

## **SEVERANCE PAY**

### **Lay Off**

An employee who has one year or more of continuous employment is entitled to severance pay in the event that he is laid off.

If an employee is laid off, the amount of severance pay will be two weeks' pay for the first year, and one week's pay for each succeeding complete year of continuous employment. The total amount of severance pay, however, cannot exceed 28 weeks' pay.

### **Resignation**

An employee who has 10 or more years of continuous employment is entitled to severance pay equal to the amount obtained by multiplying half of his weekly rate of pay on resignation by the number of completed years of continuous employment to a maximum of 26.

### **Retirement**

Upon retirement, an employee who is entitled to an immediate annuity under the Public Service Superannuation Act will also receive severance pay. The amount paid is calculated by multiplying the weekly rate of pay on termination of employment by the number of years of continuous employment to a maximum of 28. This does not include elective service outside the Public Service.

### **Death**

Regardless of any other payment to his estate, if an employee dies, there will be paid to his estate an amount equal to the product obtained by multiplying his weekly rate of pay at the time of death by the number of completed years of continuous employment (to a maximum of twenty-eight years less any period in respect of which he was granted severance pay, retiring leave, or a cash gratuity in lieu of retiring leave).

Severance pay benefits may be transferred (without payment of income tax) to a registered retirement savings plan or to the superannuation account to buy back elective service. Income tax would be payable when the money was withdrawn from the plan or by deductions from pension cheques.