

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 the government-funded, independent money and debt advice service, supported by the Citizens Information Board. MABS offers its services completely free of charge to the public, and supports those struggling with debt in finding sustainable solutions.

MABS also supports people in managing their money and in considering choices they have open to them.

MABS is available by web at www.mabs.ie, by phone Monday to Friday, 9am to 8pm on 0761 07 2000, or through one of our sixty-plus offices all around the country. A full list of offices and their phone numbers can be found on our website.



- 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
- MABS will work with you, supporting you to draw up a realistic budget and maximize your income
- MABS supports each person to deal with their debts in accordance with their budget

Losing your Job

Losing your job is a difficult time. It brings huge changes with it; undoubtedly many are negative but some may turn out to be positive in time. It will affect everyone in the family and it is important that everyone in the household becomes involved in adjusting to this new situation and working out a new approach.

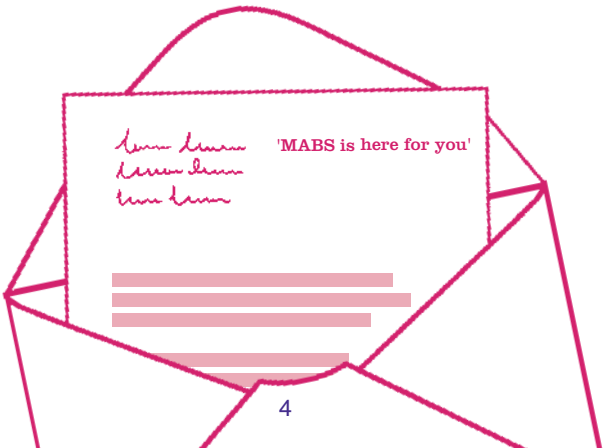
Most people facing redundancy are focused on regaining employment but this could take some time. In the meantime, it's worthwhile to make sure you are managing your money effectively and have adjusted your budget to take account of your new circumstances.

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.



Step by Step - Some Steps to Staying Grounded

Staying grounded involves increasing your income and decreasing your outgoings. The following steps will take you through this.



Money Coming In

Your first step in taking control of this new situation is to find out what money is coming to you. Firstly, you will need to know details on the lump sum, if any, you can expect to receive; secondly, you will need to know what your income is going to be in the immediate future.

Your family and household will go through a lot of change – be sure to consider all options for increasing your income, including asking every adult in the home to contribute, and possibly looking at renting a room.

The Lump Sum

Make sure you are clear on the amount of the lump sum payment you are entitled to, if any. If you have any query or dispute over the figure you are being offered, check out the INOU's dedicated redundancy site at www.redundancy.ie, as well as their own site www.inou.ie. Further information on all matters relating to losing your job can be found on www.citizensinformation.ie. The Citizens Information Board also provide their support via their phone line on **0761 07 4000** and through their network of local Citizens Information Centres (CIC). If you are a member of a trade union, they will also be able to guide you through the process and ensure your rights are upheld.

Is my lump sum payment completely tax-free?

You'll need to get accurate information on your own circumstances. Generally, the lump sum may consist of two elements – a Statutory Redundancy Payment and potentially a 'golden handshake' or 'ex-gratia payment'. The statutory redundancy payment is the amount you are entitled to under employment legislation and is exempt from tax. In some cases, your employer may also make 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. It is important to note that having this lump sum has implications for you should you apply for any means-tested benefit. Talk to your local CIC / CIS and, as always, remember to keep a record of every benefit you apply for, and ask for any refusals for support to be given in writing!

The Lump Sum and Insolvency

There is new legislation in the area of personal insolvency as a way of dealing with debt. If you are already engaged in one of these processes, then being made redundant is a material change in your circumstances and as such, you have certain obligations. If you are not currently in an arrangement but suspect you may at some time in the near future seek one, then your lump sum will be of particular relevance, and you need to think carefully before you make any decisions about how you will use that lump sum. Further information can be found from the MABS Helpline on **0761 07 2000**, or from the Insolvency Service of Ireland (ISI) at **0761 06 4200**.

Your Regular Income

Having firstly established what will happen with regard to a lump sum you may receive, and having considered the implications of this for any insolvency arrangement you may be involved in, your next step is to work out what your weekly income will be until you return to work. This will be determined by your individual circumstances, and you may need to seek advice from the CIC.

As a general rule, it is important to note everything you do – each phone call you make, each email you send, each visit to a support or advice person and remember to hold copies of every letter you send and receive.

Social Welfare

Open your claim with the Department of Social Protection/Intreo Office immediately. When doing this, remember to bring along with you all paperwork such as your Public Services Card (if issued) or photographic identification (a driver's licence or passport), proof of address (such as a utility bill), a letter from your employer stating that your employment has ceased and why. When you leave your job, your employer will enter your leaving date and details of your final pay and deductions into Revenue Online Service (ROS) and you can access these details through Revenue's MyAccount on ROS. Make sure to discuss your entitlement to Job Seekers Benefit and Job Seekers Allowance, as well as your entitlement to secondary benefits. The Department of Employment Affairs and Social Protection has lots of useful information on their website www.welfare.ie, and again, the Citizens Information Phone Service can help you prepare for this on **0761 07 4000**. In some areas, it may 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 Department of Employment Affairs and Social Protection representative and apply for Basic Supplementary Welfare Allowance. Check out www.welfare.ie for more detailed information.

Claiming Tax Rebates

Make contact with your local tax office – you may be entitled to a tax rebate at some point – check out www.revenue.ie.

Working Family Payment

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 Working Family Payment

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.

Engaging with welfare for the first time, or after a long period of employment, can feel intimidating and confusing. There is a lot of support and guidance available – seek it out, and ensure you arm yourself with as much information as you can before you begin your application. Things to consider which you may need help with - include your pension, your tax affairs and your lump sum.

Dealing with Debt

When you have been able to make sure that you can bring in the maximum income possible, you will now need to turn your attention to your outgoings. For many people, making regular payments to a loan, mortgage or credit card, is a part of your regular household budget. When your income drops following redundancy, you will be forced to look at your commitments and see what is now affordable. Your debt will not disappear and if you can make a plan to deal with it very early on, you will have more options open to you.

Some families may have borrowed money to support adult children in purchasing a home, may have co-signed a mortgage or provided a guarantee for other borrowings. If this is the case, then you will need to discuss this change in your circumstances with your adult children, and seek advice from the MABS National Helpline on 0761 07 2000.

1. 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 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 those most urgent 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, and orders from the court such as maintenance orders or court fines. Hire purchase (HP) agreements may be a priority – for example, if your car is on HP, and failure to pay will result in you losing the car and so preventing you from travelling to another job, then that debt is a priority for you. The MABS Helpline can help you determine which debts are the most pressing for you.

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.

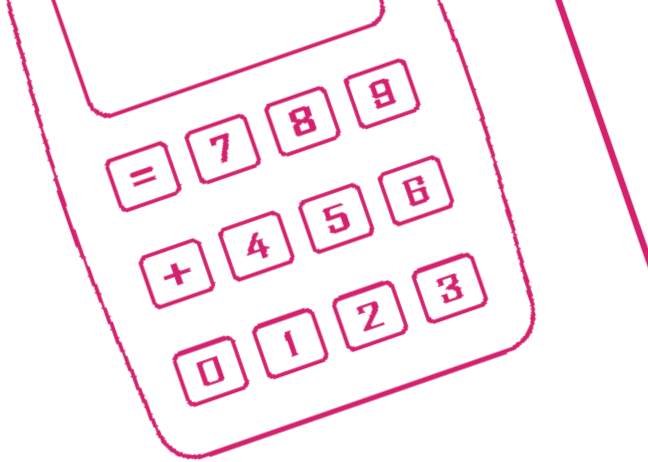
Q. How do I convert Monthly Repayments to Weekly Figures?

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. If you have a mortgage on your home, you will need to give this very careful consideration. This will be your priority, but even so, your family still need to eat and heat your home and pay for other priorities; early contact with your lender is always advisable, but again, collect as much information as you can before taking any action. If you can no longer make the full monthly payments, you will need to demonstrate this to your lender and seek an alternative arrangement. There is now a Code of Conduct for Mortgage Arrears which banks must comply with and there is a process known as the Mortgage Arrears Resolution Process which you and your lender can work through. If you have a MABS Money Adviser ask them about this or call the MABS Helpline.



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 high cost 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. Where possible, you should try and put aside an amount of your redundancy payment to ensure you have enough money to meet any unanticipated expense you may face in the future. It is important to note that paying one of your creditors rather than another – even in the case of higher interest rates – could cause you difficulty in the future if you decide to seek an insolvency option. This may be considered “a preference” – i.e., you preferred one creditor over another. So if you are thinking about Insolvency, before making any additional payments to any one creditor, call the MABS Helpline for support or get in touch with the ISI.

2. 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 – **0761 07 2000**. Where you do have insurance cover for redundancy / loss of income, make contact with the insurers.

3. 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, benefits 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 money coming into your household, and all the money 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

Some people find it useful to record their spending for a week or two in a diary - that helps you make a better estimate of your regular outgoings when doing a budget. You can get a spending diary from the MABS Helpline or you can download the MABS App.

as possible and include absolutely everything you spend money on. For more help with this log on to our website www.mabs.ie or call our Helpline on **0761 07 2000** for a copy of our free MABS Money Management Guide.

Minimum Income Standard

Did you know that it is accepted that every person requires a minimum basic amount of money to live off each week, to cover food and other essential items? This minimum income is a useful reference for you in working out your budget. Sometimes in dealing with a lender, you may feel under pressure to agree to pay as much as seems possible – often this can mean that you



will leave your family with very little to live on. If this happens, then the agreement you make with that lender will not last – you simply will not be able to sustain it. By looking at the minimum income standard you can see what a family similar to your own actually needs – try not to feel pressured into agreeing to try to live on less than this standard. The standard has been created following very detailed research into family life in Ireland supported by the Vincentian Partnership for Social Justice and MABS and can be found at www.misc.ie.

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. Always try to ensure you pay as much as you can towards your priority payments, while still ensuring you are leaving enough to live on. 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 then stick to this agreement.

4. Regular Reviews

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 €5 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 figure.



For more help with your budget, take a look at the free MABS Money Management Guide, or log on to www.mabs.ie.

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	
Boarders/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	
Mortgage Protection Insurance	
Buildings/Contents Insurance	
Property Tax	
Total Housing Costs	

Food/Housekeeping

Groceries	
Milk & Bread	
Nappies/Baby	
Work/School lunches	
Other	
Total Food/Housekeeping	

Utilities

Electricity Usage	
Heat/Fuel Usage	
TV Licence	
Waste Charges	
Water Charges	

Telephone/Other Utilities

Landline	
Mobile	
TV/Cable/Satellite	
Internet	
Total Telephone/Other Utilities	



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)

Other Important Items

Other 1	
Other 2	
Life Assurance	
Pension	
Total Life Assurance & Pension	

Transport Costs

Higher Purchase Agreement (Car)	
Work	
School	
Road Tax	
Insurance	
Petrol	
NCT/Maintenance	
Parking/Tolls	
Other	
Total Transport Costs	

Educational Costs

School/College Books	
School/College Uniforms	
School/College Fees/Contributions	
School Trips	
Other Educational Costs	
Total Educational Costs	

Other Costs

Childcare	
Savings	
Clothing/Footwear	
Total Other Costs	



Always try to allow even a small amount for savings - even if it's only €5 per week, it's better than nothing.

WEEKLY EXPENDITURE (continued)

Medical Costs

Dentist/Optician	
Doctor's Bills	
Medication	
Health Insurance	
Other	
Total Medical Costs	

Repairs & Maintenance

Repairs to Property	
Household Maintenance	
Other	
Total Repairs & Maintenance	

Other Expenditure

Hairdressing/Haircuts	
Children's Pocket Money	
Other Appliance Rentals	
Family Outings	
Lotto	
Hobbies/Pets	
Gifts (Christmas, Birthdays)	
Membership/Professional Subs	
Cigarettes/Alcohol	
Total Other Expenditure	

Total Weekly Expenditure

(Add all Totals)

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, 0761 07 2000 to answer any queries on dealing with debt and finding firm ground. Your local MABS Service is available should you need more personal support.

Try not to let money worries take over; don't be afraid to reach out to your friends or family if things are getting you down. Talking about things always helps.

Useful Contacts:

Citizens Information Board

For Public Service information

Citizens Information Phone Service

lo-call 0761 07 4000

www.citizensinformation.ie

Department of Employment Affairs and Social Protection

For Information about benefits and some relevant forms

lo-call 1890 66 22 44

www.welfare.ie

For Information on welfare and workers' rights

01 8560088

www.inou.ie

www.redundancy.ie

Insolvency Service of Ireland (ISI)

(ISI) is an independent government organisation set up to help sort out personal debt problems and help get people back on track.

076 106 4200

www.isi.gov.ie

The Pensions Authority

For General Pensions information

lo-call: 1890 65 65 65

www.pensionsauthority.ie

Workplace Relations Commission (WRC)

For information on your rights as a worker

lo-call 1890 80 80 90

www.workplacerelations.ie

Intreo

Intreo is a one-stop shop support service from Welfare supporting you in finding work again, as well as in helping you access income supports

www.intreo.ie

Every effort is made to ensure accuracy in preparing material for publication however no responsibility is accepted by MABS Support CLG, 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 **0761 07 2000**.



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log on

www.mabs.ie



phone

Helpline: 0761 07 2000



drop in

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