



Severance

Australia's leading industry severance scheme



The superior benefits of Protect Severance makes it the preferred industry scheme for over 30,000 workers throughout Australia.

Who is Protect?

We are Australia's leading industry severance scheme, setting the pace for over 15 years across industries including electrical, manufacturing, maritime, rail and construction.

Our primary purpose is to support you and your family during periods of unemployment, illness, injury or personal difficulty. Protect aims to achieve this by offering workers a range of services, including:

- Severance
- Income Protection Insurance* and
- Counselling services

As a member of Protect, you are part of the industry scheme preferred by more than 30,000 workers and 1,200 employers Australia wide.



*The insurance policies administered by Protect are held by the relevant industry union, and are issued by ATC Insurance Solutions. Please visit our website for further information regarding the benefits, exclusions and limitations of these policies.

How do I join Protect?

To join Protect, your employer must pay severance contributions and/or income protection insurance premiums to us (on your behalf) in accordance with a certified industrial agreement.

Upon joining, you will receive a welcome pack containing your membership card and relevant information on Protect's services. Please call us on 1300 344 249 when you receive your pack to activate your online account.



Protect Severance

We are Australia's first industry severance scheme to offer workers the choice of two severance account options:

1. Termination Account

The main benefit of this account is that it allows you to claim payment in a wider range of circumstances than is available under the Genuine Redundancy Account.

2. Genuine Redundancy Account

The main benefit of this account is that it provides tax-free redundancy payments to workers, with higher claim limits available than under the Termination Account.

When you join us, your account will default to the Termination Account, however you may wish to change to a Genuine Redundancy Account. To make this change, you will need to complete a Genuine Redundancy Account Nomination Form, which you can obtain by calling us.

Please note: Nominating a Genuine Redundancy Account must be made before your position is made redundant, and is a permanent change that cannot be reversed at a later date.

Under a Genuine Redundancy Account, you (or your beneficiaries) may claim payment from your account only in limited circumstances, as detailed in the tables on pages 4-5.

Making a Severance Claim

An initial severance claim can be made from your online Protect account at any time of day.

For all other claims, please call us to discuss your circumstances so that we can assist you with your claim and arrange any necessary paperwork.



CAN I MAKE AN INITIAL SEVERANCE CLAIM?

	Termination Account	Genuine Redundancy Account
My job has been made redundant	✓	✓*
I have resigned	✓	X
My employment has been terminated	✓	X
My contract has ended	✓	X
Initial severance claim waiting period	None	None
Initial severance claim limit (or account balance if below claim limit)	Tax free thresholds are updated annually by the ATO. Please see the Protect website for latest figures.	Tax free thresholds are updated annually by the ATO. Please see the Protect website for latest figures.
Tax withheld from initial severance claim - Under preservation age: - Over preservation age:	32% 17%	Nil* Nil*

*Only if under 65 years of age. Please contact us if you are over 65 years of age, as you may be able to make a retirement claim.

CAN I MAKE A FULL CLAIM ON MY SEVERANCE ACCOUNT?

	Termination Account	Genuine Redundancy Account
I am leaving Australia for more than two years	✓	Only if initially made redundant
I have retired and have reached my preservation age	✓	✓
I am the beneficiary of a deceased worker	✓	✓
Full severance claim waiting period	None	None
Full severance claim limit	Balance of account	Balance of account

CAN I MAKE A SUBSEQUENT SEVERANCE CLAIM?

	Termination Account	Genuine Redundancy Account
I have been out of work for four consecutive weeks	✓	Only if initially made redundant
Subsequent claim waiting period	28 days	28 days
Subsequent severance claim limit	Balance of account	Balance of account
Tax withheld from subsequent severance claim		
- Under preservation age:	32%	32%
- Over preservation age:	17%	17%
- Over ETP cap	47%	47%

IS THERE ANY OTHER WAY I CAN MAKE A SUBSEQUENT SEVERANCE CLAIM?

	Termination Account	Genuine Redundancy Account
I have left the industry	✓	Only if initially made redundant
I am now self-employed	✓	Only if initially made redundant
My new employer is not a Protect member	✓	Only if initially made redundant
I have been promoted to an above-Award position by my employer	✓	Only if initially made redundant
Subsequent severance claim waiting period	39 weeks	39 weeks
Subsequent severance claim limit	Balance of account	Balance of account
Tax withheld from subsequent severance claim		
- Under preservation age:	32%	32%
- Over preservation age:	17%	17%
- Over ETP cap	47%	47%

Additional Tax Information

Late Termination Payments

We are legally required to withhold 47% tax from all severance claims made beyond 12 months of your retirement/termination date.

For example, if you are terminated on 1/05/2016, and lodge your initial claim on 2/05/2017, your claim will be taxed 47%.

This law does not apply to redundancy claims.

Eligible Termination Payment Cap

Concessional tax rates of 32% (or 17% if you have reached your preservation age) only apply to the first \$200,000 of all Eligible Termination Payments. Beyond this cap, we are required to withhold 47% tax.

Deceased Claim Tax Rates

If you die, payments from your Protect severance account are generally not taxed if the beneficiaries are your financial dependents or your estate.

If your beneficiaries are not your financial dependents, 32% tax will generally apply to the payment from your account.

Whole-of-Income Cap

Any payment received not resulting from redundancy may also be subject to higher taxation via your personal tax return, if your taxable income plus this payment exceeds \$180,000.

Please consult your financial advisor if you believe this may apply to you.

Note: All claim limits and taxation rates quoted within this brochure are correct at the time of publication. These limits and rates are all subject to change.

What Is My Preservation Age?

Your preservation age is generally the age that you can retire and access your superannuation or other retirement-related benefits. Your preservation age depends on your date of birth, as set out in the following table.

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

Other Payments and Government Benefits

Your Protect severance payment may affect other Commonwealth Government benefits, such as the family tax benefit, childcare benefit and private health insurance rebate.

You should consult your financial advisor, the Australian Taxation Office or Centrelink for advice on how your personal circumstances may be affected.



Protect's Community Initiatives

Protect is proud to support Disability Sport & Recreation (DSR), an organisation that helps people with disability get active in sport and recreation.

As the health-promoting peak organisation for the disability sport and recreation sector in Victoria, DSR links sport and recreation participation identified by people with disability, to the supply of services.

Protect is the key sponsor of Victorian wheelchair rugby, backing the sport from its basic development and training programs through to state and national competition. Along the way, the relationship has evolved from a traditional sports sponsorship into a true community partnership. Protect is now involved with several initiatives including CyclePower, a long distance ride for members (taking them to destinations such as Cambodia and Vietnam) and the annual children's summer and winter camps.

Protect is also a major community partner of the Victorian DSR Festival, the largest free event of its kind in the state. Through DSR, Protect is giving practical help to people with disability and improving the lives of many in the community.

**DISABILITY SPORT
& RECREATION**



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.

Protect Contact Centre

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