

A woman with dark hair, wearing an orange hoodie, is crouching in a grassy field. She is looking upwards and to the right with a smile. The background is a cloudy sky. The image is overlaid with a large orange diagonal shape in the bottom right corner.

# Understanding retrenchment and your next steps

July 2025



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Life takes some unexpected turns, and losing your job can be one of them.

At times like this, there's a lot to think about and a lot to do – from making sure you can make ends meet to considering your next steps.

And at the centre of it all is what matters most – you and your loved ones.

You'll find practical information here to help you manage your life and finances at this time, including things you can do to support your health and wellbeing.



# Understanding your retrenchment payout

Information on what's in your payout and how it's taxed.

## What is a genuine redundancy payment?

A genuine redundancy payment is made when the job you are doing no longer exists and can be paid up to a maximum dollar amount based on years of service. You must be less than your Centrelink Age Pension age at the time of dismissal for a redundancy payment to qualify as a genuine redundancy payment. See the section on Tax-free limits for the financial year ending 30 June 2026 on the next page for more detail on this.

A genuine redundancy payment may include:

- payment in lieu of notice
- severance payment of a number of weeks' pay for each year of service
- a gratuity or 'golden handshake'.

The following payments are not included in a genuine redundancy payment:

- salary, wages or allowances owing to you for work done or leave already taken for work completed
- lump sum payments of unused annual leave or leave loading paid on termination of employment
- lump sum payments of unused long service leave paid on termination of employment under a formal arrangement
- payments made in lieu of superannuation.

### Check you're getting everything you're owed

Talk to your employer or the Human Resources department.

Are you feeling unsure or think you're not getting everything you're owed? Visit [dewr.gov.au](https://dewr.gov.au) for more information.

Super isn't included in your payout. Employers will generally send any super you're owed to your super fund.

## Your entitlements

Your payout is probably going to be more than your normal pay so it may seem like a lot of money. Before you make any decisions about how you're going to spend it, keep in mind that it may take a while for Centrelink benefits to come through, or to find a new job.

Your payout may include:

- a retrenchment payment
- annual leave you're owed
- long service leave you may have built up
- an amount based on any unused sick leave you have.

You'll receive an Employment Separation Certificate from your employer that tells you exactly what's in your payout.

## A closer look at your retrenchment payment

Your retrenchment payment is extra money you get from your employer because you've been retrenched. It may include two parts:

- a genuine redundancy payment, which is tax free up to a certain limit, and
- an employment termination payment (ETP) which may be taxed.



## Tax on your genuine redundancy payment

Any payments that meet the conditions of a genuine redundancy are tax free up to a limit based on your years of service with your employer. The tax-free limit is a flat dollar amount plus an amount for each year of completed service in your period of employment with your employer. Indexation changes the tax-free limit on 1 July each year.

### Tax-free limits for the financial year ending 30 June 2026

The limits are \$13,100 plus an additional \$6,552 for each year of completed service with the employer making the payment.

## Tax on your employment termination payment (ETP)

Your ETP may contain:

- a tax-free component if you have any service prior to 1 July 1983 or you are retrenched because of invalidity, and
- a taxable component which is your total ETP less the tax-free component.

See the table below for how the taxable part of an ETP is taxed. The ETP cap amount is \$260,000 for the year ending 30 June 2026.

Age <sup>1</sup>	Tax treatment <sup>2</sup>	
Preservation age or over	Up to the ETP cap amount	17%
Under preservation age	Up to the ETP cap amount	32%
All ages	Amount above the ETP cap amount	47%

If your ETP doesn't meet the rules on genuine redundancy, a different limit, known as the whole-of-income cap, may also apply to the taxable amount of your ETP. The whole-of-income cap is \$180,000 but it is reduced by the amount of other income, like salary and wages, that you receive during the year.

ETP amounts paid in excess of these caps are taxed at the highest marginal rate.

## Tax on unused annual leave and long service leave if you're retrenched

Type of leave	Tax treatment
Long service leave accrued before 16 August 1978	5% of total is taxed at marginal tax rate
Long service leave accrued on or after 16 August 1978	Taxed at maximum rate of 32% <sup>2</sup>
Annual leave and annual leave loading	Taxed at maximum rate of 32% <sup>2</sup>

### Need more information on tax?

Visit the ATO website at [ato.gov.au](https://www.ato.gov.au)

### Has your employer gone bankrupt or is in liquidation?

If your employer has gone bankrupt or is in liquidation, you're still entitled to a payout, so it's worth checking you're getting everything you're owed.

If not, and the bankruptcy or liquidation took place less than 12 months ago, you may be able to get financial help from the Australian Government through the Fair Entitlements Guarantee (FEG).

You may be able to receive:

- up to 13 weeks' unpaid wages
- all unpaid annual and long service leave
- up to 5 weeks' wages in lieu of notice
- up to 4 weeks' wages in retrenchment entitlements for each year of service.

### Need more information on bankruptcy and liquidation?

Visit the Fair Work Ombudsman website at [fairwork.gov.au/ending-employment/bankruptcy-and-liquidation](https://www.fairwork.gov.au/ending-employment/bankruptcy-and-liquidation)

<sup>1</sup> Age on the last day of the financial year when the payment was made.

<sup>2</sup> Includes 2% Medicare Levy.

# Making the most of your super

Whether you plan to find another job, set up your own business, or retire from the workforce, your super can form part of your plans.

## Consider combining your super to make the most of your money

Placing your super into one account means you don't pay fees to multiple super funds. It also makes it easier for you to keep track of how much you have in super.

Before you combine your super, check if any fees or charges may apply and the impact on benefits you may have such as what happens to any insurance cover you have<sup>1</sup>.

### How to take the next step

Combining your super is easy.  
Visit [australiansuper.com/combine](https://australiansuper.com/combine)

## Keeping your insurance cover on track

Your AustralianSuper membership provides different types of insurance including Death, Total & Permanent Disablement (TPD) and/or Income Protection<sup>2</sup>.

Any cover you have with AustralianSuper will continue for up to 16 months, even if you're not receiving money (excludes investment returns, investment credits and refunds) into your super account.

After 16 months, unless you've received a contribution (of any type) or rollover, your super account becomes inactive. When this happens, your insurance cover will stop unless you've made an election to keep your cover.

You can use the *Keep your cover (inactive account)* form to make an election so that your cover won't stop once your account becomes inactive<sup>3</sup>.

We'll also write to you before this happens.

### Is your cover right for you?

Now is a good time to review your insurance and, if you think it's necessary, adjust it to suit your needs. If you're not sure what cover you have, log into your account and go to *Insurance* or call us on **1300 300 273**. Read the *Insurance in your super* guide for more information.

## Consider contributing to your super

### Why add to your super?

As part of your redundancy payout, you may be considering using some, or all of it, to add to your super. Paying extra into your super could save you tax and help you retire with more<sup>4</sup>.

You can generally add to super in two ways:

- **Before-tax<sup>4</sup>**: including Superannuation Guarantee (SG), before-tax employee (salary sacrifice), extra employer and tax-deductible personal contributions. These are also called 'concessional' contributions.
- **After-tax<sup>4</sup>**: including spouse contributions, after-tax employee and non-deductible personal contributions. These are also called 'non-concessional' contributions and are made from your after-tax, take-home pay.

To learn more about contribution limits and applicable caps, visit [australiansuper.com/ContributionLimits](https://australiansuper.com/ContributionLimits)

### Additional tax and super considerations

There are other circumstances that can affect how much you can contribute and the amount of tax you pay on your super, including spouse contributions offsets and downsizer contribution measures for members 55 years of age and over from 1 January 2023. For eligibility criteria visit [ato.gov.au/super](https://ato.gov.au/super)

<sup>1</sup> Before making a decision to combine your super, consider any fees or charges that may apply, and the effect a transfer may have on benefits in your other fund, such as insurance. We recommend you consider seeking financial advice. If you wish to claim a tax deduction for personal super contributions, you must lodge a notice of intent to claim a tax deduction with your other fund before you combine your super.

<sup>2</sup> AustralianSuper insurance is provided by TAL Life Limited (the Insurer) ABN 70 050 109 450, AFSL 237848.

<sup>3</sup> Your cover can stop for other reasons. For a list of events that can make your cover stop, see the *Insurance in your super* guide.

<sup>4</sup> Before adding to your super, consider your financial circumstances, eligibility, contribution caps that may apply, tax issues and when your super can be accessed. We recommend you consider seeking financial advice.

## Using your super in an emergency

You may be able to use some of your super in an emergency, even if you haven't met the usual requirements for accessing your super.

Situations where you may be able to use some or all of your super include:

- if you have less than \$200 in your super account when you leave an employer
- you need emergency access because of severe financial hardship or on compassionate grounds.

### What does 'compassionate grounds' mean and do you qualify?

The Australian Taxation Office (ATO) decides on whether you qualify for compassionate grounds.

Compassionate grounds apply if you need to cover costs for you or your dependants for:

- medical expenses (including medical transportation)
- home loan repayments to avoid foreclosure on your mortgage
- modifications to your house or car to accommodate severe disability, and
- palliative care or funeral expenses.

For more on accessing your super under compassionate grounds, call ATO on **13 10 20** or visit **ato.gov.au**

### What does severe financial hardship mean and do you qualify?

Regardless of your age, you can apply for one payment of up to \$10,000 (gross) in a 12-month period if:

- you've received eligible Commonwealth income support payments at the time of the claim and have been on these payments for a continuous period of at least 26 weeks
- you're receiving these payments when you make your application for payment under financial hardship, and
- you're unable to meet reasonable and immediate family living expenses.

If you've reached your preservation age, you can apply to withdraw as much of your super as you wish if:

- you've received Commonwealth income support payments for a cumulative period of at least 39 weeks since reaching your preservation age, and
- you're unemployed or employed for less than ten hours a week when you make your application for payment under financial hardship.

To find out more, visit

**[australiansuper.com/WithdrawEarly](https://australiansuper.com/WithdrawEarly)**

or call **1300 300 273**.

#### Here's a tip

To apply to AustralianSuper for a payment based on severe financial hardship, log into your online account at **[australiansuper.com/login](https://australiansuper.com/login)** and complete an *Application for payment of benefit – financial hardship* form.



## Next steps checklist

Whether you plan to find another job, set up your own business, or retire from the workforce, there are plenty of options available as you transition to your next chapter.



### **Take time to process what just happened**

It's completely normal to feel a range of emotions. Allow yourself some time to process the situation, which can help to move forward with a clearer mind.

### **Seek support if you need**

Reach out to friends, family, or a professional service like Beyond Blue for emotional support. Talking about your feelings and getting advice can be very helpful during this stressful time.

### **Review documentation**

Review any documentation provided by your employer to ensure you understand the details of your redundancy package, check your final payslip for accuracy, and ensure you receive payment for any unused leave entitlements.

### **Request a separation certificate**

If your employer hasn't provided a separation certificate, request one. This document is important if you plan to apply for Centrelink benefits, as it verifies your employment status and the reason for your redundancy.

### **Apply for Centrelink benefits**

Check your eligibility for Centrelink benefits and register on MyGov if you haven't already. Applying for these benefits can provide financial support while you look for new employment.

### **Review your finances**

Take a close look at your current financial situation and any savings, expenses, debts you may have, as well as your superannuation. Understanding your financial standing will help you plan for the coming months. You may consider seeking financial advice.

### **Understand your budget**

Use a budget calculator to determine your income needs to help you manage your essential expenses and finances during this transition period. You'll find money planners at [moneysmart.gov.au/budgeting/budget-planner](https://moneysmart.gov.au/budgeting/budget-planner)

### **Speak to financial providers early**

If you have a mortgage or other financial commitments, contact your financial providers early. They may have hardship payments or options available to help you manage during this time.



# Future considerations

What's next? As you look forward, there are many opportunities available.

## Your employment future

Depending on where you're at in your career, you may seek new employment or be considering retirement. Take some time to plan what's best for you.

## Join networking groups

Networking can be valuable for finding job opportunities and staying connected with industry trends. Join professional groups, attend events, and participate in online forums to gain support and advice from peers.

## Update your resume and LinkedIn profile

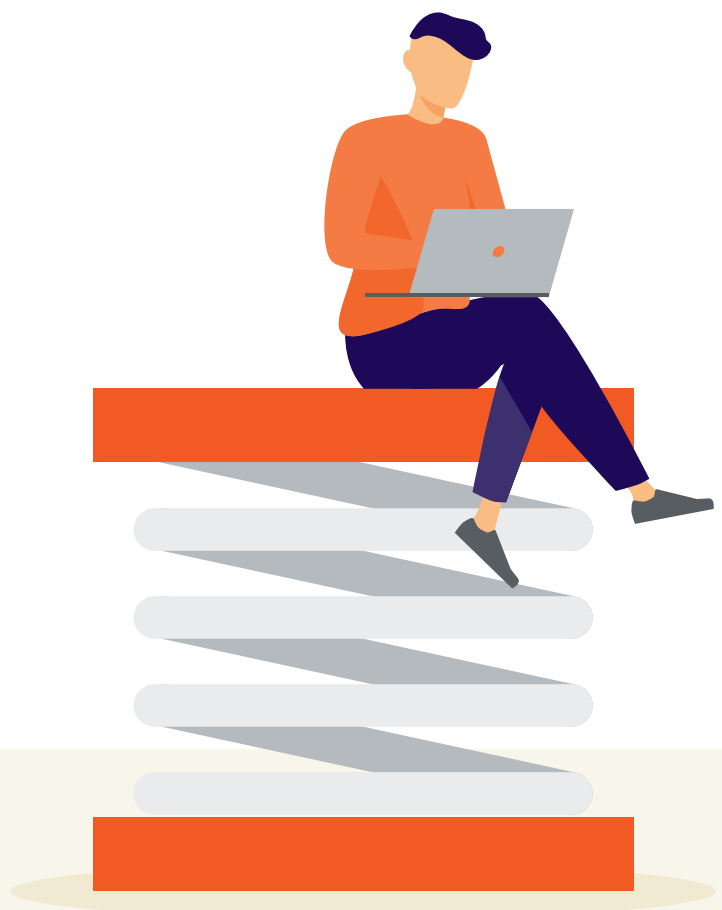
Refresh your resume and LinkedIn profile with your latest job experience, skills, and accomplishments. Tailoring your resume for specific job applications may improve your chances of landing interviews.

## References from previous employers

Request references from previous employers or colleagues to boost your job applications and provide potential employers with confidence in your abilities. Strong references can significantly enhance your job prospects.

## Set up job alerts

Set up job alerts on platforms like Seek, Indeed and LinkedIn to receive notifications about new job postings that match your skills and preferences. Regularly checking these alerts will help you stay on top of new opportunities.



# Get the right financial advice

We have a mix of advice options to help you every step of the way.

You can access general information at no additional cost. For broader advice, meeting face-to-face, over the phone or online with an adviser can help when you want a detailed financial plan and have a number of financial matters to think about.



## Online

Contact us through Live Chat at **[australiansuper.com](https://australiansuper.com)** or via our app for general information about your super. Or to check out our series of online calculators to help you plan for a better future, visit **[australiansuper.com/calculators](https://australiansuper.com/calculators)**

If you're simply after some more information on our advice options, visit **[australiansuper.com/advice](https://australiansuper.com/advice)**



## Comprehensive<sup>2</sup>

Meeting face-to-face with an adviser can help when you want a detailed financial plan and have a number of financial matters to think about. And where available, you have the option to meet with an adviser using a secure video link from the comfort of your own home.

Arrange an appointment at **[australiansuper.com/find-an-adviser](https://australiansuper.com/find-an-adviser)**



## Simple<sup>1</sup>

Call us on **1300 300 273** and ask to speak with a member of the advice team for simple, personal advice on your AustralianSuper account, such as:

- making an investment choice
- adding extra to your super
- transition to retirement and account-based pension options
- sorting your insurance.



## Webinars

Our free online webinars are an easy way to learn about managing your super or planning for retirement. You can access our webinars from the comfort of your own home.

Register at **[australiansuper.com/webinars](https://australiansuper.com/webinars)**

<sup>1</sup> There's no charge for general advice about your super account. The financial advice you receive will be provided by MUFG Retire360 Pty Limited ABN 36 105 811 836, AFSL 258145 and will be their responsibility. Personal advice provided may attract a fee, which will be outlined before any work is completed and is subject to your agreement.

<sup>2</sup> Personal financial product advice is provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd. Some personal advice may attract a fee, which would be outlined before any work is completed and is subject to your agreement. With your approval, the fee for advice relating to your AustralianSuper account(s) may be deducted from your AustralianSuper account subject to eligibility criteria.

# Managing change and looking after yourself

There's plenty of resources available to help you with any challenges you face. Here are a few tips to look after your wellbeing.

## Financial

Moneysmart, by the Australian Government, helps you make confident money decisions with free tools, tips and calculators. They can also help you find a financial counsellor in your state. Learn more at [moneysmart.gov.au/managing-debt/financial-counselling](https://moneysmart.gov.au/managing-debt/financial-counselling)

Centrelink can tell you exactly what Government allowances you're entitled to. Visit [servicesaustralia.gov.au](https://servicesaustralia.gov.au) or call **13 28 50**. If you're over 65, specialised help is available on **13 23 00**.

Are you feeling unsure or think you're not getting everything you're owed? Visit the Department of Employment and Workplace Relations at [dewr.gov.au](https://dewr.gov.au) for more information.

Need more information on bankruptcy and liquidation? Visit the Fair Work Ombudsman website at [fairwork.gov.au/ending-employment/bankruptcy-and-liquidation](https://fairwork.gov.au/ending-employment/bankruptcy-and-liquidation)

## Need help with debt?

It's best to seek help as early as possible if you feel you may have trouble with rent, mortgage or other loan repayments.

Check if you already have existing Mortgage Protection insurance or Consumer Credit insurance as you may be eligible to make a claim.

Most banks, financial institutions and utility companies will appreciate you getting in touch early and they'll generally work with you on a solution. You may be able to extend the period of loans or pay interest-only until things improve.

Call the National Debt Helpline on **1800 007 007** (9.30am to 4.30pm, Monday to Friday). This free hotline connects you with a local phone service in your state.

Visit the National Debt Helpline website at [ndh.org.au](https://ndh.org.au) for more information and resources. There's also advice on managing debt at [moneysmart.gov.au](https://moneysmart.gov.au)

## Wellbeing

Workforce Australia is a place Australians can search and apply for jobs or find more information on their pathway to employment: [workforceaustralia.gov.au](https://workforceaustralia.gov.au)

Beyond Blue can give you practical suggestions to help you maintain a positive outlook and find the support you need. Visit [beyondblue.org.au](https://beyondblue.org.au) or call **1300 224 636**.

## Food and clothing

If you can't afford the basics like food and clothing, a number of social services may be able to help.

Get in touch with:

- The Salvation Army by visiting [salvationarmy.org.au](https://salvationarmy.org.au) or call **13 SALVOS (13 72 58)**
- Anglicare have links to various organisations around Australia (like the Brotherhood of St Laurence in Victoria), their contact details and the services they offer. Visit [anglicare.asn.au](https://anglicare.asn.au)
- The Department of Social Services have the Food relief program: [dss.gov.au/emergency-support/food-relief](https://dss.gov.au/emergency-support/food-relief)



# We're here to help you build a better financial future.

Call **1300 300 273**

8am to 8pm AEST/AEDT weekdays

Visit **australiansuper.com**



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Reader's Digest Most Trusted Brands – Superannuation category winner for 13 years' running 2013–2025, according to research conducted by independent research agency Catalyst Research.

AustralianSuper received the Canstar Outstanding Value in Superannuation Award for 2011–2025 and Account Based Pension for 2018–2024. For more information visit [canstar.com.au/star-ratings-awards/superannuation](https://canstar.com.au/star-ratings-awards/superannuation) and [canstar.com.au/star-ratings-awards/account-based-pension](https://canstar.com.au/star-ratings-awards/account-based-pension)

Awards and ratings are only one factor to be taken into account when choosing a super fund.