

DomesticPaye Guide to Redundancy Pay

As an employer of a nanny you should be aware that your nanny (assuming she qualifies for it) would be entitled to Statutory Redundancy Pay should her job cease due to redundancy.

To qualify for a redundancy payment your nanny must have been in continuous service with you for at least 2 complete years and must be aged over 18 years old.

Some common examples of when a nanny is being made redundant could be simply that the children get older and go to school thus you no longer need a nanny or perhaps you move house to another part of the country that is not covered in your employment contract.

Generally redundancy is when your nanny's job comes to an end not due to her resignation nor due to any disciplinary reasons. Should this happen and assuming your nanny is not on a fixed term contract it is likely she will qualify for a Statutory Redundancy Payment.

The amounts of Statutory Redundancy vary due to length of service and age of the employee.

The current rates are:

Employees Aged 18-21 = ½ weeks pay for each year they have been employed or £165.00 for each year whichever is the lower.

Employees Aged 22-40 = 1 weeks pay for each year they have been employed or £330.00 for each year whichever is the lower.

Employees Aged 41 – Retirement Age = 1.5 weeks pay for each year they have been employed or £495.00 for each year whichever is the lower.

Employers are welcome to pay more than the statutory rates and even make a payment to the nanny should they have not been employed for more than 2 years should they wish.

Redundancy pay is paid without the deduction of tax up to £30,000.00 gross.