

Protect



Australia's leading industry severance scheme

- up to \$5,000 initial severance claim
- tax free payments for genuine redundancy
- choice of severance account type

Better Protection for Tradespersons and Apprentices

For more than ten years, Protect has been setting the pace for industry severance schemes with higher benefits and access to tax-free redundancy payments.

Today, Protect is the only industry severance scheme in Australia offering members the choice of two account options, including access to significant tax concessions if your job is made redundant.

Protect's Genuine Redundancy Account can increase the value of your severance benefit by nearly a third.

Each week, participating employers make severance contributions to Protect on behalf of their employees. The amount each employer is required to contribute is determined by a union/employer enterprise agreement.

Severance contributions are held in trust by Protect on behalf of each employee member and are capital guaranteed. So unlike most superannuation funds or shares investments, Protect members can rest assured that their severance entitlements will not be hit by market downturns.

In addition to severance benefits, Protect also provides members with Australia's best injury and illness insurance cover for workers. For serious trauma injuries, Protect's insurance lump sum payments can be more than double the insurance benefits provided by similar industry schemes.

This means Protect is the industry scheme preferred by nearly 30,000 workers throughout the nation. Protect is also backed by the group purchasing power of more than 1,200 participating employers in many diverse industries including construction, service maintenance, manufacturing, rail, power, supply and distribution and oil and petrochemical.



Joining Protect

To join Protect, your employer must pay severance and/or insurance contributions to us on your behalf, in accordance with a union/employer enterprise agreement. When you join Protect, you will receive a membership card and online access to your account details. Call Protect for your password.

Protect Severance

Protect members can choose between two severance account options:

- Termination Account
- Genuine Redundancy Account

When you join Protect, the default severance option is a Protect Termination Account. This means severance contributions paid by your employer are automatically administered as a Protect Termination Account.

If you choose to have your severance entitlement administered as a Protect Genuine Redundancy Account, this selection is irrevocable. **You cannot change your account type at a later date.**

You need to complete a Protect Genuine Redundancy nomination form to select this account type. Contact Protect to obtain a copy of the nomination form.

You should consider carefully your personal circumstances, and seek independent financial advice, before deciding which Protect severance account option suits your needs.



Protect Severance Protect Termination Account

If your severance entitlement is administered as a Protect Termination Account, you (or your beneficiaries) will be eligible to claim a payment from your account if:

- you leave a Protect employer for any reason, including if you resign, your employment is terminated, your contract ends or your job is made redundant; or
- you leave the industry, you become self employed, your new employer does not have an EBA obligation to Protect, or you change jobs and are employed in an above-Award position (not on the tools) by your new employer; or
- you retire and are at least 55 years old; or
- you die.

Initial Severance Claim

You can make an initial claim of up to \$5,000 from your Protect Termination Account if you leave a Protect employer for any reason.

To make an initial claim, you will need to complete a Protect Termination Account claim form (available from our website, or you can call us and we will send you a copy). You also need to ensure your employer completes the employer declaration section of the form, confirming that you are no longer employed by that employer.

Alternatively, your employer can complete a separate Employer Advice form notifying Protect that you have left your employment or you can provide a Centrelink Separation Certificate to Protect. If you are unable to obtain a declaration confirming you have left your employer, call us for assistance.

If you are over 55 and retire or you die, there is no waiting period or initial claim limit. You or your beneficiaries can immediately claim all of the money in your Protect Termination Account, after submitting a Protect severance claim form and the required documentation to Protect. Call Protect for assistance.

Subsequent Severance Claim

If you are unemployed after leaving a Protect employer and you remain out of work for four consecutive weeks from the date you left, you can then claim any money remaining in your Termination Account in one or more payments.

To make a subsequent claim, you must complete a Protect statutory declaration (available from our website, or you can call us and we will send you a copy).

The statutory declaration must be completed in a specific format to enable Protect to process your subsequent severance claim. To facilitate prompt processing, please use a Protect statutory declaration and complete all sections of the declaration.

If you leave the industry, become self-employed, your new employer does not have an EBA obligation to Protect, or you change jobs and are employed in an above-Award position by your new employer, you can generally only claim any money remaining in your Protect Termination Account after a 39 week waiting period.

For information on applicable taxation rates, see page 10.



Protect Severance Protect Genuine Redundancy Account

Protect has worked hard to maximise the severance benefits payable to members whose jobs are made redundant. A Protect Genuine Redundancy Account can increase your severance payment by nearly a third via tax-free redundancy payments.

But only if you choose this account option and your position is later made redundant by your employer because your job is no longer required. You must choose this option PRIOR to your position being made redundant and, once chosen, you cannot change your account type at a later date.

If your severance entitlement is administered as a Protect Genuine Redundancy Account, you (or your beneficiaries) will be eligible to claim a payment from your account if:

- your job is made redundant and you are less than 65 years old; or
- you retire and are at least 55 years old; or
- you die.

Initial Severance Claim

If your position is made redundant, you can make an initial tax-free claim of up to \$5,000 from your Protect Genuine Redundancy Account.

To make an initial claim, you will need to complete a Protect Genuine Redundancy Account claim form (available from our website, or you can call us and we will send you a copy). You also need to ensure your most recent Protect employer completes the employer declaration section of the form, confirming that your position has been made redundant and you are no longer employed by that employer.

Alternatively, your employer can complete a separate Employer Advice form notifying Protect that your position has been made redundant. If you are unable to obtain a declaration confirming your redundancy, call us for assistance.

If you are over 55 and retire or you die, there is no waiting period or initial claim limit. You or your beneficiaries can immediately claim all of the money in your Protect Genuine Redundancy Account after submitting a Protect severance claim form and the required documentation to Protect. Call Protect for assistance.

Subsequent Severance Claim

If your position is made redundant and you remain out of work for four consecutive weeks from the date you left, you can then claim any money remaining in your Genuine Redundancy Account in one or more payments.

To make a subsequent claim from your Genuine Redundancy Account, you must complete a Protect statutory declaration (available from our website, or you can call us and we will send you a copy).

The statutory declaration must be completed in a specific format to enable Protect to process your subsequent severance claim. To facilitate prompt processing, please use a Protect statutory declaration and complete all sections of the declaration.

Genuine Redundancy Tax-Free Limits

Protect's Genuine Redundancy Account provides significant tax concessions if you are dismissed because your job is no longer required by your employer:

- the first \$8,435* of a payment from your Protect Genuine Redundancy Account is tax-free
- plus an additional \$4,218* is tax-free for each completed year of service with your employer

* Tax-free limits for 2011/12; the amounts are indexed at the start of every financial year. These tax-free limits do not apply if your position is made redundant and you are more than 65 years old, you retire or you die.

Protect Severance Current Taxation Rates* for Account Payments

Protect Termination Account

If you leave a Protect employer (including if you change jobs and are employed in an above-Award position by your new employer), payments from your Protect Termination Account are currently taxed at a rate of 30% plus the 1.5% Medicare levy.

If you are aged 55 years and over, the applicable tax rate on your severance payment is currently 15% plus the 1.5% Medicare Levy.

Protect Genuine Redundancy Account

If your position is made redundant and you are less than 55 years old, severance payments in excess of the tax-free limits (see page 9) from a Protect Genuine Redundancy Account are currently taxed at a rate of 30% plus the 1.5% Medicare levy.

If your position is made redundant and you are aged between 55 to 65 years of age, severance payments in excess of the tax-free limits are currently taxed at a rate of 15% plus the 1.5% Medicare levy. If you are more than 65 years old, the tax-free limits do not apply and the applicable taxation rate is 15% plus the 1.5% Medicare levy.

If you retire and you are at least 55 years of age, any payment from your Genuine Redundancy Account is taxed at a rate of 15% plus the 1.5% Medicare levy. The tax-free limits do not apply.

Additional Taxation Rates*

If you die, payments from your Protect severance account are generally not taxed if the beneficiaries are your financial dependants or your Estate. If your beneficiaries are not your financial dependants, the payment from your account will generally be taxed at a rate of 30% plus the 1.5% Medicare levy.



* Severance payments above \$165,000 (taxation limit for 2011/12) are taxed at a rate of 45% plus the 1.5% Medicare levy.

Note: Taxation rates are correct at the time of publication; these rates may change in the future. The severance payment limit (\$165,000 for 2011/12) is indexed annually in line with AWOTE and rounded down to the nearest multiple of \$5,000.

Protect Injury and Illness Insurance

Protect administers Australia's best personal injury and illness insurance cover for workers.

For serious accidental injuries, Protect's insurance lump sum payments can be **more than double** the insurance benefits provided by similar industry schemes.

Protect injury and illness insurance provides:

- weekly income protection payments of up to \$1200*, for a maximum of 104 weeks
- transport accident/workplace injury top-up benefits
- lump sum death and injury benefits including:
 - accidental death (up to \$275,000, paid to your dependants or nominated beneficiaries)
 - serious trauma (up to \$75,000)
 - broken bones (for non-work-related injuries)
- accidental dental injury benefits (also available for eligible dependants)
- cover 24 hours per day, 7 days per week, for a broader range of injuries and illnesses
- tailored benefits to meet the needs of tradespersons including cover for amateur and extreme sports injuries and return-to-work and rehabilitation assistance

Are you covered by Protect insurance?

Your employer may be required to pay insurance contributions to Protect on your behalf, in accordance with a union enterprise bargaining agreement. Check with your union.

* Higher maximum income protection benefit rates may apply at some major projects and with some participating employers, check with your union state branch.



Visit our website at www.protect.net.au or contact our insurance provider, ATC Insurance Solutions on 1800 994 694 (freecall), for more details about Protect injury and illness insurance including higher benefits, broader cover and increased claims support for union financial members.

Keeping tabs on your Protect account



You can access your Protect account whenever you like, through a secure section of the Protect website: www.protect.net.au

Online access enables you to:

- view your account balance
- view employer contributions to your account
- view payments made from your account
- access a severance claim form
- update your personal details including address, email and contact numbers

Contact Protect on 1300 344 249 to register for online access. You will be asked a number of security questions before a password is issued to you. You need your membership number and password to access your account online.

Automated arrears advice

Employer contributions are due on the first day of the following month and must be paid by the 14th day of that month. For example, June employer contribution returns are due on 1 July and payable by 14 July.

If employer contribution returns are outstanding, or associated paperwork is incomplete or not up-to-date, Protect's automated arrears advice may generate an email and/or mobile text message to notify affected Protect members. The notification will ask you to log on to your Protect account, check if any contributions are outstanding and, if so, contact your employer to resolve the matter.

DISCLAIMER This brochure is intended to provide a general summary of Protect severance entitlements. It does not purport to contain all information that may be relevant and is provided as a matter of general interest only; it does not constitute financial advice. Protect members and employers should check the accuracy, reliability and completeness of any information provided and obtain independent and specific advice relevant to their needs.

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