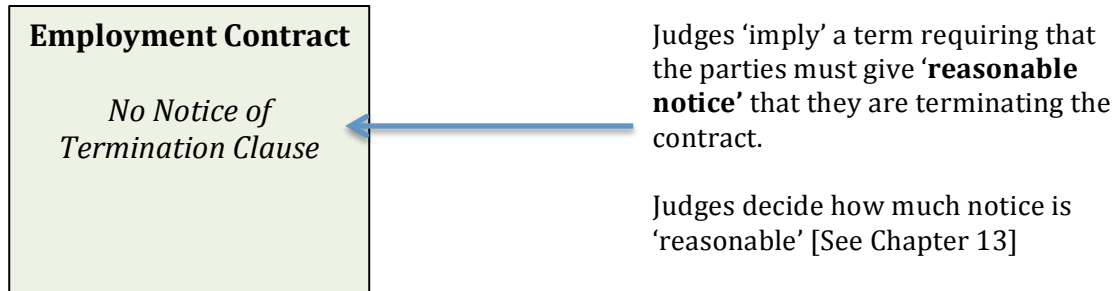


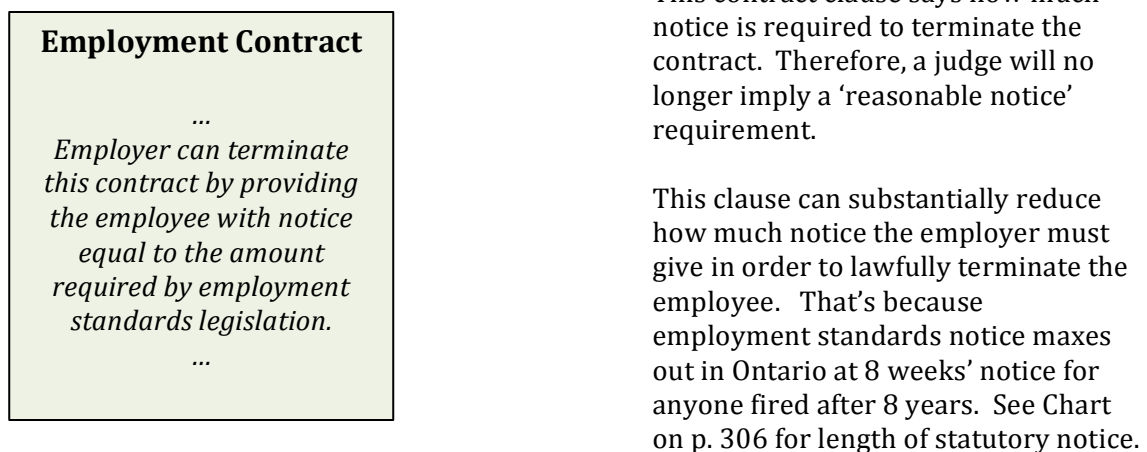
Understanding the Role of Notice of Termination Clauses in Employment Contracts

This handout explains why employers often prefer to include a notice of termination clause in employment contracts. Notice of termination clauses are discussed in Chapter 8.

Scenario One: Employment Contract Does Not Include a Written Notice of Termination Clause



Scenario Two: Employment Contract Does Include a Written Notice of Termination Clause



Discussion

Many (though certainly not all) employment contracts include 'notice of termination clauses'. The purpose of these clauses is to avoid the courts 'implying' a requirement to provide 'reasonable notice'. Reasonable notice can be as high as 2 years for a long-serving employee. However, courts only 'imply' the 'reasonable notice' term if the contract is silent (says nothing) on the issue of notice. If the contract includes a notice term, then that term governs as long as it does not provide for less notice than required by employment standards legislation (see p. 138 for discussion of what happens when a contract notice term provides for *less notice* than required by employment standards legislation).

Question: Assume Janna is terminated after 15 year's employment when the employer downsizes. How much notice is she entitled to?

Scenario 1: Her contract has no notice of termination clause.

Scenario 2: Her contract includes the notice of termination clause that appears in the Scenario Two box above.