



## Introduction

Despite continued economic growth and a labour market that is much changed from just over a decade ago, large numbers of people are facing and will continue to face the prospect of losing their job. During 2005, for instance there were over 23,000 redundancies. While many people who have lost their job will find work quickly, others may not.

Information Providers will be aware of the many difficulties experienced by people who have lost their job. The trauma as a result of factory closure or redundancy can be acute for the individual who loses his or her job. In addition, many of the people who lose their jobs may have little or no experience or knowledge of the social welfare system. Indeed some may wrongly believe that having made Pay Related Social Insurance (PRSI) contributions when they were

working, they will be automatically entitled to receive an unemployment payment that is based on their previous income. Many more will be unaware of Genuinely Seeking Work legislation and may have little or no knowledge of secondary benefits; the rates of payment for themselves and/or their families and may know little about available supports to look for work, training or education options.

This Resource Pack aims to support the very important work of information providers and others in helping to clarify those aspects of the social welfare system that are applicable to a person who has recently become unemployed.

## Redundancy

### **What is Redundancy**

A redundancy situation generally occurs where for a variety of reasons an employee's job no longer exists and they are not replaced. Thus the emphasis is on the position and not the individual. Employers are obliged by law to pay compensation to employees who are dismissed by reason of redundancy.

### **Eligibility for Statutory Redundancy Payments**

In order to be eligible for a statutory redundancy payment, an employee must:

- Be aged between 16 and 66 years of age
- Be in employment and paying PRSI contributions which are insurable for all social welfare benefits. Currently this is only a PRSI Class A contribution.
- Have worked continuously for the employer for at least 2 years (104 weeks)
- Have been working continuously for the employer for more than 2 years if working part-time

### **Written Periods of Notice**

An employer is obliged to issue a written notice of redundancy to the employee (Form RP50) and to send a duplicate of the form to the Department of Enterprise, Trade and Employment. From April 2005, the RP50 Form replaced the previous RP1 Form. Generally, the minimum period of notice will depend on a person's length of service or the period of notice in the person's contract of employment. The following table lists the minimum period of notice which a person is entitled to receive.

Length of employment	Minimum Period of Notice
Less than 13 weeks	Nil
13 weeks – 2 years	1 Week
2 years – 5 years	2 Weeks
5 years – 10 years	4 Weeks
10 years – 15 years	6 Weeks
More than 15 years	8 Weeks

» The employee should be given reasonable time-off during this period to look for other work.

### **Redundancy Payments**

The amount of the Redundancy payment is determined by the employee's length of continuous service and weekly earnings. Weekly earnings includes gross weekly wage, average regular overtime and benefits-in-kind. Currently, the maximum weekly amount for a statutory redundancy payment is €600. The Statutory redundancy payment or the statutory redundancy part of an enhanced redundancy payment is tax-free. The enhanced elements of redundancy payments are liable for tax.

### **Calculating Redundancy Payments**

If an employee is eligible for a Redundancy payment, they are entitled to:

- Two weeks pay for each year they have been employed (subject to the €600 per week limit on statutory redundancy payments)
- A bonus week's pay

Previously a distinction was made between the entitlement to a redundancy payment prior to and after 41 years of age. This distinction was removed in 2003 and the above entitlement applies to people aged between 16 and 66.

### ***If a Redundancy is disputed***

If there is a dispute in a redundancy situation, this may be referred to the Employment Appeals Tribunal.

### **Further Information**

For information on calculating redundancy payments, the Department of Enterprise, Trade and Employment (DETE) have a statutory redundancy calculator on their website [www.redcalc.entemp.ie](http://www.redcalc.entemp.ie)

Further information on the RP50 is available from the Department of Enterprise, Trade and Employment.

### **Example: Calculating Redundancy Payments**

A person has worked for an employer for 5 complete years. Their statutory redundancy payment will be calculated as follows:

Two week's pay x 5	10 weeks
One week's bonus pay	+1 week
<b>Total Statutory Entitlement</b>	<b>11 weeks</b>

## Managing Money

The loss of a job can lead to a dramatic change in a person's financial circumstances, particularly where the individual has children and/or other dependants.

### Debt Management

The Money Advice and Budgeting Service (MABS) operate a number of local offices countrywide. They provide advice and practical help such as money management and negotiating with creditors.

The following information should be brought to the MABS advice worker

- A list of all income and expenditure
- A list of the names, addresses and phone numbers of all creditors
- The amount of money owed, the length of time it's owed and the rate and amount of interest
- Any letters received from creditors, solicitors or debt collection agencies

and any replies that may have been sent to them

- Any relevant legal documents or agreements

▶▶ The MABS advice worker can assist an unemployed person to work out repayment agreements.

It would also be very useful for a Welfare Rights Officer to check if a person is getting all their entitlements.

### Further Information

A full list of local MABS offices is available on [www.mabs.ie](http://www.mabs.ie) or in the phone book.