

# Template for severance agreements for employees, with comments

This is a template for severance agreements for employees who are concluding their employment by agreement incorporating points that are important to include in such agreements.

**The following agreement has been reached between the employer (company name, Corporate ID No. and address) and NN (Personal Registration No).**

**Comments:** *It is important to establish in the parties' identities in the agreement. Usually the corporate ID and personal registration numbers are enough. If this concerns a foreign company that does not have operations in Sweden, their address and authorized signatories must be stated instead.*

## §1. Employment ceases

The Parties agree that NN's employment will cease on ... (day / month / year).

**Comments:** *We strongly advise you against stating that you have resigned in a severance agreement. This may affect other benefits such as unemployment insurance and income insurance. Termination of employment due to redundancy must be stated in the contract. Minutes of negotiations verifying redundancy due to lack of work is necessary for you to be able to participate in Job Security Foundation measures.*

*A settlement is usually agreed because there is no just cause for termination of your employment. You and the employer are to agree/negotiate a period of notice and possibly severance pay.*

## §2. Period of notice

During the notice period NN will receive full salary and employment benefits, is not required to work and is entitled to take other employment or assignments without deduction of agreed sums and benefits.

**Comments:** *During the notice period, the employer pays full employee benefits including occupational pension. The right to take other employment without deduction from agreed benefits means that, during the period of notice, you are exempted from work and able to take other employment while retaining employment benefits according to this agreement. If you have a valid non-competition clause in your employment contract, there are restrictions on the jobs you may take. It is possible to remove the entire competition clause or part of it through negotiation.*

*An employer may require offsetting, which means that your earnings are coordinated. Full employment benefits means that you retain your monthly salary, pension contributions, and other benefits you were awarded as part of your employment. Normal praxis in a severance agreement is to return the company car and increase the monthly salary accordingly. The Swedish Tax Agency has a list of company cars that forms a good guide for setting the proper amount, see [www.skatteverket.se](http://www.skatteverket.se). The employer's costs for monthly salaries are salary plus about 50% for the statutory and collectively agreed social insurance contributions (the largest contributions in the collective agreement are often occupational pension and insurance). So that no ambiguity will occur as concerns your employment*

benefits, attach existing employment agreements and other contracts as annexes.

### **§ 3a. Severance pay**

The employer XX will make a severance payment equal to X months' salary based on the monthly salary of SEK ....

**Comments:** *Severance payments usually begin when employment has been officially terminated. Severance pay is usually a lump sum based on the number of months agreed by you and the employer. Employers usually pay only statutory social insurance on severance pay that corresponds to an additional 32% on the cost of the salary. Occupational pension premiums are not included. In order not to generate major tax effects, it is best to allocate the payment of severance pay over more than one income tax year. If you have a company car or other benefits make sure that, during your negotiations, the company car is converted into additional salary so as to serve as a basis for severance pay. Car allowance is determined according to Swedish Tax Agency regulations. Unemployment insurance counts severance pay as income and the period of unemployment/income insurance is moved back by as many months as severance pay covers.*

### **§3b. Occupational pension premium**

Employer XX must, in addition, pay in pension premiums corresponding to ... monthly salaries to a pension fund selected by NN.

**Comments:** *Additional occupational pension benefits corresponding to x months' salary should be paid when the greater part of financial compensation consists of severance pay. This is especially important if you have high salary and/or are older. Please Note! Occupational pension provision will be considered as salary by your unemployment insurance fund, which means that the start of the period when you may claim unemployment insurance/income insurance will be postponed, which you must take into account.*

### **§4. Professional development**

Employer XX will, as support to the employee's career development, pay SEK.....for professional competence development inputs against invoice from training providers selected by NN.

**Comments:** *In connection with redundancy, employers do not pay social insurance contributions on costs for competence development, which is why the gross amount (i.e. the employer's total salary costs) can be used to fund such activities. It is beneficial for you and cost neutral to the employer. This may only be applied during the employment period and costs will be paid against invoice. Please note that training costs can be presented without VAT. VAT will always be added so total costs should be included in the claim. Likewise, it should be stated that any travel, accommodation and literature costs are included.*

### **§5. Holiday entitlement**

With the final salary, salary for holiday entitlement (i.e. unused holiday days) and holiday days accrued during the notice period will be paid.

**Comment:** *Saved holiday days, and holidays earned during the notice period, are normally paid with the final salary. Employers are not permitted to include holiday days in the notice period if the notice period is less than six months. If notice periods are longer than six months, employers may allocate holiday days in the period that exceeds six months. You and your employer may always agree on other solutions as to how your holiday days are to be scheduled.*

**§ 6a. Originals**

Two originals are made of the agreement, each party taking one.

*Comments: Only two originals of the agreement are to be made, one for each party. This clause can be added to § 6b if you wish.*

**§6b. Final settlement**

This agreement supersedes all other agreements concerning employment and the employment position is terminated. All the dealings between the Parties are now settled.

*Comment: Only when the stipulations in all agreements have been completed are the Parties/employer's obligations settled. Final settlement means that no one, not you nor the employer, may bring up any additional requirements. If you have issues that are not resolved in this agreement, such as future claims for patents, the wording of paragraph 6a is preferable.*

**§8. Signatures**

Place and date \_\_\_\_\_

\_\_\_\_\_  
(Employer's authorised representative)

\_\_\_\_\_  
(employee NN)