

Practical Advice If You Lose Your Job



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Do not panic if you are or think you are being retrenched. You need to think logically, calmly, and rationally about what steps to take.

First, you should tell your **partner** as it will make it easier to cope with and you need

to share with someone.

If your partner is currently unemployed, encourage them to brush up on their skills and send out their CV. They need to work.

If you are on a **Pension or Provident fund**, what are your choices?

- You can transfer the fund tax free into a Pension/ Provident Preservation fund.
- If you need money, the first R 25 000 is Tax-free. But if you do this you won't have access on any more funds until you are age 55.
- If you cash in your Pension/ Provident fund it is taxable according to set tax tables and not your tax rate.
- If you are over the age of 55, you can withdraw 1/3rd portion tax-free up to R 500 000 - if you have not used the allowance before from a Pension/Provident fund or a previous package. The balance will need to be invested into a Living or Fixed Annuity from which you can take an income from the Annuity. This will be taxable. You can change a Living Annuity income once a year, a Fixed Annuity you cannot. A Fixed Annuity normally dies with you upon your death. A living annuity is passed on to your dependents if you have not drawn too much and eroded your capital.
- You can claim from the Unemployment Insurance Fund (UIF). You need to approach your company Human Resource consultant or person that pays your salary for details. This will involve a lot of paperwork, websites and occasionally queues when we are able to mingle again but you can receive a portion of your income for up to 8 months.

Fight the retrenchment - convince your employer that you are invaluable and that they cannot let you go. Tell your employer all those brilliant ideas you have had to bring more business to the company and to make cost saving actions. Alternatively, swallow your pride and approach your company for a **lower position and lower income**, they will thank you for it and in 6 months you might get your old position back and things will be back to normal.

If you are being retrenched and your company has money, by law they must pay you 1-week **income separation** benefit for every year you have worked and any unclaimed leave days.

A suggestion would be to suggest a **reduced income** to your employer, they might be surprised and take you up on your offer and when things are normal again they'll remember your sacrifice and you will be more important in your company.

Remember, if you are on a Pension / Provident fund you probably have **Group Life cover**, disability, dread disease and possibly loss of income cover. If you are retrenched, you normally have the option to convert some covers into whole life policies at no underwriting and at a rate consistent with your age. Ask your advisor or the company's Employee Benefits advisor about this option.

If you are on **medical aid**, ask your provider for a possible premium holiday or look at downgrading your plan to a cheaper one. All medical aids allow you to upgrade to a greater and higher plan at the end of the year. Consider purchasing generic medication. It does the same thing but is normally cheaper.

If you have **policies** - on life policies you can generally not pay your premiums for 2



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