Severance Toolkit for Canadian HR Managers



A structured and compliant severance process is essential to protecting both the organization and its employees during the termination of employment. This Severance Toolkit Checklist is designed to help HR professionals ensure that all legal, financial, and procedural requirements are met when ending an employment relationship. By following this checklist, organizations can promote fairness, maintain confidentiality, uphold employment standards, and minimize potential legal or reputational risks associated with employee separations.

Termination Meeting Script (Respectful and Compliant)

Preparation:

- Have HR and the employee's manager present.
- Ensure a private, interruption-free space (or secure video call if remote).
- Have documents ready: termination letter, severance package summary, and benefits continuation details.

Script:

Manager: "Thank you for meeting with us, [Employee Name]. This is a difficult conversation. After careful consideration, the company has made the decision to end your employment, effective [date]. This decision is not a reflection of your value as a person, but rather [reason: restructuring, role redundancy, performance issues documented, etc.]."

HR Representative: "We want to ensure you understand your entitlements and that you are treated fairly. You will receive [X weeks' notice/pay in lieu] as required under [province] Employment Standards, plus an additional amount reflecting your service with us. We are also continuing your [health, dental, life insurance, pension] benefits through the notice period. You'll find the details in your package."

Manager: "We understand this is upsetting. We encourage you to take time to review the documents, and we recommend you seek independent legal advice before signing anything. We've also arranged [EAP, outplacement, counselling] support for you."

HR Representative: “If you have immediate questions, I’m here to answer them. Otherwise, we can set a follow-up meeting in a few days to discuss any concerns once you’ve reviewed the information.”

Closing:

“Thank you again for your contributions. We wish you the best as you move forward, and we will do what we can to support you in the transition.”

Severance Package Checklist

- Documentation:
  - Written termination letter with reason for termination (avoid vague language).
  - Summary of severance entitlements: statutory + common law consideration.
  - Release form (if offering enhanced severance in exchange for release of claims).
- Compensation:
  - Notice or pay in lieu (ESA minimum).
  - Statutory severance pay (Ontario, federal jurisdiction).
  - Additional common law notice (based on service, age, role, re-employability).
  - Outstanding vacation pay, bonuses, commissions.
- Benefits:
  - Continuation of health/dental/life insurance during notice period.
  - Pension/RRSP contribution continuation (if applicable).
  - Clear statement of end dates for coverage.
- Support:
  - EAP services communicated.
  - Outplacement or career transition support offered.
  - Reference or employment verification letter prepared (if appropriate).
- Compliance:
  - Align with Employment Standards Act (province or federal).
  - Confirm employee has opportunity to obtain legal advice.
  - Maintain confidentiality and respectful treatment.

Benefits Continuation Memo (for Employee)

Subject: Your Benefits During the Notice Period

Dear [Employee Name],

We recognize how important your benefits are during this transition. Please note:

- Your group benefits (health, dental, and life insurance) will remain in place until [date].
- Pension contributions will continue until [date].

- You may be eligible to convert your group life insurance to an individual policy after your benefits end. Details are attached.
- If you experience any issues with coverage, please contact [benefits administrator contact info].

We hope this helps reduce stress during your transition. Please don't hesitate to reach out with any questions.

Sincerely,
[HR Manager Name]

Employee FAQ on Severance

Q: How was my severance calculated?
A: Your package reflects both the statutory requirements under [province/federal law] and additional consideration for your service, age, and role.

Q: Will my benefits stop immediately?
A: No. Your health, dental, and life insurance benefits will continue until [date], aligning with your notice period. Pension contributions will also continue until that date.

Q: Do I need to sign anything today?
A: No. We encourage you to review the package carefully and obtain independent legal advice before signing.

Q: What happens to my accrued vacation?
A: Any unused vacation pay will be included in your final pay.

Q: Can I apply for Employment Insurance (EI)?
A: Yes, once your employment ends. Service Canada will require your Record of Employment (ROE), which we will provide electronically.

Post-Termination Debrief Template (for HR team)

Employee Name: [ ]
Termination Date: [ ]
Facilitators: [ ]

1. **Process Review**

   - Was the meeting conducted privately and respectfully?
   - Were all documents provided clearly and on time?

2. **Compliance Review**

   - Did we meet ESA obligations?
   - Did we consider common law exposure?
   - Were benefits maintained appropriately?

3. **Employee Reaction**

   - Immediate response (emotional, calm, hostile, relieved).
   - Did they ask for clarification? Did we provide adequate answers?

4. **Next Steps**

- Follow-up call scheduled?
- Package questions to legal counsel?
- Internal communications handled (team announcement)?

6. Termination Letter Template

[On Company Letterhead]

Date: [ ]
Employee Name: [ ]
Employee Address: [ ]

Dear [Employee Name],

This letter confirms the termination of your employment with [Company Name], effective [date].

In accordance with [province/federal] employment standards, you will receive [X weeks’] notice or pay in lieu. In addition, you will receive [X weeks’/months’] pay in recognition of your years of service.

Your group benefits (health, dental, and life insurance) will continue until [date]. You will also receive payment for any outstanding vacation pay. Pension contributions will continue until [date].

Enclosed, please find your severance package details. You are encouraged to seek independent legal advice before signing the release.

We thank you for your contributions to [Company Name] and wish you success in your future endeavors.

Sincerely,
[Name]
[Title]