

Is it legal to terminate a highly paid employee just because he earns so much?

Q. We need to cut costs, and have started to explore trimming our staff, starting with those who earn far more than other employees. Are there any dangers in doing so? Can we legally fire a high-earner because of his salary?

A. Yes, if that is the real reason. It is not unlawful to terminate employees to save the cost of their salaries. But, if younger employees with high salaries are not terminated, it might look as if cost cutting is not the true reason for the terminations.

When employers terminate high-earning employees to save money, the employees sometimes argue that the employers were motivated by age discrimination because the high-earners are often in the protected age class.