Severance & Redundancy Account

Australia's leading industry severance scheme

The superior benefits offered by Protect makes ours the preferred industry scheme for over 50,000 workers throughout Australia.

Who is Protect?

We are Australia's leading industry severance scheme and providers of superior income protection insurance.

Since 2000, we have set the pace across diverse industries including electrical, manufacturing, maritime, fire rescue, rail and civil construction.

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

- Paying severance or redundancy claims to workers when they cease employment
- Facilitating income protection insurance*
- Offering wellbeing services, including free counselling, to members and their families

As a member of Protect, you are part of the industry scheme preferred by more than 50,000 workers and 1,200 employers Australia wide.

How do I become a Protect member?

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

ATC
INSURANCE SOLUTIONS
AFS Licence No. 305802

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

Who contributes to my Protect account?

Employers contribute to a Protect severance account on behalf of their workers, providing a safety net for them should they become unemployed.

Employer contribution amounts are determined by each workplace agreement and therefore the amounts vary.

When can I make a claim?

Workers with a Protect account receiving severance may make a claim at any time they leave employment including:

- Redundancy
- Resignation
- Termination
- Retirement
- Promotion to an above award position 'off the tools'
- Total and permanent disability
- Death (via beneficiaries)

You don't have to remain unemployed to make a claim on your Protect severance account. If you're in new employment you can make a retrospective claim from a previous employer.

Will I be eligible for a tax free component?

The tax you pay is set by the Australian Taxation Office (ATO) and is determined by the reason your employment ended.

- If your employer makes you **genuinely redundant** your initial severance claim will be paid to you tax free up to the maximum amount allowed by the ATO
- If your employment is terminated for **any other reason** your initial claim will be taxed

Tables on pages 6 and 7, and notes on page 11 of this brochure detail claim tax information.

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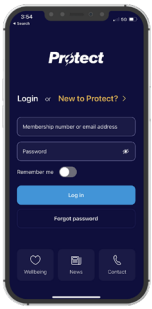
Do I have to do anything?

Once your employer registers you with Protect, you will receive a welcome message with your membership number and information regarding the services available to you.

1. Download the Protect App:



Available on the iPhone App Store

ANDROID APP ON Google play

The Protect Services App is available from the App Store or Google Play.

Select *'New to Protect'* to generate login details.

- Check your account balance
- Lodge a severance claim
- Display your membership card
- Review employer contributions
- Change your password or contact info
- Access wellbeing services & Protect news

2. or... activate your account online:

a. After you have been provided your membership number, visit the workers login portal from the Protect website www.protect.net.au

Workers Login

b. Select '*register for online access*'

c. Verify your contact details and set a password

The Protect App and the workers portal both have a *'forgot password'* feature that you can use if required, to reset account access at your convenience.

Note:

When you are registered as a Protect member, your employer must provide contact details for you that includes your email and mobile number. Account security measures will restrict your ability to generate or reset your Protect password, unless your contact details match what is registered on our system.

If you have any difficulty please call us on **1300 344 249**.

IF YOU HAVE BEEN MADE GENUINELY REDUNDANT:

	Initial Genuine Redundancy Claim
When can a genuine redundancy claim be paid?	If you have been made genuinely redundant* and you are under pension age**
Initial genuine redundancy claim limit	*2024/25 financial year tax free threshold:* $12,524 plus $6,264 for each complete year of service (or account balance if below claim limit)
Tax withheld from initial genuine redundancy claim	Nil
Initial claim waiting period	No waiting period

* 'Under pension age' is at the date of termination, not the date of payment

** Redundancy over pension age is considered by the ATO as 'non-genuine redundancy' and attracts a 17% tax rate

NOTE: View your preservation and pension age at the tables on page 10

IF YOUR EMPLOYMENT HAS OTHERWISE TERMINATED:

	Initial Termination Claim
When can an initial termination claim be paid?	If you have ceased employment due to termination, resignation or you have been promoted to an above award position 'off the tools'
Initial termination claim limit for those under pension age	$10,000 (or account balance if below claim limit)
Tax withheld from initial termination claim - Under preservation age: - Over preservation age: - Over pension age:	 32%* 17%* ** 17%*
Initial claim waiting period	No waiting period

* Includes the 2% Medicare levy

** 'Over preservation age' is in the year of termination
For example: You may be 54 and have your claim taxed at 17% if you reach preservation age by 30 June

NOTE: View your preservation and pension age at the tables on page 10

IF YOU ARE RETIRING:

	Retirement Claim
When can a retirement claim be paid?	Once you have reached your preservation age
Claim limit	No limit - you may claim the full balance of your account on retirement
Tax withheld from retirement claim	17%*
Claim waiting period	No waiting period

*Includes the 2% Medicare levy

NOTE: View your preservation and pension age at the tables on page 10

MAKING A SUBSEQUENT CLAIM:

	Subsequent Claim
When can a subsequent claim be paid?	After making an initial claim and you have sufficient funds, you may claim further on your account when you meet certain conditions: E.g. you remain unemployed
Subsequent claim limit	Balance of account
Tax withheld from subsequent severance claim - Under preservation age: - Over preservation age: - Over ETP cap:	 32%* 17%* 47%*
Subsequent claim waiting period**	• If unemployed - 28 days (applies to any industry) • Non Protect - 39 weeks

*Includes the 2% Medicare levy

** If your employment situation differs from the examples shown please contact us

CLAIMING ENTIRE BALANCE:

	Balance of account
Other than retirement, when can you claim a full account balance?	• If you are leaving Australia for more than two years • If you suffer total and permanent disability • Your beneficiary may make a claim if you are deceased
Tax withheld	Please contact us for information specific to your circumstance: **1300 344 249**
Full claim waiting period	No waiting period

How do I make a claim?

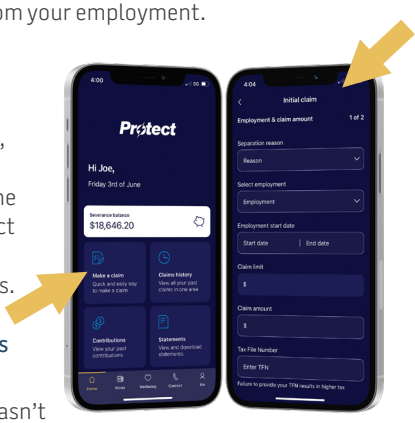
If your employment ceases, a claim can be made from the Protect App at any time. A claim feature is also available when you log in to your account via the workers portal at the Protect website www.protect.net.au

Workers Login

Steps to claim payment:

1. **Your employer updates their online Protect account with your employment status**
   However, you may proceed with your claim as soon as you have separated from your employment.

2. **You complete a Protect claim**
   For fastest results, submit a claim via the App. Start at the home screen, select 'make a claim' and follow the prompts.



3. **Any missing details are followed up**
   If your employer hasn't provided us with a termination date, you may upload a separation certificate as confirmation of termination. Otherwise, we will contact your employer to confirm your termination status.

4. **Your claim is paid into your nominated bank account**
   Please allow 1-3 business days for the funds to clear.

Will I find a payment summary online?

With the implementation of single touch payroll (STP), claims that attract tax (i.e. any claim excluding a genuine redundancy claim) will have payment summary information made available via your myGov account: my.gov.au

Two account types

Protect offers two severance account types. How you leave your job decides which account you claim from.

1. GENERAL ACCOUNT (GEN)

This is the default option and pays claims due to *involuntary* end of employment.

GEN CLAIMS PAID:

- Tax free Genuine Redundancy
- Non Voluntary Termination
  (such as dismissal or end of contract)

2. VOLUNTARY TERMINATION ACCOUNT (VTA)

If *you choose* to leave you job you must change to a Voluntary Termination Account as part of the claim process. This is a permanent decision and cannot be reversed.

VTA CLAIMS PAID:

- Resignation
- Retirement
- Promotion off the tools

NOTE: Both accounts make payment for total and permanent disability and death (via beneficiaries).

VTA claim & close

If there's a chance you may return to the industry, it's important to keep your future claiming options open.

So when making a VTA claim, consider withdrawing your full balance and closing the account.

If you later start work with a Protect-contributing employer, you'll rejoin as a new member with a default General Account. GEN pays tax free redundancy and other non-voluntary claims, and still gives you the option to switch to a VTA again if needed.

TALK TO US

Before deciding, speak with one of our team to make sure a VTA claim & close is the right choice for your situation.

1300 344 249 info@protect.net.au

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 and affects the rate of tax you will pay.

Protect members who have retired and are over their preservation age may claim their entire severance balance.

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

What age do I qualify for the pension?

The pension age is relevant to some Protect members as ATO rules only allow tax free redundancy up to pension age.

From 1 July 2023, the age pension qualifying age is 67 years.

Date of Birth	Age Pension Qualifying Age
1 July 1952 to 31 December 1953	65 years and 6 months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years and 6 months
On or after 1 January 1957	67 years

Additional Tax Information

Late Termination Payments

We are legally required to withhold 47% tax from claims made beyond 12 months of your retirement/termination date. For example, if you are terminated on 1/05/2024, and lodge your initial claim on 2/05/2025, your claim will be taxed at 47%.

This does not apply to genuine redundancy claims.

Employment Termination Payment Cap

An Employment Termination Payment (ETP) is taxed at concessional rates in accordance with tax legislation, up to the ETP Cap. The ETP Cap is an amount determined by the ATO and is indexed annually. From 1 July 2024, the ETP Cap is $245,000.

Amounts up to the Cap are currently taxed at 32%* or at 17%* if you have reached your preservation age. Amounts in excess of the Cap are taxed at 47%*.

*including the Medicare Levy of 2%

Deceased Claim Tax Rates

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

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 Tax Office or Centrelink for advice on how your personal circumstances may be affected.

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

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Protect Member Services

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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.