

Basic Employee Entitlements

RSM

Payable by the Redundancy Payments Services (RPS)

Arrears of pay

- Weekly limit £719 (with effect from 6 April 2025).
- Maximum claim – eight weeks.
- Can include overtime, bonuses, commissions.
- Can be the most beneficial eight weeks (not necessarily consecutive).
- Tax and NIC are deducted.

Holiday pay

- Weekly limit £719.
- Maximum claim – six weeks (accrued within the 12 months preceding insolvency).
- Tax and NIC are deducted.

(For carried forward holiday, RPS will only accept max. of 1.6 weeks – anything over will be the employee's residual claim).

Statutory notice pay

- Based on length of service.
 - One week if employed for at least one month but less than two years.
 - One week for each complete year of service up to a maximum of 12.
- Notice is mitigated by income earned or received in the statutory notice period (earnings / benefits).
- Tax and National Insurance Contributions are deducted.
- The weekly limit (currently £719).

Redundancy pay

- Claims are limited to £719 per week.
- No deductions for tax and NIC.
- Employees must have two years' service
- Entitlement is based on age and number of years' service.

Pension contributions

- Employees' unpaid contributions for the 12 months prior to insolvency.
- Employers' contributions- the lower of:
 - Unpaid contributions for the 12 months prior to insolvency.
 - The amount needed for the scheme to meet its liability on dissolution, as certified by an actuary.
 - 10 per cent of the employee's total pay for the 12 months prior to insolvency.

Ranking of claims

Preferential

- Arrears of pay if accrued within four months preceding insolvency and limited to £800.
- Holiday pay.
- Pension arrears – employee contributions for four months prior to insolvency.

Unsecured

- Arrears of pay accrued more than four months preceding insolvency and amounts in excess of £800.
- Notice pay.
- Redundancy pay.
- Pensions arrears (employer contributions).
- Expenses (not paid by RPS).

Note: Attachment of Earnings – claimed within arrears of pay limits.

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