



# Genuine Redundancy Account Nomination

Dear Member,

Protect members can choose between two severance account options:

- Termination Account (TER) - this is the default option account
- Genuine Redundancy Account (GRA)

The following table summarises under what circumstances you can access your Protect account:

Your circumstances	TER account	GRA account
Termination	YES	NO
Resignation	YES	NO
Redundancy	YES	YES
Death	YES	YES
Retirement	YES	YES

## Genuine Redundancy Account (GRA)

The Union and Employer Sponsors of Protect, together with the Board have structured Protect to give you the greatest redundancy benefits possible, including the opportunity to access tax-free or significantly reduced tax redundancy payments via a Protect Genuine Redundancy Account.

If you have been made **redundant**, are under 65 years old and have nominated to have your account administered as a GRA, you should be able to access the following tax concessions as of 1 July 2019<sup>1</sup>:

- The first \$10,638 plus an additional \$5,320 for each completed year of service with your employer, being tax free
- The next \$210,000 is concessional tax at 32%, or 17% if over preservation age

You can make an initial GRA claim up to your tax-free limit, or your total account balance (whichever is lesser).

To take advantage of these arrangements you must **nominate** to have your Protect severance account administered as a GRA account.

- **YOUR NOMINATION MUST BE MADE *BEFORE* YOUR POSITION IS MADE REDUNDANT**
- **NOMINATION IS A PERMANENT CHANGE THAT CANNOT BE REVERSED**
- **YOU NEED TO CONSIDER YOUR DECISION CAREFULLY**

If after careful consideration of your personal circumstances and after seeking independent financial advice, you would still like to nominate to have a Protect Genuine Redundancy Account, please complete the enclosed Genuine Redundancy Nomination Form and return to Protect.

### 28 DAY WAITING PERIOD

Your nomination will come into effect 28 days after it is received by Protect. During this waiting period you are able to reverse your nomination however you will not be able to receive a Genuine Redundancy claim until after the 28 day waiting period has expired.

If you have any questions in relation to your choice of accounts please contact our office on 1300 344 249.

Regards,

### Protect Member Services

P: 1300 344 249

E: [info@protect.net.au](mailto:info@protect.net.au)

<sup>1</sup> These amounts are indexed at the start of each financial year. Different tax rates may apply for retirement and death benefits and for amounts of \$200,000 cap threshold.

Disclaimer  
Information supplied is provided as a guide only. It does not constitute financial advice. Members should consult a legally qualified and professionally accredited adviser to establish the facts of their own situation.



# Genuine Redundancy Account Nomination

## Examples of how the Genuine Redundancy Account (GRA) works:

### 1. Jim has nominated for his account to be administered as a Genuine Redundancy Account (GRA)

What we know about Jim:

- He has a balance of \$7,000 in his Protect account
- He is under 65 years old
- He has been with his current contributing employer for two and a half years

When Jim is made redundant he lodges a claim with Protect.

Jim is entitled to a tax-free redundancy payment of up to \$21,278. *Calculated as: (\$10,638 + [2 x \$5,320])*

Therefore the entire balance of Jim's account will be paid out to him tax-free.

### 2. Prisha has nominated for her account to be administered as a Genuine Redundancy Account (GRA)

What we know about Prisha:

- She has a balance of \$80,000 in her Protect account
- She is under 65 years old
- She has been with her current contributing employer for 12 years

When Prisha is made redundant she lodges a claim with Protect.

Prisha is entitled to a tax-free redundancy payment of up to \$74,478. *Calculated as: (\$10,638 + [12 x \$5,320])*

An initial claim of \$74,478 will be paid to Prisha tax-free.

If Prisha continues to remain unemployed for a further four weeks and makes a subsequent claim on her Protect account, the balance of \$5,522 will be taxed as an Employment Termination Payment (ETP) at 32%.

### 3. Leo has nominated for his account to be administered as a Genuine Redundancy Account (GRA)

What we know about Leo:

- He has a balance of \$16,000 in his Protect account
- He is under 65 years old
- He has been with his current contributing employer for 6 years

Leo is NOT made redundant, he resigns from his employer and lodges a claim with Protect.

As he was not made genuinely redundant, Leo is not entitled to make a claim on his Protect GRA account. Leo will need to wait until retirement, or a future redundancy from another employer, in order to access his GRA account.

**NOTE:** Current legislation only allows workers under the age of 65 years of age to receive tax-free components on payments.

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Members should consult a legally qualified and professionally accredited adviser  
to establish the facts of their own situation.

Different tax rates may apply for retirement and death benefits and for amounts over \$2000,000 cap threshold.

# Genuine Redundancy Account Nomination Form



Please complete this form and return to:

Protect  
PO Box 482  
North Melbourne VIC 3051  
Email: admin@protect.net.au

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Member Number

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Date of Birth

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Given Name

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Surname

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Street Number

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Street Name

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Suburb

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State

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Postcode

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Contact Number

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Email Address

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Current Employer

- I elect to have my severance account administered as a Genuine Redundancy account (GRA)
- I understand that this decision is irrevocable and that:
  - I cannot change my account type at a later date
  - I can only access my GRA if I am made redundant and my employer confirms my redundancy in writing, or at retirement after my preservation age

Signed

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Date

**PLEASE NOTE:** Your Protect account will be changed to a Genuine Redundancy account 28 days **after** your GRA nomination form is **received** by Protect. You can withdraw your election to have your account administered as a Genuine Redundancy account, if you advise Protect in writing within these 28 days.