

You're Fired! Now You Can Negotiate a Better Severance Package

By Lydia Dishman, Posted Apr 18th 2011 @ 7:00AM



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Getting the feeling that you're no longer in the loop at work? Perhaps you've noticed the blinds are closed in the conference room and you are no longer invited to meetings. It may be a sign that you'll soon be out of a job.

But even if you've had no warning before getting a pink slip, there's still time to exit gracefully, maximize your severance package, and leverage your position to help you find another job.

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Before you do anything, though, it's helpful to understand the purpose of severance. Stacey Carroll, a human resources

professional and instructor at Western Washington University, says severance is usually something the company chooses to give employees in exchange for signing waivers and agreements, such as not suing over the termination or commenting publicly over the circumstances of dismissal. "That makes the contract binding (quid pro quo)," Carroll explains.

Typically, only senior-level executives can negotiate severance on their way into a job, but Al Lee, online salary database PayScale.com's director of quantitative analysis, points out that the federal government requires employers to pay all back pay promptly and offer cash for unused vacation time. Other requirements vary from state to state, says Lee, so it is important to get familiar with your state's law or consult an attorney.

The right time to talk

"Even if you expected to lose your job, always convey utter shock. Don't process the decision with them," cautions Roy Cohen, author of 'The Wall Street Professional's Survival Guide.' "Never negotiate at the point at which you're being separated. If you negotiate aggressively, it will look like you're prepared and that your demands are not authentic," Cohen advises.

How to prepare

Robert Morgan, CMO of SHLPReVisor, says it's important to build your business case when negotiating a severance package. "Do your due diligence by educating yourself on what your company's and the market's practice has been. For instance, if you worked for a venture capital firm, your severance could be quite a bit smaller than if you worked for a larger company that could write this off," says Morgan.

If severance is offered immediately, make sure an attorney reviews the agreement, says Donna Ballman, a

Florida-based employment attorney. "You may be giving up rights you have not considered, or may be agreeing to something that will cost you more than the amount of severance," she explains. For example, if the employer wants you to sign a release, you may be able to negotiate for more money.

What to ask for

Once you've had a chance to collect yourself, Roberta Chinsky Matuson, president Human Resource Solutions and author of 'Suddenly in Charge,' maintains that "if you don't ask, you don't get." Ask to remain on the payroll until your severance runs out, Matuson advises. "This way your employer will continue to make contributions toward your health insurance plan."

If you have stock options or stock appreciation rights and were about to vest, Ballman says to ask the employer to vest your rights or pay out the cash difference you've lost. Likewise, she says, make sure you are not accidentally giving up your pension rights. But if you had an employer-matched 401 and are not vested, you are probably giving up the employer contribution to your 401.

When to say when

If the employer wants you to release them from any claims, they should also release you. Ballman says mutual releases assure that any claims are released by both sides. Ditto for confidentiality and non-disparagement, she says. "You don't want this employer to be able to say bad things to potential employers or to customers, co-workers or others in the community. If they want non-disparagement to be mutual, to keep you from bad-mouthing them, agree," Ballman says.

Above all, says Robert Morgan, stay away from relying on emotions. "Rather, approach it from a logical perspective," Morgan advises, focusing on your time on the job and your contributions. By asking your employer for help with the transition and backing your case with acceptable practices, you should be on your way to the next job in no time.

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April 19 2011 at 9:22 AM



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Yes but how well did you do getting the severance pay?

April 18 2011 at 7:05 PM



swimdude1978

I worked for Texas Instruments for 14 years, they laid me and everyone else in my group off that was over the age of 40. We had to sign a waiver that we would not sue in order to get the money. I was 16 Months 3 days from retirement. Ethical Company????

April 18 2011 at 6:41 PM

Phil

If your employer has done something illegal (find out first ... don't guess) don't sign anything ... ! Let him screw you over and then sue the hell out of him (or her) ... ! AND make sure it hits the news.

April 18 2011 at 6:29 PM



cayce58

Union workers don't get severance packages. Maybe that's why the GOP wants to destroy unions, so they can get us equal treatment.

April 18 2011 at 5:25 PM