

**Partnership for Children of Cumberland County, Inc.
Human Resources Policies and Procedures**

Employment Information – Benefits

Section 313 – Severance Pay

1. General Information

- a. Severance pay is a payment to employees whose employment is being involuntarily terminated.
- b. Severance pay is defined as an additional payment upon termination other than regular salaries and wages or vacation payouts.
- c. This policy does not apply to terminations for cause, refusal to be reassigned or refusal to be relocated.

2. Policies

- a. Reasonable costs of severance payable are allowable only to the extent that in each case, it is required by law, the employer-employee contractual agreement or the policy approved by the Board of Directors.
- b. In the event of an involuntary termination due to a reduction in force/downsizing, change in company direction or job elimination, the Partnership for Children of Cumberland County, Inc. (PFC) may provide a severance benefit for the affected employees.
- c. PFC may, at the President and Chief Operating Officer’s discretion, award severance when it is determined to be in the best interest of the organization.
- d. The funding source for severance pay will be dependent on the guidelines provided by funders.
- e. The rate of severance is based upon length of service with the PFC (or as adjusted through acquisition).

Length of Service	Number of days/hours
Less than one year	Up to 5 days/40 hours
Over one year – less than three	Up to 10 days/80 hours
Over three years - less than five	Up to 15 days/120 hours
Over five years	Up to 20 days/160 hours

- f. The maximum allowed severance pay is 20 days/160 hours. Exceptions may be made with the written prior approval of a minimum of two board officers.
- g. This policy applies to all exempt and non-exempt, full-time and part-time employees. Part-time employees will receive severance pay on a pro-rated basis in accordance with their scheduled hours.
- h. Severance is calculated on base pay only.
- i. Employees may receive the severance pay as a lump sum or over a designated, documented period of time, at the discretion of the President and Chief Operating Officer.
- j. Accrued but unused vacation will be paid out to the employee.
- k. Vacation will stop accruing as of the effective date of termination.
- l. Health and dental insurance coverage, if applicable, end on the last day of employment. Upon

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termination of coverage, COBRA notification will be forwarded.

Created /Evaluated		Description of Change
Revised	October 2016	Added 2-A and deleted 2D example