



Human Resources Policies and Procedures

Policy Title: Salaried Severance Pay and Benefits	Policy Number: 5.11
Effective: October 30, 2005	
Supersedes: 1988 Rules and Regulations #46, p.51	
Approval: <i>Carl R. Johnson</i>	Page 1 of 4

1.0 Scope

- | | |
|---|--|
| <input checked="" type="checkbox"/> Full-time | <input checked="" type="checkbox"/> Salaried |
| <input checked="" type="checkbox"/> Part-time | <input type="checkbox"/> Union |
| <input type="checkbox"/> Temporary/Contract | <input type="checkbox"/> Independent Contractors |

Employees who are covered under the provisions of a collective bargaining agreement will follow the standards as contained in their respective contracts if this policy conflicts with the language in the contract.

2.0 Purpose

It is a business reality that reductions in the work force sometimes become necessary for current and projected economic and other reasons. In the event that a decision is made to reduce the City work force, it is the purpose of this policy to provide an equitable means of offering impacted employees a form of financial relief during the course of a reduction.

3.0 Policy

- 3.1 The City will provide employees who have been separated from employment, as a result of restructuring or resizing, with income and benefits for a limited period of time while other employment is being sought.

DISCLAIMER

The information contained in this Human Resources Policies and Procedures Manual supersedes all previous Human Resources rules, policies and administrative regulations. The manual is not legally binding and does not create a contract of employment, either express or implied. The City retains the right to modify, suspend, interpret or cancel any provision at any time, at the City's complete and sole discretion without prior notice.

3.2 It is the intent of The City of Ann Arbor to provide stable employment opportunities for its employees. Business conditions or other factors may require the separation of employees or the termination of services. Employees separated under such conditions may, at the discretion of the organization, in accordance with established policy, receive severance pay and benefits, to ease the transition to other employment.

4.0 Responsibility

Human Resources Services will implement and ensure compliance with this policy.

5.0 Definitions

5.1 Service recognition date is the employee's date (anniversary) of his or her most recent hire.

6.0 Procedures

6.1 Eligible separated employees will receive severance pay, providing a period within which to find other employment, as follows:

<u>Employee Category</u>	<u>Severance Allowance</u>	<u>Maximum Severance Benefit</u>
Salaried without signed release	Two weeks pay	Two (2) weeks
Enhanced: Salaried with signed release	Less than five years of service = 4 weeks + 2 weeks of pay Five to nine years of service = 6 weeks + 2 weeks of pay Ten years of service or greater = 8 weeks + 2 weeks of service	Ten (10) weeks

6.2 Execution of a signed release is a prerequisite to receipt of enhanced severance benefits.

DISCLAIMER

The information contained in this Human Resources Policies and Procedures Manual supersedes all previous Human Resources rules, policies and administrative regulations. The manual is not legally binding and does not create a contract of employment, either express or implied. The City retains the right to modify, suspend, interpret or cancel any provision at any time, at the City's complete and sole discretion without prior notice.

- 6.3** Where service has not been continuous, the formulas apply from the service recognition date.
- 6.4** Severance pay for part-time employees will be pro-rated based on the number of budgeted hours.
- 6.5** Severance pay for partial years of service will be pro-rated.
- 6.6** Any severance pay granted will be subject to Federal, State and Local tax deductions.
- 6.7** Severance pay shall be issued in concurrence with normal pay periods until all commitments are satisfied. The City of Ann Arbor, at its discretion, may provide a single lump sum payment in lieu of a pay out over time.
- 6.8** Separated employees will receive wages for time worked prior to separation as provided by applicable policies.
- 6.9** Separated employees will be eligible to continue health care benefit coverage for themselves or their dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985 (as amended), provided such employee or dependent was covered under the plan(s) on the date of severance.
- 6.10** Employees not eligible for severance pay and benefits are:
- A. Temporary, and/or contract employees.
 - B. Employees who retire or voluntarily resign of their own accord.
 - C. Employees who are offered (due to a restructuring or resizing) transfer to another position with comparable compensation (not less than 90% of current salary).
 - D. Employees who do not maintain a satisfactory level of work performance prior to the agreed upon separation date.
 - E. Employees who do not remain at work until the agreed upon separation date, or other mutually agreed upon date, established by the City.

DISCLAIMER

The information contained in this Human Resources Policies and Procedures Manual supersedes all previous Human Resources rules, policies and administrative regulations. The manual is not legally binding and does not create a contract of employment, either express or implied. The City retains the right to modify, suspend, interpret or cancel any provision at any time, at the City's complete and sole discretion without prior notice.

- 6.11** The City of Ann Arbor may provide assistance to employees affected by reduction in force to help them in the transition to re-employment, retirement, return to school or other career change.

DISCLAIMER

The information contained in this Human Resources Policies and Procedures Manual supersedes all previous Human Resources rules, policies and administrative regulations. The manual is not legally binding and does not create a contract of employment, either express or implied. The City retains the right to modify, suspend, interpret or cancel any provision at any time, at the City's complete and sole discretion without prior notice.