



## Severance benefits on re-employment

Employees whose employment is terminated under certain parts of the MOP(S) Act are entitled to severance benefits

If the employee is re-employed within the severance pay period their benefits will be reduced in line with overlap between the new employment and severance pay period

Applies to:

- ✓ Full-time employees
- ✓ Part-time employees
- ✓ On-going employees
- ✗ Non-ongoing employees
- ✗ Casual employees

### Current EA

- When an employee receives a severance benefit which is later recalculated due to re-employment under the MOP(S) Act within the severance pay period, **the employee must repay the difference**

### Proposed changes

- An employee **may be re-employed within the severance pay period and keep their severance benefits** if they make an irrevocable written election to waive the right to have their prior service recognised for future severance and/or annual leave purposes
- This will **help experienced employees return to MOP(S) Act employment** if they wish as they will no longer need to decide between keeping their severance benefits or seeking re-employment under the MOP(S) Act

Liam, an adviser, had his employment automatically terminated following a ministerial reshuffle. He receives 12 weeks' severance benefits at the adviser rate.

Liam decides he would like to transition towards retirement and after a break in service of 4 weeks, takes an EOB position in his former employer's electorate office.

Liam wishes to keep his severance benefits and waives his right to have his previous service recognised in future benefit calculations. He does not have to repay the additional 8 weeks' severance he received.

10 months later, Liam's employer resigns from parliament. Liam is now entitled to 4 weeks' severance benefits at the EOB rate for his 10 months' work in his current role. His service as an adviser is not included in the calculation as he previously waived this right.

