

Be Wary of Firing Overpaid Employee

Q. Is it legal to terminate an employee because he makes a high salary? —J.L., Arizona

A. No law says that an employee can't be terminated because he's overpaid. "Highly paid" isn't a protected class under anti-discrimination laws, and so highly paid employees have no special protections. That said, making firing decisions based exclusively on salary can open the door to "disparate impact" claims, especially claims of age discrimination if the terminations involve older workers only.

Also, some state laws say an employer's obligation to deal with employees in good faith prohibits firing a recent hire because his compensation is too high.

Remember that this highly paid employee is likely to be able to afford his own lawyer to review the termination decision.