

Executive Severance Agreement Checklist

For Tennessee Executives

I. Restrictive Covenants

Carefully examine the **scope and enforceability** of all restrictive covenants. These clauses can significantly impact your future employment opportunities. Key areas to review include:

- **Non-Compete:** Geographic scope, duration, and prohibited activities. Is it reasonable?
- **Non-Solicitation:** Restrictions on soliciting employees, customers, or vendors. Understand the limits.
- **Non-Disparagement:** Clauses preventing negative statements about the company. Ensure it's mutual and fair.

II. Release of Claims

Understand what rights you are waiving by signing the agreement. This typically includes:

- **All known and unknown claims** against the company.
- **Statutory claims**, such as discrimination or wrongful termination.
- **Consult with legal counsel** to fully understand the implications of the release.

III. Payment Terms & Timing

Verify the severance payment amount, payout schedule, and any conditions for receiving payments. Key considerations:

- **Severance Amount:** Is it consistent with your employment agreement or company policy? Is it negotiable?
- **Payment Schedule:** Understand when payments will begin and how often they will be made.
- **Benefits Continuation:** Determine the continuation of health insurance, stock options, and other benefits.
- **Accrued Vacation/PTO:** Ensure proper payment for accrued and unused vacation time.

IV. Tax Implications

Severance payments are typically taxable income. Consider the tax implications of your severance package:

- **Consult with a tax advisor** to understand the tax consequences of your severance payments.
- **Consider strategies** for minimizing your tax liability, such as deferring payments or contributing to a retirement account.
- **Understand any potential penalties** for early withdrawal of retirement funds.

V. Confidentiality & Cooperation

Review the confidentiality provisions and any obligations to cooperate with the company after your departure:

- **Confidentiality:** Understand what information you are prohibited from disclosing.
- **Cooperation:** Determine the extent of your obligation to assist the company with investigations or litigation.
- **Return of Property:** Ensure you understand what company property must be returned.

VI. Enforceability Considerations

Understand that Tennessee courts will scrutinize severance agreements, especially restrictive covenants. Consider the following:

- **Reasonableness:** Are the terms of the agreement reasonable in scope and duration?
- **Consideration:** Is there adequate consideration (something of value) being provided in exchange for your agreement?
- **Legal Advice:** Seeking legal counsel is crucial to assess the agreement's enforceability.

VII. Next Steps

Don't sign anything without consulting legal counsel. A severance agreement is a legally binding document that can significantly impact your future. Contact [Hunter Employment Law](#) today for a confidential consultation to review your severance agreement and protect your rights.

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