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## *Now's the right time to review termination and severance codes*

What a difference a year can make. In May 2000, with the economy booming, there was a scarcity of people and plentiful well-paid jobs for all who wanted them. Now, amid harder times and increased layoffs, much business-related legal work today is focused on employee termination and severance arrangements.

In this changed environment, corporate attorneys should be paying increased attention to the details of employment termination to avoid legal surprises that can be quite costly. For companies that may be considering layoffs, it is wise to review the company manual and employment contracts on the issue of termination.

Company attorneys should review employee manuals and assure that all offer letters say expressly in bold type that employment is at will. They should also say that employment is contingent on the signing of the company nondisclosure or noncompete agreement.

### INSIDER VIEW



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If exceptions are made for important hires, the exceptions must be documented in an offer letter or employment agreement and should be clearly identified as exceptions justified by business needs. Employees, too, should seek clarity if they want a commitment in length of term, responsibilities of position, level of staff or support for their position.

Just like no one wants to write a will and contemplate death, employers and employees may not want to contemplate termination issues at the optimistic beginning stage of an employment relationship. However, business attorneys need to raise the issue of "employment death." Advance planning is a must.

Business attorneys representing employees or executives need to negotiate severance terms coming in, including outplacement, continuation of benefits, extensions on option exercise and waiver of noncompete agreements.

In a down economy, an employee's attorney will need to temper goals by the client's need to take the job.

Employers may not terminate based on age, race, sex, ethnicity, sexual orientation and/or disability. If discrimination can be shown through the employer's statements or course of conduct, damages for wrongful termination may arise.

Given the risks of damages, award of attorneys' fees and the time and money wasted in employment litigation, it is wise to review with an attorney the programs your company has in place, in the event of terminations.

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More information on legal issues in employment termination or severance -

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