A man in a blue suit is hanging from a tightrope that stretches across the frame. Below him is a turbulent, dark blue sea with white-capped waves. The sky is dark and stormy, with several bright lightning bolts striking down. The overall mood is one of danger and precariousness.

# Survive Retrenchment

Your 10-step guide: Know  
your rights, regain your  
equilibrium and thrive



# 1. Pause. Breathe.

Don't be bullied into signing anything in a hurry. Catch your breath. You have the right to understand what has happened, as well as any choices that have been presented. You have the right to participate in a consultation process, to raise concerns and propose alternatives. Your employer is obliged to consider your input and give reasons for rejecting your ideas. Employers will often inform employees of their impending retrenchment in a matter-of-fact way. They will be told that their services are no longer needed because the business has changed or for some other reason, and be urged to sign an agreement of voluntary retrenchment, aka a VSP (Voluntary Severance Package). Unless the agreement is very favourable to the employee and a speedy process is in everyone's interest, this is probably just a bullying tactic.

In South Africa, retrenchment is governed by detailed labour laws that outline both parties' rights and obligations, as well as proper processes. The laws are designed to protect the rights of both employers and employees.

South African labour law plots a route to redundancy that is very different from employees being told they are surplus to requirements and that they should:

- a) Sign a contract that suggests a mutually agreed, amicable parting of ways, and
- b) Get their coat.

*“[I wish I had ...] known to ask for everything in writing. It would have slowed things down, helped me to understand what was happening to me and provided me with a record from a time that is very blurry now.”*

## WHAT IS THE CORRECT PROCEDURE?



According to the Commission for Conciliation, Mediation and Arbitration (CCMA): Consultation must take place as soon as the employer contemplates retrenchment. Consultation must take place with a workplace forum, a registered trade union, or with the employee/s likely to be affected by the proposed dismissals.

The employer must issue a S189 written notice for consultation inviting the other consulting party to consult with it and disclose in writing all relevant information.

An attempt must be made to reach consensus on appropriate measures to:

- avoid the dismissals (examples could include adjusting working hours, eliminating temporary labour, eliminating overtime, offering early retirement);
- minimise the number of dismissals;
- change the timing of the dismissals;
- look at ways to lessen the effects of the retrenchment;
- reach consensus on the method for selecting the employees to be dismissed; and
- reach consensus on severance pay for dismissed employees.

## 2. Ask questions, gather information

Ask if what has been communicated to you could be sent in writing, particularly if you have been offered alternatives. You may not have taken in all the information, and things may be better or worse than your first impression. This will also allow you to slow things down a little, which is often what you need.

According to the CCMA, an employer has to disclose relevant information in writing to the consulting party, including:

- Reasons for retrenchment;
- Alternatives considered and why they were rejected;
- Number of employees likely to be affected and their job categories;
- Proposed method of selection;
- The time or period when dismissals are likely to occur;
- Severance pay proposed;
- Assistance that the employer will be offering (examples could include offering employees time off to attend interviews, early release should a new job be found, issuing letters of reference, psychological counselling);
- Possibility of future re-employment.



### *SOME QUESTIONS YOU MIGHT WANT TO ASK:*

*What steps were taken to avoid dismissing you?*

*Have you been considered for other roles in the business?*

*Why did that not work?*

*Is anyone else losing their job?*

*Is your departure immediate?*

*What about work that you have not completed? Who will be taking that over?*

*Will you be given some time and space to say goodbye to colleagues and clients?*

*Will there be an announcement about your exit? What will it say?*



### 3. Get advice

Get another perspective. Whether it is a lawyer, a family member or a friend, talk to someone you trust.

A quick, clean severance may be the best possible outcome for you. Or, you may want/need to slow things down a little to collect your thoughts and negotiate a better deal.

Every job loss is specific. Nobody will know exactly how you feel.



How much severance pay  
can you expect/hope for?



According to the CCMA, employees should be paid:

- At least one week's remuneration for each year of service ('remuneration' includes basic salary, payment in kind and discretionary payments related to working hours or performance), as well as payment for any outstanding leave and notice pay, where applicable (if employed for less than six months, one week's notice; between six months and a year: two weeks' notice; more than a year: four weeks' notice).
- Domestic and farm workers employed for more than six months must receive four weeks' notice.
- Should an employee unreasonably refuse the employer's offer of alternative employment with that employer or any other employer he/she will not be entitled to a severance package.
- Remember that it is not a retrenchment should an employer decide not to keep you on after probation, or to end a contract sooner than you might expect. Different rules apply; find out what your rights are.





Retrenchment is fairly common these days, yet somehow when the axe falls it can feel like it came totally out of the blue. Some veterans of the process describe how they drew on a previously unknown inner strength and calmly navigated their way to a decent outcome; others will tell you they ran out of the building in a flood of tears, accepted a shoddy deal and feel scarred for life.

In addition to guts and a steely calm, access to information and insights from experts can mean the difference between these outcomes. This ebook is intended to provide information and tools to help the freshly axed navigate a shocking and difficult experience that many of us will encounter at least once in our lives. All information and insights are collected from experts and redundancy veterans.

Retrenchment refers to the termination of employment initiated by an employer based on operational requirements. Reasons for retrenchments include issues in the general economic environment and redundancies, where an employee's position has become redundant, for example, as a result of new technology or a merger with another business. Also known as downsizing or layoffs, retrenchment refers to the reduction of a workforce for reasons other than employee performance or conduct.



## 4. Get ahead of the early admin

Ask the Human Resources and/or IT team if they plan to put an Out of Office on your email account. What will it say? Perhaps they will allow you to enable your own Out of Office (that is not likely, though).

*SUGGESTION:* I am out of the office and not able to access emails on this account. Please mail x for all business matters; for personal matters, please contact me at x

If you use a work laptop or cellphone, ask that you be allowed to use it for the duration of your notice period.



We are sorry to say goodbye to Mary,  
who is leaving to explore new horizons...|

Some companies use a standard template for announcements of retrenchments that appoint no blame or responsibility. "We are sorry to say goodbye to Mary, who is leaving to explore new horizons", might seem like a perfectly harmless way to announce your departure. However, it may irk you terribly for its lack of authenticity, dishonesty even.

If you would like something different to be said about your exit, mention it in your response or send a note to your HR contact. You could ask that the announcement of your departure be described differently.



As you know, we are reducing headcount  
in the finance team. In this context, we  
are sad to bid farewell to Khanyi ...

Ask about access to your email account/ files on your office computer. How long will you have to clear it out?

If you don't already have one, you will probably want to create a personal/web-based email address. Maybe commit to keeping this personal account active and to keeping all personal emails and files separate from any future work email account.

Our email accounts have become so inter-linked with our lives and replaced diaries and address books. Before you lose access to your work account, you may want to save/export/download your address book as well as any personal documents and pictures. If you have the time and opportunity, clear your email and go through folders. Have a look at the calendar on your work-based email. Do you diarise things like birthdays, anniversaries, commitments there and nowhere else?

Send yourself any important personal info (banking, insurance, comms about school issues) and delete from your work account. Don't forget to clear the trash folders just for your own peace of mind.

What about shares options? What are your choices here? Can you exercise them early? (This is usually worth fighting for and often on the table during negotiations.)

Do you use any other company-connected benefits, such as gym or fitness app memberships? Ask for access to be continued long enough for you to set up an alternative. If your access is cut randomly, it can cause unnecessary inconvenience and even embarrassment.





## 5. Choose your battles

Remember that you will potentially have a lot of battles to fight. Choose carefully which ones to focus your time and energy on. Choosing your battles will help to preserve relationships too.

Try to keep any written communication simple and free of vitriol. You will have a chance to rage to friends and family members in person. Everyone who needs to know how horrible it was or how badly you were treated will have guessed already, or will come to know the full story.

Don't make things any harder for those you are leaving behind. Colleagues who are staying, especially those you were close to, will be having a hard time already. Why make it worse? They are not traitors for staying; they probably need the job.

Try to remind yourself about what you liked about the job and/or the company. and honour that as far as possible. This difficult time will pass; try not to leave additional permanent scars. You don't know what the future holds – you may end up working for the company or with these colleagues again somewhere down the line.

If you have a chance to write a note to colleagues, keep it simple and free of bitterness.



*SUGGESTION: I am sad to be leaving. It has been a great/interesting ride and I have enjoyed having you as my colleague/s. Things are a little complicated right now, but the dust will settle soon enough and then I hope we can catch up. Wishing you all the best.*

You might like to write a generic note to friends, too. It can be quite difficult to communicate with everyone. Pushing people away could come back to bite you, leaving you feeling isolated or rejected when everyone complies with your request for space.



*SUGGESTION: I have left x, not entirely by my own choice. The “business had changed” and they felt they could manage without me (damn fools). Things are a bit complicated for me right now. I would like to take a little time and space to process my feelings. Please do stay in touch and forgive any delays in response times.*





## 6. Respond

It is important not to react too hastily on the basis of what might feel like an avalanche of feelings. A lot of these feelings will subside and pass altogether soon enough. Do not send any emails until you have caught your breath.

You don't have to respond to everything, but there are issues that require a speedy response. Acknowledge receipt of emails with a simple message, such as I acknowledge receipt of your email and will respond in due course and step away from your computer. Do not send a hastily hammered out, vengeful response. It will not look good and might just come back to haunt you.

If you are unable to resist the urge to type the email, send it to yourself or a loved one with the intro ... This is what I wish I could say to them right now.

(This is a tip that applies equally to all emails written in anger. Allow yourself a chance to reconsider by sending a draft to yourself and revisiting it when your heart rate and ego recovers.)



Remember that employers are obliged to consult with affected employees or their representatives regarding the reasons for retrenchment, alternatives to retrenchment, and measures to mitigate the impact.

Your employer is obliged to give you or your representative an opportunity to make representations relating to the section 189(3) letter. Any representations made must be considered and be responded to. If the employer does not agree with the representations made, it must give reasons for its disagreement. If representations are made in writing, the employer must respond in writing.





There is a window of opportunity here for you to try to have your questions answered. Did they try to re-deploy you? What positions were considered? Why did that fail?

Another reasonable line of enquiry is why were you selected? Were you the last in; is that why you were the first out? Is yours the only position affected?

There is no point to wasting anyone's time, but asking for these answers will give you a little bit of space and information to work with that might even make this bitter pill a bit easier to swallow.

Be as calm and as civil as you can be. People will feel awkward about you losing your job and probably quite awful about keeping theirs. Try to bear in mind that your boss, the HR manager and others involved in the process are not necessarily your enemies. Preserve your dignity and be as decent as you can while fighting for the best possible outcome for yourself.

In addition to conducting yourself in a way that will protect your good name, it is worth having a note in your termination agreement about how your exit will be discussed publicly. It is also not unusual to request a clause committing to the upholding of your good reputation in the industry.

Ask for detailed, written information about any additional support services that might be available to you. Ask when that offer expires and get contact details of the services and information on how long they are available.

You might not immediately want to avail yourself of the counselling service, or reskilling or career transition assistance, but you may discover in two or three months' time that you really need a little help. If you have all the information and contact details you can easily go ahead with it.



## 7. Spend/save the booty

As of 1 March 2023, the first R550 000 of a severance benefit is not subject to tax. This amount could be reduced as a result of severance benefits received in the past. Your severance pay will be taxed as per the below table:

2025 tax year (1 March 2024 – 28 February 2025) – No changes from last year:

Taxable income (R)	Rate of tax
1 – 550 000	0% of taxable income
550 001 – 770 000	18% of taxable income above 550 000
770 001 – 1 155 000	39 600 + 27% of taxable income above 770 000
1 155 001 and above	143 550 + 36% of taxable income above 1 155 000

Leave pay, notice pay and pro-rata bonuses that are paid at the time of the termination of employment do not form part of a severance benefit and are subject to tax at normal tax rates.



Your employer will apply to Sars for a tax directive before the lump sum amount is paid to you. Sars will calculate the tax that your employer must withhold on the severance benefit and will pay you the benefit net of tax.

Your employer will issue you with an IRP5 tax certificate reflecting the total paid and withheld. You will need to declare this in your annual income tax return.

This payment into your account may make you feel rich for a while. Be careful not to burn through this money too quickly. Remember that you might need the cash to last a long while.

That said, it is likely you will feel as if you deserve to treat yourself a little, and you probably do. Try not to do something you will regret; you already have enough to feel bad about.

How about buying an annual Sanparks access pass for you/the family, or paying in advance for the next six months of pottery, yoga, gym or whatever it is you do to stay sane. You might even be able to secure a discount by paying a lump sum in advance.

Pay any other bills in advance, especially where you can get a discount. Remember that buying something new at a discount is not a saving, it is an additional expense (albeit discounted).

You may be feeling a little flush right now with the equivalent of a few months' salary (some of it tax-free) hitting your account, but remember there is no paycheque coming in next month.



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## 7. Preserve your retirement savings

As far as it is possible, do not spend your retirement savings. The best way to do that is to preserve it in the fund where it is currently invested, or move it to a preservation fund at another service provider.

This is not your emergency savings fund. Whatever you spend now is borrowed from a much more vulnerable version of yourself, the older, retired you.

Look at your options. Get some guidance from your financial adviser. Ask your current service provider if there is any benefit to preserving in the current fund rather than transferring. Do you get any benefits, such as lower fees or increased life cover, as an employee/former employee of x company? What are the fees now, and what will they be after you have left the company?

Get a quote from at least two low-cost retirement fund providers to see where you would get the best value for this very important pot of savings. While a cost saving of a percentage point or two may sound like nothing, remember that is 1% of your savings balance every year for the rest of your life.

If you cash out your savings, you will get a portion tax-free. This is also a benefit that you are stealing from your older self as this tax allowance applies just once in a lifetime. When you retire you will not be able to draw any of your savings tax-free if you use this allowance now.





## 8. Claim UIF and other benefits

When your employer terminates your service, you can apply to the Unemployment Insurance Fund (UIF) for benefits. The fund provides short-term relief to workers who have contributed to the fund and are now unemployed.

The benefits are available to you only if you contributed to the UIF while you worked.

You cannot claim if you have resigned, been suspended, or absconded from work. You may claim if the CCMA considers the resignation as a constructive dismissal.

The amount you can claim is determined by your earnings and contribution history. Consult the Department of Employment and Labour or the UIF for accurate, up-to-date details. If you want to claim from the UIF you need to go to your nearest Labour Office to register and then you can claim online: <https://ufiling.labour.gov.za/uif/unemployment-benefits>

You may (knowingly or unknowingly) have bought another insurance product that covers you against unemployment, perhaps with your bank or credit card provider. It is worth asking your various service providers if there is any cover for retrenchment. You may get a payment holiday on your bond or credit card payments, for example.







## 9. Protect your health, physical and mental

This is a loss, and you will probably experience a period of mourning. Even if you prefer to 'be brave' with everyone else, be honest with yourself and try to acknowledge it with your nearest and dearests. Being sad is not being weak.

You have lost your income and your place on the ladder. You might feel like everything has been lost, which is not unreasonable in the immediate shock. It is natural to feel devastated. It is also okay to feel angry (they probably didn't deserve you).

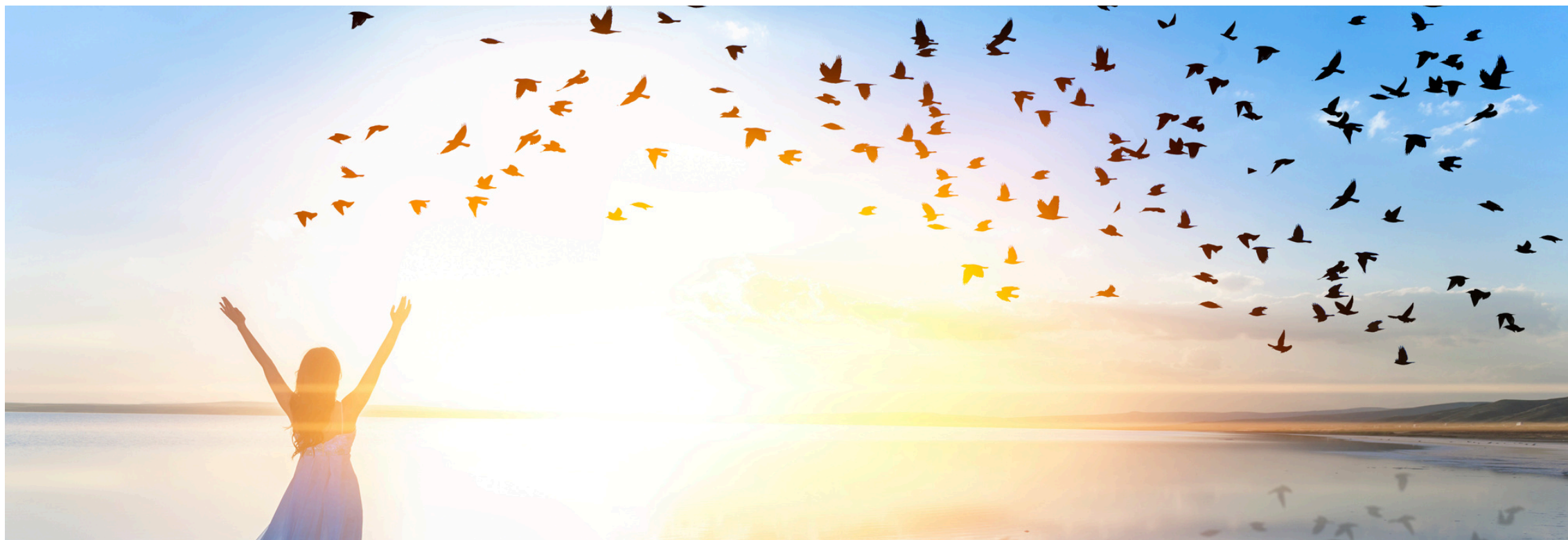
Having a daily routine can be helpful. Slothing around, feeling sorry for yourself is fine for a day or two but don't let it carry on too long. It's a sure way to magnify your misery. Get out of bed, get out of the house, go for a walk, connect with friends.

Do some voluntary work. It will keep you busy, help others, make you feel useful and you never know what amazing new connections you might make there.

Prioritise self-care activities, such as exercise, adequate sleep and healthy eating habits – anything that is going to make you feel good.

It is very important that you have a good hard look at your budget, cut out things that are wasteful, maybe negotiate different rates or smaller packages on services. Create a new budget to keep a close eye on your finances. The best outcome is that once you have reduced the waste, you won't need to earn as much as you did, which will take a bit of the pressure off in any job hunting.





## 10. Look to the future

When you feel ready pick yourself up and start again. Refresh and re-evaluate your CV and LinkedIn profile. Take some time to do courses or add on skills that you haven't had time to do while chained to the old job.

The internet is a treasure trove of self-improvement options, from meditation apps to touch-typing and mastering spreadsheets to learning a language. It might be a good time to add on or polish up a skill that will make you more employable or improve your life in another way.

Looking for a new job has changed so much in recent years, you might be surprised at the evolution of the job hunt. Take some time searching job search platforms and recruitment tools, social media for groups that are tied to the industry you worked in and other forms of networking and making connections.

Look at offering your services on a freelance basis or even part-time. This can be a good short-term solution to bring in some cash and help you build up your confidence again. You might just find yourself introduced to your next employer and blow them away with a great piece of work.

Be aware that working for yourself is a different ball game. Every piece of work you deliver has to be your very best. You open yourself up to a lot of negative feedback and criticism. Don't take it personally.

It usually takes time to build a client base and can be soul-destroying to start. Be patient with yourself. New things are hard and it takes time to build a rhythm.

What about starting a side-hustle? This is the age of the side-hustle and side-hustles often become great businesses.

Try to have a call with someone at a few employment agencies. They are a font of knowledge not just about what the market is like now but about how to get back into work.

Be patient filling out application forms and updating profiles. Admin takes time. Remind yourself that you are not frantically busy anymore, you have the time. That said, don't waste too much time with things that don't feel right.

Take advantage of this time of not being employed/owned by your employer. You will be amazed how good it can feel to take your dogs to the park at 11am or to go to a yoga class at 3pm.

Try to celebrate the freedom a little.



There is life after retrenchment: A note from recruitment specialist **Viv Gordon**:

Be sure to retrieve all your personal information from the company server, including payslips and letters regarding your employment. If you are going to need examples of your work, make sure you download or make copies before you no longer have access to company records.

Update your CV: Remember that this is a fluid document, which should change according to the roles you apply for. Having Your CV designed by a professional is not the most practical choice. It is better to be able to revise your CV easily. When applying for a role, ensure you read the requirements very carefully and ensure they align with the experience listed on your CV. Ensure that your LinkedIn profile is up to date and aligns with your CV.

If you are required to give a reason for leaving your previous job, simply say “retrenched due to organisational restructure/downsizing”.

Have current contact details for referees ready, as well as copies of your education certificates, reference letters, ID document and etc.

This is potentially a good time to do some research into new technologies and other changes in your industry, and upskill accordingly. Make sure you know what is going on with regard to AI.

Work on your interview skills: There are loads of tips and tutorials available online. Do tons of research on the company and the person/people interviewing you. Imagine the type of questions you’ll be asked and give some thought to what you would say. Treat each interview as a learning experience. You may not be offered the job, but you can still learn something.

Be purposeful when applying for jobs; don’t just apply for everything and anything. A "spray and pray" approach can end up being very demoralising when you receive rejection after rejection, or hear nothing at all. This can be particularly difficult after a retrenchment.

Retrenchment can be very traumatic. Try not to take it personally. Remember that retrenchments usually take place in order for a business to survive. Choosing to retrench workers, an expensive process, is not a decision that’s taken lightly by any company.

*Good luck for the future. There is life after retrenchment.*

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About the author: Siobhan Cassidy is a writer and editor with three decades of experience. Her roles have included a number of years at both the Daily Mail and the Financial Times in London and senior roles at Independent Newspapers and Media24 in South Africa. She was also the founding business editor of a pan-African news agency as well as head of communications at a South African asset manager.

Both redundancies she has experienced felt like a bullet at first, but ended up being a blessing.

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