

Redundancy

A guide to your money when you're facing redundancy



WOLFE
GUIDE

The prospect of losing your job can be scary and stressful for many reasons. You may be unsure what redundancy pay you're entitled to and what being out of work will mean for your overall finances. This guide explains the steps you can take and who may be able to help.

Step 1: Check if you're entitled to redundancy pay

If you're an employee and have been working for your employer for at least two years, you will be entitled to statutory redundancy pay as a minimum.

But some employers offer more generous redundancy packages. Check your employment contract or ask your employer to see if this applies to you.

How much is statutory redundancy pay?

The amount you get depends on your age, your pay and how long you've been working for your employer. You can find out how much you'll get using the government's redundancy pay calculator at [gov.uk/calculate-your-redundancy-pay](https://www.gov.uk/calculate-your-redundancy-pay). Alternatively, you can call ACAS (The Advisory, Conciliation and Arbitration Service) on 0300 123 1100 or the Labour Relations Agency if you're in Northern Ireland on 03300 555 300.

If you've been furloughed due to coronavirus, your statutory redundancy pay must be based on your full salary, not the amount you are paid while on furlough. This applies to anyone made redundant after 31 July 2020 (14 August 2020 in Northern Ireland).

You can receive up to £30,000 in redundancy pay free of tax and National Insurance.

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What about notice?

Your employer must give you a minimum amount of notice too if you've been working for them for more than a month. This is called statutory redundancy notice and it varies depending on how long you've been employed. Find out more by visiting [gov.uk/redundancy-your-rights/notice-periods](https://www.gov.uk/redundancy-your-rights/notice-periods)

As with redundancy pay, your employer can give you more notice than the legal minimum but cannot give you less. Check your contract for details or ask your employer.

Your employer must pay you during your notice period regardless of whether you work it or not.

If you're been furloughed due to coronavirus, your statutory notice pay must be based on your full salary, not your furloughed salary. This applies to anyone made redundant after 31 July 2020 (14 August 2020 in Northern Ireland).

Your notice pay is taxed as pay in the same way as your pay.

What about holiday pay?

You should also be paid for any outstanding annual leave you have.

If you've been furloughed due to coronavirus, your holiday pay should be based on your full salary, not your furloughed salary. You still build up holiday entitlement during furlough leave.

Any holiday pay you get is taxed in the same way as your pay.

What if my employer has gone bust?

If your employer is unable to pay your redundancy pay because it has gone bust (become insolvent), you may be able to claim the money you are owed from the government using the links below. If you have queries about using the online forms you can email the Redundancy Payments Service at redundancypaymentsonline@insolvency.gov.uk



To make a claim for redundancy pay, holiday pay and any unpaid wages or commission, go to [gov.uk/claim-redundancy](https://www.gov.uk/claim-redundancy)

To make a claim for loss of notice pay, go to [gov.uk/claim-loss-notice](https://www.gov.uk/claim-loss-notice)

If you live in Northern Ireland, the situation is different. You can find out about your rights in Northern Ireland if your employer is insolvent at [nidirect.gov.uk/articles/your-rights-if-your-employer-insolvent](https://www.nidirect.gov.uk/articles/your-rights-if-your-employer-insolvent)

Step 2: Check if you have insurance

It's worth having a dig through your paperwork to see if you have any insurance that might pay out for redundancy. For example, you may have taken out mortgage payment protection insurance (MPPI) when you got your mortgage or payment protection insurance (PPI) when you took out a loan or credit card. These policies usually pay out for 12 or 24 months. Contact the insurer to find out how to make a claim.

Step 3: Do a budget

It's a good idea to draw up a budget so you've got a clear idea of what your monthly expenses are. A budget is simply a list of all your income and all your outgoings. It will help you see how long any redundancy money you have is likely to last and it might help you identify areas you can cut back on too.

You can create a budget using pen and paper, a spreadsheet or with the help of an online budget planner such as the Money and Pensions Service's budget planner which you can find at moneyadviceservice.org.uk/en/tools/budget-planner



Step 4: Check what benefits you can claim

Once you're out of work there may be benefits you can get. The charity Turn2Us has a useful online benefits calculator you can use to see what you might be entitled to. See turn2us.org.uk/ or call their helpline on 0808 802 2000.



Step 5: Understand what will happen to your workplace pension

When you stop working your employer will stop contributing to your pension.

If you have a Royal London workplace pension, you can choose to keep it running and either stop contributing to it or continue to do so.

Please remember that investment returns can fall as well as rise and you could get back less than you pay in.

For options available with other types of workplace pensions, see moneyadviceservice.org.uk/en/articles/your-pension-options-if-youre-made-redundant

If you would like further help on this, you can get free and independent guidance on pensions from The Pensions Advisory Service. Either visit its website at pensionsadvisoryservice.org.uk/ or phone its helpline on 0800 011 3797. Alternatively you could seek financial advice. Advisers may charge for their services although they should agree any fees with you upfront. Find out how to find a good financial adviser at royallondon.com/articles-guides/your-money/coronavirus-how-to-find-a-good-financial-adviser/.



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