**Employee Retention Bonus Policy**

**Purpose**

In an effort to retain valuable employees during times of organizational change, high production or other circumstances warranted by senior management, [Company Name] has implemented a retention bonus program to incentivize employees to remain employed with [Company Name].

**Overview**

The [Company Name] retention bonus policy operates on an as needed basis. When senior management indicates the need to implement a retention bonus, a budget will be established and key employees will be identified.

**Eligibility**

Employees eligible for a retention bonus are those who have been identified by senior management and human resources as key employees instrumental in continued business operations.

Temporary, casual and on-call employees, regardless of the number of hours worked, are not eligible for the retention bonus program.

**Bonus Amount**

Each key employee will be paid a bonus award of $[amount] upon agreeing in writing to remaining employed with [Company Name] for a period of no less than [length of time].

No pro rata retention bonuses are paid to employees who terminate employment prior to the agreed upon timeframe.

**Tax Considerations**

Retention bonuses are taxable income to the employee and must be added to the employee’s compensation in the year in which they are awarded. In view of this, the company, as an additional retention incentive, will provide a “gross up” to employee income by paying the taxes for retention bonuses so that employees will receive the full amount indicated above “net of taxes.”