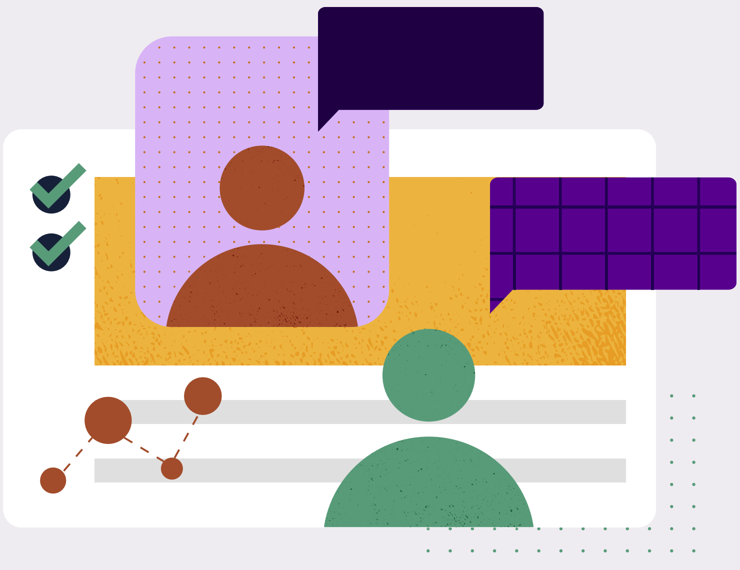
GUIDE #3



Best Practices for Hiring

DEPARTING EMPLOYEES

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Inuit Women in Business Network
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Best Practices for Hiring: Departing Employees

Employees may leave an organization when they resign, retire, or are terminated. Most entrepreneurs have to make the tough decision to let an employee go at some point. When that happens, try your best to make it a smooth termination. Your employee should be aware of the reason for their dismissal before they are let go. If they have been underperforming, build a plan for improvement with them to see if they can get better at their job. Then, use termination as the final option if all avenues have been exhausted.

Employer obligations

It is the employer’s responsibility to follow federal, provincial, and territorial employee standards regarding employee termination. When you let your employee go, give them a written notice of termination and decide if you need to give them a severance package. **Severance** is usually calculated on the basis of the reason for termination, length of their service, seniority of their role, and their current salary. Do your research to see that it meets the minimums outlined under labour laws.

As an employer, you also have to calculate the employee's earnings for the year to date and give the employee a T4 slip. Include the information from that T4 slip in your T4 return when you file your taxes.

Retiring employees

Employees can choose to retire when they want to but the transition can often be emotionally and financially challenging.

You can support your employees during this transition by:

- Discussing flexible work arrangements during the transition like reduced or part-time hours
- Offering counselling or other mental health support
- Providing financial advice through HR or a financial planner
- Showing your appreciation through a retirement party or gifts

Employees are eligible to receive a pension and a retiring allowance when they retire. The Canada Pension Plan (CPP) retirement pension is a monthly, taxable benefit that replaces part of your income when you retire. **To qualify you must:**

- Be at least 60 years old
- Have made at least one valid contribution to the CPP

A retiring allowance is an amount paid to an employee when they leave. A retirement allowance is part of the severance package that qualifies for special tax treatment. **Payments that qualify as a retiring allowance include:**

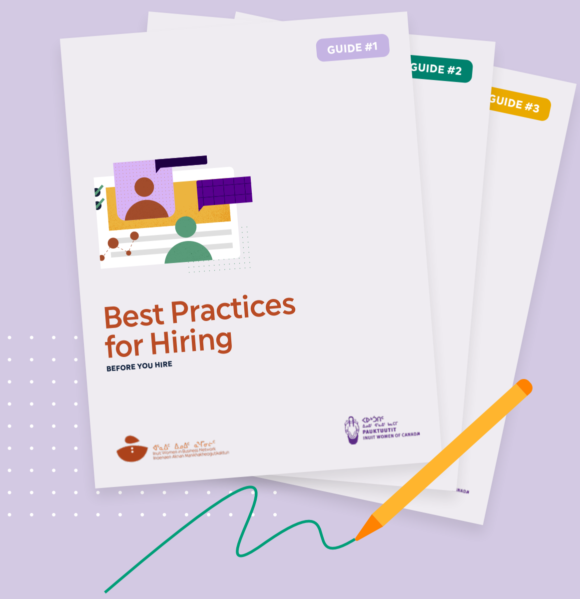
- Payments for unused sick leave
- Amounts individuals receive when their office or employment is terminated, even if the amount is for damages (such as wrongful dismissal) when the employee does not return to work.

Record of employment

A record of employment (ROE) is an important document that employees use to apply for Employment Insurance (EI) benefits. It provides information on employment history. Employers have to issue an ROE if your staff is let go off either temporarily or permanently. You can do this electronically or digitally. You can learn more about ROEs **here.**

Exit interviews

You should also consider holding an exit interview to gain insight on the departing employee's experience with your business. Exit interviews can get emotional but they are a great opportunity for you to understand organization gaps, and address management issues, if any exist.



Best Practices for Hiring is a three-part guide on employee recruitment, management, and retention. Check out our other guides to learn more about how you can support your staff.

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The Inuit Women in Business Network supports all Inuit businesswomen by finding mentors, providing easy-to-understand resources, and having a community that will encourage you. Visit **our website** to learn how to write a business plan, use Facebook and Etsy for your business, and more!