

Is There a Concept of Severance Pay in Halacha?

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Question: An employee's job has been terminated in a permitted fashion. Is there any obligation to pay severance?

Answer: If something was stipulated in the contract, then that certainly is binding.

If nothing was stipulated, according to the letter of halacha there is no obligation to give a pension. Of course, as in many areas of halacha, *minhag hamakom* will bear great weight. If the common custom is to provide severance in a specific society or industry, then it must be paid. But in the absence of a stipulation or a clear *minhag*, there is no obligation.

Nevertheless, many Poskim say that it is the right thing to do. One reason for this is an application of the idea of "*hanakah*", which is a Torah obligation that requires a master to present gifts to a Jewish slave when he is set free. Although this rule is said regarding a slave and a worker is not a slave, many Poskim see *hanakah* as a precedent that shows us that providing a worker with something when he is terminated is the right thing to do.

Poskim also invoke the concept of "*lifnim mishuras hadin*", going above and beyond the letter of the law. Although there is no strict obligation to pay severance, there is a moral reason to go beyond the letter of the law and do so.

Practically, the Poskim distinguish between different workers based on factors like how long they worked and whether they quit or were fired. The basic principle is that if he served the employer well for a long period of time, there is more of a reason to go *lifnim mishuras hadin* and to give him something if he is terminated.