

# Beware of Legal Traps When Asking Employees to Take a Pay Cut



Times are tough and you may need your employees to accept pay cuts, longer hours and other unfavourable changes to the terms of their employment. If you find yourself in this unenviable position, take 3 steps to ensure the new arrangement is [legally valid](#).

1. Don't impose new terms that are so draconian that they amount to [constructive dismissal](#) leaving you at risk of [wrongful dismissal liability](#) and, given the bad economic times, [extra termination notice](#).
2. Put the new [arrangement in writing](#), especially if the original agreement was written.
3. Beware of using the original contract form to execute the new deal. The danger comes from the phrase "[in consideration of employment](#)," which is okay for new contracts but not revised contracts. Explanation: Employees are entitled to consideration, that is, something of value for the contract concessions they make. Employment counts as consideration for a new employee but not one that you already employ. Result: You won't be able to enforce the new contract.