available before accessing your super. For further details about these early access options, call us on 1800 555 667.

## What happens to your super

Your Russell Investments super account is designed to stay with you when you finish with one employer and start with another. And, in most cases, you can keep your account when you start with your next employer.

### For members in iQ Super – For Life

If you're already a member of iQ Super–For Life, there will be no change to your super account when your current employment ceases.

### For members in iQ Super – Employer and iQ Super – Business

When your employment ceases, any special arrangements in your employer sponsored super fund will no longer be available to you. Once your employer has advised us that you have left their employment, we automatically transfer your super to iQ Super – For Life, another division of the Russell Investments Master Trust. **All your details, including your member number and password will stay the same and we'll let you know when the transfer is complete.**

### Make sure you maintain a minimum balance

To remain a member of the Russell Investments Master Trust, you must maintain a minimum account balance of \$6,000. If your balance is less than \$6,000, we'll write to you asking you to top up your account. If your benefit is below \$6,000 after 60 days, we will transfer your account to the SuperTrace Eligible Rollover Fund.

## What happens to your insurance cover

### For members in iQ Super – For Life

If you're already a member of iQ Super–For Life, there will be no change to your insurance cover when your current employment ceases.

### For members in iQ Super – Employer and iQ Super – Business

When your account is transferred to iQ Super – For Life, your insurance cover will automatically continue, except if:

- your employer has been paying your premiums and you are under age 25
- your employer has been paying your premiums and your account balance is less than \$6,000.

Either way, your existing cover will not continue automatically. But you can opt in to keep your cover by completing an Insurance Opt-in Form available from [russellinvestments.com.au/forms](https://russellinvestments.com.au/forms) and you won't need to provide evidence of your health.

If your insurance does automatically continue, your existing insurance cover will be transferred to a different insurance arrangement in iQ Super – For Life. You will be re-issued with similar Death, Total and Permanent Disablement and Income Protection cover (if any) and will not need to provide evidence of your health, although different terms and conditions may apply. Please see our Insurance Cover on Leaving Your Employer Fact Sheet for more details about the transfer of your insurance cover.

In iQ Super – For Life, your Occupational Category will affect the amount of insurance fees you pay. Upon transfer, you will be placed in the 'Standard' occupational rating; however, you can apply for a 'Low Risk' or 'Professional' rating, which will lower your insurance fees. For definitions of the occupational ratings and the insurance fees payable, please refer to the iQ Super – For Life Product Disclosure Statement that we will send you on transfer. You can also find the PDS online at

[russellinvestments.com.au/pds](https://russellinvestments.com.au/pds)

## Other actions to consider

You might also consider the following actions with regards to your super:

- **Combine your super:** Apart from making it easier to track and manage, having all your super in one place means you'll save on paying multiple sets of account fees. The easiest way to combine your super is through your online account with us.
- **Pause any personal contributions:** If you've been making after-tax contributions to boost your super savings, consider using that money instead to meet your other financial needs until you start working again.
- **Review your level of insurance cover:** While your insurance cover will generally continue for 16 months if you don't receive or make a contribution, you will also continue having premiums deducted from your account. It may be worth reviewing the level of cover you need in your current circumstances. Keep in mind that if you cancel or change your insurance now, you may need to re-apply later, including providing medical and health information for the Insurer.
- **Opt-in to keep your insurance cover:** If no contributions or rollovers are paid into your account for 16 months, we are required to cancel your insurance cover, unless you opt in to keep your cover. You can do this through your online account, or by completing our Insurance Opt-In Form available at [russellinvestments.com.au/forms](https://russellinvestments.com.au/forms)
- **Get advice:** We can put you in touch with expert advice related to your super over the phone at no cost. However, if you want more detailed advice on your full financial picture, and if you're ready to plan for retirement, a Retire Ready consultant can talk you through your retirement income options. Just call 1800 555 667 to get started.

- **Top up your super:** If you don't currently need your redundancy payment to cover immediate living expenses, you could contribute some or all of it to your super as a personal after-tax contribution. You should be aware that eligibility criteria and contribution limits apply to any contributions you make—read our Contribution Limits Fact Sheet, available at [russellinvestments.com.au/factsheets](https://russellinvestments.com.au/factsheets) for more information. We also recommend you speak to a financial adviser to discuss your options, as there are a number of factors to consider, particularly taxation implications.
- **Keep your super with us:** If you start another job your new employer can, in most cases, make contributions to your account. Simply give the Choosing Russell Investments Form to your next employer. You can find the form at [russellinvestments.com.au/forms](https://russellinvestments.com.au/forms)

## I'm considering retiring—what are my options?

If you've reached your preservation age, you have the option to stop working completely and retire, or you may prefer to ease into retirement with full-time or part-time work.

Russell Investments retirement account, iQ Retirement™, will allow you to do either by converting your super into an income stream that provides you with flexible, tax-effective regular payments. Opening a pension account is a significant financial decision, so you may wish to seek professional advice or call us. You can find more information about iQ Retirement at [russellinvestments.com.au/iqretirement](https://russellinvestments.com.au/iqretirement), including a link to the Product Disclosure Statement.

As mentioned earlier, you can also attend a Retire Ready meeting with one of our retirement consultants—at no cost to you. It's a one-on-one, face-to-face discussion, where a retirement consultant listens to your questions and concerns about retirement, and offers general advice and information to help you prepare for a great life after work. And partners are welcome to join. Call us today on 1800 555 667 or email us at [retireready@russellinvestments.com](mailto:retireready@russellinvestments.com), and we'll get in touch with you to arrange a meeting.