Severance Agreement Template



Here’s a template agreement that you can adapt when entering into a severance arrangement with an employee who’s getting ready to leave your company. Be sure to modify the template in accordance with your own unique situation and the advice of a lawyer.

THIS AGREEMENT dated the _____ day of _____, 20__ is made between THE PARTIES:

ABC COMPANY

(the “Employer”)

and

Employee Name

(the “Employee”)

WHEREAS the Employee is presently employed by the Employer.

AND WHEREAS the Employer and the Employee have mutually agreed to terminate their existing employment relationship.

THEREFORE, the Employer and Employee agree as follows:

1. The Employee hereby resigns from employment with the Employer, effective [date].
2. The Employer will pay as a severance payment to the Employee the sum of $XXXXX, less any withholdings required by law.
3. In consideration of the payment referred to in paragraph 2, the Employee releases and discharges the Employer, its employees and representatives from any and all claims or claims for benefits which the Employee had, now has or may in the future have:
4. a) arising out of or related to his/her employment and the termination of his/her employment with the Employer, or
5. b) under the [*province*] Human Rights Act, Employment Standards Act, Labour Relations Act, Occupational Health and Safety Act, [*list other applicable laws governing the employee’s employment*] as well as all regulations made under these Acts.
6. It is understood that the waiver and release contained in paragraph 3, does not apply to any benefits to which the Employee is entitled by virtue of his/her participation in the [*list applicable company benefit plans*].

7. It is agreed that this written agreement embodies the entire agreement of the Employee and the Employer regarding the matters this agreement addresses and that there are no other understandings, promises, offers or agreements, verbal or otherwise, between the Employee and the Employer.
8. This agreement is binding on the Employee’s and the Employer’s successors and assigns.
9. The Employee and the Employer have both entered into this agreement voluntarily and with their full consent and understanding without coercion or duress of any kind.
10. The Employee and the Employer have read and fully understand all of the terms of the agreement and the Employee has been given the opportunity to ask questions, have the agreement reviewed by his/her own lawyer or legal representative and make an informed decision about whether to enter into it without in any way being pressured, rushed, intimidated or coerced.
11. The Employee’s obligation to maintain confidentiality of any matter or thing which comes to the knowledge of the Employee by reason of employment with the Employer will survive this agreement.
12. This agreement is governed by the laws of [*province*].

SIGNED

Employee: _____

Employer: _____