

TERMINATION SETTLEMENT (Y 36)

In order to provide transition funds for an involuntarily terminated **full time regular status** employee, a termination settlement may be provided under the terms of this policy. The settlement is not an earned employee benefit automatically provided in every case of employment termination.

Eligibility

A termination settlement may be granted to an involuntarily terminated employee who has worked in denominational employment for at least two years. A resignation as a result of being counseled to resign by the employer is considered an involuntary termination for the purposes of this policy. Eligibility criteria follow:

1. *Closure or reduction* – An employee involuntarily terminated due to a closure of a denominational facility or staff reductions due to financial exigency or enrollment.
2. *Lack of performance* – An employee who is terminated for failing to adequately perform the functions of the job.
3. *Medical condition* – An employee who is unable to continue employment because of a medical condition but is not eligible for disability benefits under the Employee Disability Income Plan (X 33).
4. *Not reelected/Reappointed* – An elected/appointed employee who is not reelected/reappointed, and for whom no further assignment consistent with the employee's training and/or experience is offered by a denominational employer.

Not Eligible

1. *Part time and non-regular status/local hire employees.*
2. *Involuntary termination* – an employee terminated for violation of organizational policies and/or practices regarding misconduct, or for criminal behavior.
3. *Retirement* – an employee who (i) is counseled to resign or terminated, (ii) is eligible for retirement benefits at his/her normal retirement age (as defined in the NAD Retirement Plan) and (iii) begins to receive retirement benefits following his/her cessation of employment.
4. *Resignation* – an employee who voluntarily resigns from employment.
5. *Continued Denominational Employment* – An employee who at the time of execution of the Release called for in Section Y36 30 has been offered comparable employment by another entity as listed in the Seventh-day Adventist Yearbook.

Service Record

A termination settlement shall be recorded on the terminated employee's service record. Such settlement, however, shall not increase service credit, nor shall it cancel any part of the employee's service credit.

Settlement

1. *Payment* – any termination settlement paid under this policy shall be paid by the terminating employer to the eligible employee in a lump sum payment.
2. *Calculation* – the settlement shall be 25% of current monthly wages multiplied by total number of years of denominational service credit up to a maximum of twenty years. Current monthly wages shall include wages and cost of living adjustments, but shall not include area travel or any other allowances.
3. *Independent transfers* – in the case of the termination of an employee who has been voted an independent transfer, the settlement shall be calculated only on years of service earned as a church employee within the territory of the North American Division or as a regularly appointed interdivision employee from the North American Division.

Other Benefits

Any benefits payable at the time of termination under the employer's policies or as required by law, if any, shall have no effect on the calculation of this settlement. If an employee has received a previous termination settlement under the terms of Y 36, any subsequent termination settlement shall be calculated based on years of service credit earned since the date of the previous termination settlement.

Health Care Benefits

Health care benefit coverage ceases with the effective date of termination.

Release

As a condition of receiving a termination settlement, terminated employees are required to execute the separation agreement of their terminating employer, which shall include, without limitation, a waiver and release of any and all claims against their terminating employer, related organizations, and the officers, agents and employees of the terminating employer. The terminating employer will issue the separate agreement to the terminated employee as soon as reasonably practicable following cessation of employment. Terminated employees will have 21 days from receipt of the separation agreement to sign and return it to the terminating employer, unless a longer time period for consideration and signature is required by applicable law. If the separation agreement is not signed and returned to the terminating employer within the applicable time period, the termination settlement may well be forfeited.

Variations

Properly constituted governing or administrative bodies of denominational employers may authorize a termination settlement at variance with the provisions of this policy in order to comply with national, state, provincial or local laws. Involuntarily terminated teachers under continuous appointment may be eligible for a termination settlement as described in FH 05 25-5 rather than under the terms of this policy.