

MoneySense Factsheets

Redundancy: planning for it, coping with it and moving on

If you've recently been made redundant, you think you may be soon, or your employer has reduced your hours - it's natural that you may feel worried about how you will cope financially. While you will have to make changes, there is a wealth of guidance and support to help you through this difficult time.

This factsheet will help you look at the impact redundancy or reduced hours will have on your household income, how you can cope with it, as well as giving you practical guidance on understanding your rights and preparing for the future.



Being prepared for redundancy

Planning ahead

- Try and put some money away, ideally three to six months' wages, to help you pay bills and living expenses in case it takes you a while to get a new job
- Put these savings in an easy access account so that you can get to them quickly if needed
- Review your budget and see if you can make some changes now by reducing your spending in any non-essential areas

Know your rights

If your employer plans to make you redundant, there are procedures that they must follow. Knowing what they are will help you make sure you're treated fairly and get any payments you're entitled to. Your employer should:

- Be open and fair about how they select employees for redundancy, taking into account things like: attendance record, disciplinary record, skills, experience and standard of work
- Give you notice, or pay in lieu of notice according to your contract of employment
- Allow you reasonable paid time off work within your notice period, to look for a new job
- Pay you statutory redundancy pay if you have worked continuously, for two years or more, this is additional to your contractual notice/pay



Coping with a reduced income

The first thing you should do is revisit your budget to see where you are with your money, taking into account any savings you have. This will allow you to work out how long you will be able to pay your bills for before it starts to become difficult. You should make keeping up payments on your mortgage or rent, debts and utility bills (such as gas and electric) your priority.

- Use our online budget planner to work out how much you have coming in and going out
- Prioritise your bills and expenses and look at where you could cut back on unnecessary spending if your income is reduced
- If you have any worries about money and how you'll pay your mortgage, contact your lender immediately
- If you're given redundancy pay, think about how long this will pay your bills for
- Check if you have any insurance policies such as Mortgage Protection or Payment Protection that may cover your repayments while you're out of work
- If you think you'll have difficulty immediately,

talk to the companies you owe money to, explain your situation and see if you can work out a revised payment schedule that lets you pay a lower amount each month until you're back in work

- Find out if you're entitled to any state benefits such as Jobseeker's Allowance or Income Support.
- You could consider taking a part time job, even if it's something different to what you usually do - this will give you an income and allow you time to focus on finding your next job.

Planning for the future

- If you're given a lump sum redundancy payment, you may want to invest some of it, or use it as an opportunity to take some time to consider your options
- Think about what sort of work you want to do. Do you have skills you'd like to develop? This could be a good opportunity
- Take advantage of any training that's offered as part of your redundancy offering, or through your Job Centre Plus. This could be an opportunity to learn something new, or try a different job

- Make sure your CV is up to date and start looking for another job
- Speak to job agencies, talk to friends and register on some online job sites to give yourself the best chance of finding something.

Get more help with

Understanding your employment rights

Advisory, Conciliation and Arbitration Service (ACAS)
www.acas.org.uk

Finding out if you're entitled to any benefits

Direct Gov - the Government's information site
www.direct.gov.uk

Calculating how much you may be entitled to

Find out if you're missing out on and benefits or tax credits
www.entitledto.co.uk

