

How to write layoff letters

Issue: Poorly written layoff letters can open your organization to legal action. No matter how you write layoff letters, they are bound to anger employees, especially if the employees don't see it coming. Don't give irate employees legal ammunition by writing misleading, inaccurate or insensitive layoff letters.

Benefit: Choosing the right tone and wording will ease tension and lawsuit risks.

Action: Create notices that explain the layoff in the most straightforward, respectful manner possible. To avoid legal action, think of layoff letters as informal legal documents that include the following:

1. Reason for the layoff. Explain without providing too much detail. Write whether the action stems from financial difficulties, elimination of a department, a merger, increased competition or other reason.

Example: "Due to a change in business operations, the X department and every job in it will be eliminated. Your position will no longer exist and you won't be replaced." An ambiguous explanation or none at all is difficult to defend in court.

2. Criteria for selecting which workers lose their jobs. Explain the company policy, collective bargaining rules or other criteria for the layoffs. Many laid-off employees sue because they believe their employers don't fairly apply their own criteria for deciding who stays and who goes.

Courts have ruled that organizations can use criteria such as length of employment and productivity levels. However, employers must base the criteria solely on business matters and not link them to any protected category (gender, religion, race, etc.).

Example: A layoff letter can say that, due to business difficulties, the organization will not retain employees who have been with the company less than a year. Such criteria must not conflict with existing company policy or a union agreement.

Before writing a letter announcing such a policy, make sure the layoff criteria doesn't have an unintentionally disproportionate impact on minorities or women.

3. The right tone. Avoid boilerplate corporate-speak and wording that comes across as impersonal and condescending.

Don't write, "We did everything we could to avoid taking this step" or "You are a valued employee." Such language, paired with a layoff announcement, can feed the angry cynicism of employees and encourage them to strike back in court.

Instead write, "We are sorry to have to inform you that you will be laid off from your (name of position or title) with (name of department) at (time and date)."

4. Disposition of benefits. Layoff letters should explain severance packages, continuation of benefits and procedures for handling final pay. Invite employees to meet with HR to discuss outplacement services, COBRA benefits and 401(k) plans. Include telephone numbers that employees can call to ask questions.

Finally, it's best have an attorney review your layoff letters before delivering them to employees.