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Severance package negotiation letter template

Even if you're gainfully employed, you might not always be. Getting laid off from a job can feel traumatic, but pay attention to your severance options. We often get questions about severance, and we've all heard stories from employees who were so shocked by their layoff that they didn't even think about negotiating their severance. Desperate to escape the discomfort and embarrassment, negotiating your severance either doesn't happen or it happens so quickly you sign whatever you're asked to sign, so long as it means you can get to your Ben & Jerry's pint as soon as possible. That's why we've created a quick guide to walk you through what you should do before accepting a severance package from your employer. Even if you don't need this guide now—and we hope you don't need it in the future, either—every employee should know their rights. Think of it like knowing how to deal with a tire blowout. If you learn how to face the crisis now, you won't draw a panicked blank later. Although there is not a standard definition for a severance package, it is usually a combination of pay and benefits offered to an employee when they are either terminated or permanently laid off by a company. Another name for this is a "separation package." Either way, the package can include: Continued salary for a certain period A single lump-sum payment Payment for remaining vacation days or sick days Health or life insurance Retirement savings plan benefits Stock options Reemployment assistance or outplacement services Severance pay is the combination of compensation and/or benefits given when you leave a company. Your lump sum severance agreement payment can also be paid out in a variety of ways. The severance agreement is the legal document that you sign in exchange for the severance pay. The severance agreement usually contains a long list of information, including a release of claims/ legal claims, a confidentiality agreement, and a non-disparagement agreement. The simple answer is no. Just because you're not getting fired for underperforming (or other actions you're personally responsible for) doesn't mean you're entitled to any kind of extra pay and benefits. However, under the W.A.R.N. Act (Worker Adjustment and Training Notification), you have some protection.

A counter offer for debt settlement is what you propose to pay your creditors in response to the offer they made to you. A sample of such a counter offer letter is given below for your reference. It's a good idea to attach this to the Debt Settlement Agreement Letter sent to your creditor.

Debbie Debtor
123 Debt Street, Debtsville CA 99999
310-555-1212

Acme Collection Agency
123 Acme Street
Creditorville, CA 99999

Today's Date

Dear Acme Collection Representative,

Re: Account Number 12345678

I much appreciate that your company is co-operating with regarding a mutually agreed upon debt settlement. However, this amount would not be a feasible amount for me to pay, as I am borrowing the funds from my mother.

Instead, the amount that I could come up with to settle this debt in full would be \$_____. Additionally, I would request you remove any late payments or charge-offs from my credit report.

Currently, I am in negotiations with several other creditors for similar type settlements and have only a limited amount of

If your organization has over 100 people and is preparing to lay off a lot of people, your employer is required by law to give you 60 days' notice before the company or a large department closes. If your employer fails to give you the required notice, then you are legally entitled to severance pay. There are a variety of reasons why a company might offer a severance package. The most common reason is for protection. Companies offer severance pay in exchange for your silence. It sounds dramatic, but it's true. They eliminate the possibility of legal action, especially for things like discrimination, unpaid wages, or wrongful termination. Essentially, the company is looking for a clean breakup between you two. In other circumstances, the severance package might be written into your employment contract. This is one of those rare perks usually only provided to high-level or C-suite executives like the CEO for a new job because they are recruited away from another lucrative job, and part of the leverage a new company has is to offer or guarantee a severance pay in the offer letter. Don't sign anything right away. Being laid off can come as a shock, and your emotions will run high. It's a very natural feeling to be anxious when your salary and livelihood are being impacted. It's best to take a few days to consider your options and, if you can, it might be worth consulting an employment lawyer. A misconception is that all employees are entitled to 21 days to review severance package offers. Unfortunately, that's not accurate. In cases where the employer is only offering a severance package to one employee, and that employee is under the age of 40, there is no specified time period to review the documents required by law. Nonetheless, the severance package must be made "knowingly and voluntarily," which allows you, the employee, some time to consider the severance agreement before signing. This is why we encourage you to take a few days to review any offers and not sign anything right away. If the employee being offered the severance agreement is 40 years or older, they are protected by the Age Discrimination in Employment Act ("ADEA") of the Older Workers Benefit Protection Act ("OWBPA"). By law, when only one employee is offered the severance agreement and a release of ADEA claims is included, the employer must provide the employee with twenty-one (21) days to review and consider the proposed severance agreement. Moreover, if the employer and employee engage in negotiations, the consideration period commences on the date of the employer's final offer. Each company is different, and there is no law that requires a minimum amount. That's why we caution you against comparing your lump-sum severance payment or looking for an exact formula because so many factors go into the final outcome. However, the general practice is to allot 1-3 weeks of your current pay for every year that you have been employed with the company. For example, if you put in two years of service at the job before being laid off, your employer might offer you two weeks of severance pay at a minimum. Seniority in a job often impacts the length of payment and payment type as well. We recommend starting your negotiation by asking for three weeks of your current pay and then working out from there. If you're in the middle of a year (e.g., 2.5 years) then take the number of completed months of employment and divide by 12 to figure out the amount you should ask for. The Consolidated Omnibus Budget Reconciliation Act (COBRA) is the law that allows employees who lose their jobs to remain on their employer-provided health plan. COBRA requires employers to stay on their existing health coverage plan for 18 months. This means that once you've been terminated, you can continue your health insurance under COBRA, but you are now responsible for paying the full insurance premium. The full insurance premium is the employer and employee portion of your health care plan. In addition to your severance pay, a company might provide COBRA continuation payments for a certain amount of time. This might come in the form of a reimbursement for the employer's portion for a set period of time, but you must exercise your right to COBRA to get this. One reason why you might not exercise COBRA is that you'd rather join your spouse's insurance plan. Another reason why you might not exercise COBRA is that the premiums are really high and you'd rather negotiate for more cash in your severance pay by not exercising your right to COBRA. Remember that your severance agreement is a legally binding contract between you and the Company, which is why we recommend never signing right away. Take your time to review in detail especially because no two severance agreements are exactly the same. As we mentioned earlier, a severance package might include some of the following: Continued salary for a certain period A single lump-sum payment Payment for remaining vacation days Health or life insurance Retirement savings plan benefits Stock options Reemployment assistance or outplacement services Even if all severance packages are unique, they almost all contain a General Release. This is the section where you give up your right to sue the company as well as any legal claims you can make against the company including: Unpaid minimum wage, overtime, bonuses, and/or commissions Unreimbursed work-related expenses Discrimination such as for your gender, race, or a disability Harassment, including sexual harassment Defamation Wrongful termination Lastly, there are certain claims that you are not legally allowed to waive such as your right to report criminal activity or your right to work for another company. Working for another company is referred to as a non-compete agreement. This might shock zero people, but companies like to keep their severance negotiations confidential and a closed secret. Specifically, they want to keep the details like the amount of severance pay quiet because they don't want other employees to know. In order to do this, they will probably ask you to sign a confidentiality agreement as part of your severance package. You might have also signed something like this when you accepted your job as part of their company policies. The terms of confidentiality agreements can vary a lot. Some might only require you to keep the amount confidential. Others are very broad and require you to agree not to disclose the amount, the terms, existence, or any severance agreement negotiation language to anyone including your family members. Another thing employers think about is their reputation—especially online thanks to the impact of a bad Tweet, Instagram, or other online social media post. They want to avoid negative reviews on websites like Glassdoor, InHerSight, and LinkedIn. To do so, they often include a non-disparagement agreement for you to sign. The non-disparagement clause protects the company by prohibiting you from disparaging, retaliation, or negatively criticizing the company, its employees, its products, and services. Non-disparagement agreements can also vary broadly. Broad non-disparagement agreements will be purposely vague about what you can and can not say, to whom, and in what manner because your employer is almost always the one benefiting from the one-sided non-disparagement agreement. Make sure you carefully read and review both the confidentiality agreement and non-disparagement agreement before you sign anything. Enforcement of these agreements is taken very seriously by employers. While you don't need an employment attorney to negotiate a severance package, you can definitely hire one at any time to review your documents and advise you. We're going to focus on giving advice to the person who is looking to negotiate on their own. Your employer has brought you into a room to let you know they are doing layoffs and your role is part of that. Because of this, they present you with a severance package that discusses pay and other terms.



October 19, 2018

Dear Sirs,

I am writing to you regarding the severance package that you have offered to me. I have reviewed the terms of the offer and I am sorry to hear that you are not offering the amount that I was hoping for. I am currently in a difficult financial situation and I need the maximum amount possible to help me get through this transition. I am willing to negotiate, but I need to see a more realistic offer that reflects my years of service and the value I have brought to your company. I am open to discussing alternative options, such as a longer period of continued salary or a larger lump-sum payment. I would appreciate your understanding and flexibility in this matter. Please let me know if you are open to further discussion. Thank you for your time and consideration.

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Next, you will tell them that you'll need some time to review. Asking for 24-48 hours should be acceptable, and now you can consider your strategy. Before you start any negotiation, it's good to understand what the other side wants or where they are starting from. In this case, the other side is the company. Here's what they might be thinking already and the reasons why they might not be eager to negotiate on their original terms. Most companies don't offer severance packages to be nice, because they liked you, or as an overall gesture of goodwill. It's a business transaction plain and simple. If you're going to negotiate, simply asking them to increase your severance pay or benefits without a good reason probably will nowhere. If you threaten a lawsuit as a reason to increase your severance pay, it likely won't be taken seriously without additional cause and without representation by an attorney. Another reason why it might be hard to negotiate with the company is your lack of access to decision-makers. Human resources or your manager usually can't make significant changes to your severance on their own. Even if after reading the above, you still want to negotiate then you first must identify a compelling reason for why the company should provide you with a better severance. Some compelling reasons could be: They are not offering a reasonable amount of money especially given your time and level at the company You have a legal claim for discrimination, unpaid wages, harassment, etc. You want to reduce your unemployment stress Your access to information they want to keep confidential If you've decided you want to go back to the company to negotiate your severance, make sure you're prepared with the following: Spend some time determining what you want to ask for and why. Especially during a merger or company-wide layoff, companies often lay off multiple employees at the same time. Just like salary transparency is important, it can't hurt to learn about the severance packages being offered to your peers to determine if your offer is fair and if you can negotiate for more. Just make sure they haven't signed anything before sharing details with you. Consider what leverage you have in the negotiation. Things such as: Your level or number of years with the company If you were a high-performing employee If you're going to work for a competitor or have access to information they would want to keep confidential You have a valid threat of a legal claim for discrimination, unpaid wages, harassment, etc. Your company likely used a formula to determine your payment amount and length. We even gave an example of this above. If you feel like the amount and length are unreasonable you can discuss that. Perhaps you're being let go in the middle of a recession with high unemployment, and you can argue that it will take longer to find a new job. If your soon-to-be former company is offering one lump sum of two week's pay, but you've worked there for 10 years, push back. Instead, consider asking for ongoing payments for a set period. This strategy helps stretch the money you receive over a longer time and also prevents you from paying more in taxes for the year if the payout is large enough to move you into a higher tax bracket. When you're negotiating your severance don't forget to think outside the (money) box. If giving you more money is a hard no for your employer, consider the following: Stock options or a stock plan: Did your company have a stock plan when you were employed? If so, you might be able to exercise some options before you leave. This could provide you with a significant amount of cash. Unpaid wages: Have you been owed any wages or overtime pay? If so, make sure you get that paid. Continuation of health insurance: If you have a health plan through your employer, you might be able to continue it for a certain period of time. This could be a valuable benefit. Career coaching: You know a job search is in your near future and if you haven't job hunted in a while, it might be nice to work one-on-one with a coach to keep you accountable and some extra help with polishing your materials. Your exit message: Ask your employer if you can agree on your message for why you were let go (it will come up in future interviews) and ask if you can use them as a reference when applying to jobs. Consulting gigs: Perhaps your company has someone going on maternity leave or working on a big project. Can they consider bringing you on for project-based work? Perks: Have you been using a company laptop or phone? You can see if the company will allow you to keep those, keep paying for any personal items like a gym membership or wellness plan for a certain period of time, too. Commissions and bonuses: Did you meet your quota already or previously promised a performance-based bonus? You can also negotiate to have those payouts included in your severance payment. Once you have a good idea of what you want to negotiate for, why it's helpful for you, and have determined your leverage for asking for these things, it's time to put all of that into your severance package negotiation letter response. Lastly, here are some tips and things to keep in mind during your severance negotiation process to ensure you get a fair offer and can move forward with your next chapter: Even if your employer wants you to sign your termination and severance agreement right away, don't. Take your time so you can respond when emotions are less high, and you've had time to consider what you want. Keep your tone and response professional during your negotiation. You're more likely to have a successful conversation vs. letting your rage, emotions, or personal reasons come into play. Make sure all the details of your severance including the company's response to your severance package letter are in writing. Make sure you're not limiting any future job prospects by agreeing to not work indefinitely for competitors or other long-term requests from the company. In addition to limiting the time you can't work for a competitor, you can also add or remove specific companies from the list. If you find the terms unfair, you can refuse to sign. However, this means you will not receive compensation after leaving the company. When people do that it's usually because they want the ability to take legal action and/or work for a competitor.

We recommend consulting with an employment lawyer to help you navigate this type of response. Stay calm and start prioritizing what you want to negotiate for. Next, consider setting up some networking emails and coffee chats so you can let people know you're job searching. Polish your resume and LinkedIn profile so you're putting your best job search foot forward. Being laid off is just one hiccup in your career—it doesn't define you, your work, or your future.

Feature image courtesy of The Teacher Diva. money negotiation salary quitting Looking to pay off debt, increase savings, start investing, or take a look at your entire financial snapshot? We have quite a few finance apps for you. There are lots of articles on how to make money fast or how to make easy money. In this piece, we're exploring the reality of making money online and offline. Money's pretty great, but you'll also want to make sure you're getting the best perks at your company. Here's how to negotiate the best benefits for you. The rule where we're not supposed to talk about money serves nobody—except those trying to underpay us at every turn. Here's why you need to ask about salaries. Here's how you can ask what someone earns. How do you know if you're being underpaid? And if you are, what should you do next? We've got some answers for you. We scoured the internet for the best budgeting templates from the experts in finance—and they are all here. Whether you need a weekly budget, a monthly budget, or a complete budget overhaul, we have every template covered. We're profiling the skills that will get you the highest income. Do you have any of these high-income skills like Google Analytics, copywriting, and more? Let's find out. Looking to save money by cutting down on your expenses? We've got you. Here are ways to save money on groceries and all those streaming services you might not need. So you want to earn a six-figure salary? That 100K mark is a milestone that many people want to achieve, but what are the skills you need to do in order to make this goal a reality? Let's find out. © 2023 Career Contessa.



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