

Media Release

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Easing the pain of redundancy

It can be a stressful time for people who have lost their jobs, or who are worried about being made redundant, but there are some simple steps to ease the financial pressures, Retirement Commissioner Diana Crossan says.

The latest Household Labour Force Survey out today shows unemployment has reached a six-year high of 5 percent.

“Many New Zealanders are worried about their financial future and job security. The reality is that most people will keep their jobs. However, for every worker who’s been made redundant, it’s a personal crisis and affects the whole family,” Diana Crossan said.

She advises people who have been made redundant to take a close look at their budget to see how their household can cope with reduced income.

“If you have a savings fund or a redundancy payment, work out how long that will last. Use the [Budget calculator](#) on sorted.org.nz or, if you need personal help, contact the NZ Federation of Family Budgeting Services.

“You should also talk to your lender right away if you think you’ll have trouble meeting debt like credit card or mortgage repayments. They will have options they can talk through with you.”

Diana Crossan also suggests contacting your local Work and Income office to see if you are eligible for special redundancy help from the government’s new ReStart package and Inland Revenue to check if you are entitled to a redundancy tax credit.

She urges people who are still in work but are worried about being made redundant, to think about saving for an emergency fund.

“As a rule of thumb, you should aim to have two to three months’ income as a ‘cash cushion’ you can call on if the worst happens. But anything is a start. If you have high interest debt, you might prefer to pay that off before you start saving.

“It’s also a good idea to check your insurance policies to see if they cover mortgage and other repayments if you were made redundant. And check your employment contract to see if you would be entitled to a redundancy payment.”

Note: Please find below tips for coping with redundancy.

For more information contact:

Heather Church

Retirement Commission

M: 021 782 923

E: heather@munrochurch.co.nz

Tips for coping with redundancy

Lost your job?

- **Review your budget**
Check your budget to see how your household can cope with reduced income. If you have a savings fund or a redundancy payment, work out how long that will last. Use Sorted's [Budget calculator](#) or if you need personal help, contact the NZ Federation of Family Budgeting Services.
- **Seek government help**
As well as the unemployment benefit, you may be entitled to special [redundancy help](#) from the government's new ReStart package. Contact Work and Income for more information. There's also information about dealing with redundancy on the [Career Services](#) website. If you have received a redundancy payment, you may be entitled to a [redundancy tax credit](#) from Inland Revenue.
- **Talk to your lender**
Talk to your lender right away if you think you will have trouble meeting debt or mortgage repayments. They will have options they can talk through with you.

Worried about losing your job?

- **Save for an emergency fund**
As a rule of thumb, you should aim to have 2-3 months' income as a "cash cushion" you can call on if the worst happens. If you have high interest debt, you might prefer to pay that off before you start saving.
- **Make a budget**
Do a budget to see what you're spending your money on and where you can make changes to free up some money for saving or reducing debt. Use Sorted's [Budget calculator](#) or get help from a trained budget adviser.
- **Check your insurance**
If you have repayment insurance as part of a personal loan or hire purchase agreement it may cover payments if you are made redundant. Check the policy document for details. If you have mortgage repayment insurance you may be able to extend it to cover your payments over a period of redundancy. Ask your lender if this option is available, what it would cover, and how much it would cost.
- **Know what you are entitled to**
Check your employment contract to see if you would be entitled to a redundancy payment and how much that would be. You can find out more about your rights on the [Department of Labour](#) website.

(Source: www.sorted.org.nz)