**Severance Pay Policy**

**Purpose**

The purpose of this policy is to outline the severance pay benefit of [Company Name].

**Eligibility**

This policy applies to all exempt and nonexempt, full-time and part-time employees. Part-time employees will receive severance pay on a pro-rated basis in accordance with their scheduled hours.

**Triggering Events**

In the event of an involuntary termination due to a reduction in force/downsizing, change in company direction, job elimination or termination for performance, [Company Name] provides a severance benefit for the affected employees. This does not apply to terminations for cause, refusal to be reassigned or refusal to be relocated.

**Payment Amount**

The rate of severance is based on length of service with [Company Name] (or as adjusted through acquisition).

**Length of Service Number of Weeks**

Less than one year 2

One year - less than two 3

Two years - less than three 4

Three years - less than four 5

Four years - less than five 6

Five years - less than six 7

Six years or more 8

The maximum allowed severance is eight weeks. Severance is calculated on base pay only. Employees may choose to receive severance pay as a salary continuation benefit (continue payments on scheduled paydays) or in a lump sum. Federal, state and local tax withholding will apply.

**Vacation**

Accrued but unused vacation will be paid out to the employee. Vacation will stop accruing as of the effective date of termination.

**Commissions**

Any commissions earned as of the date of the termination will be paid out.

**Insurance Benefits**

Health and dental insurance coverage, if applicable, end on the last day of the month in which the employee receives the severance benefit. Upon termination of coverage, COBRA notification will be forwarded.