



## Be prepared

Taking action in case you're made redundant will help you cope if the worst happens, says Finance Editor Susanna Stuart

**BY MOST ACCOUNTS** what we're experiencing in New Zealand is a soft downturn compared to the dire economic woes of the US and the UK. 'Soft downturn' notwithstanding, we're still seeing companies going to the wall and people losing their jobs. According to the most recent figures, unemployment stands at 6%, or 136,800 people (June 2009 quarter, Statistics New Zealand). When you think that Hamilton's population is about 136,000 – the reality is stark. So what are the best strategies for dealing with redundancy?

### Ready yourself

If you know redundancies are likely at your workplace, don't wait passively. Have your CV ready and your finances in a tidy state. Start reducing your debt, ditch the credit card and visit your bank

to discuss a what-if scenario. They can help you extend your mortgage term or even give you a 'repayment holiday' if you are out of work for a while.

### Work out a programme

If redundancy hits, have a plan of attack ready while you look for another job. Remind yourself the problem wasn't you; it was the economy.

### Action plan

- Plan a six-month, and a 12-month, strategy. Sharpen your CV to reflect where you wish to head in your career.
- Do a budget. You can do this online at [www.sorted.org.nz](http://www.sorted.org.nz).
- Review your mortgage.
- Arrange to drip-feed your redundancy

- Use the opportunity to review your career. Are you happy in it? Or is this a good time to find a new direction?
- Keep your motivation up by staying in regular contact with family and friends and doing voluntary work.
- Up-skill or learn new skills. Training programmes are available through Winz.

### What to do with a redundancy payout

- This is not a windfall. Keep it in the bank and avoid get-rich schemes.
- Split the payout into portions over 16 or 26 weeks and treat these like wages. Put the redundancy payment in a savings account and drip-feed this into the account from which you pay your bills.
- You can claim a tax credit of six cents in the dollar on a redundancy payout from the IRD.

### Be financially strict

- Work out your income sources. You'll be entitled to unemployment benefit and if you have dependants you might be eligible for ReCover payments for 16 weeks. You must apply within 20 days from the date of your redundancy.
- Divide expenses into essential and non-essential. Trim what you can.
- Review your mortgage. Apply to extend the loan term to lower monthly payments, or go interest-only. You can also put repayments on hold for a set period. Do this before missing a payment, in case the bank turns you down.
- Match your income to expenses. If there's still a shortfall, look how you can boost your income. Can your partner work more hours? Can you sell excess furniture? Can you take on a boarder? **N**

payout from your savings to your bill-paying account.

- Fill in a redundancy tax credit form (IR524).
- Talk to Winz about the unemployment benefit and their ReStart package.
- Network with friends, volunteer and keep applying for jobs.