

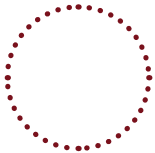
COPING WITH RETRENCHMENT



ASSISTING YOU WITH THE TWO MOST CRUCIAL ASPECTS
OF RETRENCHMENT, STRESS AND MONEY MATTERS



“ Make lists of the things you have to do for every day. Include job-hunting and your specific plans on how to go about it on the list ”



COPING WITH RETRENCHMENT

Retrenchment is one of the biggest stressors for a person. Apart from feeling totally distressed, you might also wonder how you will pay your bills or even feed your family and keep the children at school.

This booklet will help you with the two most crucial aspects of retrenchment, namely dealing with your stress and your money matters.

COPING WITH RETRENCHMENT STRESS

Unhappy life events like losing your job, could cause you much worry, discomfort and stress. It could affect your sense of well-being and quality of life. It can make you think and feel that your whole world has crumbled. Knowing how to deal with the stress of a job loss will make a big difference to your health and lifestyle.

YOUR STRESS RESPONSE

If you are able to anticipate how you will respond to the retrenchment, you will be better able to do something about it. Your stress could show up in your feelings, your thoughts, in your behaviour and in your body and your health.

YOUR FEELINGS

Initially you will feel shock, but your retrenchment could also make you feel embarrassed, angry, down, lonely, uptight, frustrated, irritated, helpless and hopeless. You could feel like crying more often and also get frequent nightmares.

YOUR THOUGHTS

You could experience disbelief. You might doubt the intentions of the management of your workplace. Due to the fact that you are continuously worrying about the loss of income and what to do about the future, you can become forgetful, feel confused, not be able to pay attention and have less interest in those things that brought you joy before. You could also start thinking that the worst things possible will happen due to your retrenchment.

YOUR BEHAVIOUR

Increased smoking, drinking or drug taking; eating and sleeping more than usual or less than usual, or having problems with your relationships with other people, could also form part of your stress response. You are trying to cope with the stress, but deal with it in a less effective manner.

YOUR BODY AND HEALTH

A racing heart, sweaty hand palms, tightness in the chest, tightness in your muscles, frequent headaches, upset stomach, breathing difficulties, dizziness, skin problems, being tired all the time, not being able to sleep and a lack of energy, could be signs that the job loss is affecting your body and health. Consider visiting your doctor.

TIPS FOR COPING WITH STRESS

Coping with retrenchment is never an easy road to travel. Remember that it is normal for you to feel discomfort due to the retrenchment. There are, however, many things that you can do to help yourself cope with the stress in a healthy manner. Here are some tips.

EXERCISE

Exercise is an excellent stress reliever. Exercise works against stress – when you are tired, you cannot be stressed. See to it that you exercise at least three times a week for forty to sixty minutes. You can go for a walk, swim, do horse-riding, boxing, play soccer or whatever you like. Choose activities that are free of charge.

DIET

Food is the fuel of your body. If you do not eat properly, you will feel tired and not able to cope. See to it that you eat regularly and include meat dishes, plenty of vegetables and fruit, starches like mealie pap, dairy products like milk and cheese and a little fat in your diet. Drink at least eight glasses of water per day.

CUT DOWN ON STIMULANTS

It is no use trying to alleviate stress by means of alcohol, cigarettes, drugs and too much coffee and tea. Try to cut down on these. Your body has to work hard to eliminate them and it leaves you with less energy to cope with your problems. Stimulants also make you more stressed!

REST AND SLEEP

See to it that you get enough sleep. An adult needs about six to eight hours sleep to function properly during daytime. You will most probably also find that you need time to be by yourself and think about what has happened. Do this when necessary, but see to it that it does not take up all your time.

PERSONAL APPEARANCE

See to it that you keep your personal appearance neat and tidy like you used to when you were still working. Nothing will give you such a mood lift as feeling good about your looks. Besides, you never know when you will by chance meet someone who can change your future.

RELAX

You can always find time to unwind. Lie down wherever you feel safe. Make yourself as comfortable as possible and let your mind wander to a place where you have always felt calm and safe. It could be the place where you grew up, a veld, a forest, a riverside or the sea. Try to think about, or daydream, what you see there, what you can hear, what you smell and feel.

If you use the example of the veld, you can think of the green trees and bushes, the mildness of the sun on your back and head, the wind blowing through your clothes, the white clouds sailing above, the fresh smell of the air, the birds singing in the trees, the little brown animals crawling on the rocks. Do this for at least fifteen minutes or as long as you feel comfortable with. In this way you will be able to give your thoughts a vacation. Listening to good music that you enjoy and keeping your sense of humor will also help you to relax.

PAMPER YOURSELF

You will find that giving treats to yourself will make your days happier and you will feel important. This is very IMPORTANT for helping you cope with stress. The treats need not cost money. Have a hot bath. Go on a picnic. Prepare a special meal. Take a nap. Walk in the veld. Do whatever you regard as special.

BREATHING

Inhaling deeply, holding your breath for about five counts and then exhaling slowly can help much to alleviate stress, especially if you tell yourself, "Relax and let go" when you are exhaling. Do this a few times until you feel calmer.

BE ACTIVE

See to it that you keep up your interests and participate in activities that you used to do. They will take your attention away from your problems and improve your mood. They will also help you keep up your routine and give you a feeling of safety. Go to your club meeting, listen to the radio, watch television, read newspapers and books, play your music instrument, sing, dance, work on crafts, chop wood, clean the land, fix the house, tend to animals, play games like you always used to. Keep busy!

PLAN

Make lists of the things you have to do for every day. Include job-hunting and your specific plans on how to go about it on the list. Then tackle the tasks one at a time. Do the most important tasks first. The lists will help you feel that you have control over your situation and will focus your job-hunting.

OTHER PEOPLE

Talking to other people can help you get your feelings off your chest, provide support and help you to clarify your thoughts. Never isolate yourself.

POSITIVE THOUGHTS

It is important that you keep your thoughts healthy. Concentrate on your own strong points and take note of your achievements. Keep believing in yourself. Concentrate on turning negative thoughts into positive ones, for example "I will never get over this" becomes, "I have enough strength to overcome this."

ACCEPT THE REALITY

The main aim of coping with retrenchment, is accepting the situation. Put the past behind you. Nothing will change what has happened to you. It is what you are going to do about it that will count. Remember, life is about changes. Living your life is coping with the changes.

TURN THE NEGATIVE INTO SOMETHING GOOD

Try and see the upside of retrenchment. Maybe it is time to move on. Perhaps you can get an even better job than before. This might be the opportunity where you look to improve your current skills and make them relevant in today's job market. If you are highly skilled or have a professional or trade skill, you can consider teaching part-time at a local college. There are also entrepreneurship options. The most important is to get active and do something about your future career - this will help to redirect your stress into positive channels!

FURTHER HELP:

If you feel that the above tips do not help you, it is time to see a professional. Contact one of the Career Counsellors at the Department of Employment and Labour. They will help you work through the retrenchment or refer you to another professional.

They will treat your problem with confidentiality. Go to www.labour.gov.za for contact details of your nearest Labour Centre.

MANAGE YOUR MONEY MATTERS

Being retrenched might immediately bring concerns about your financial future.

You can have many negative feelings such as stress, anxiety, loss of control, helplessness and anger. On the other hand, you may feel happy and excited about receiving a big sum of money, more than you ever had before. You may also look forward to new opportunities that you can explore.

In this time, when you have to make serious decisions about your financial situation, letting your emotions cloud your judgement could be dangerous. You need to remember that you must take strong control over your finances in this time, because your money might have to last you until you find another income again, which may not be soon.

Decisions you take about money will have an impact on you, not only now, but also in years to come. Therefore it is critical to gain a better understanding.

MAKE YOUR SEVERANCE PACKAGE WORK FOR YOU!

MANAGE YOUR MONEY MATTERS

Managing your money matters after retrenchment could be a nightmare. With sound advice you could, however, make your severance package work for you. In most instances it will be a case of weighing various options carefully and balancing the pros and cons of each decision.

DISCUSS YOUR SEVERANCE PACKAGE

Discuss your severance package and its composition with the Human Resources Division at your employer. Usually your severance package will be made up of:

- The pay you get as compensation for being retrenched
- Leave pay
- A pro-rata service bonus
- Pension fund contributions.

Enquire how much the lump sum will be that you will receive on retrenchment and also how it will be made up.

You can also negotiate with your employer to pay for financial advice, further training for another job, assistance in getting a job and also to receive advice on your career options and other counselling if need be.

The best advice would possibly be to contact your trade union to do the negotiations on financial advice, further training, assistance with placement and employment counselling on your behalf.

PAYING TAX

Remember that you will not walk away with the full amount of the lump sum. According to law you will have to pay taxes on your severance package. The first R30 000 of your lump sum payment from your employer is tax free, provided it is the first lump sum you receive and that you have a clean record of paying tax regularly to the Receiver of Revenue.

The balance of your lump sum will be varying from person to person and depending on your previous income. Your tax payment on your lump sum will be arranged by you employer.

SHOULD I SPEND THE MONEY?

Whatever you do and however big the temptation might be to spend some of your money on whatever you have always dreamt of owning or doing, resist it with all your might! Do not spend any of your money, since you will have to survive on the money until you find another job, which might be extremely hard to come by.

MAINTAIN YOUR CASH FLOW

Unfortunately the bills do not stop when you are retrenched. If you have never done a budget before then now is the time to start. A budget will show you how much money you need, to pay your bills and still put food on the table.

By knowing how much you need every month, you can calculate how long your retrenchment package will last. For example, if your retrenchment package is R50 000 and you need R10 000 per month to sustain your lifestyle, your retrenchment package will provide you with an income for five months.

Have your retrenchment package paid into a separate account such as a money market account. Pay yourself monthly by transferring the amount you need for the month as calculated by your budget into your normal account, thereby establishing a temporary pay office. This will ensure that you do not spend more than what is necessary, because you might think “but I have the money”.

ASSETS, DEBTS AND BUDGETING

As soon as you hear of the retrenchment, you should put time aside to list your assets and debts, as well as to draw up a monthly budget. Assets could be listed as those possessions that you could possibly sell to meet your debts, like your car, house, radio, television, bicycle, etc. Put money values next to those assets that you can possibly part with, if the need arises. Remember, sell luxuries first. If you for example sell your car, you can pay off what you still owe on it and use the remainder to pay for other necessities, like food. Your list of debts should include fixed debts that you could possibly pay off immediately by means of using your lump sum, like paying for your house, your car, paying off debt on clothing and furniture, etc. Total the sum for assets and also for debts.



ASSETS AND DEBTS

ASSETS	R	c	DEBTS	R	c
Car			Paying house		
House			Paying car		
Radio			Clothing		
Television			Furniture		
Bicycle			School fees of children		
TOTAL			TOTAL		

SOURCES OF INCOME

To do a budget you can draw up a similar table as above table (Assets and Debts). Table all your sources of monthly income, eg your spouse's income, Unemployment Insurance Fund (UIF) benefits, the interest from your investments, or grants from the Department of Social Development that you may qualify for, e.g. a State Old Age Pension, Disability Grant, etc. (contact the nearest office of the Department of Social Development to see whether you are eligible for any grant). Total the sum of all amounts under Monthly Income.

If you contributed to a Retrenchment Protector, you could also benefit from payments from this policy. It protects you against financial losses as a result of retrenchment. After a one-month waiting period the benefit provides you with your monthly sum assured. A maximum sum of R30 000 per month can be selected.

EXPENDITURE

List all your monthly expenses on the right hand of the table above - these could be food, electricity, school fees, etc. Remember to include all your expenses that you absolutely must pay- do not include luxuries. Total the sum of all amounts under Expenditure on the right hand side.

BALANCING THE BOOKS

You will now have to make careful calculations on how you will survive from month to month. Will you be able to pay for monthly expenses with your monthly income? Is your lump sum big enough to bring in sufficient income after you have paid off all fixed debts?

Remember, it is best to pay off all fixed debts immediately when you are retrenched, except if you will deplete your income from interest to such an extent that you cannot do it. Also consider whether you will have to sell your assets to supplement your lump sum and interest. This should, however, be done as a last resort. You could also make arrangements with your creditors, to pay off a lower monthly installment on your debts.

DEALING WITH DEBT

Be careful of taking out loans. In the end you will still have to pay loans back with interest. Some loan sharks may offer you a loan at a very high interest-check whether these people are registered with the National Credit Regulator at tel 0860 627 627, because some might be operating illegally. You can also ask any money lender for his licence.

These loan sharks target people who are in trouble and who have a bad payment record. If you cannot pay, they take the little assets that you still have. There is a directory of loan sharks that shows which loan sharks you must avoid under www.loansharks.co.za

A financial adviser can help you with some good strategies to deal with challenges, such as consolidating your debt and paying a lower amount (debt rescue), arranging to take a payment holiday on your house, etc. This advice should only be taken as a last resort, because in the end you still remain responsible for the amounts.

SAVING AND INVESTMENT

Saving means putting money aside in a bank or post office, on a regular basis, or in lump sums, when possible. This money is always available when needed, but earns a low interest. Investing money means using some scheme where money is tied up for a period and which earns more interest. You will have to make some decisions to invest your lump sum. One of the most important rules is to always choose a reputable company to do business with. Do not invest your hard earned money in a "get rich quick scheme."

You could for example invest your money in a bank by means of a notice deposit. If you do this, your money will be tied up for a shorter or longer period (you have a choice of giving notice of withdrawal between 32, 60 and 90 days), and you can decide whether you want interest paid to you, to live on, or add it to your investment if you have another means of living. A fixed deposit usually means that your money is tied up for a period of three months or longer, but you receive a higher interest rate.

You could also invest your money in buying property like a house that you can rent out, so that you have a monthly income. You should however consider this carefully, because you will have recurring costs on repair and maintenance and sometimes tenants do not pay. Another option is to use some of your money to buy a small business. This is also risky and you should use very good judgment not to lose your money. Buying a retirement annuity could mean that you cannot touch the money before you are 55 years old.

The above is just very basic financial advice. You should discuss with a financial services adviser how to invest your money to work for you in the best way possible. Be very careful to find out as much as possible about all options before investing your money. There are many unscrupulous people that may offer you super-high interest through investing in all sorts of unrealistic schemes.



“ You will now have to make careful calculations on how you will survive from month to month ”

CHOOSING A FINANCIAL ADVISER

Financial advisers working for a bank or insurance company usually do not charge for giving financial advice. Independent financial advisers working for themselves or a private company, however, usually charge for their advice. You can find the names of independent advisers under “Financial Services” in the Yellow Pages telephone directory.

Ask your financial adviser how long he/she has been in the business and also ask for references that you could call to make sure that the person has been in business for as long as he/she says. A financial adviser should also not represent one company, but rather be able to give you advice on all options. The financial adviser must also be registered to provide financial advice in terms of the Financial Advisory and Intermediary Services Act, Act 37 of 2002.

You can contact the Financial Services Board at tel 0860 726 890, to establish whether a financial adviser is registered. Only registered financial advisers provide advice that you can trust, because they have the necessary knowledge and are reputable. You can also ask to see the person’s licence.

Apart from saving and investment advice, a financial adviser can help you with a variety of good strategies to manage financial challenges.

WHAT TO DO WHEN VISITING A FINANCIAL ADVISER

STEP 1 (ACTIONS TO TAKE)

- Phone or visit your nearest bank and make an appointment with a financial adviser
- Make sure of the time of your appointment, as well as where you should announce your presence on the day of your appointment.

STEP 2 (QUESTIONS TO ASK)

- Please explain to me how investments work
- Why is it to my advantage to invest money at all?
- Why can I just not keep my money in safe place that only I know of?
- For what period does one usually invest money?
- How do the shorter and longer periods of investment work?
- When may I withdraw my money?
- Is it possible to withdraw money at any time? What steps can be taken, should one urgently need money?
- What is meant by interest?
- Say, for instance, I invest R10 000.00. What does it mean to earn 5% or 10% interest on it?
- Where can one earn the highest interest on one’s money?
- Over what period should I invest my money for a start, to earn the highest interest?
- What are subscription shares?
- How do I buy subscription shares?
- How do I know which subscription shares to buy?
- Where can I see what the subscription shares are worth?

- How and when do I sell my subscription shares?
- How much money do I need to invest in subscription shares?
- How much do I earn with subscription shares?

(With recognition to Sunday Times Business Times, 5 April 1998, www.liberty.co.za and www.entrepreneurmag.co.za).

FURTHER ASSISTANCE

Contact your nearest labour centre (contact details on the website www.labour.gov.za)

The service is free of charge!

Labour Head Office:

Telephone Number(s): (012) 309 4000

Provincial Offices:

Eastern Cape Provincial Office
Free State Provincial Office
Gauteng Provincial Office
KwaZulu-Natal Provincial Office
Limpopo Provincial Office
Mpumalanga Provincial Office
North West Provincial Office
Northern Cape Provincial Office
Western Cape Provincial Office

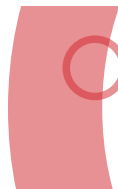
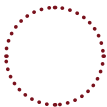
Telephone Numbers: (043) 701 3128
 Telephone Numbers: (051) 505 6200
 Telephone Numbers: (011) 853 0300
 Telephone Numbers: (031) 366 2000
 Telephone Numbers: (015) 290 1744
 Telephone Numbers: (013) 655 8700
 Telephone Numbers: (018) 387 8100
 Telephone Numbers: (053) 838 1500
 Telephone Numbers: (021) 441 8000

CONTACT DETAILS: LABOUR CENTRES
(SCAN THE CODE WITH YOUR PHONE)

www.labour.gov.za



“ Ask your financial adviser how long he/she has been in the business ”





employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA