

Employment agreements

The purpose of an employment agreement is to set out the terms and conditions of the relationship between an employer and an employee. It states the obligations they have to each other and the benefits they will receive from each other. Each agreement must be tailored to suit an individual employment relationship.

Employment agreements do not need to repeat terms and conditions set out in the organization's policies. Employment agreements may need to be more detailed if policies are not in place or if the particular position has specific requirements. For example, overtime rules may be specific to the position, or the employee may have access to confidential information because of the work they do.

This template is a guide. It is not a substitute for information about the laws and standards of practice that apply in any specific situation.

Sample content for an employment agreement

According to the terms of this agreement, (*Organization*) will employ (*Individual*) in the position (*Title*) beginning on (*Start Date*) OR from (*Start Date*) to (*End Date*).

Without an end date, the agreement will remain in effect until it is cancelled by one of the parties. Terms for canceling the agreement are part of the agreement (see below).

A "fixed term" agreement should include terms for renewing it. For example, you can state that the agreement is automatically renewed at the end of each period unless one of the parties cancels it. If you opt for automatic renewal, you should also specify that neither party can refuse to renew; that is, the contract ends only when one of the parties cancel it.

Duties and responsibilities

Duties and responsibilities can be described in an attached position description, which should be referred to as "part of this agreement". Or a description of the duties and responsibilities can be incorporated into the body of this agreement.

Reporting lines

The (*Title*) reports to (*Title of supervisor*).

Compensation

Salary: The annual salary of the (*Title*) is \$ ____ for the first year.

The annual salary will be increased by ____% effective on (date).

OR

Salary increases will be negotiated to take effect at the beginning of each renewal period.

- Group insurance: The (*Title*) is eligible for coverage under the organization's Group Insurance plan (*refer to policy or description of plan*).
OR
The (*Title*) will receive payment equivalent to ____% of salary in lieu of benefits.
- The cost of group insurance will be paid by the organization with the exception of the cost of the premium for Long Term Disability insurance, which will be deducted from the employee's pay.
OR
The cost of group insurance will be shared; 50% will be paid by the organization and 50% will be deducted from the employee's pay.
- Retirement benefits: The organization will make a contribution on behalf of (*employee*) to (*name of Retirement Savings Plan*) equal to ____% of (*employee*)'s annual salary.
- Other benefits: *Mention any other benefits that apply to this position.*
- Pay schedule: The (*Title*) will be paid according to organization's established pay schedule.
OR
The (*Title*) will be paid as follows: Monthly direct deposit of salary and quarterly cheques for contribution to retirement savings plan.

Reimbursement of expenses

The employee will be reimbursed for travel and other expenses incurred while carrying out their responsibilities on behalf of (*organization*) provided these expenses are approved in advance by (*Title of position with the authority to approve expenses*).

The organization may also cover fees for membership in professional associations

Allowances

For example, if the organization pays an allowance to the employee for use of the employee's car for business purposes, the terms should be spelled out.

Work hours/schedule

The (*organization*)'s policies on standard hours, overtime and compensatory time, and other related topics apply to this position.

OR

The standard hours of work for (*organization*) are ____ hours per week. Employees are compensated for work time that exceeds standard hours with time off at a rate of 1.5 hours off per extra hour worked.

OR

The standard hours of work for (*organization*) are ____ hours per week. Employees are compensated for work time that exceeds standard hours at a rate of 1.5 times their regular hourly rate provided that overtime work is approved in advance by (*Title of position with the authority to approve overtime*).

Provided for reference only.

Always consult current legislation in your jurisdiction to create policies and procedures for your organization.

Annual leave

(*Title*) is entitled to annual leave (vacation with pay) in accordance with (*organization*)'s policy.

OR

(*Title*) is entitled to annual leave (*vacation with pay*) as follows: (FOR EXAMPLE)

<u>Years of service completed</u>	<u>Annual leave</u>
1-3 years	3 weeks
4-6 years	4 weeks
7+ years	5 weeks

It is helpful to clarify vacation entitlements for the first year. Can vacation be taken as it accumulates? Or will the employee be entitled to vacation at the end of the first year?

Other leave

If the employee is entitled to other leave (for example, sabbatical or leave for personal reasons) mention it here.

Annual performance review

The performance of the (*Title*) will be reviewed annually by (*Title of supervisor or manager with responsibility for conducting the review*) based on criteria agreed upon by the (*Employee's Title*) and (*Supervisor, manager, or committee acting on behalf of the organization*) at the beginning of the period subject to review.

Settlement of disagreements

Describe the process or procedure that will be used to settle disagreements between the employer and the employee when they cannot resolve the disagreement themselves.

Termination Clause

The (*organization*) is entitled to terminate your employment at any time for cause without notice or pay in lieu thereof.

Your employment may be terminated without cause upon the provision of notice or payment in lieu of notice and severance pay in accordance with the provisions of the Employment Standards Act. You will also be entitled to continuation of all benefits and compensation for the statutory notice period as required by the Employment Standards Act. You understand and agree to waive any entitlement to additional payments to you or to any additional notice to you upon termination.

Other provisions

Some employment agreements also include provisions to deal with matters such as: Ownership of intellectual property, Confidentiality, Terms of departure, Non-competition in the period after employment ends, Non-solicitation of the organization's employees, Indemnification of the employee or Limitations on other employment or activities with other organizations.

A national organization agreed to post this policy on www.hrcouncil.ca as part of the HR Toolkit. Sample policies are provided for reference only. Always consult current legislation in your jurisdiction to create policies and procedures for your organization

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HR Council for the Nonprofit Sector
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