Should I sign a severance agreement?

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> "All good things must come to an end"

Geoffrey Chaucer wrote that "all good things must come to an end." Even the most harmonious employment relationships will reach an inevitable conclusion whether due to retirement, relocation, business decisions or a mutual agreement to part ways. In some of these situations the employer may offer an employee a severance agreement or package.

A severance agreement is a legally enforceable contract between an employee and an employer. This agreement usually grants the employee certain benefits, whether it is pay for a specific period of time, the continuation of health benefits or other terms that can be negotiated. Employers, however, do not often give severance agreements out of the kindness of their hearts but rather do so to protect the employer from any claims that the employee may have against the employer. The agreement may also contain non-compete and/or non-solicitation provisions that can have a profound impact after the employment relationship has ended.

If you receive a severance offer, it is inadvisable to think that the employer is magnanimous and to sign the document without the legal guidance to ensure that you fully understand the terms and conditions contained within that document. A severance will often give the employee continued salary for a short specified period in exchange for the signing of a release that forever releases the employer from claims that may have occurred during the employee's employment. The questions that often arise in these situations are whether the employer is offering a good deal? Is the severance adequate for the rights that the employee is giving up? What are the rights that the employee is giving up? What are the employee's obligations after signing the agreement? Did the employer satisfy its obligations under the law? Should I sign a non-compete agreement that the employer included? Should I try to negotiate changes in the amount of compensation or the terms of the agreement.

Having an attorney who understands the intricacies of employment law can help you to make a sound and educated decision regarding whether or not you should accept the employers severance agreement, negotiate additional terms, or seek some other type of redress. The attorneys of Cohen Cleary, P.C. are well equipped to handle your employment needs and encourage you to contact us should you have questions or concerns regarding your severance agreements.

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