



## Fact Sheet – Redundancy and Employment Changes

### Superannuation

The Australian Bureau of Statistics reported recently that over 2 million Australians (18%) of those who worked at some time during the year had ceased a job. This figure includes people who have resigned, been made redundant or those who retired from the workforce.

70% of these people ceased employment voluntarily while 30% lost their job involuntarily.

It is expected that in the current volatile job market that the number of involuntary job losses will increase during 2009.

The critical issues that must be faced and managed on changing jobs include:

- Consolidating your superannuation and selecting the most appropriate fund.
- Dealing with redundancy or involuntary termination of employment.
- Maintaining appropriate life insurance and income protection cover.
- Ensuring that your retirement and wealth accumulation plans stay on track.

### Consolidating your Superannuation

Changing your job offers an opportunity to consolidate and rationalise your superannuation if you have more than one fund.

By consolidating a number of superannuation funds you may make considerable savings on fees paid to a number of fund managers. This may result in a larger balance in your super when you retire.

### Dealing with Redundancy

Redundancy can be a stressful and confusing experience for most people.

It is essential that you are aware of the choices and opportunities that are available for lump sum payments. Lump sum payments can be used for debt reduction and for future financial planning strategies.

It may be possible for some people to contribute the proceeds of termination payments to their superannuation as an after tax contribution.



### Maintaining Appropriate Life Insurance and Income Protection Cover

When you leave your job you are not usually covered by the death and disability policy of your previous employer.

With a mortgage to pay, education expenses and increasing living costs it is essential to maintain adequate insurances to protect you and your family against unforeseen illness and your ability to earn an income.

Most superannuation funds provide insurance cover for members that may include income protection, total and permanent disablement (TPD) and death cover, and it is essential that you investigate these options.

## **Ensuring That Your Wealth Accumulation and Retirement Plans Stay On Track**

While losing a job is an extremely unpleasant experience, it can offer an opportunity to restructure your financial planning and wealth management strategies to ensure that your wealth management and retirement strategies remain on track.

### **What to do if you change jobs**

You can leave money in your old fund; however you should avoid having a number of funds where you will have to pay fees on each fund.

You can roll over your money into a new fund. If you become self employed you should still plan for your retirement by continuing with superannuation contributions.

If you change jobs regularly you may need to look at starting a portable fund.

It is important that you don't become a 'lost member'; this is where your previous employer rolls your superannuation into a default fund where you will not have a say in your investment choice and you could end up paying excessive fees.

### **Disclaimer**

This Fact Sheet has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document is General Advice and does not take into account any person's investment objectives, financial situation and particular needs.



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