



ATO MANDATED SEVERANCE CHANGE TO COME IN 2025

The ATO requires two severance account types from 31 March 2025. All Protect severance members will be placed in the default General Account (GEN) allowing for tax free redundancy claims. If you plan to retire or resign, you can switch to the new Voluntary Termination Account (VTA). No action is required for GEN, but if you plan to leave employment on your own terms, a quick account change lets you access your benefits just as smoothly.

KEY POINTS:

- 1 The ATO has changed its view on how tax law applies. This means Protect will introduce two severance account types from 31 March 2025
- 2 Introducing two account types keeps your claiming options open
- 3 All Protect severance accounts will be changed to a 'General Account' (GEN)
- 4 GEN operates as usual, your membership number stays the same and you don't have to do anything
- 5 **There will be no change to tax free genuine redundancy claiming from your General Account**
- 6 Claims you cannot make from the General Account fall under the category of 'voluntary termination'. These include resignation, retirement and promotion off the tools claims
- 7 If you choose to voluntarily terminate your employment and make a taxable claim on your Protect funds, there will be a quick step online to permanently change your account type to 'Voluntary Termination Account' (VTA)

ATO ruling change

As Australia's leading severance fund, we've always played by the rules. We obtain a Protect specific Australian Tax Office (ATO) ruling that determines how we manage your account.

We do this because tax associated with severance employment benefits, affects you. The security of a water tight ruling means that you're not going to be concerned if there are ever any tax office queries about your severance or redundancy claim. If you're with Protect, you're in safe hands.

We apply for a ruling every few years. This year the ATO has changed its position on existing arrangements. As of 31 March 2025, the ATO requires a clear distinction between redundancy accounts and voluntary termination accounts. Meaning you can no longer claim for any reason from the one account type.

So we have an administrative change to make...

Two account types

To allow for the ATO change we'll have two severance accounts:

GENERAL ACCOUNT - GEN

VOLUNTARY TERMINATION ACCOUNT - VTA

If you've been a Protect member for a while, you'll remember that we've had two account types before, however it's different this time. Easier. You're unlikely to notice much of a difference unless you want to voluntarily leave employment to claim for resignation, retirement or promotion off the tools.

NO CHANGE TO TAX FREE GENUINE REDUNDANCY

Making a difference

To ensure a distinction between redundancy payments and voluntary termination payments for the ATO, you can only hold one type of severance account at a time, General or Voluntary Termination.

GENERAL ACCOUNT (GEN)

This is the default option. Every member's account will become a General Account after the ATO deadline, 31 March 2025. Your membership number stays the same and you don't have to do anything.

GENERAL ACCOUNT CLAIMS PAID:

- Redundancy
- Non Voluntary Termination (such as dismissal or end of contract)

Unless you're ready to resign, retire or you're promoted, you will stay in the General Account.

Claiming



Protect systems will reflect the new account types and submitting a claim will remain as simple as always.

Use the Protect App or go online protect.net.au to log in to your account via the workers portal to submit a claim.

Changing your account to VTA will form a new step online before you claim. You won't be able to miss it!



NOT RESIGNING OR RETIRING? STAY IN THE GENERAL ACCOUNT NO ACTION REQUIRED

Answers to frequently asked questions are available on the Protect website and as always, our Field Officers and Member Services Team can help you out with further information about the tax office change.

1300 344 249 www.protect.net.au

Severance Event	General Account (default)	Voluntary Termination Account
Resignation	Ineligible	Claim
Retirement	Ineligible	Claim
Promotion off the tools	Ineligible	Claim
Redundancy	Tax free claim	Ineligible
End of contract	Claim	Ineligible
Terminated	Claim	Ineligible

VOLUNTARY TERMINATION ACCOUNT (VTA)

If you choose to leave your employment you must elect to change to a Voluntary Termination Account via the Protect App or online.

There is no waiting period and your claim will be processed in the usual time period.

VOLUNTARY TERMINATION ACCOUNT CLAIMS PAID:

- Resignation
- Retirement
- Promotion off the tools

VTA election is permanent

Changing to VTA is a permanent election that cannot be reversed. If your Voluntary Termination Account remains open, any future contributions will be allocated to that account and can only be accessed with another resignation claim or on retirement, not redundancy.



SUPPORT AVAILABLE

While the change is being introduced, our teams will discuss your options with you at any point you elect to change account types.

NOTE: Both account types make payment for total and permanent disability and death (via beneficiaries)