

Money Advice and Redundancy

your
guide

- free
- independent
- confidential



mabs

Money Advice & Budgeting Service

What is MABS?

The Money Advice and Budgeting Service (MABS) is a free, independent, confidential and non-judgmental service, providing one-to-one advice to people having difficulties with managing their money or with debt. MABS has over 60 offices around the country, MABS also operates a national Helpline, which is open Monday to Friday, 9am to 8pm, on 1890 283 438.



MABS does not give financial advice – we do not advise clients on investments or on specific financial products. MABS does not give out any money. We work with clients, supporting them to draw up a realistic budget and maximise their income. MABS supports the person to deal with their debts in accordance with their budget.

Losing your job is a difficult time – it brings huge changes with it, some positive, some less so. It will affect everyone in the family and it is important that everybody in the household becomes involved as a team in adjusting to the situation and working out a new approach.

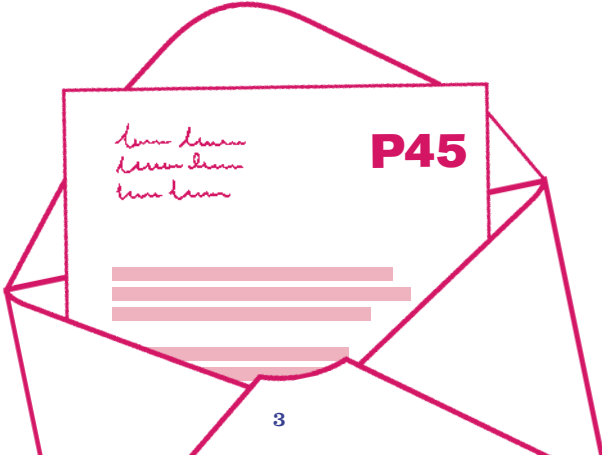
Most people experiencing redundancy are focussed on regaining employment but this could take some time. It is therefore worthwhile to make sure you are managing your money effectively and have adjusted your budget to take account of your new situation. There are some steps you will need to take to help you remain on your feet until you make the bigger decisions around future career options. This guide is intended to do just that – help you find that firm ground while you weigh up your options.



Redundancy

Some Steps to Staying Grounded

Staying grounded involves maximising your income and minimising your outgoings. The following steps will take you through what is involved...



Money Coming In

1 Statutory Redundancy Payments

Ensure you are clear on the amount of the statutory lump-sum payment you are entitled to, if any. The Department of Enterprise, Trade and Employment have a 'Redundancy Calculator' on www.entemp.ie/employment/redundancy/calculator.htm. If you have any query or dispute on the figure you are being offered, check out the INOU website on www.inou.ie or their website on redundancy www.redundancy.ie or go to www.losingyourjob.ie which provides information for people who are currently unemployed or working reduced hours, or phone the **Citizens Information Phone Service (CIPS) 1890 777121**, or drop into your local Citizens Information Centre (CIC).

Q. I'm on sick leave and receiving Illness Benefit – what happens now?

A. You will continue to receive this payment providing you satisfy the conditions. For claims made on or after 5th January 2009 the maximum duration for the payment is two years.

Q. I'm on Maternity Leave and I'm being made redundant – what does that mean for me? I was also receiving a top-up on my maternity benefit to bring me up to my normal salary amount.

A. The law states that any redundancy or notice of redundancy while you are on maternity leave is void. This means that it is of no legal effect. Any notice advising you of redundancy should only be served once you return to work. However, this may not stop an employer from announcing redundancy whilst you are on such leave and to enforce your rights you may have to consult your solicitor or seek assistance from your trade union or local CIC. If your contract of employment gives you a right to be paid your normal salary during maternity leave, then your employer is legally obliged to honour this. Again, however, if your employer fails to do so, whether because of redundancy or some other reason, you may have to take steps to enforce your rights.

2 Claims for Jobseeker's Benefit or Jobseeker's Allowance

Open your claim with the Department of Social and Family Affairs/Social Welfare Office immediately.

When you become unemployed:

1. Apply immediately for Jobseeker's Benefit (JB) – this payment applies if you satisfy the PRSI conditions – at your local Social Welfare Office.
2. If you do not qualify for JB, you may qualify for Jobseeker's Allowance (JA), depending on your means.
3. If you are receiving an unemployment payment, you must continue to prove that you are available, capable and genuinely seeking employment.
4. If you do not qualify for either JB or JA, sign for credits.
5. Make sure to register with FÁS; you may wish to talk to your Local Employment Service (Obair), Local Partnership Company / Local Development or Leader Company or the City or County Enterprise Board about other potential opportunities.

When you go along to Social Welfare, make sure to bring with you:

1. Proof of identity – driver's licence or passport – some form of photographic identification.
2. Proof of address such as a recent household bill in your name.
3. P45 or letter from your employer stating that employment has ceased.
4. Letter from your employer stating why your employment has ceased.
5. For JB applicants, you will also need your P60.
6. If possible, before you go, you should download and complete the application form for Jobseeker's Allowance or Benefit (form UP1) from www.welfare.ie

In some areas, it can take a number of weeks for your unemployment claim to be processed. If there is a delay and you have no income, you should contact a Community Welfare Officer in your local health centre and apply for Basic Supplementary Welfare Allowance. Check www.welfare.ie for more detailed information.

3 Claiming Secondary Benefits

Establish what secondary benefits you may be entitled to such as Rent or Mortgage Interest Supplement. Rent and Mortgage Interest Supplement are administered by Community Welfare Officers in local health centres. Full details of these, and information on your entitlement to them, are available from your local CIC or on the website www.citizensinformation.ie.

4 Claiming Tax Rebates

Make contact with your local tax office – you may be entitled to a tax rebate at some point. If you are a mortgage holder, ensure you have been getting full tax relief on the interest you pay. This is known as Tax Relief at Source, or TRS.

5 Family Income Supplement

If you have dependent children and you or your partner (in the case of a couple) continues to work at least 38 hours every fortnight, there may be an entitlement to Family Income Supplement (FIS) if your household income is below a certain level. Your local CIC can assist you with this. If you are a client of a MABS Service, your Money Adviser may also be able to help.

Remember

JB and JA are given to those genuinely seeking and available to take up full-time work. You must advise Social Welfare of any change in your circumstances.

If you are under 55 and get a redundancy payment of more than €50,000 you will be disqualified from claiming Jobseeker's Benefit for a period of between 1 and 9 weeks, depending on the size of your redundancy payment.

If you've received salary or wages in lieu of notice, this is not exempt from tax but can qualify for tax relief. An exception to this arises if this payment has been made as part of your contract of employment. Again, check out www.revenue.ie.

Keep a note of all social welfare payments or secondary benefits you apply for. If you are refused, make sure you get this refusal in writing. You have a right to appeal any refusal.

Q. What are credits?

A. These are credited contributions that protect your social insurance record and may entitle you to other benefits in the future, such as dental / optical benefits, and of course your State Pension. If you do not sign for credits, you may risk losing your pension entitlement. If you are signing for unemployment credits you must continue to prove that you are available and genuinely seeking employment. If you are sick, you may apply to receive sickness credits.

Q. Is my lump-sum payment completely tax-free?

A. You'll need to get accurate information on your particular circumstances. Generally, the lump-sum may consist of two elements – a **Statutory Redundancy Payment** – this is the amount you are entitled to under employment legislation and is exempt from tax; and potentially an **additional payment** in the form of a 'golden handshake' or 'ex-gratia payment' – this amount is not exempt from tax, but can qualify for tax relief. For specific information, check out www.revenue.ie. Note that having this lump-sum has implications for you should you apply for any means-tested benefit. Talk to your local CIC – and as always remember to keep a record of every benefit you apply for, and ask for any refusals to be given in writing!

Q. I've been paying into a private work-related pension. What happens to this now?

A. Talk to your union or employee representative or you can also contact the Pensions Board who publish a number of booklets on pensions issues. Locoal 1890 656 565 or email info@pensionsboard.ie.

Q. Our family has already been getting Family Income Supplement (FIS) and now I'm being made redundant – what do I need to do?

A. You need to notify your social welfare office of your changed circumstances.

Money Going Out

6 A Snapshot of Debt

Make a list of your debts – where possible, get out the original credit agreement i.e. the contract with the lender. For each debt, list the amount outstanding, the weekly or monthly repayment, and see whether you have taken out Payment Protection Insurance (PPI). Also, check whether you have Mortgage Repayment Protection Insurance. Use the table below as a guide, listing debts according to priority. Convert monthly repayments into weekly figures to help you budget better.

Priority Debts	Amount Owed Now
Secondary Debts	Amount Owed Now

Q. What are Priority Debts?

A. Priority Debts are prioritised because of the serious consequences for non-payment such as losing your home, being disconnected from electricity or gas, going to prison, having goods / car re-possessed. Such debts include mortgages, loans secured on your property, hire purchase agreements, and orders from the court.

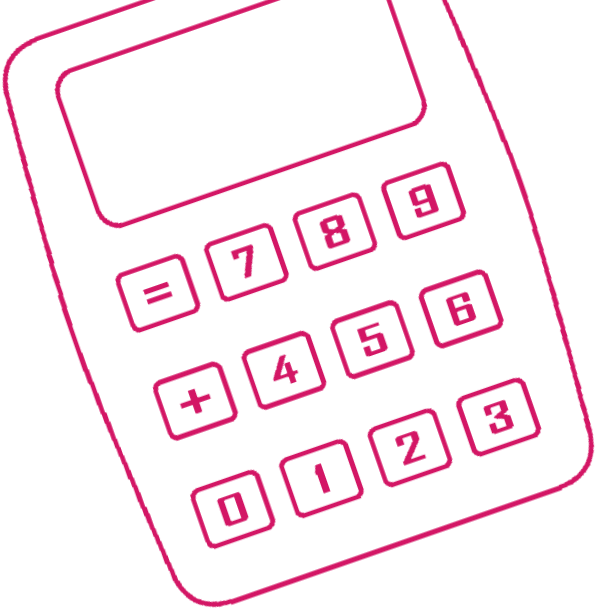
Q. What are Secondary Debts?

A. Secondary Debts are all other debts you have, which must still be repaid by you. Examples include personal loans, store card and credit card debt.

Q. How do I convert Monthly Repayments to Weekly Figures?

A. Take the monthly figure and multiply it by 12, this gives you the amount per year; then take this figure and divide it by 52 to arrive at the weekly amount.

Monthly Repayment	Weekly Repayment	Insurance Yes or No
Monthly Repayment	Weekly Repayment	Insurance Yes or No



Q. What about my Mortgage?

- A.** Find out what Mortgage Interest Supplement may be available to you – talk to your local CIC. If you find that you will have difficulty making your mortgage repayments, contact your lender as soon as possible and in writing, and advise them of your situation – see what flexibility they may be able to offer you. Your mortgage lender has to comply with the Code of Conduct on Mortgage Arrears go to www.financialregulator.ie for more information. Keep copies of all correspondence with your creditors.

Q. Should I use my lump-sum to pay off some of my debts?

- A.** There are pros and cons to doing this. Some people use the lump-sum payment to clear credit card debt or other personal borrowings. Others use the lump-sum to live off for a period while they seek other work, allowing them to maintain their payment pattern. You need to consider which is best for you, remembering to always pay priority debts first.

7 Insurance

Establish whether you have payment protection insurance for your loans or mortgage by checking the credit agreement for each loan. Read the insurance documentation carefully – if you need help understanding it, make contact with the **MABS Helpline – 1890 283 438**. Where you do have insurance cover for redundancy / loss of income, make contact with the insurers.

8 The Budget

Once you've looked into what insurance cover you have available to you, and you now know which debts you still need to pay, it's time to draw up a budget. You should also now know what, if any, secondary benefits (such as Rent Supplement or Mortgage Interest Supplement) you may be entitled to. The Budget Sheet on page 13 can be used as a guide to budgeting.

Remember to put in all your outgoings, and to convert them from monthly to weekly amounts.

Q. What is a budget?

A. A Budget is a list of all the monies coming into your household, and all the monies going out. Remember to include everything – your social welfare payment, your child benefit, anything else you get. For your outgoings, list your main essential expenses first – your mortgage or rent, your groceries, your heat and light. Make this as accurate as possible and include absolutely everything on which you spend money. For more help with this, take a look at the free MABS Money Management Guide (call the **MABS Helpline 1890 283 438** for a copy).

9 Balancing your Budget

Once you've added up your income, and your expenses, see what is left to pay your creditors. If that amount is not enough to cover the amounts you currently pay, you will need to make contact with them and offer them a reduced amount. The MABS Money Management Guide will guide you through this process – remember to agree to pay only an amount you know you can afford, and stick to this agreement.

10 Review

Your circumstances may or may not change over the next 3-6 months, either way, it is vital to review your budget at regular intervals to be sure you are still on “firm ground” and that your weekly income is enough to cover your weekly outgoings. If it's not you may need to adjust your budget again.

Remember

Always try to allow even a small amount for savings – even if it's only €2 per week, it's better than nothing. Also remember that you need to put money by to meet bigger yearly expenses such as your TV licence, your car insurance or motor tax, and so on. Many people have developed their own ways of putting aside the money for these types of bills. Ask yourself will this system continue to work for you?

Q. Budgeting for utility bills?

A. My electricity/gas bill comes every two months – so does my phone bill – how do I convert them to weekly amounts? Just multiply an average bill amount by 6 to get a yearly figure, and then divide that by 52 to arrive at a weekly estimate. For annual bills, simply divide by 52.



WEEKLY INCOME

Wages/Salary

My earnings (net)	
Partner's earnings (net)	
Non-dependant(s) contribution	
Total Wages/Salary	

Pensions

Me	
Partner	
Other	
Total Pensions	

Social Welfare Payments

My S/W Payment	
Partner's S/W Payment	
Child Benefit	
Other Social Welfare	
Total Social Welfare Payments	

Other Income

Maintenance	
Borders/Lodgers etc	
Back to Education Allowance	
Student Grant	
Other	
Total Other Income	

Total Weekly Income (add all totals)	
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An OK Budget Plan

You will know that your budget plan is ok if you have more money coming in than you have going out.

WEEKLY EXPENDITURE

Housing Costs

Rent	
Mortgage	
Other secured loans	
Total Housing Costs	

Medical Costs

Dentist/Glasses	
Doctor's bills	
Medication	
Health Insurance	
Other	
Total Medical Costs	

Insurances/Assurances

Mortgage protection insurance	
Building/contents insurance	
Other	
Total Insurance/Assurance	

Repairs & Maintenance

Repairs to property	
Household maintenance	
Other	
Total Repairs & Maintenance	



For more help with your budget, take a look at the free MABS Money Management Guide.

WEEKLY EXPENDITURE (continued)

Utilities

Electricity	
Gas	
Fuel	
Total Utilities	

Other Important Items

HP Agreements	
TV licence	
Refuse Charges	
Other Secondary debts (See Page 9)	
Total Other Important Items	

Food/Housekeeping

Weekly food shop	
Cleaning/Toiletries	
Newspapers/Magazines	
Cigarettes/Tobacco/Sweets	
Alcohol	
Laundry/Dry Cleaning	
Clothing/Footwear	
Nappies/Baby Items	
Other	
Total Food/Housekeeping	

Telephone

Landline	
Mobile	
Total Telephone	



A not OK Budget Plan

You will know that your budget plan is not ok if you have less money coming in than you have going out.

WEEKLY EXPENDITURE (continued)

Transport Costs

Work	
School	
Motor Tax	
Insurance	
Petrol	
NCT/Maintenance	
Parking/Tolls	
Other	
Total Transport Costs	

Education Costs

School Books	
School Uniforms	
School Contributions	
School Trips	
Other Education Costs	
Total Education Costs	

Childcare

Crèche	
Childminder	
After-school care	
Total Childcare	



Always try to allow even a small amount for savings – even if it's only €2 per week, it's better than nothing.

WEEKLY EXPENDITURE (continued)

Other Expenditure

Hairdressing/Haircuts	
TV/Video/Sat/Cable	
Pub/Outgoings	
Lotto	
Hobbies	
Gifts (Christmas, Birthdays)	
Gifts (Christmas, Birthdays)	
Total Other Expenditures	

Savings

Membership/Profess. Subs	
Other	
Other	
Total Savings	

Total Weekly Expenditure (Add all Totals)	
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TOTAL SURPLUS/DEFICIT

Total Weekly Income	
– Total Weekly expenditure	
= Total Surplus/Deficit	

If you have a weekly deficit look again at your expenditure to see whether you can reduce or cut out non-essential items, particularly if you are in difficulty with your Priority Debts. If you have a weekly surplus ensure you can continue to pay your Priority Debts and then address your Secondary debts.

So now what?

This new Budget you have drawn up will help you to gain control. It will help you take a realistic look at your situation, and where necessary, to re-negotiate repayment amounts with your Creditors. If you have valid Payment Protection Insurance that will cover your repayments, that's a help, but if not, you must deal with your debts.

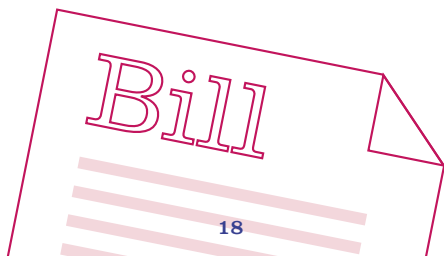
Re-negotiating the repayment amount where you need to is sensible – it ensures you continue to make repayments, yet it allows you to pay an amount you can afford, and still support yourself and your family. Where you do re-negotiate, keep copies of all correspondence, and do keep up the payments. If you hit difficulty again, make contact with the Creditor – never ignore any letters or calls you get from them.

What do I need to do?

1 _____

2 _____

3 _____



Further help and materials can be found on the MABS Website – www.mabs.ie. The MABS Helpline is open Monday to Friday 9am to 8pm, 1890 283 438 to answer any queries on dealing with debt and finding firm ground. Your local MABS Service is available should you need more personal support.

Useful Contacts:

Public service information:

www.citizensinformation.ie, Citizens Information Phone Service, lo-call **1890 777 121**

Department of Social and Family Affairs:

Information about benefits and some relevant forms:

www.welfare.ie, lo-call **1890 662 244**

General pensions information:

www.pensionsboard.ie lo-call: **1890 656 565**

Tax matters: www.revenue.ie

More Redundancy Information

Redundancy calculator: www.entemp.ie/employment/redundancy/calculator.htm

Public service information for those who are currently unemployed or are becoming unemployed in Ireland provided by the Citizens Information Board:

www.losingyourjob.ie

INO website on redundancy:

www.redundancy.ie or **01 856 0088**

Employment Rights

National Employment Rights Authority:

www.employmentrights.ie lo-call **1890 808 090**

Every effort is made to ensure accuracy in preparing material for publication however no responsibility is accepted by MABS National Development Limited, its funders or the MABS for any errors, omissions or misleading statements on these pages. The information is of a condensed and general nature only and can change from time to time, readers should therefore verify any information on which they rely by contacting the MABS Helpline 1890 283 438.



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log on

www.mabs.ie



phone

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drop in

We have offices nationwide.
Our website and helpline will
direct you to your local office.
